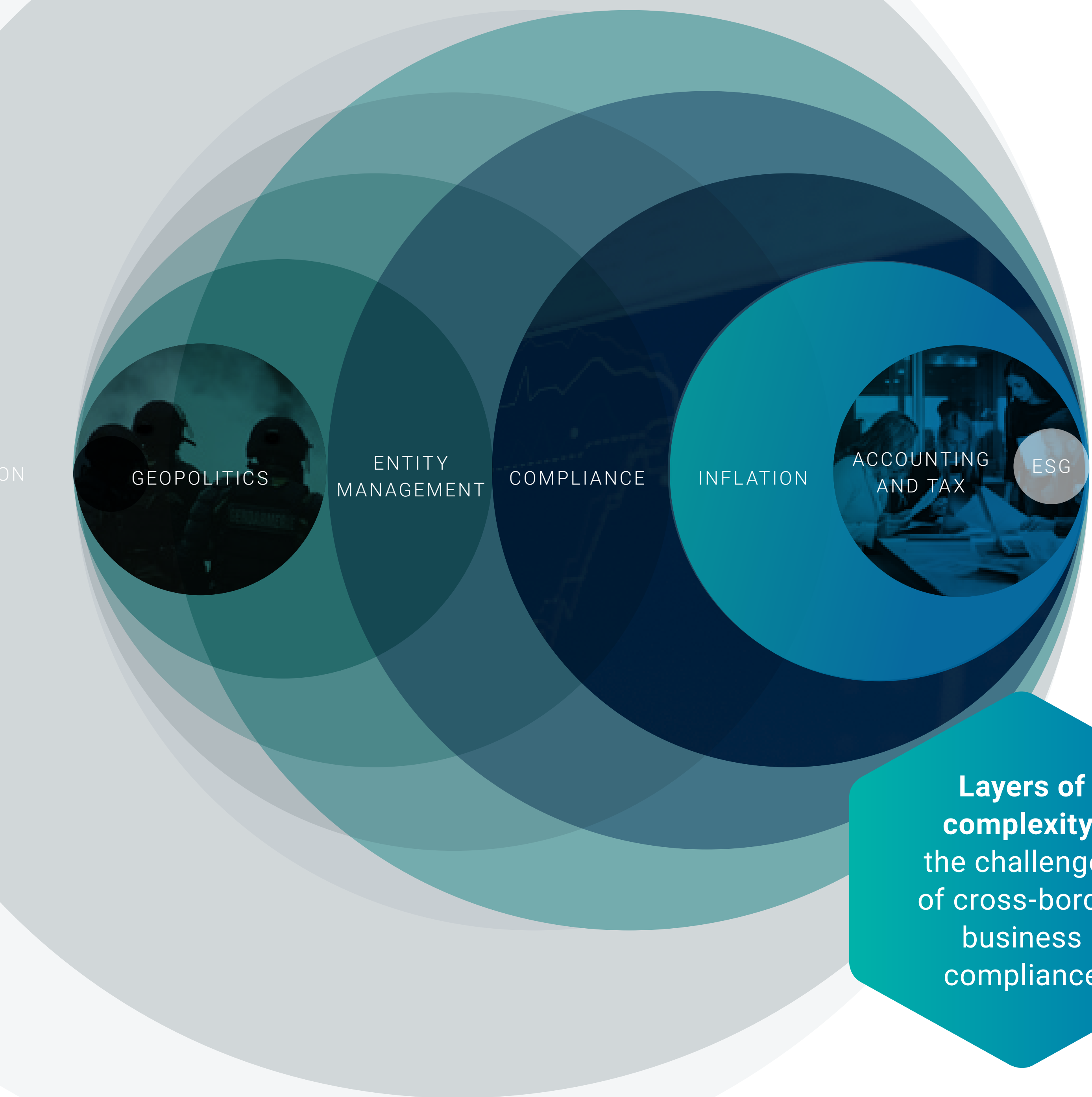
TMF GROUP

Global reach
Local knowledge

# GLOBAL BUSINESS COMPLEXITY INDEX 2023

CELEBRATING 10 YEARS OF GBCI




**Layers of complexity**: the challenges of cross-border business compliance

The tenth edition of the Global Business Complexity Index marks a decade of invaluable insight from TMF Group on the challenges of doing business across borders.

Since the publication of the first report in 2013, the GBCI has increased in size and scope, now ranking 78 jurisdictions for the complexity of their business environments.

Our experts have combined their knowledge and analysis of more than 200,000 data points over the past ten years, to produce an authoritative and trusted annual index and roundup of compliance trends, that helps you to navigate business complexity around the world.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# FOREWORD

We at TMF Group are delighted to be able to bring you our 2023 Global Business Complexity Index, looking at differences in the rules and requirements for doing business in 78 jurisdictions around the world. This is the tenth anniversary of the report first coming out and we continue to look for ways to make it increasingly useful to firms making investment decisions around the world.

The 78 jurisdictions we cover capture the world's largest economies and investment hubs, representing 72% of world population, 92% of world GDP and 95% of net FDI inflow. We look at nearly 300 factors in each country. We made the decision last year to treat the data as a public good that is accessible to all. That continues to be the case and the data, along with other useful indices and sources for doing business around the world, are now available on our website: tmf-group.com/dashboard

World trade is in recovery from the difficult years of the Covid-19 pandemic. Challenges of course remain including the ongoing war in Ukraine, associated sanctions and geopolitical tensions. Rising interest rates have also been the trigger for stresses in the financial markets that have so far been contained by prompt intervention by relevant authorities.

Against that backdrop, we want to do all we can to simplify the path to investing and operating around the world. Trade and investment stimulate economic growth. Complex places to do business are often among the most attractive, whether that involves gaining access to natural resources, workers or consumers.

Our message in comparing the complexity of these jurisdictions isn't to deter investment but simply to make sure that firms investing are ready to cope with the rules and requirements in each location. At the same time, we hope that the work and rankings encourage governments to reform, simplifying wherever possible – lower complexity is associated with higher wealth in a country, encouraging not just external investors but local entrepreneurship and business activity.

**Mark Weil**
**TMF Group CEO**

# INTRODUCTION

The Global Business Complexity Index 2023 (GBCI) provides an authoritative overview of the complexity of establishing and operating businesses around the world. It explores factors driving the success or failure of international business, with a focus on operating in foreign markets, and outlines key themes emerging globally as well as local intricacies across 78 jurisdictions.

The GBCI 2023 is based on 292 indicators relating to business complexity and provides in-depth analysis of global and local challenges impacting on the ease of doing business around the world. These data points are used to compile a global ranking of the 78 jurisdictions, based on the complexity of their business environments and covering legislation, compliance, accounting procedures, tax regimes, human resources (HR) rules and payroll processes.

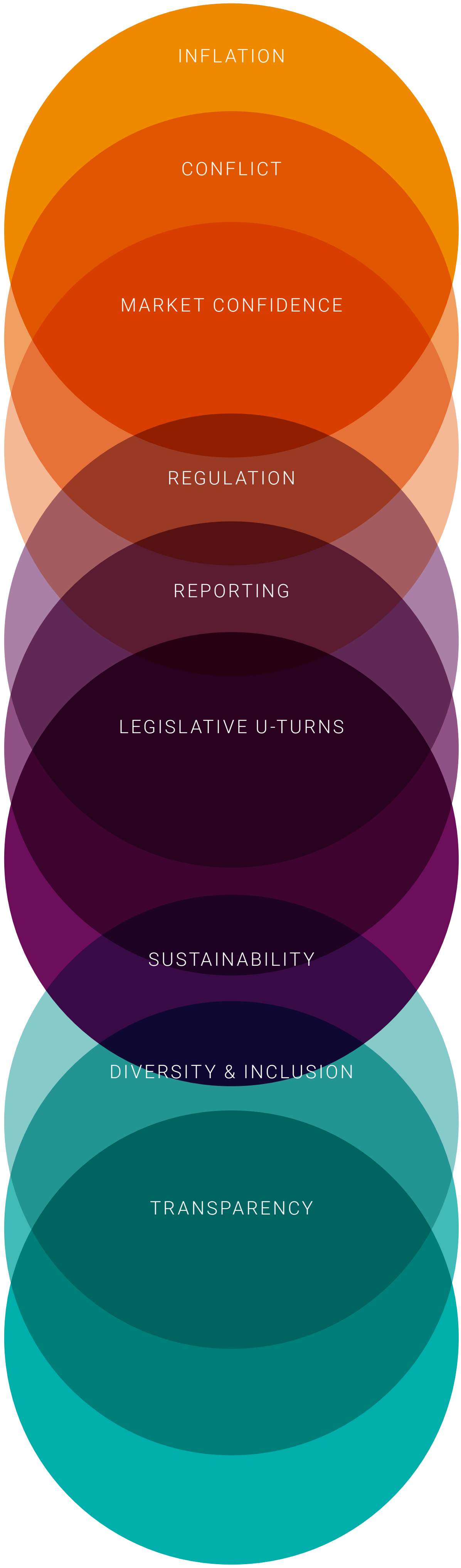
**3**

**THEMES**

# 1

## Geopolitical and economic turbulence

We explore the impact that global economic factors such as inflation, employee attrition and the war in Ukraine are having on business. We also examine how geopolitical challenges are affecting the expansion and growth plans of companies around the world.




# 2

## Global compliance challenges

With global compliance legislation expected to tighten in the future, what will this mean for business complexity? We will explore how changes in rules and regulations have been exacerbated or expedited by the geopolitical situation, and how increasing compliance requirements are making some jurisdictions more attractive than others.

# 3

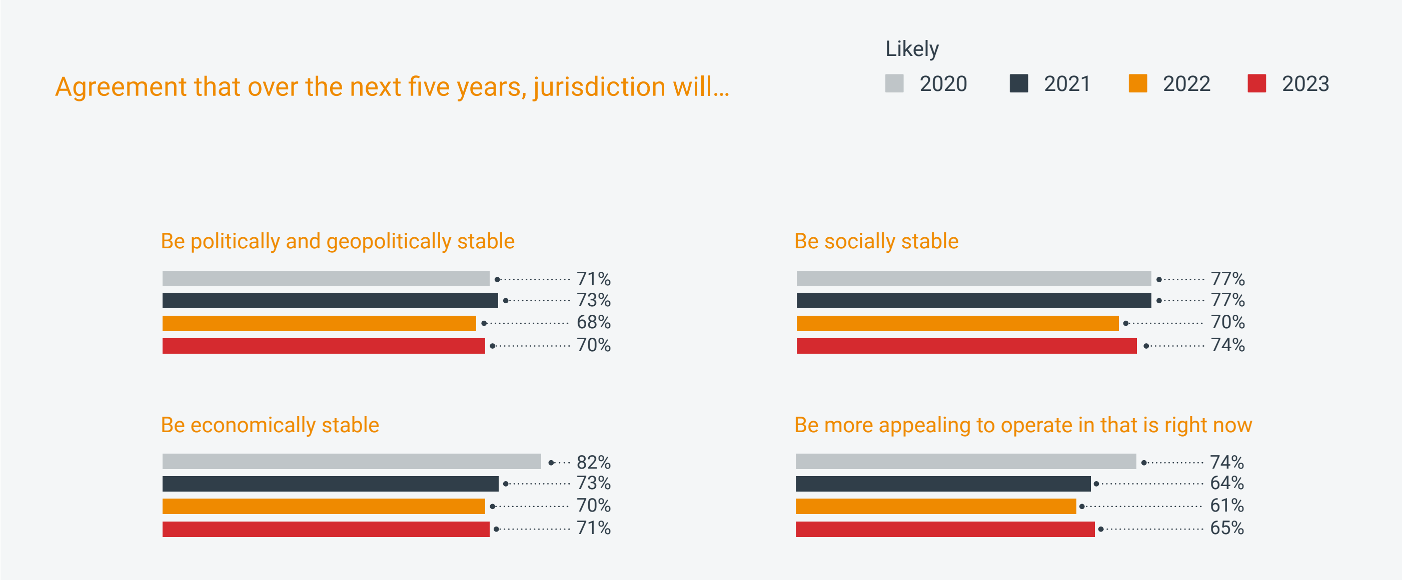
## Environmental, social and governance (ESG) considerations

We examine how the increasing importance of ESG criteria means that authorities are further defining what is required of businesses, in particular around the environment, diversity and inclusion.

GLOBAL THEME
**#1**

# GEOPOLITICAL AND ECONOMIC TURBULENCE


Despite political, geopolitical and social expectations remaining stable, there is a sense that businesses may be less open to global expansion than in previous years




## Confidence in future economic stability has dropped since 2020

Since 2020, confidence in the economic stability of jurisdictions over the next five years has been waning. Political, geopolitical and social stability predictions have, however, remained mostly stable. This is surprising given recent global events, such as the Covid-19 pandemic, war in Ukraine and unprecedented rates of inflation around the world.

> "Currently, Ukraine is one of the more complex locations to do business for safety reasons, as a result of military action effective 24 February 2022."
>
> *TMF Ukraine expert*

Despite political, geopolitical and social expectations remaining stable, there is a sense that businesses may be less open to global expansion than in previous years. In 2020, 74% of those jurisdictions surveyed reported that businesses would find it more appealing to operate there over the next five years. This has dropped to 65% in 2023, suggesting that optimism has faded somewhat, and organisations may be taking a more cautious approach over the coming years.

## Inflation is having significant impact globally

Economic stability is where jurisdictions have observed the greatest drop in confidence. In 2020, 82% of jurisdictions were confident about their future economic stability – this figure has dropped to 71% in 2023. Inflation is widespread and is pointed to as a factor causing significant issues. While it is impacting different jurisdictions in distinct ways, there is no doubt that the effects of the current inflationary pressures are likely to be felt for some time to come.

For example, in Vietnam where strong post-pandemic economic recovery was recorded in 2022, with GDP at 8.02%; growth is currently forecasted at 6.5%, so lower for 2023. This is due to an expected weakened global demand in major export markets, likely resulting from geopolitical tensions. It's the same story in other APAC jurisdictions, such as Thailand, with global headwinds slowing growth, despite faster than expected recovery following Covid-19.

In South America, only 40% of jurisdictions have confidence in their economic future. Inflation has been a longstanding problem in the region, so global economic turbulence is resulting in even greater pressure in the region. For instance, in Venezuela has suffered hyperinflation over a number of years, while inflation in Argentina recently reached 95%.

> "Venezuela has experienced hyperinflation in recent years. The devaluation of the currency has caused five or six zeros to be taken off the currency."
>
> *TMF Venezuela expert*

## Employees are placing pressure on organisations

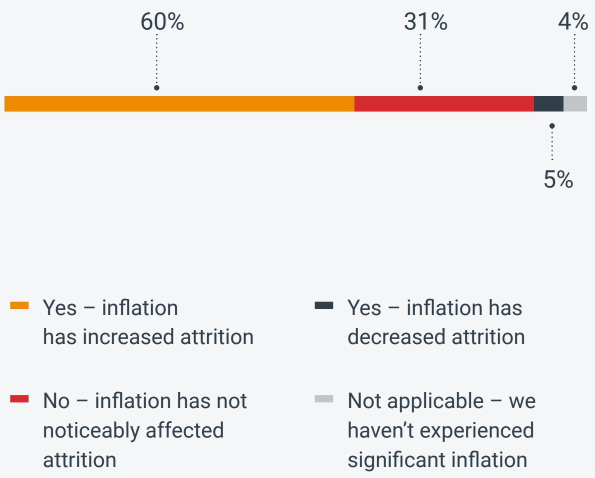
With inflation creating huge price increases on essentials like food, fuel and utilities, employees are seeking more and more financial support from their employer to make ends meet. This has led to widespread salary demand increases, and workers seeking better opportunities elsewhere. 60% of jurisdictions report that inflation has increased employee attrition. This is often combined with skills shortages to create recruitment and retention challenges for businesses. The 'great resignation' is putting pressure on organisations to remain agile and competitive.

Employees are asking for better financial packages in 86% of jurisdictions. This is particularly the case in EMEA where almost all (98%) of jurisdictions surveyed are noting this trend. Changes to salaries can drive administrative complexity for organisations. In Argentina, for instance, inflationary pressure means that salaries are sometimes being increased several times per year. Every time this happens, businesses need to make relevant changes, such as updating payroll and modifying contracts, creating an ongoing administrative and cost burden.

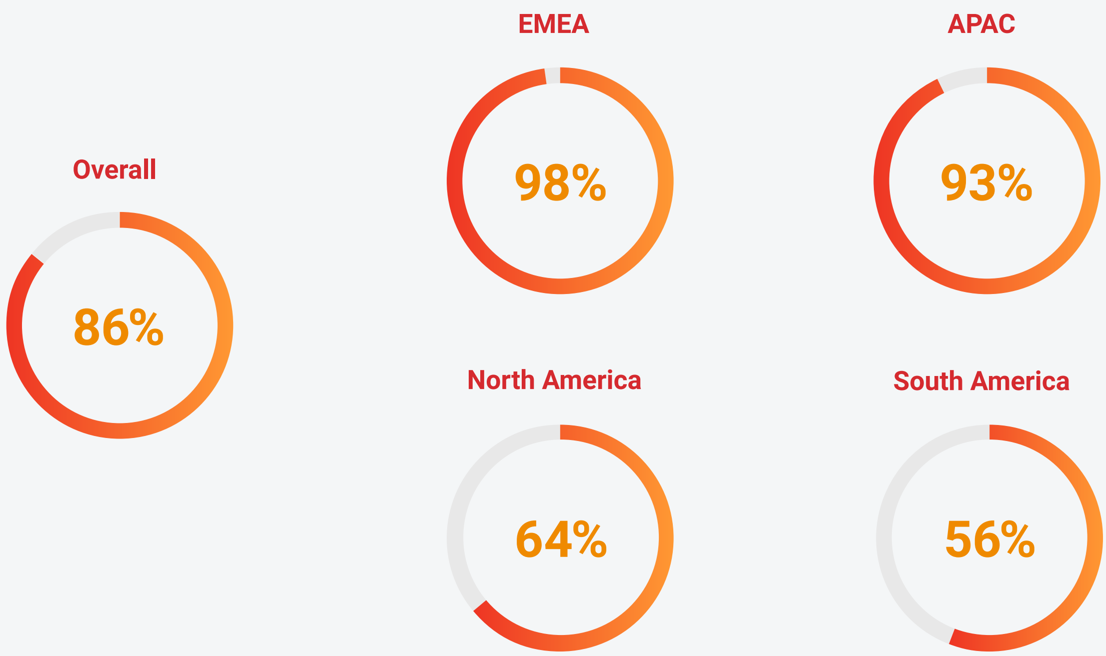
"The great resignation could be felt by all businesses in Italy. Most companies felt the pressure and had to spend big money to retain talent and compensate for increased attrition."

*TMF Italy expert*

### Has inflation impacted employee attrition?




### Past 12 months, trend of employees asking for better financial packages



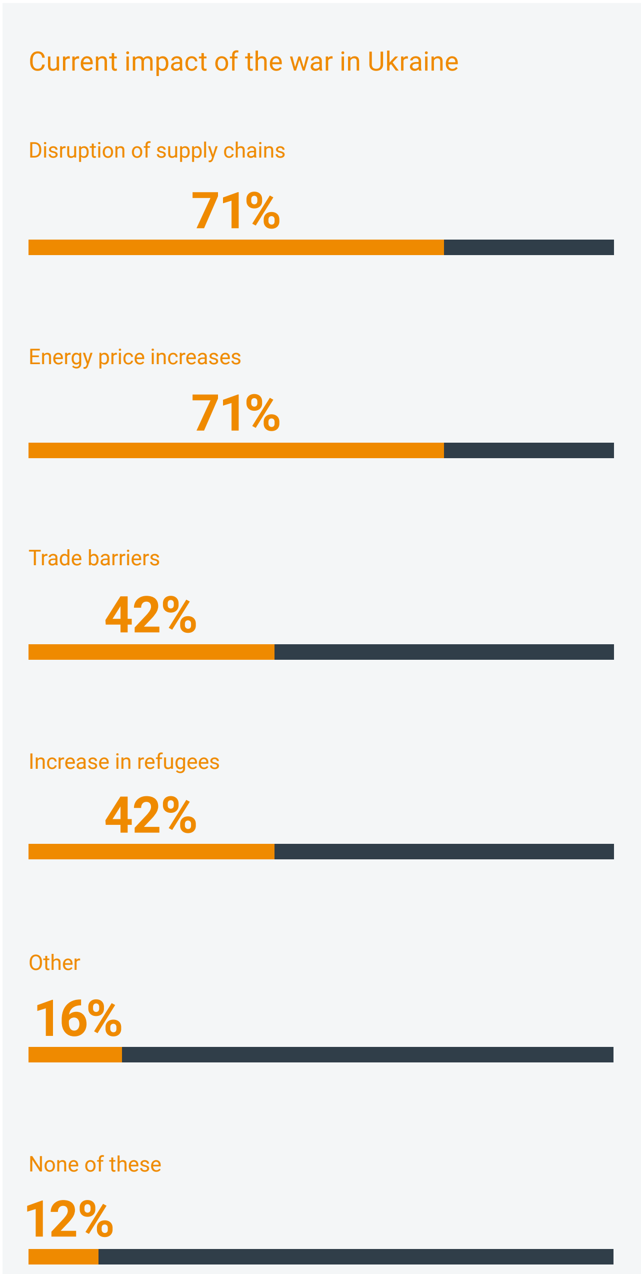
## Businesses are taking action due to economic factors in a majority of jurisdictions

As global inflation impacts economic growth worldwide and causes employees to demand better financial support, it's unsurprising that businesses are taking action to meet demands and recoup lost income. Measures like hiring freezes, outsourcing, reducing headcount and closing offices are being taken in many jurisdictions. Although such actions can work to support businesses that are struggling financially, they also create complexity for businesses to navigate. The processes of redundancy and business dissolution can be incredibly cumbersome and bureaucratic, particularly in jurisdictions with strong commitments to employee rights such as France, with its strict employment laws a key factor in making it the most complex jurisdiction in this year's GCBI.

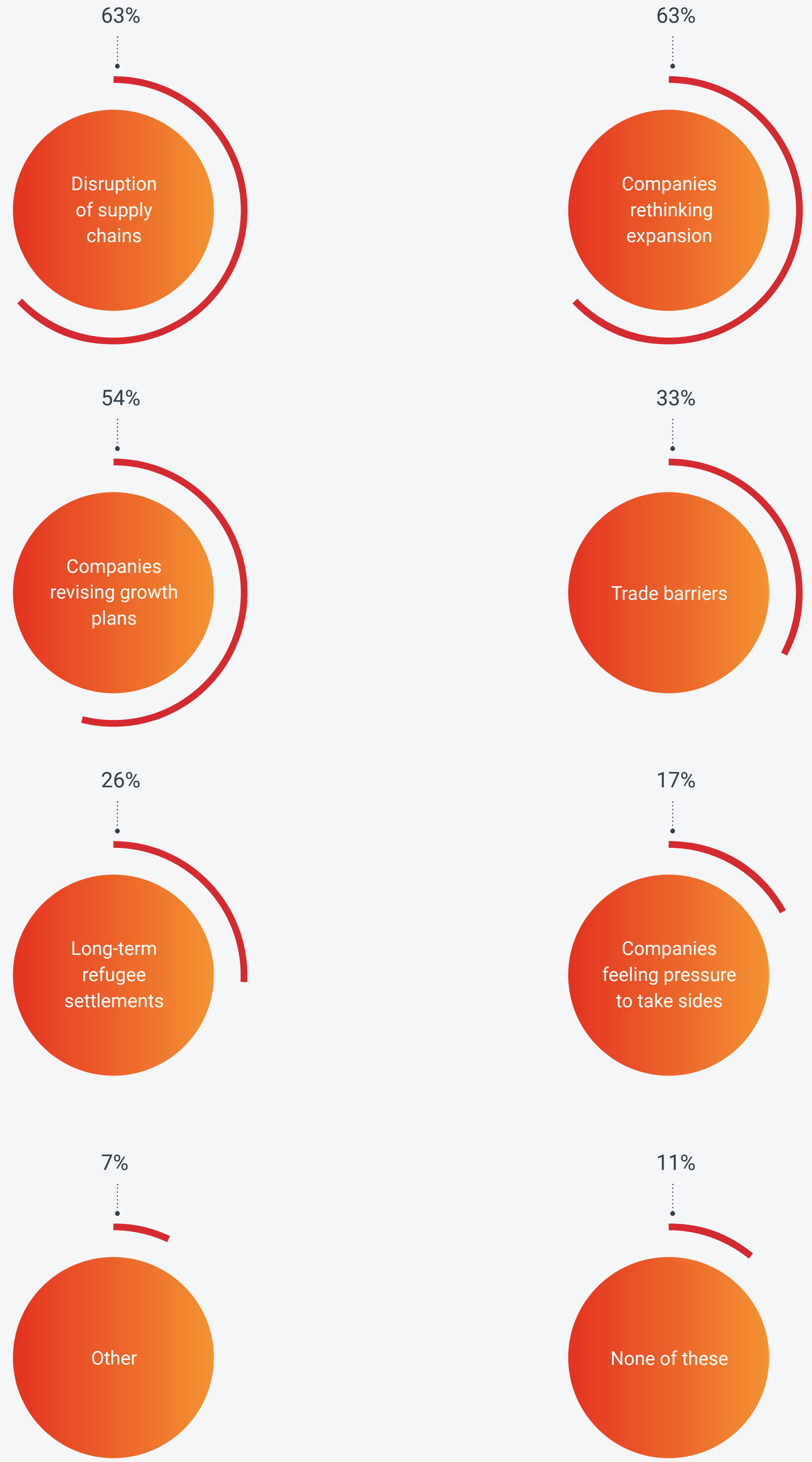
## War in Ukraine affecting expansion and growth plans

Since the start of the war in Ukraine, jurisdictions have observed disrupted supply chains and increased energy prices, as well as barriers to international trade. This drives complexity and makes doing business more challenging, particularly across borders.

Such challenges hit harder for those in the shadow of the conflict. For instance, EMEA jurisdictions like Sweden have experienced increased energy prices, which in turn have caused longer lead time for some goods to be delivered. This increases production times, meaning that business operation becomes slower, more cumbersome and more costly.

## Long-term impacts of war in Ukraine

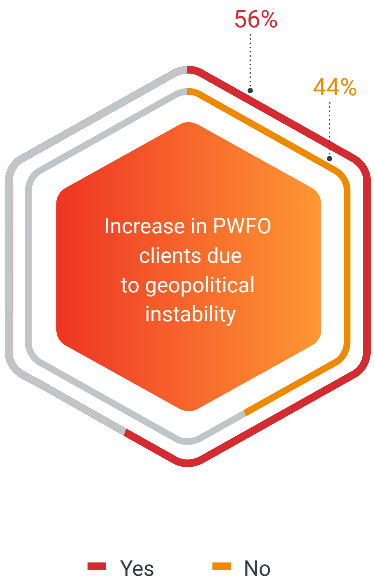


Many jurisdictions that were reliant on Russia and Ukraine for exports like grain and oil are severely impacted. For instance, in Germany, the fall in imported goods has been a key driver of inflation. In Colombia, this was also the case at the start of the conflict – grain imports were affected, which increased inflation, demonstrating that the impacts of the war are global, not limited to Europe.

Issues resulting from the war in Ukraine are anticipated to continue, with the majority (63%) of jurisdictions predicting ongoing supply chain disruptions. It is having a clear impact on global business, with over half of jurisdictions noting that organisations will rethink their growth and expansion plans. Jurisdictions will need to work harder than ever to attract new investment and rebuild shaky economies.

However, some jurisdictions are finding opportunities to attract foreign direct investment (FDI). In the USA, for example, FDI has increased compared to pre-pandemic levels. In a time of such uncertainty, jurisdictions that can offer investors relative stability and security can be more attractive than ever.

This is not only the case for businesses, but also for private investors. Over half of jurisdictions (56%) that offer private wealth and family office services, predict a trend of an increase in high net worth individuals seeking a safe place to invest their wealth due to geopolitical instability.




While the global business environment may feel more unstable than in recent years, times of hardship can often serve to create new opportunities for investment and expansion. For example, in Argentina the shortage of oil worldwide is encouraging greater self-sufficiency and focus on future export plans. It is hoped this will bolster the economy and aid recovery from the effects of unprecedentedly high inflation.

Although organisations may feel nervous about expanding, some jurisdictions are using this time to find a more prominent space in the global market, opening new doors for business. It's also likely that governments will work harder to drive attractiveness and entice investment, meaning that businesses may find that processes and procedures are simplified in the coming years.

GLOBAL THEME #2

# GLOBAL COMPLIANCE CHALLENGES

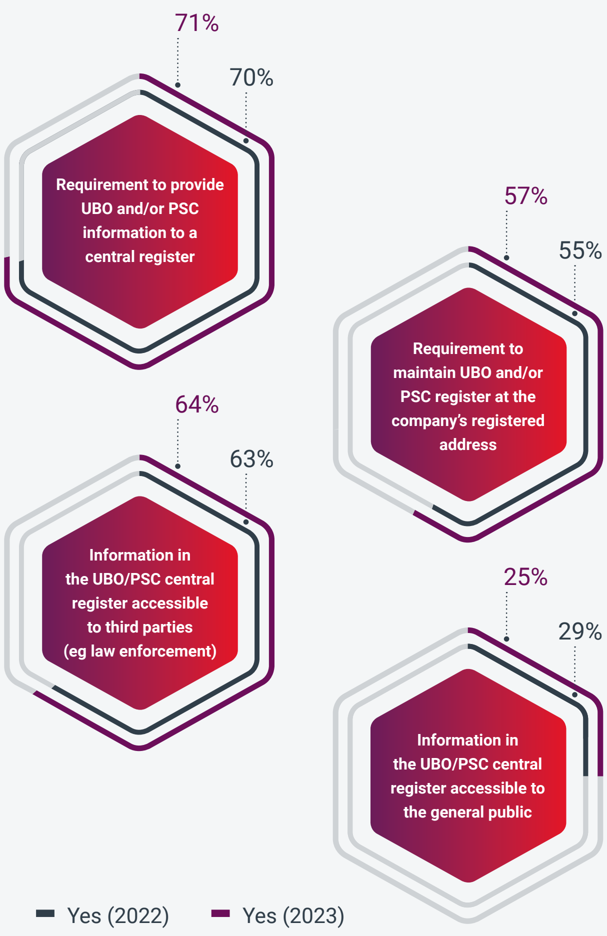

While the increased scrutiny of global compliance frameworks can create complexity, they also work to drive consistency and predictability for businesses entering new markets

## Global compliance requirements remain in line with 2022

Compliance requirements, such as reporting on ultimate beneficial owners (UBO) and persons of significant control (PSC), are in place to ensure that businesses and those who manage them remain transparent when incorporating and operating in foreign jurisdictions. They have been a core part of compliance processes in locations around the world for a number of years. Year on year, the requirement to provide UBO and/or PSC information to a central register has remained stable at around 7 in 10 (71%) jurisdictions.

Regulations such as know your customer (KYC) and anti-money laundering (AML) have been adopted by at least some industries across all jurisdictions. This has been the case over recent years, demonstrating that these regulations have been an important and stable method of holding businesses to account over operational transparency and safety.

UBO/PSC register statements




These regulations have tended to become more stringent over time. For instance, in Hong Kong the tightening due diligence checks, KYC requirements and transaction monitoring has significantly increased the burden on client due diligence. This is alongside greater monitoring of Hong Kong-based corporate services providers' activities for clients, especially around payments.

Global regulations such as these can create more localised complexity. In Mexico, for example, UBO reporting requirements were introduced in January 2022 and the information gathering is extensive, adding a significant reporting burden for clients. Additionally, unclear requirements meant it was open to widespread interpretation. Public notaries could refuse to incorporate organisations as a result.

> "Local regulations in response to wider international rules and directives have increased and are complex to handle."
>
> *TMF Germany expert*

## Global regulatory burden expected to increase

While the implementation of global compliance regulation remains stable, jurisdictions are observing a tightening of global compliance regulation such as KYC and UBO reporting. This is a trend that is set to continue in light of geopolitical tensions, such as the war in Ukraine.

Only 13% of jurisdictions do not expect to see a tightening of global compliance regulation as a result of current geopolitical environment, demonstrating that the global atmosphere is driving the need for greater transparency and understanding of who exactly is investing into jurisdictions.

In Curaçao, sanctions introduced against Russian businesses and individuals mean that KYC checks have become more in-depth and rigorous, creating complexity for Russian organisations. The same can be said for jurisdictions like the UK, Hungary, Australia and Malaysia, demonstrating that the impacts of the war are being felt worldwide.

Interestingly, certain jurisdictions such as Serbia are not placing any sanctions or increased global compliance requirements onto Russian businesses and individuals, meaning they are able to better attract Russian enterprise. This demonstrates the different approaches jurisdictions can take during challenging times and how this impacts both complexity and attractiveness.

## Increased reporting requirements can impact global expansion goals

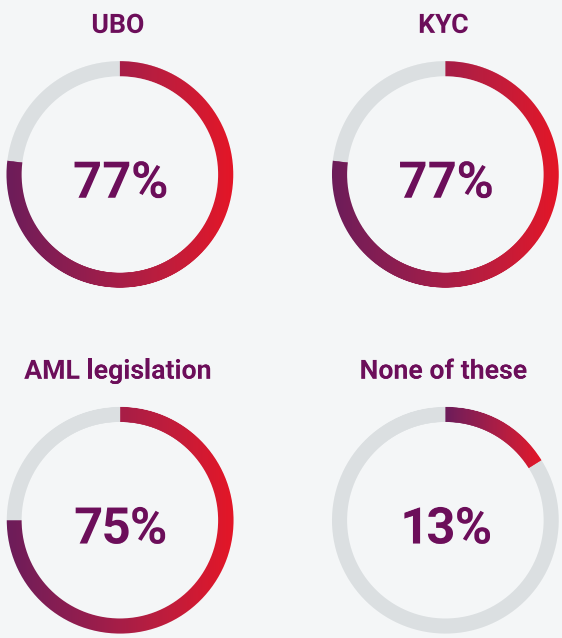
43% of jurisdictions expect further regulatory compliance reporting for businesses within the next year. Organisations can struggle to understand and meet new reporting requirements. One in five (21%) of jurisdictions expect that the required speed of reporting will increase alongside the addition of new rules. This will mean that businesses not only have to navigate greater reporting demands, but they also may be expected to do so in a more rapid manner than previously.

Due to such changes, clients are feeling the pressure. Only 24% of jurisdictions report that their clients are generally prepared for increased reporting requirements and are not feeling pressured. 31% of jurisdictions report that clients are generally unprepared, demonstrating that they may not yet realise the complexity of what is to come.

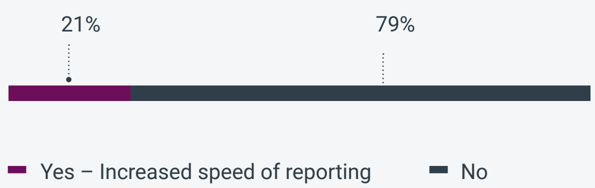
Due to this pressure and increased complexity, we see that almost half (48%) of jurisdictions report that at least some companies will rethink their expansion goals. For instance, pausing incorporation within a jurisdiction with hefty global compliance reporting requirements, or perhaps looking for another jurisdiction with more lenient rules. This demonstrates the true impact that global compliance legislation and reporting can have, and how it can limit the attractiveness of a jurisdiction and encourage businesses to look elsewhere.

> "We've observed an increase of global regulatory propositions for all countries, not just for Turkey. Adapting to these local propositions is the main challenge for both compliance service providers and clients."
>
> *TMF Turkey expert*

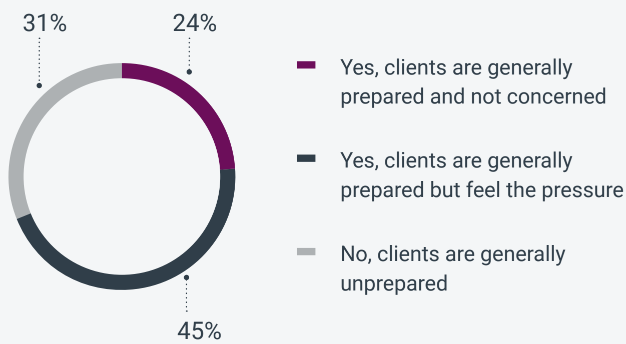
Regulation expected to tighten as a result of the current geopolitical environment



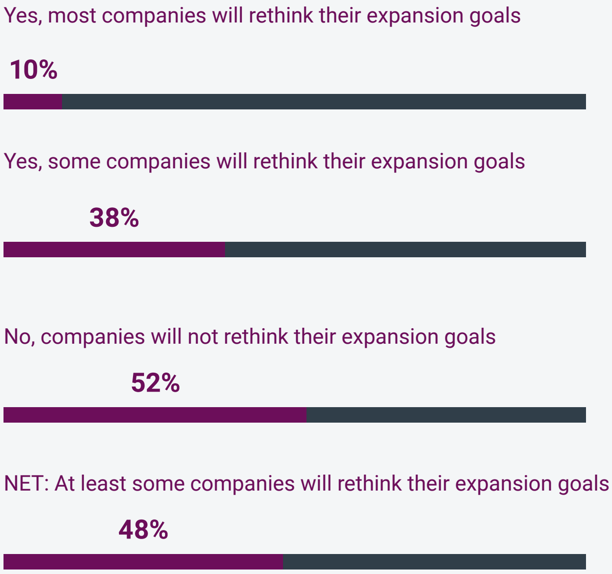

Increased speed of further regulatory compliance reporting




Client's preparedness/concern for future compliance reporting obligations



Clients rethinking expansion due to increased regulatory obligations




## Global compliance requirements can offer stability and security for high-net-worth individuals

Global compliance requirements like UBO, KYC and AML can create complexity for businesses, and can cause concern for clients looking to invest across borders. However, this increased focus on global compliance is seen as inevitable and it is not going away. It's also well established in certain jurisdictions, particularly those in the EU, where directives are handed down to be implemented locally across multiple jurisdictions. This means that multinational businesses may already have a better understanding of certain compliance requirements when entering new jurisdictions. That being said, there can be nuances that can cause complexity and take time to be understood by businesses.

However, while global compliance incentives can increase complexity, they can also drive the attractiveness of jurisdictions, particularly for private wealth and family office (PWFO) individuals who are seeking safety and security. For instance, in Singapore, a strong and stable regulatory framework and political stability are the key factors that attract foreign investments. Singapore also offers attractive tax incentive schemes that appeal to high-net-worth individuals.

## Legislative U-turns are impacting nearly 15% of jurisdictions

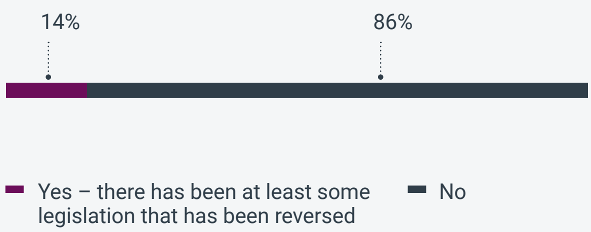
Although there is an increased focus on stable, consistent compliance requirements globally, some jurisdictions have observed legislative U-turns over the past 12 months.

More than 1 in 10 (14%) have observed such U-turns. For example, in the UK, where 2022 was characterised by unprecedented political turmoil, several pieces of legislation were introduced and then reversed, typically related to tax.

In China, the government also backtracked on the preferential tax rate on employee stock income, annual bonuses and tax exempted benefits for expatriate employees, which were due to terminate in January 2022. Although this change does benefit foreign workers and their international businesses, changes can create complexity for organisations who can struggle to keep up with contradicting messages from governments.

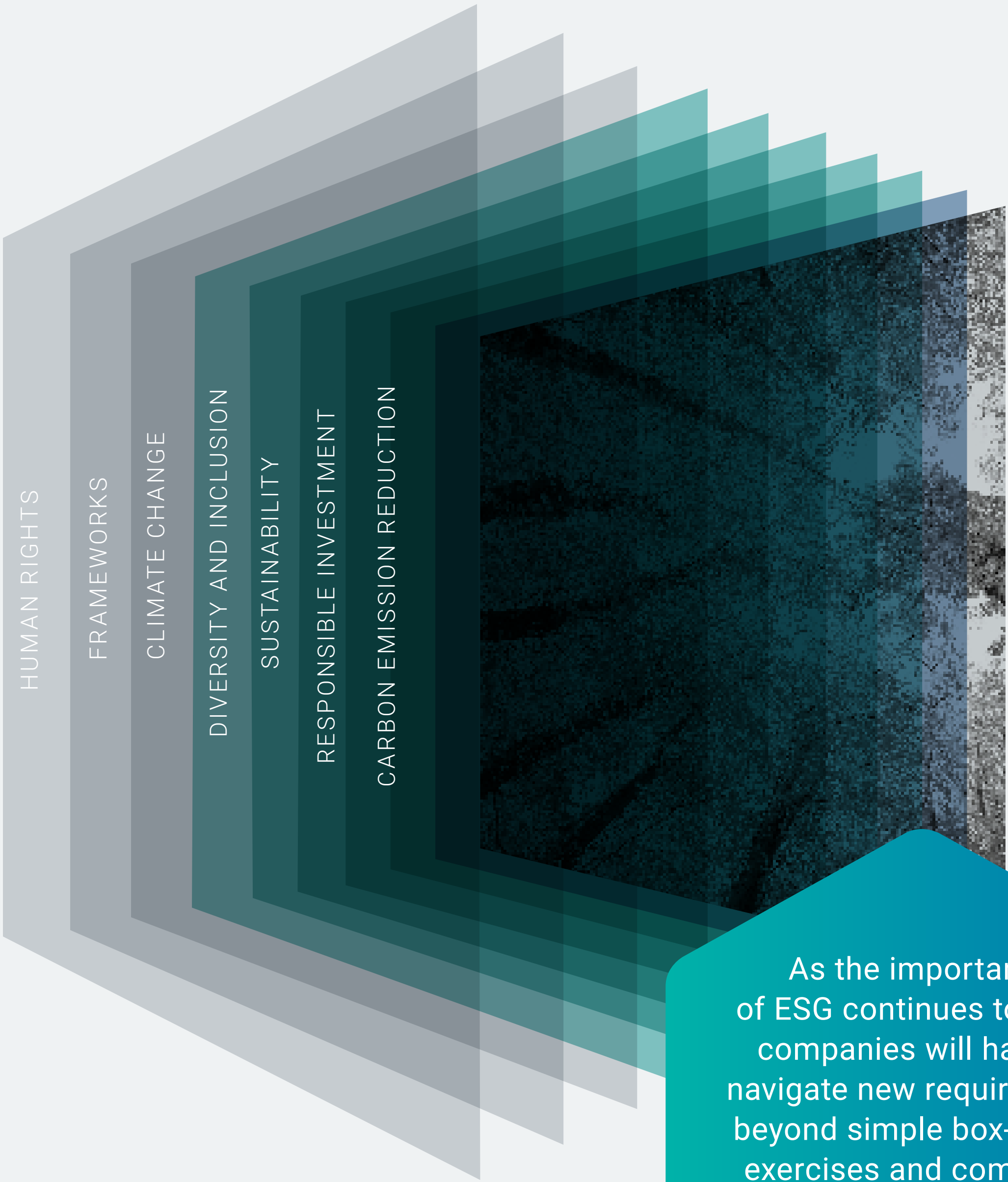
Moving forward, we may continue to see legislative U-turns as governments deal with geopolitical instability and a changing global business environment. However, the increased focus on global compliance and legislation should work to offer stability in such challenging times. While increased focus on global compliance can create complexity, it also works to drive consistency and predictability for foreign businesses entering new jurisdictions and pressing forward with global expansion.

Jurisdictions that have observed a legislative U-turn in the past 12 months



GLOBAL THEME #3

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS



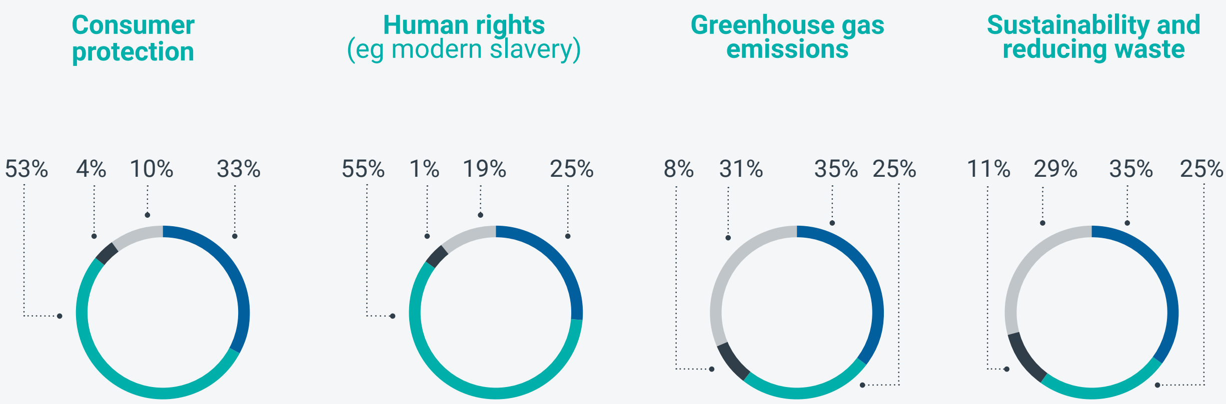

As the importance of ESG continues to grow, companies will have to navigate new requirements beyond simple box-ticking exercises and commit to reporting on their ESG indicators

## ESG requirements increasing in importance

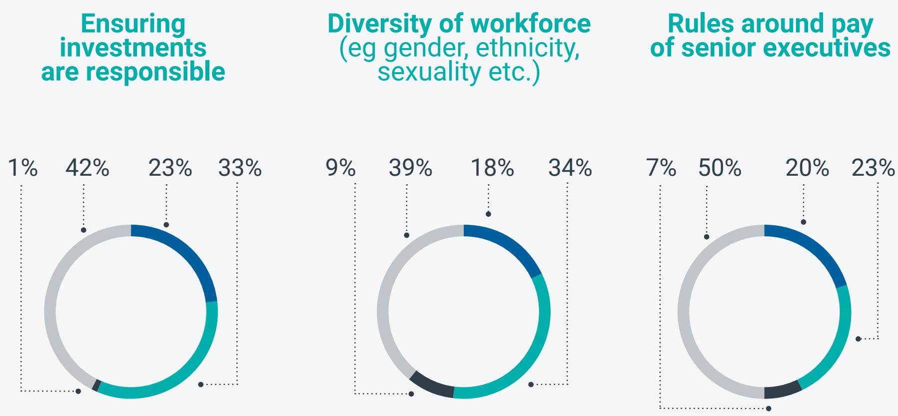
Environmental, social and governance criteria are becoming increasingly prominent, with companies now required to abide by at least one ESG requirement in the majority of jurisdictions. In fact, only four jurisdictions (Curaçao, the BVI, Venezuela and Uruguay) don't require companies to abide by and/or report on any ESG requirements related to their activities, demonstrating the global reach of these criteria.

Requirements on consumer protections and human rights (eg modern slavery) are the most common for businesses to abide by, which is unsurprising given that these are embedded in the way the majority of companies do business. Nearly half of jurisdictions require companies to report on environmental factors: 44% on greenhouse gas emissions and 46% on sustainability and reducing waste. These requirements are higher among EMEA jurisdictions (54% for both) and lowest in North America (29% and 36%, respectively).

### Requirement to abide and/or report on ESG legislation




| | Consumer protection | Human rights (eg modern slavery) | Greenhouse gas emissions | Sustainability and reducing waste |
|---|---|---|---|---|
| NET: Required to abide | 86% | 79% | 61% | 60% |
| NET: Required to report | 37% | 26% | 44% | 46% |

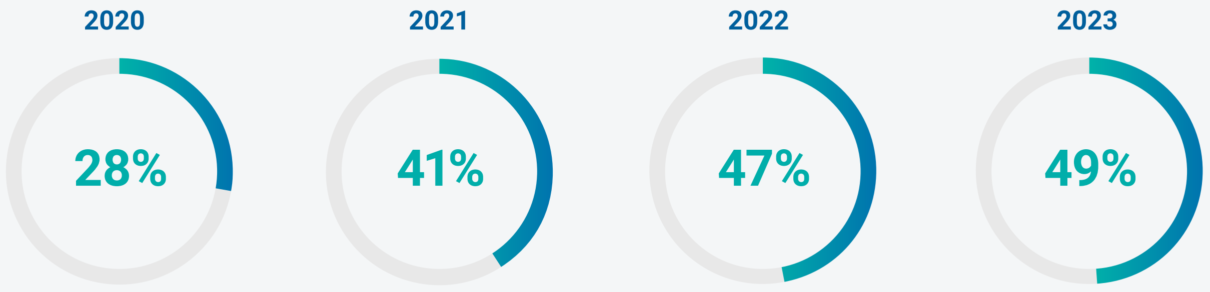



| | Ensuring investments are responsible | Diversity of workforce (eg gender, ethnicity, sexuality etc.) | Rules around pay of senior executives |
|---|---|---|---|
| NET: Required to abide | 57% | 51% | 43% |
| NET: Required to report | 25% | 27% | 27% |

- Companies required to both abide by legislation and report on their activities
- Companies required to abide by legislation, but not report on their activities
- Companies not required to abide by legislation, but are required to report on their activities
- None: companies are not required to abide by legislation or report on their activities

Employee demographics: Reports required to government authorities

**All organisations**




## Global focus on environmental sustainability and diversity and inclusion

In recent years, many governments and authorities have made concerted efforts to lead the way in holding businesses to account in reducing their carbon footprint. In Malaysia, the government's ambition to achieve carbon neutrality by 2050 is particularly progressive relative to other ASEAN countries. Companies in Malaysia are actively pursuing ESG programmes, and multinational corporations have energy consumption as a key focus in ESG commitments.

Another ESG legislative area which is becoming increasingly important is guaranteeing diversity in the workforce. Half of jurisdictions (51%) require companies to abide by laws relating to diversity of the workforce, with over one quarter (27%) requiring companies to report on it.

Almost half (49%) of jurisdictions require all companies to submit reports on employee demographics to government authorities, which has continued to grow year on year (28% in 2020, 41% in 2021, 47% in 2022). In South America, 80% of jurisdictions require all companies to report on employee demographics, followed by 64% of jurisdictions in APAC.

France mandates reporting based on diversity, including disability and gender pay gap. Although EU legislation is more demanding when looking at diversity and inclusion, France was an early adopter of such legislation and leads the way for European jurisdictions. Similarly in New Zealand, there is more onus in reporting diversity and inclusion metrics for listed companies when preparing audited financial statements.

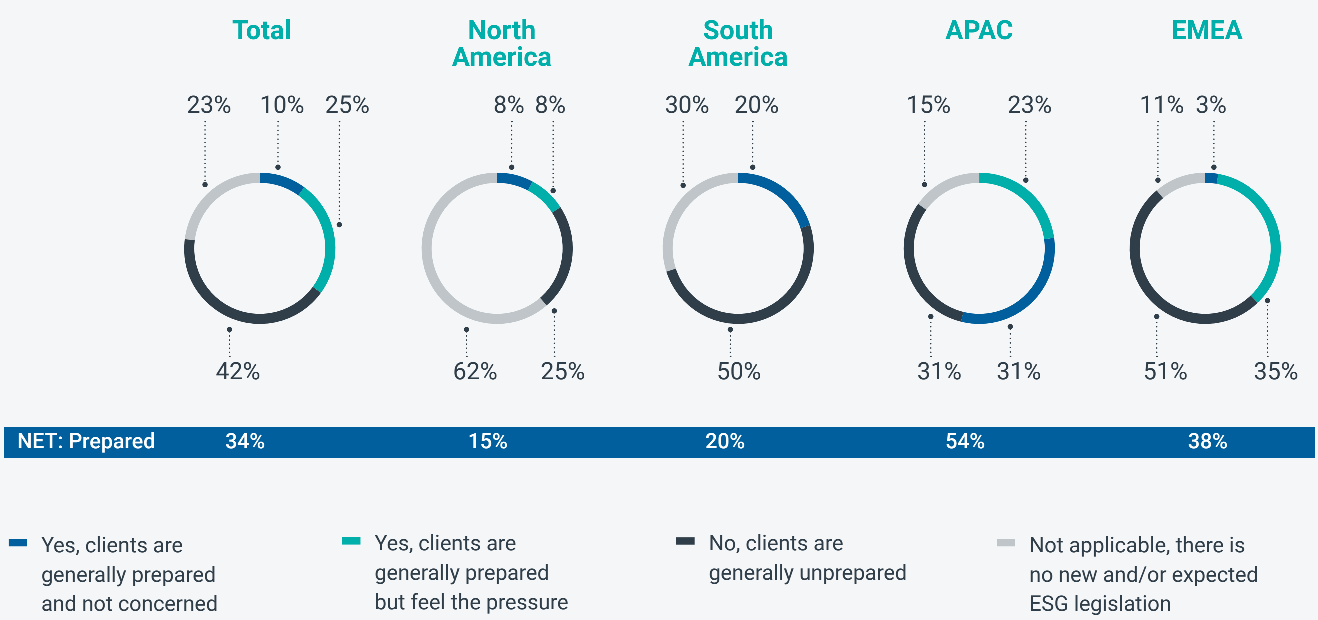
## Burden of ESG reporting lies with listed companies, but private companies increasingly reporting on ESG voluntarily

Currently the burden of reporting and abiding by ESG legislation largely falls on public and listed companies. To provide an example, as of January 2022, new rules in Switzerland require companies of public interest, such as listed companies or large companies regulated by the Swiss Financial Market Supervisory Authority (FINMA), to issue public annual ESG reports.

"Even if it's not mandatory, the biggest companies are enabling and creating programmes of ESG initiatives. The directors of those companies are recommending that others join this initiative. So even though it is not mandatory, it has a good reception within the industry, because it's being promoted by the owners of the businesses."

*TMF Colombia expert*

Preparation for ESG legislation




Interestingly, there is a trend for private companies to report on their ESG activities voluntarily. This is partly to be prepared for more widespread mandatory ESG reporting in the coming years, but it is also driven by consumer expectations for businesses to operate in a more sustainable, responsible and transparent way.

In certain jurisdictions, some private companies, including small and medium sized enterprises, will be required or already are required to report on ESG indicators. The main reasoning behind this is that these companies are part of the supply chain or are businesses linked to larger entities, so need to be also transparent on their main ESG risks and impacts, in order to allow the larger entities to be able to use their data for their own ESG-related reporting.

## Fast rise of ESG reporting means clients are unprepared for new requirements

Despite the rising importance and requirements for ESG reporting, TMF Group experts say that clients are generally unprepared for new and expected ESG legislation. This is the case for 42% jurisdictions globally, with this being highest in EMEA (51%) and South America (50%).

With reporting requirements for ESG likely to increase, and not just for public and listed companies, it is likely that companies will continue to feel the pressure. Not only will there be a pressure to navigate the new and upcoming legislation, but there is also an administration and resourcing cost implication which is affecting large and listed companies in multiple locations (cited, for example, by our experts in South Africa).

As the importance of ESG continues to grow, companies will have to navigate new requirements beyond simple box-ticking exercises and commit to reporting on their ESG indicators. However, given that ESG requirements are in their infancy in many jurisdictions, the impacts and future of ESG reporting remains unclear.

"Finding the right partner with the right ESG reporting tools, technology and knowhow will be important. Proper reporting in line with new requirements that could apply to the specific clients. Understanding how to act and report in order to be compliant, especially for foreign companies with limited knowledge of local regulations."

*TMF Norway expert*

## ESG of interest to private wealth, family office, funds and capital markets clients

TMF Group experts from jurisdictions that offer PWFO services note that these individuals are increasingly interested in investing in ways that incorporate ESG considerations. Although there may currently be a more limited impact of ESG on how PWFO clients do business, new and expected ESG legislation will require clients to seek assistance with specialist providers.

In jurisdictions with significant capital markets activity, green financing initiatives, such as bank-issued green bonds and sustainable loans are becoming increasingly common. For example, in Colombia, there is a law that regulates green initiatives and sustainability-linked bonds, and the government announced a plan to incentivise ESG-related investment.

Over the past year, TMF Group experts report that 77% of jurisdictions with significant funds activity have seen an increase in fund manager interest in sustainable and socially beneficial funds, demonstrating the continuing interest in ESG for funds clients. In India, our experts report that priority players stress their ESG parameters, as it makes the investments more lucrative for global investors.

"As part of the EU, Ireland must comply with all of the of the EU regulations around ESG. This will make reporting more difficult for large companies. It also impacts the fund and capital markets industries, as both will want to attract investors by being ESG compliant."

*TMF Ireland expert*

Two thirds (67%) of those jurisdictions with significant funds activity have committed to the EU'S level 2 Sustainable Finance Disclosure Regulation (SFDR) reporting implemented in 2022. It means asset managers and fund providers need to provide sustainability-related disclosure obligations, as well as complete mandatory reporting with the aim of boosting transparency.

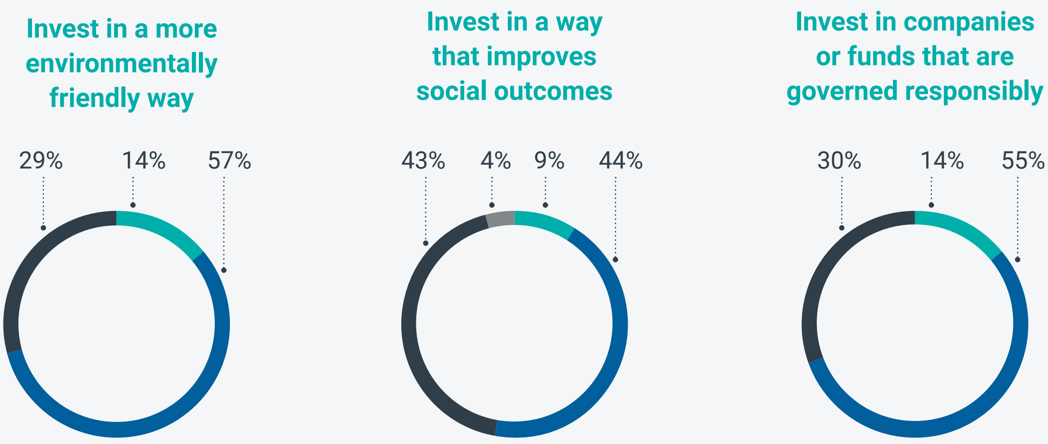
Outside of the EU, we also see steps towards ensuring transparency within the funds space. For example, in Hong Kong, an amended circular came into effect in January 2022 providing guidance to asset managers on enhanced disclosure expectations for funds which incorporate ESG factors as a key investment objective or strategy.

In one third (31%) of funds jurisdictions, there is legislation that regulates the marketing of funds claiming to have a positive ESG impact, which aims to limit companies, especially large and listed ones, from 'greenwashing'. Although the act of greenwashing is increasingly scrutinised, the challenge remains to prove that investments are truly focused on ESG.

Despite the growing importance of ESG, there is still work to do in prioritising this over other business objectives. For example, in the Cayman Islands, our experts point to the challenge of convincing investment managers that ESG should be a factor in decision making for their funds, as their main objective is to maximise profits.

Although driving profit is key, ESG is increasingly part of the makeup of major corporations. The focus on ESG is set to continue pushing towards greener and more ethical ways of working, despite the associated complexities.

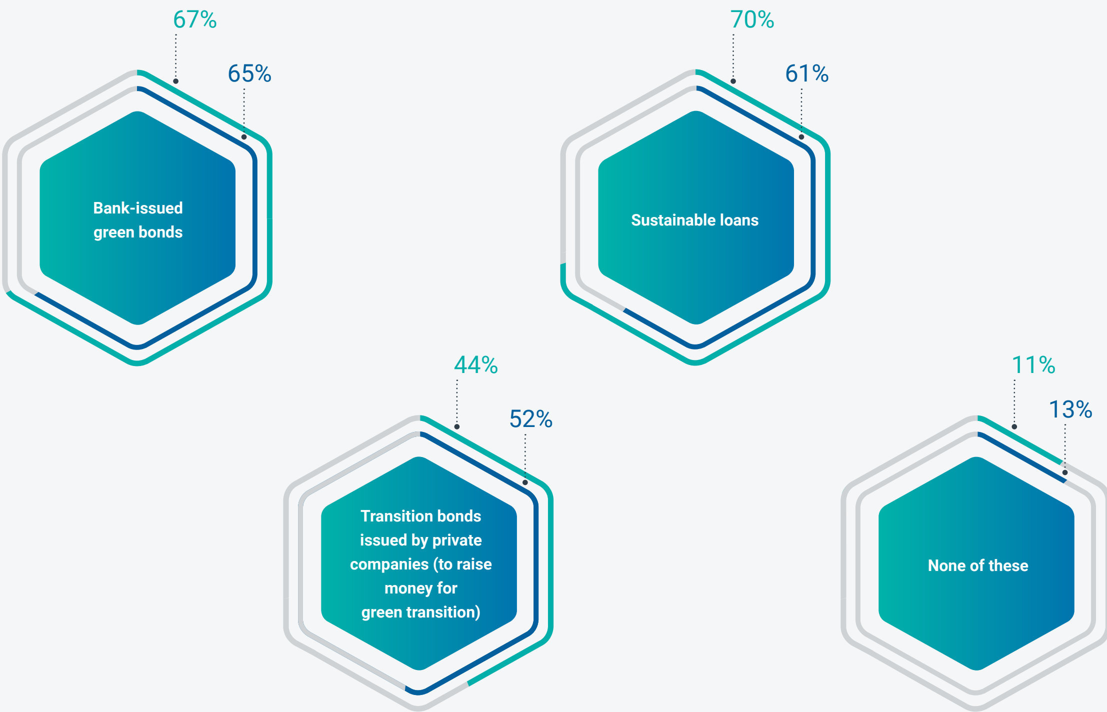
## Changes in private wealth and family clients in past year




| | | | |
|---|---|---|---|
| NET: Increase | 71% | 54% | 70% |
| NET: Decrease | 0% | 4% | 0% |

Significant increase · Slight increase · No changes · Slight decrease · Significant decrease

## Green financing initiatives




2022 · 2023

# THE GLOBAL BUSINESS COMPLEXITY INDEX RANKINGS 2023

CELEBRATING 10 YEARS OF GBCI

PAGES 22 – 27

TEN MOST COMPLEX JURISDICTIONS

| 2023 | | | 2022 | 2021 |
|---|---|---|---|---|
| 1 | ^ | France | (2) | (2) |
| 2 | ^ | Greece | (6) | (13) |
| 3 | v | Brazil | (1) | (1) |
| 4 | – | Mexico | (4) | (3) |
| 5 | – | Colombia | (5) | (4) |
| 6 | ^ | Turkey | (7) | (5) |
| 7 | v | Peru | (3) | (24) |
| 8 | – | Italy | (8) | (15) |
| 9 | – | Bolivia | (9) | (8) |
| 10 | ^ | Argentina | (12) | (7) |
| 11 | – | Indonesia | (11) | (6) |
| 12 | v | Poland | (10) | (10) |
| 13 | ^ | Belgium | (17) | (17) |
| 14 | ^ | Chile | (15) | (40) |
| 15 | v | China | (14) | (12) |
| 16 | – | South Korea | (16) | (11) |
| 17 | ^ | Ukraine | (31) | (35) |
| 18 | ^ | Dominican Republic | (28) | (41) |
| 19 | – | Paraguay | (19) | (58) |
| 20 | ^ | Croatia | (34) | (28) |
| 21 | ^ | Malaysia | (22) | (22) |
| 22 | v | Venezuela | (21) | (33) |
| 23 | ^ | Kazakhstan | (24) | (16) |
| 24 | ^ | Romania | (33) | (29) |
| 25 | v | Germany | (20) | (27) |
| 26 | v | Nicaragua | (18) | (14) |

| 2023 | | | 2022 | 2021 |
|---|---|---|---|---|
| 27 | ↑ | Panama | (35) | (25) |
| 28 | ↑ | Hungary | (38) | (43) |
| 29 | – | Slovakia | (29) | (46) |
| 30 | – | Egypt | (New) | (New) |
| 31 | ↓ | Philippines | (30) | (37) |
| 32 | ↓ | Slovenia | (26) | (23) |
| 33 | ↓ | India | (25) | (20) |
| 34 | ↓ | Austria | (23) | (38) |
| 35 | ↓ | Uruguay | (27) | (39) |
| 36 | ↓ | Russia | (32) | (26) |
| 37 | ↓ | Guatemala | (36) | (36) |
| 38 | ↓ | Portugal | (37) | (19) |
| 39 | ↓ | Sweden | (13) | (52) |
| 40 | – | Ecuador | (40) | (18) |
| 41 | ↓ | Spain | (39) | (34) |
| 42 | ↓ | Serbia | (41) | (48) |
| 43 | ↑ | Japan | (51) | (59) |
| 44 | – | El Salvador | (44) | (69) |
| 45 | – | Costa Rica | (45) | (9) |
| 46 | ↓ | Vietnam | (42) | (21) |
| 47 | – | Honduras | (47) | (31) |
| 48 | ↑ | Canada | (52) | (57) |
| 49 | ↑ | Jamaica | (59) | (30) |
| 50 | ↓ | Finland | (46) | (42) |
| 51 | ↓ | South Africa | (48) | (47) |
| 52 | ↓ | Thailand | (49) | (44) |

| 2023 | | | 2022 | 2021 |
|---|---|---|---|---|
| 53 | ↑ | United Arab Emirates | (61) | (60) |
| 54 | ↓ | Taiwan | (43) | (32) |
| 55 | ↓ | Bulgaria | (50) | (49) |
| 56 | ↓ | Cyprus | (53) | (54) |
| 57 | ↓ | Republic of Ireland | (54) | (74) |
| 58 | ↓ | Qatar | (55) | (66) |
| 59 | ↓ | Singapore | (58) | (50) |
| 60 | ↑ | Australia | (65) | (62) |
| 61 | ↑ | Guernsey | (66) | (55) |
| 62 | ↓ | Switzerland | (60) | (56) |
| 63 | ↑ | Israel | (64) | (63) |
| 64 | ↓ | Mauritius | (62) | (68) |
| 65 | ↓ | Czech Republic | (63) | (61) |
| 66 | ↓ | Luxembourg | (57) | (65) |
| 67 | ↑ | Norway | (69) | (51) |
| 68 | ↑ | United States | (71) | (71) |
| 69 | ↓ | Malta | (67) | (64) |
| 70 | ↑ | Jersey | (72) | (45) |
| 71 | ↓ | New Zealand | (70) | (67) |
| 72 | ↓ | United Kingdom | (68) | (53) |
| 73 | – | British Virgin Islands | (73) | (72) |
| 74 | – | Hong Kong | (74) | (76) |
| 75 | ↓ | The Netherlands | (56) | (70) |
| 76 | – | Curaçao | (76) | (73) |
| 77 | ↓ | Denmark | (75) | (77) |
| 78 | ↓ | Cayman Islands | (77) | (75) |

TEN **LEAST** COMPLEX JURISDICTIONS

PAGES 46–51

# TEN **MOST** COMPLEX JURISDICTIONS

| 2023 | | | 2022 |
|---|---|---|---|
| 1 | ⌃ | France | (2) |
| 2 | ⌃ | Greece | (6) |
| 3 | ⌄ | Brazil | (1) |
| 4 | – | Mexico | 4) |
| 5 | – | Colombia | (5) |
| 6 | ⌃ | Turkey | (7) |
| 7 | ⌄ | Peru | (3) |
| 8 | – | Italy | (8) |
| 9 | – | Bolivia | (9) |
| 10 | ⌃ | Argentina | (12) |

## ↑ 1 France

2022 (2)
2021 (2)

France takes the top spot in this year's GBCI, following two years in second position. Factors making it the most complex place to do business include the focus on maintaining traditional ways of working, such as the use of the French language, and the continuation of historically stringent employee protection laws.

France tends to be an early adopter of international legislation, partly because of its role at the forefront of the EU. Complexity can increase as a result of the country implementing changes quickly, but in the long term it becomes more simplified and stable, with investors knowing where they stand compared to jurisdictions that may be slower at implementing global standards.

The commitment to standards in France also means that the business environment is safer, and organisations and workers alike are offered greater protection by the French government. The French government has continued to provide businesses with support during challenging times, from the Covid-19 pandemic to the high inflation rates France is currently witnessing. For example, as energy prices rocket worldwide, the French government has been offering support to cover expenses, particularly for smaller and more vulnerable businesses, providing crucial assistance during tough times.

Despite the legislative challenges, France is a highly attractive jurisdiction in which to do business, and in certain areas the government is making progress in developing more simplified processes.

"While France is a business-friendly country, it can also be challenging for foreign businesses. Labour laws are particularly complex with a high protection of the employees, the regulatory environment is very strict, and the French language still remains predominant in many areas, particularly with administrations."

*TMF France expert*

## ↑ 2 Greece

2022 (6)
2021 (13)

Greece moves up from sixth place in 2022, continuing to rank very highly for the complexity of its business environment. A key factor is the number of changes in legislation that occur each year, particularly when it comes to accounting and tax.

The country is part way through a large scale digitalisation programme, which is causing issues for businesses navigating the new requirements. For instance, the implementation of MyData for accounting requires all submissions for books and balance sheets to be electronic. As is the case for wider legislative changes observed in Greece, new digitalisation requirements are demanding multiple deadlines with different credentials on different platforms, meaning businesses need time to understand and adapt to the new processes. These new processes are also draining the Greek authorities' own resources, meaning it takes longer for them to respond to queries and book necessary appointments.

Within the next couple of years, an electronic timecard system will be implemented for employees in Greece, meaning investment will be required by businesses to implement this new way of working. It is likely that, given its digital journey and historic complexity, Greece will continue to be a challenging environment as it adapts to new requirements. However, it is expected that, in the long term, digitalisation will make things easier for business.

"Greece remains a challenging environment to do business in, especially for foreign investors. We have officially entered the realm of electronic bureaucracy, with hundreds of platforms."

*TMF Greece expert*

## ↓ 3 Brazil

2022 (1)
2021 (1)

Brazil drops down two places from its place at the top of the ranking last year, but it continues to be a challenging place to do business. A key driver to its complexity lies in accounting and tax processes in the jurisdiction. The Brazilian tax system is made up of three layers – city, state and federal – and these make for a densely regulated environment. On top of this, there are frequent tax regulation changes. For a business to enter the Brazilian market, they need to understand the demanding structure and seek expertise to navigate the market.

Despite this, steps have been taken in Brazil to make operation simpler for businesses. Over the past 12 months, there has been a simplification of foreign exchange control rules and other requirements that are specifically applicable to foreign investors. Additionally, for funds services there has been a revision of the regulatory environment, which is expected to make processes simpler in the future. With Brazil moving towards the global regulatory framework for compliance, consistent processes and legislation should make things easier for businesses that are already familiar with global regulation.

Although the challenging geopolitical environment is causing difficulties for businesses globally, some jurisdictions like Brazil have become more attractive to investors. For example, many businesses that are now unable to operate in Russia have moved to Brazil.

"Brazil is full of opportunities for long term investments. Short-term initiatives will be further impacted due to Brazilian complexity and bureaucracy."

*TMF Brazil expert*

## ↔ 4 Mexico

2022 (4)
2021 (3)

Mexico's high ranking is mainly due to the mandated processes in place in the jurisdiction. For instance, there are still a lot of face-to-face requirements in place, which can present challenges for international businesses with senior directors residing elsewhere.

Furthermore, legislation can be unclear and open to interpretation. For example, in 2022 Mexico introduced UBO requirements. There was a lack of clarity when they were launched around what documentation was needed for businesses to incorporate. Notaries who approve businesses without the correct documentation are subject to hefty fines and sanctions, so tend to take a risk-averse approach to signing off required documents. This means that organisations can find it difficult to incorporate in Mexico.

The Mexican government is also facing some controversy due to its position on renewable energy, taking a clear stance to block foreign investment into renewables in favour of supporting more traditional fuel-based energy sources. This is a polarising decision because the negative environmental impact is countered by the financial support it provides to the many Mexicans working in fossil fuel industries.

"Most of all, investors need to trust the rule of law. It exists and it is observed. They also need to be ready to go through a period of understanding processes and procedures to stay compliant and they need to adapt to the way of doing business in Mexico."

*TMF Mexico expert*

## ↔ 5 Colombia

2022 (5)
2021 (4)

When foreign businesses enter Colombia, there can be some initial struggle to understand how certain laws and regulations work. Colombia is a highly regulated jurisdiction, so adhering to its many laws is an essential aspect of operation. For instance, when transferring funds between jurisdictions, specific requirements need to be met, such as filing an exchange market form. Once businesses understand and are familiar with this process it doesn't create too much complexity, but it's an example of how adapting to doing business within Colombia can initially prove challenging.

In the past 12 months, Gustavo Petro has been elected as the new president of Colombia. Petro is left wing, which has created some tension as, prior to his election, the government was more right wing. Furthermore, tax reform that was approved in December 2022 will bring complexity for organisations operating within the jurisdiction, as they adapt to the changes.

Colombia has also seen a devaluation of the Colombian peso, related to wider issues linked to inflation. This meant some organisations halted incorporation plans in 2022. In early 2023, the financial climate became more stable, so businesses appear to be resuming plans to enter the jurisdiction.

"Colombia is a country open to investment. Regulation and processes may be difficult to understand at first, but after a couple of months investors seems comfortable with the complexity of the country and can navigate it properly."

*TMF Colombia expert*

## ↑ 6 Turkey

2022 (7)
2021 (5)

Turkey remains one of the more complex jurisdictions for foreign businesses to operate in, in part driven by the large number of legislative changes that occur each year and the relatively brief period allowed to adapt to these changes.

Over the past year, the Turkish economy has been suffering from hyperinflation and currency fluctuations, which is worse in Turkey relative to global indicators. Hyperinflation means that companies are having difficulties with price stability and are having to set their prices in a stable and convertible foreign currency. Currently there is a lack of structured fiscal and monetary policies in place to help the economy fight these challenges, making it challenging for businesses to have confidence in the market that they are operating in.

Turkey has observed an increase in global regulatory propositions in recent years. Adapting to these changes is causing complexity for businesses. Although this is causing challenges in the short term, it is expected that once providers and businesses are familiar with the new processes, it will make the jurisdiction more attractive for foreign businesses wishing to operate transparently.

Turkey will have a general election in the coming year, so some political tension is anticipated. This means that some major investments may be put on hold until there is a more stable political environment.

"In an environment where Turkey offers services to multinationals, and the decision-makers are outside of Turkey, they need to be aware of frequent changes in regulation and act quickly in adapting to the required changes as the signing authority."

*TMF Turkey expert*

## ↓ 7 Peru

2022 (3)
2021 (24)

Peru retains its place among the most complex jurisdictions in the GBCI due to the bureaucracy of certain processes, such as the need for face-to-face interactions and multiple registrations with public notaries in order to incorporate. This cumbersome process means that establishing an entity typically takes around 20 days in Peru, whereas in jurisdictions at the other end of our ranking, incorporation can happen in a matter of hours.

Political unrest in Peru, including widespread protests, has caused uncertainty. Despite the great opportunities and natural resources Peru boasts to drive its economy, confidence can be shaky for organisations entering the country. More time may be needed to rebuild a sense of stability to attract FDI.

Due to the abundant natural resources in Peru, sustainability is a key topic and ESG is increasingly becoming a focus. For instance, within the mining industry large mines employ state of the art technology to drive green ways of doing business. However, Peru has many illegal mines that do not follow green ways of working and that also provide funding that drive political unrest.

Peru, like many other South American jurisdictions, has faced issues with inflation, compounded by the war in Ukraine. Peru was unable to import as much urea as before the war, driving up prices within the jurisdiction. This demonstrates the wide reach of a war that impacts jurisdictions across continents.

"Peru is a country with a focus on industries like farming, mining, fishing and infrastructure services. You need to keep in mind the political situation, but there are many opportunities, the economy is strong and business continues."

*TMF Peru expert*

## ↔ 8 Italy

2022 (8)
2021 (15)

Italy continues to feature at the complex end of the GBCI rankings, largely due to its complex regulatory system, which frequently changes and is noted for the inefficiency of some processes. Due to the frequent changes in regulation there is often room for interpretation, and a lack of understanding from the authorities' perspective, creating challenges for businesses.

The areas of payroll and human resources are particularly complex in Italy. Employment law strongly favours employees, and it is costly for businesses to terminate underperforming staff. Businesses are guided to seek legal advice before starting the process, as trade unions are increasingly involved.

Furthermore, Italian employers are particularly impacted by the 'great resignation'. Many companies are feeling the pressure and have had to invest in retaining employees to compensate for increased attrition. The impact of this has been higher in Italy than other jurisdictions due to its traditionally lower salaries. In years to come, there is no expectation that labour laws will be simplified, so HR and payroll complexities will persist.

Despite complexities for businesses operating in Italy, as the third-largest economy in the EU, the country has many advantages, such as its location as a major shipment hub and entry point to the European single market.

"Italy has a high degree of industrialisation, with only Germany producing more in Europe. R&D investments are comparatively high and infrastructure is very well developed. Due to the high degree of innovation and the traditionally high quality of Italian goods and services, many companies have been able to achieve excellent global market positions."

*TMF Italy expert*

## ↔ 9 Bolivia

2022 (9)
2021 (8)

Bolivia is considered a complex place to do business due to the focus on localisation. The authorities mandate that certain processes must be completed in Spanish, which can serve as a barrier for foreign businesses as they may need to find a local partner or translator to support.

There are also residency requirements. A public limited company operating in the country must have a Bolivian national or a legal resident on the board of directors and as a legal representative of the company. This increases complexity for foreign businesses seeking to enter the jurisdiction who do not have local ties in place during the incorporation process, needing to appoint new senior team members to satisfy this requirement.

Bolivian accounting standards also require businesses to keep their records in the local currency – Bolivian bolíviano. It's not a currency that international businesses may have come across before, so this can cause issues. Financial statements must also be signed by the same accountant who keeps the accounts, which again localises the process.

This focus on localisation also extends to the workforce. No business in Bolivia can have more than 15% of foreign employees on its payroll. This prioritises Bolivian employment over foreign employees, which is positive for Bolivian residents, but can cause problems for foreign organisations who have a more international workforce.

"Bolivia is in the heart of South America. Foreign companies can consider it as a strategic country to accumulate their products and distribute them to the rest of that region."

*TMF Bolivia expert*

## ↑ 10 Argentina

2022 (12)
2021 (7)

Doing business can be complex for foreign businesses in Argentina for a range of reasons. For instance, incorporation can be quite cumbersome and slow due to a need for multiple points of interaction with authorities.

Rules and regulations in Argentina also change regularly which can drive complexity for businesses that need to adapt to new ways of working. The jurisdiction takes a traditional approach to supporting workers, which although positively protects employees, can create difficulty for businesses who need to meet certain stringent requirements.

Further complexity has risen in recent years due to massive inflation in Argentina. The jurisdiction historically has faced hyperinflation, so the current global economic conditions have compounded this driving inflation rate to a staggering 95%. Consequently, businesses need to adjust salaries several times each year. Businesses need to adjust and readjust payroll, contracts and other employee documentation which can be timely and costly.

Despite the complexity that inflation brings, the war in Ukraine has also created opportunity for Argentina. The jurisdiction is working to become more self-sufficient for fuel and plans to become an exporter in future. Therefore, it's likely Argentina's economy will be boosted moving forward as it works to fill the global demand for fuel created by the conflict.

"Argentina is a very complex market but it is full of great opportunities. A market of 45 million people and great potential in lithium, oil, mining, renewable energy and agrobusiness. It has a large industry market and the direct presence of many multinational companies."

*TMF Argentina expert*

# ACCOUNTING AND TAX

Accounting and tax digitalisation continues to grow, and rules are becoming more stringent – even in jurisdictions where doing business is typically simpler

## Complexity is on the rise

Accounting and tax are key pillars of business operations worldwide. They can contribute to the overall complexity of doing businesses, owing to the burden of their administration and the associated reporting requirements. They can also carry the threat of consequences as serious as forced termination of operations or even imprisonment, in the case of misdemeanours or malpractice. Getting these areas right is a crucial part of driving any global business forward.

However, these two areas are becoming more complex year on year. In 2020, 40% of TMF Group accounting and tax experts worldwide stated that they anticipated compliance would become more complex over the next five years. This has steadily risen since to 45% in 2023, demonstrating that many organisations are facing a greater operational burden than they were three years ago – and one that may become more onerous in the coming years.

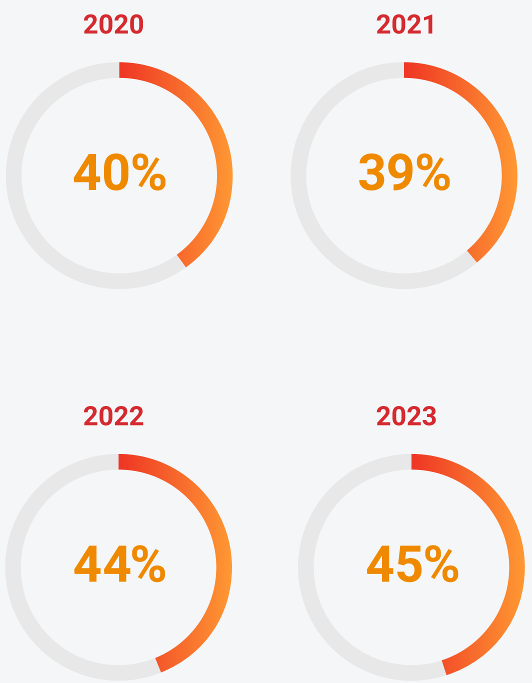
## Rules are becoming more stringent

Year on year, accounting and tax rules are becoming more stringent. For example, it's now less common to be able to do business without being registered with relevant tax authorities: this is only possible in 13% of jurisdictions globally in 2023. This includes those jurisdictions like the Cayman Islands and the US where doing business is typically simpler and governments actively work to make all stages of business incorporation and operation as straightforward as possible.

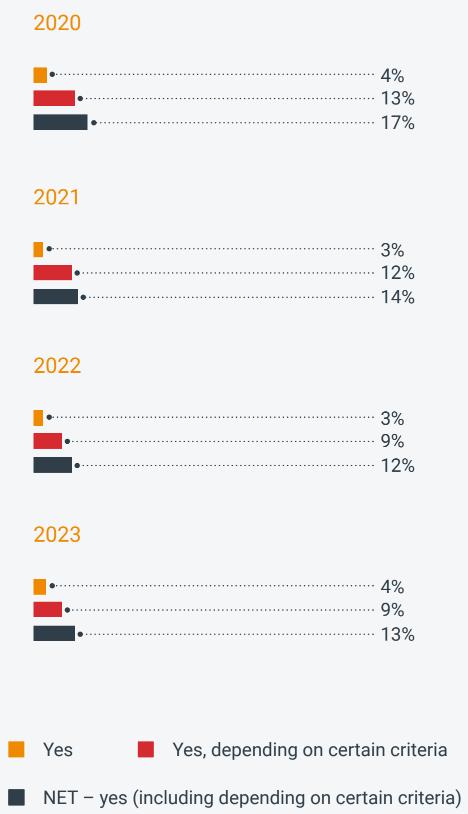
"The audit requirement for some entities, such as private funds which was introduced in the last few years, can be an extra unforeseen complication for some clients."

*TMF Group expert, Cayman Islands*

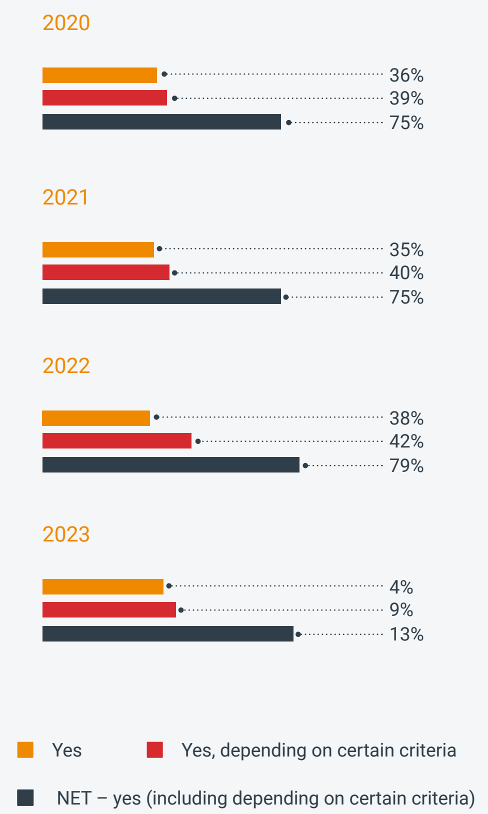
Agreement that over the next five years accounting and tax will be more complex



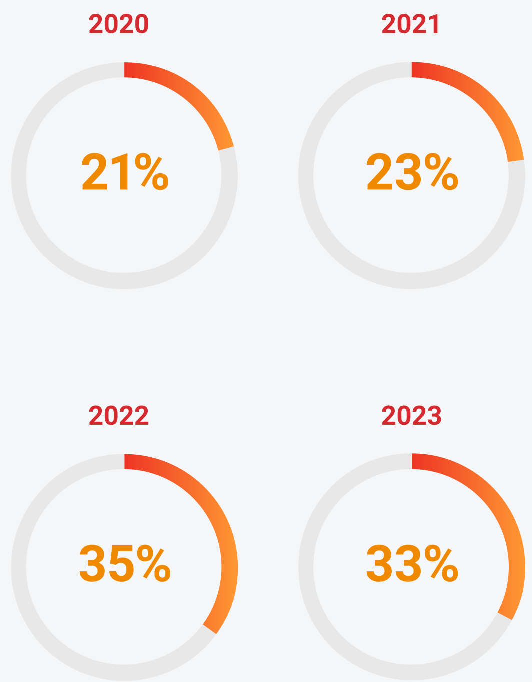

Ability to do business without being registered with the relevant tax authorities



### Requirement to obtain local business licence prior to becoming operational

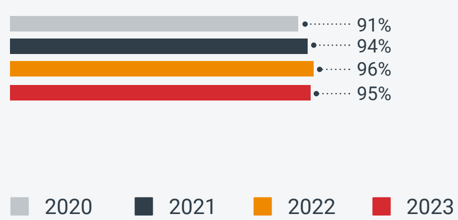



### Need for the tax/legal representative of an entity to be a local citizen




No corporation tax is levied in the Cayman Islands, for instance, so tax administration for businesses established there is less complicated. This being said, additional auditing requirements related to funds have recently been introduced in the Cayman Islands, meaning that there are other areas of business administration with a greater burden.

### Auditing of accounts




Compulsory to have accounts audited for some / all companies

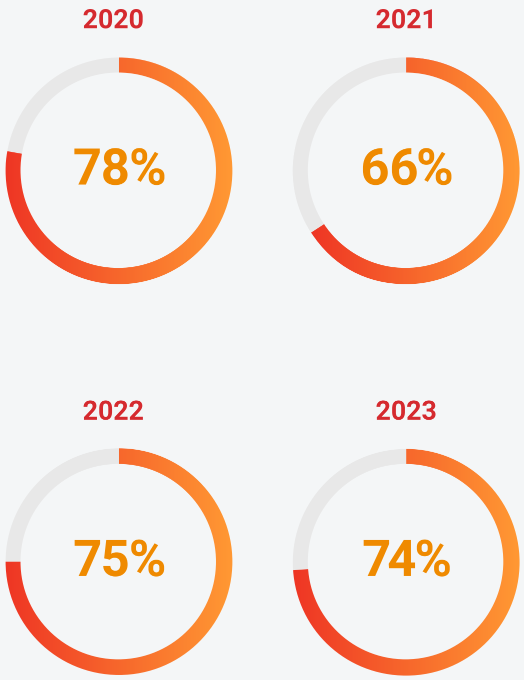
It is also now more common that jurisdictions mandate the need to obtain a business licence prior to becoming operational, and the need for tax audits. In 2023, businesses will need to be audited in 95% of jurisdictions worldwide, demonstrating that in the vast majority of markets, adhering to accounting and tax standards is unavoidable.

## Some localised aspects of accounting and tax are on the rise

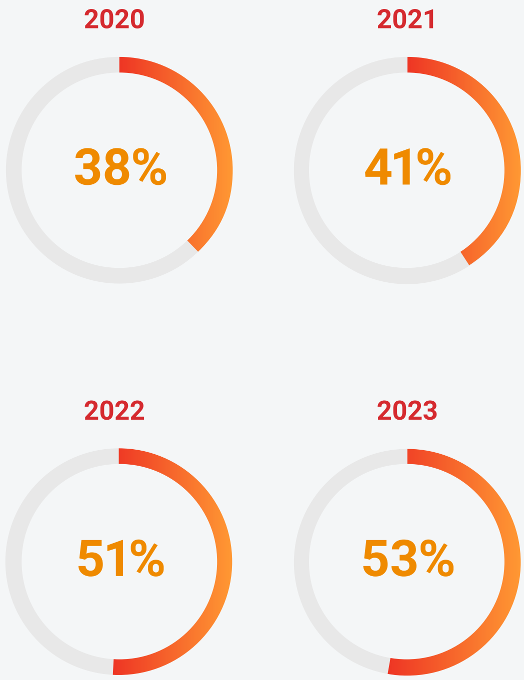
Specific aspects of accounting and tax administration are becoming more localised within jurisdictions, requiring those who hold certain positions or fulfil certain functions within a business to be present in the country in question, or be a local citizen. This can be complex for multinational organisations who have sought to find efficiencies or cost savings through accounting and tax centralisation, or for whom directors and senior accounting and tax advisors may be located elsewhere.

Since 2020, more jurisdictions mandate that the tax or legal representative of an entity needs to be a local citizen. This may leave organisations with an unexpected

Ability to maintain accounting records aboard (ie, in a shared service centre)




Is it compulsory for tax invoices to be issued in electronic format?




Compulsory for at least some companies to issue their tax invoices in an electronic format

requirement to appoint an additional staff member with the requisite knowledge or qualifications in these jurisdictions, or consider the relocation of senior staff which typically incurs cost.

It is also less common in 2023 for jurisdictions to allow the maintenance of accounting records abroad, such as in a shared service centre. This can drive complexity for international businesses as they are unable to store accounting records for multiple jurisdictions within the same central location. For instance, in Bolivia, accounting must be kept in country, under Bolivian accounting standards and in local currency. Accountants must be appointed based on the recommendations of the National Tax Service. Therefore it's not simple to adapt and replicate accounting or tax processes used elsewhere. Localised complexity can create quirks that can be cumbersome for international businesses.

## Digitalisation can make things simpler or more difficult

In recent years, more and more jurisdictions have adopted a digital-first approach for accounting and tax.

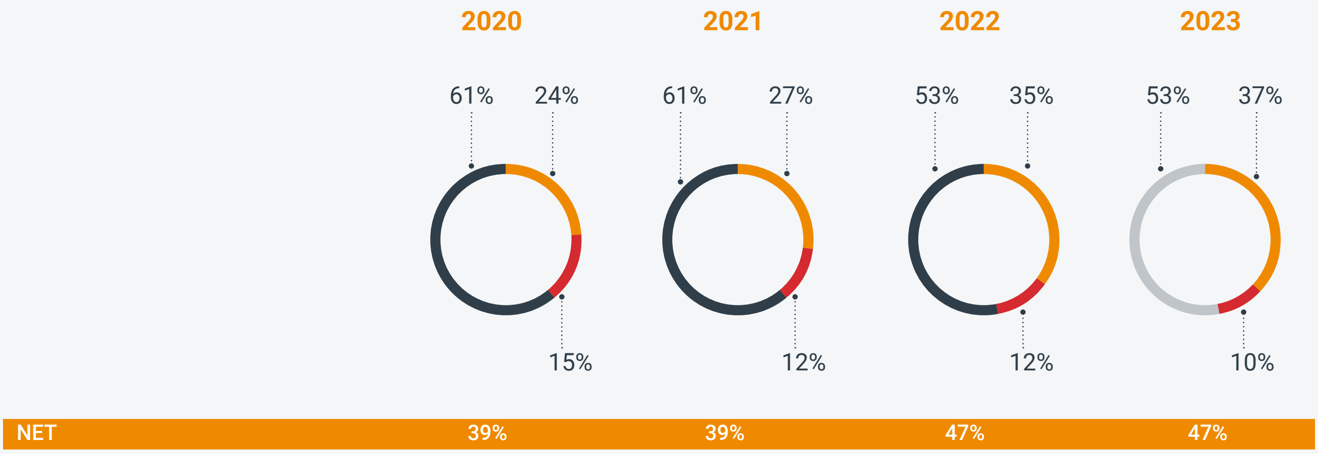
On the one hand, this can simplify processes or possibly open doors to automation or improved scalability. However, adopting new processes or adapting to new software, portals or ways of working can also represent a form of complexity for businesses, as they seek to meet increasingly technological needs.

Since 2020, it has become more and more common for governments to mandate the issuing and uploading of tax invoices digitally. For instance, in 2020 just 38% of jurisdictions required at least some organisations to issue tax invoices electronically, rising to 53% in 2023. Similarly, in 2020, only 24% of jurisdictions mandated that all organisations must upload tax invoices to a government platform, rising to 37% in 2023.

This move towards digitalisation is a trend that is increasing each year and set to continue. Governments worldwide see digital as the way forward, and most tend to be turning away from paper-based ways of working.

However, certain jurisdictions do still implement this more traditional approach to accounting and tax processes, such as in Egypt where filing in hard copy is

### Is it compulsory to upload tax invoices onto a government platform?



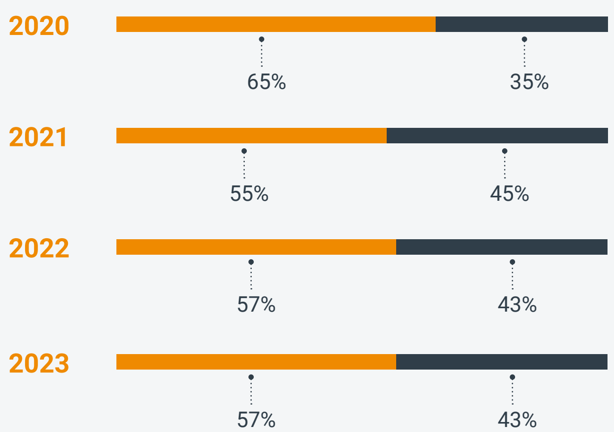

Compulsory for at least SOME companies to upload tax invoices onto a government platform

- Yes – compulsory for all companies to upload tax invoices onto a government platform
- Yes, depending on certain criteria it is compulsory for companies to upload tax invoices onto a government platform
- No

"I would say that electronic billing is going to be very difficult the first two years but in the future, it will be so much better. It will be easier - it's a dream for accountants. But implementation at the start will be a nightmare, for sure."

*TMF France expert*

### Agreement that it's easy to customise accounting software as per local accounting requirements




- Yes it is easy
- No it is not easy

still required. Therefore, physical visits are still needed to the authorities to complete some processes, creating complexity for international organisations as they need to have an in-person presence within jurisdictions in order to operate.

On the other hand, digitalisation can also bring its own complexity. For instance, it's becoming more difficult to customise accounting software for local requirements, with our experts in 43% of jurisdictions indicating that it's not easy, versus 35% in 2020. This demonstrates that as digitalisation becomes more embedded globally, organisations can face challenges aligning their accounting and tax software locally.

Complexity can also stem from the transitional period as jurisdictions move towards digital processes. For instance, in Romania, new digital legislation and compliance requirements such as SAF-T, e-invoicing and e-transport have been introduced without adequate planning and preparation. Businesses can struggle to adapt to new and sometimes unclear ways of working.

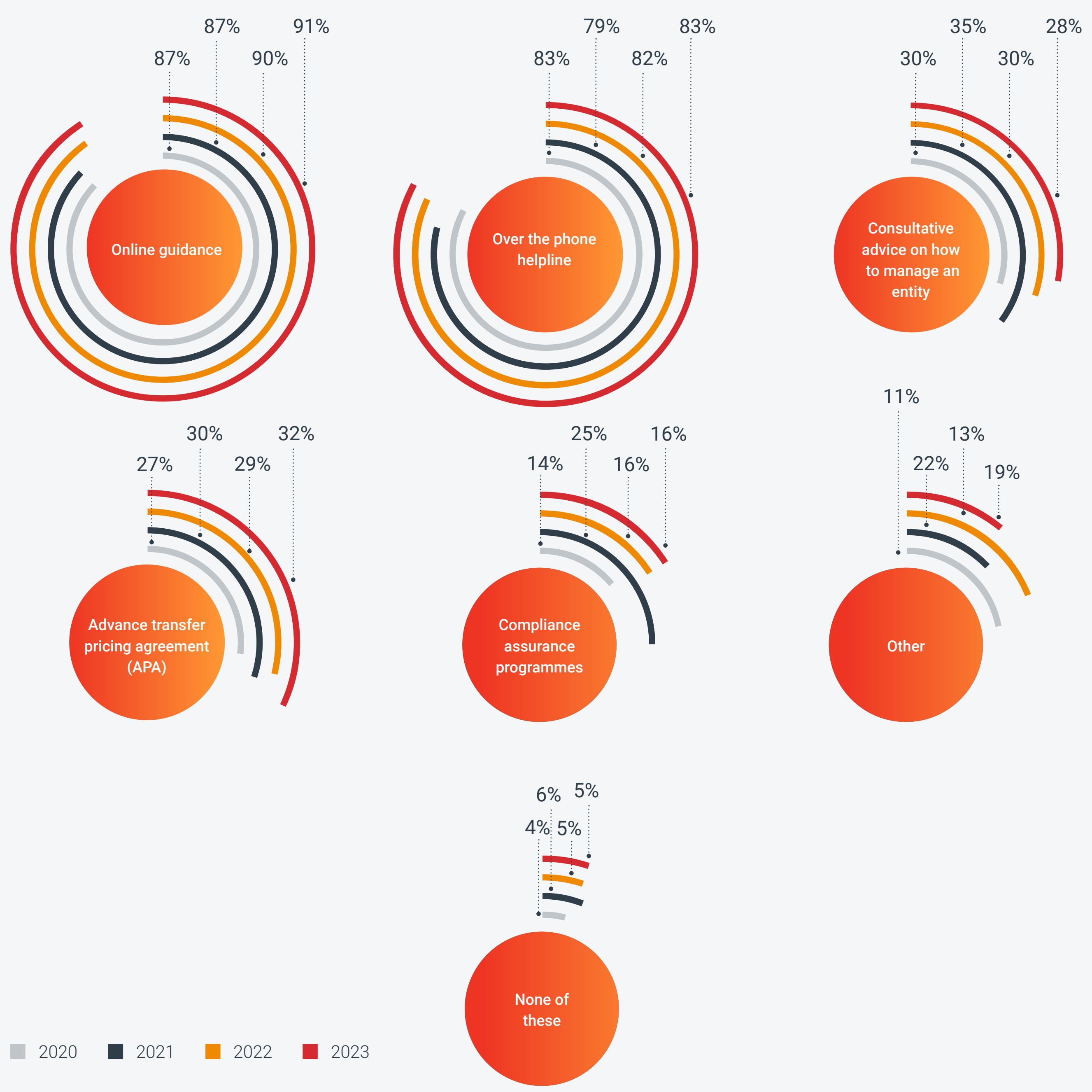
France, the most complex jurisdiction in the GBCI 2023, introduced the 'Guichet Unique' in 2022 that aims to create a 'one stop shop' for businesses incorporating and operating in France. Although in the long term this online service will work to simplify the process of doing business in France, teething issues have been reported, demonstrating that progressive changes can result in additional work. From 2024, the French government aims to begin to introduce the process of electronic billing, which may also bring about some initial complexity.

## Governments can offer support to ease complexity

Due to the rise in accounting and tax complexity being observed across numerous jurisdictions, governments are taking a supportive stance to help organisations meet demands, such as opening helplines and online guidance so that business can remain compliant. In 2023, only 5% of jurisdictions worldwide do not offer guidance for businesses to remain compliant. For instance, Greece, one of the most complex jurisdictions in 2023 for accounting and tax, doesn't offer such support. Authorities can take months to respond to queries, making compliance more challenging for businesses.

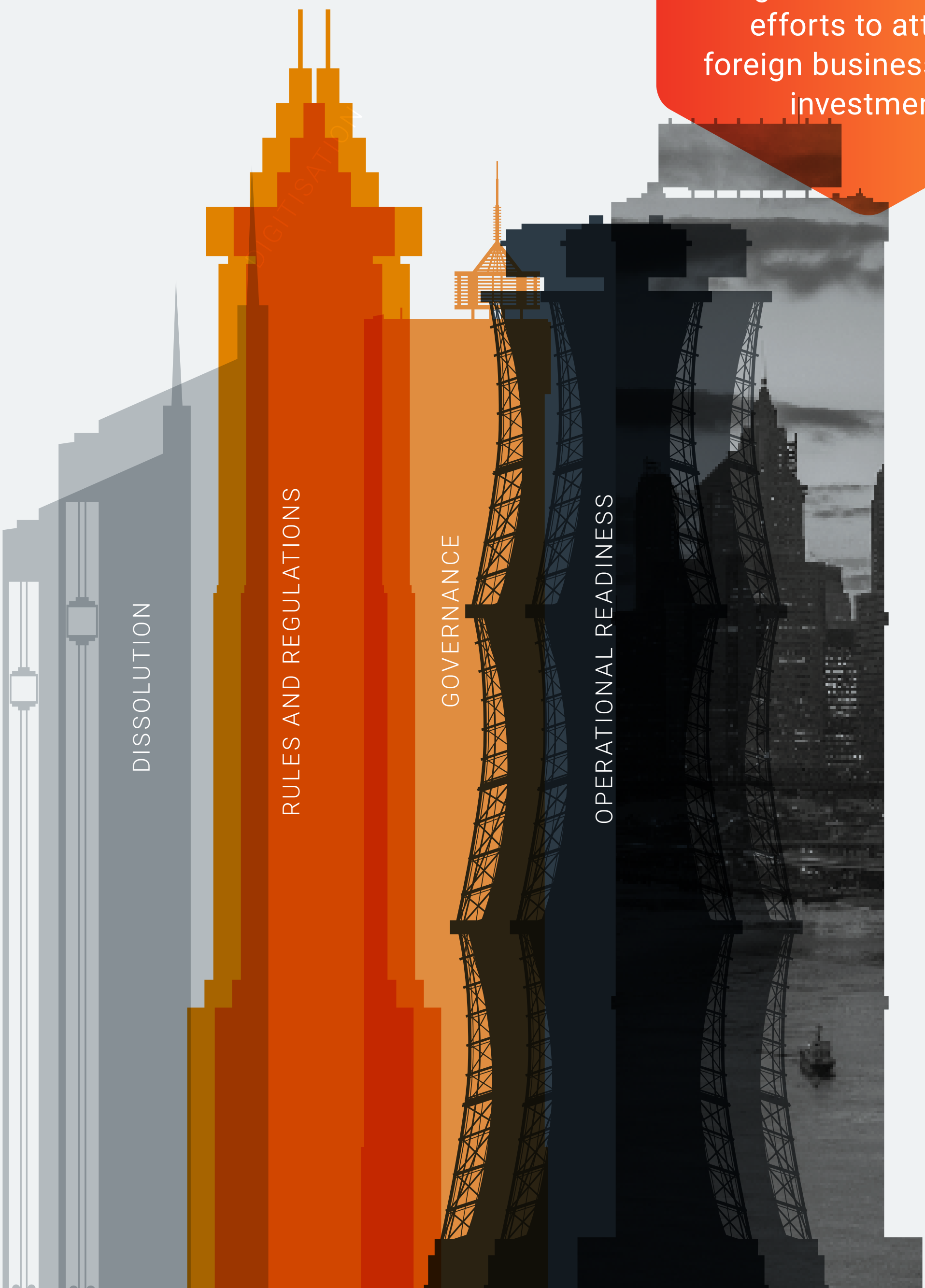
Despite some local challenges, the supportive approach most governments are now taking worldwide works to combat the rising complexity of the accounting and tax space. With the continuing tightening of legislation, rise of digitalisation and ever-present tension of local and international approaches, it will be interesting to observe how the sector develops in the coming years.

Guidance from local authorities

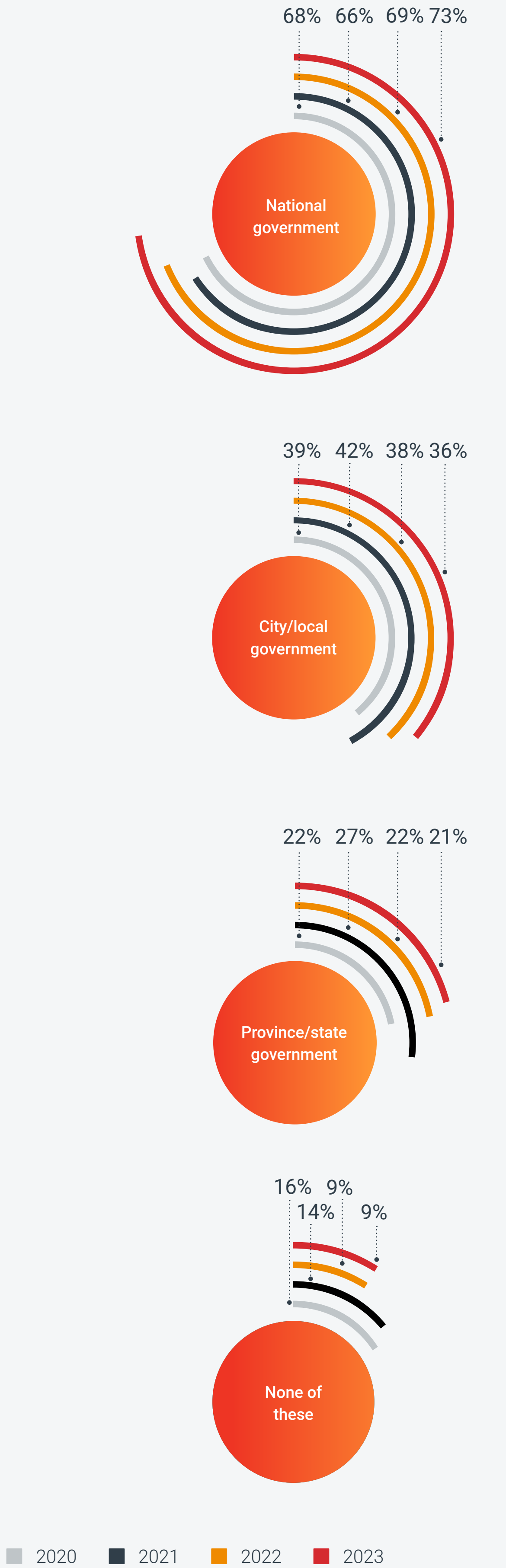


# GLOBAL ENTITY MANAGEMENT (GEM)

Some jurisdictions are becoming simpler for entity management, as governments make efforts to attract foreign businesses and investment



Levels of government required for incorporation




## Business incorporation and operation has remained stable in 2022

Globally, the steps a foreign business needs to take to incorporate in a jurisdiction has remained stable compared to last year. This includes the length of time to incorporate a business, the number of bodies needed to register with, and the type of professional parties required.

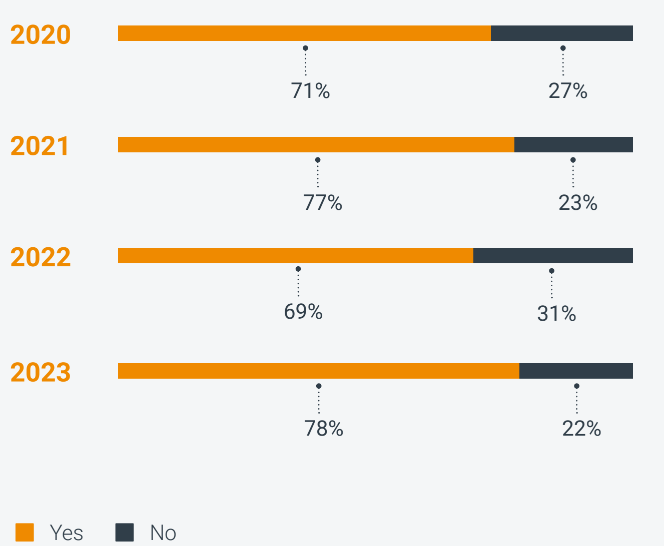
There have been slight increases in the number of jurisdictions that require contact with the national government during incorporation, increasing from 68% in 2020 to 73% in 2023. This has remained stable year-on-year in North America, while both South America and EMEA have seen increases. Interestingly, in APAC the number of jurisdictions that require businesses to contact the government during incorporation has decreased from 86% in 2020 to 57% in 2023.

## More governments look to attract business through initiatives such as digitalisation

There is evidence that entity management is becoming simpler in some places and ways, such as through increasing digitalisation, and more difficult in others, with more bureaucracy in some locations.

We see a continuing trend for jurisdictions to move incorporation processes and other operational elements

Are official submissions to the authorities done electronically/via the internet?



online, making things easier for foreign businesses. Since 2020, there are more jurisdictions where official submissions to the authorities are done electronically or via the internet, increasing from 71% in 2020 to 78% in 2023.

In Colombia, with all necessary documentation, online registration for new entities in the Chamber of Commerce can be achieved in three days, which bucks the trend historically among South American jurisdictions. Likewise in Vietnam, most authorities have established official online systems for uploading and updating new regulations and best practice, as well as conducting licensing procedures, which has created a more convenient and transparent process for foreign businesses.

## Governments pushing initiatives to increase FDI despite global economic slowdown

Another reason some jurisdictions are becoming simpler for entity management is government focus on attracting foreign businesses and investment. Even in jurisdictions where operating is traditionally complex, such as France, governments have undertaken initiatives to attract foreign entities.

Our experts in Malaysia note that, given the possibilities of a global slowdown in 2023, the new government announced that restoring investors' confidence and increasing FDI are among its top priorities. These include establishing a special investment scheme to attract more high-value-added investment that will generate higher paid employment opportunities.

"Generally speaking, corporate law in France has become more consumer- and citizen-oriented, while still trying to improve the country's attractiveness to business. In recent years, French corporate law has been governed by two main trends: modernisation and simplification on the one hand, and the fight against corruption and fraud on the other hand."

*TMF France expert*

CASE STUDY

## Ease of doing business in India

In 2020, India was ranked 18th in the GBCI – this year it sits in 33rd place. The government in India has taken steps in recent years to encourage foreign businesses to invest and do business in the jurisdiction, such as the 'Make in India' initiative, introduced in 2014. Since then, the government has continued to strengthen the initiative, such as reforming legislation and liberalising guidelines and regulations to reduce the compliance burden.

"Burdensome compliance with rules and regulations have been reduced through simplification, rationalisation, decriminalisation and digitisation, making it easier to do business in India."

*TMF India expert*

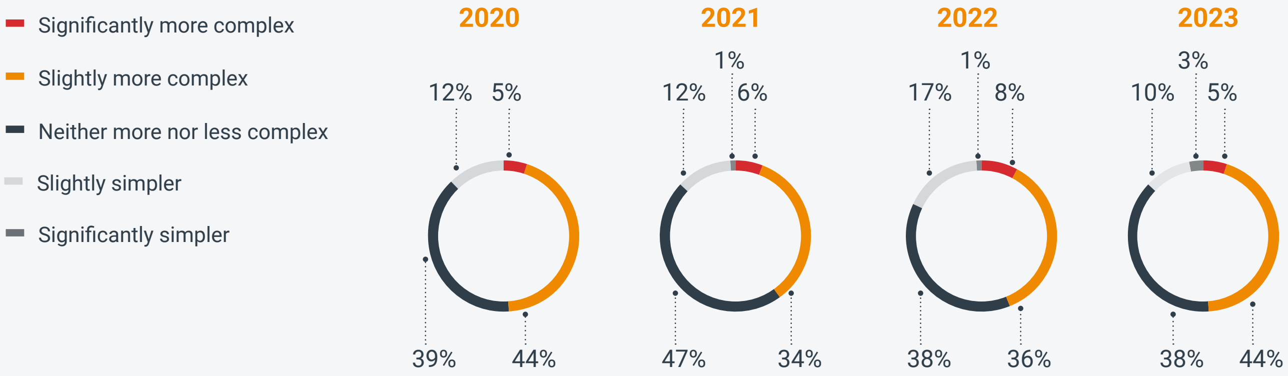
Recent amendments to legislation focused on easing incorporation and operation in India are expected to continue to reduce complexity in the future. For example, in less than a decade, around 1,500 redundant laws have been repealed and 250,000 compliance requirements have been reduced by the government.

India has witnessed an increase in FDI flowing into the jurisdiction in recent years, which was made possible by making its compliance environment more conducive to business. According to TMF Group's experts, the Indian authorities are "aiming for minimum government and maximum governance".

## Increase in global regulatory requirements can add complexity, especially when opening a bank account

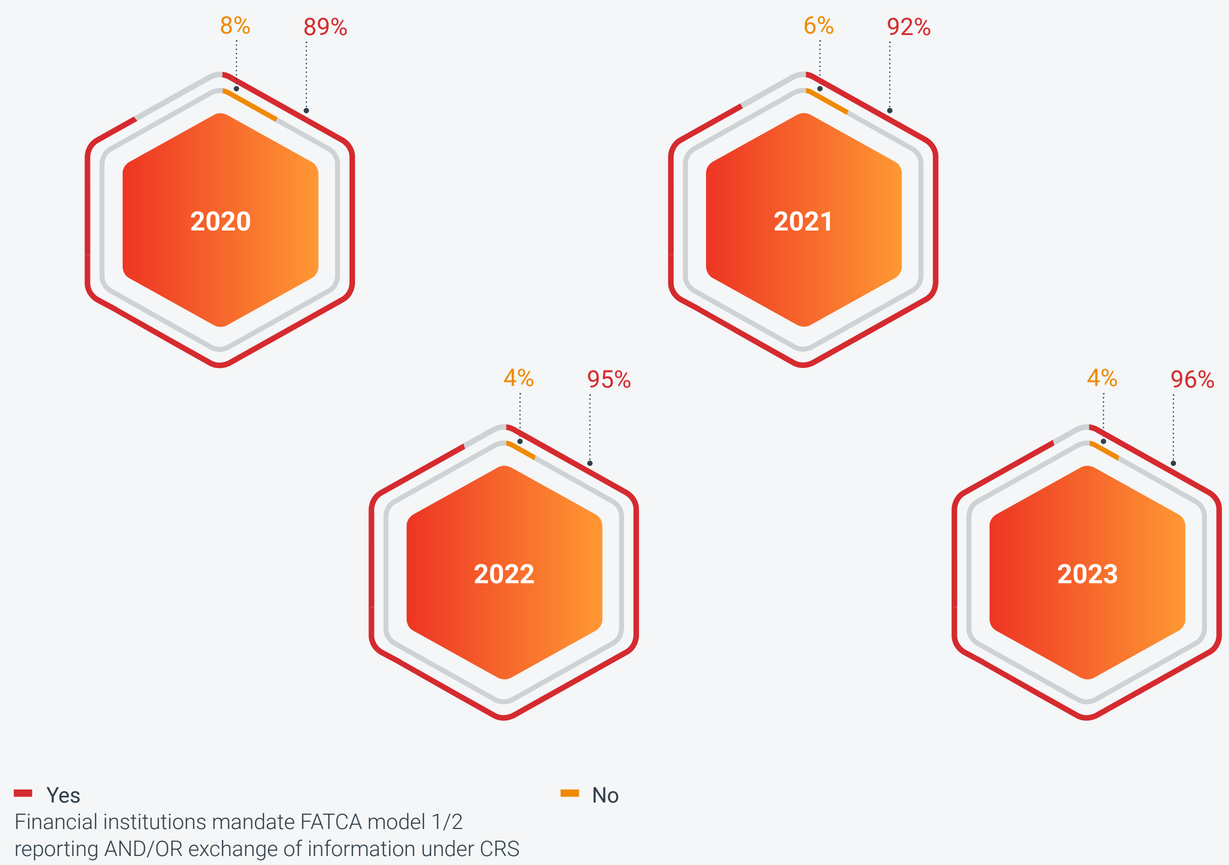
Although we see some jurisdictions moving towards a simplified incorporation process for foreign businesses, approximately half (49%) of TMF Group experts predict that entity management will become more complex in the next five years.

## Rules, regulations and penalties – complexity over the next five years




| | | | | |
|---|---|---|---|---|
| NET: More complex | 49% | 40% | 43% | 49% |
| NET: Simpler | 12% | 13% | 18% | 13% |

## Is FATCA model 1/2 reporting and/or exchange of information under CRS mandatory for financial institutions?



The largest regional year-on-year increases are seen in APAC, where this has increased from 14% in 2022 to 43% in 2023. In Australia, for example, the government's commitment to introducing a public UBO register is likely to increase the level of data required from foreign businesses operating in the country.

Increasing adoption of global compliance requirements will make entity management more complex at a local level, while simultaneously making jurisdictions more attractive places to do business thanks to their increased transparency.

In Hong Kong, the trend of tightening due diligence checks, KYC requirements and transaction monitoring has significantly added the burden on client due diligence, as well as the ongoing monitoring of activities for corporate services providers. This translates into a need for greater resources and effort for businesses to remain compliant.

The number of jurisdictions where companies are required to submit reports for the Foreign Account Tax Compliance Act (FATCA) and the OECD's Common Reporting Standard (CRS) has increased year on year to nearly all (96%) jurisdictions in 2023.

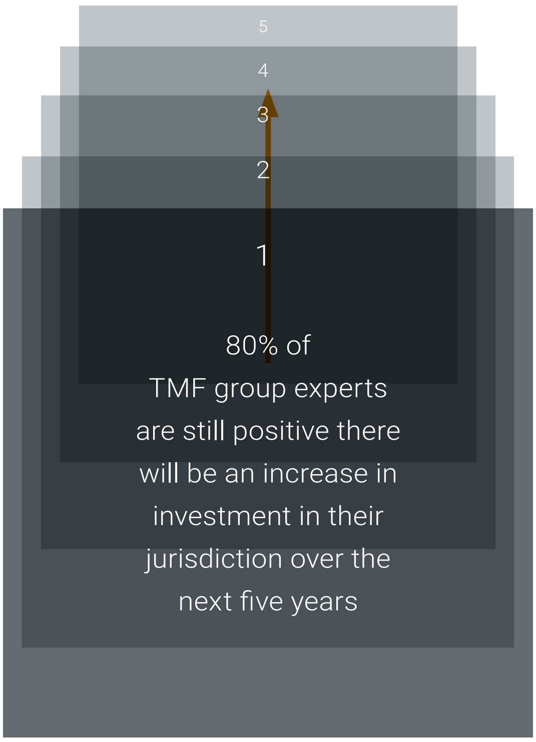
Opening a bank account is a key complexity factor in an increasing number of jurisdictions. For example, in Austria opening and operating bank accounts has become more cumbersome due to enhanced KYC requirements and monitoring by banks.

In recent years, the time it takes to open a bank account from abroad has increased in many locations around the world. In 2020, the average time was under one month in 65% of jurisdictions, with only 44% saying the same in 2023.

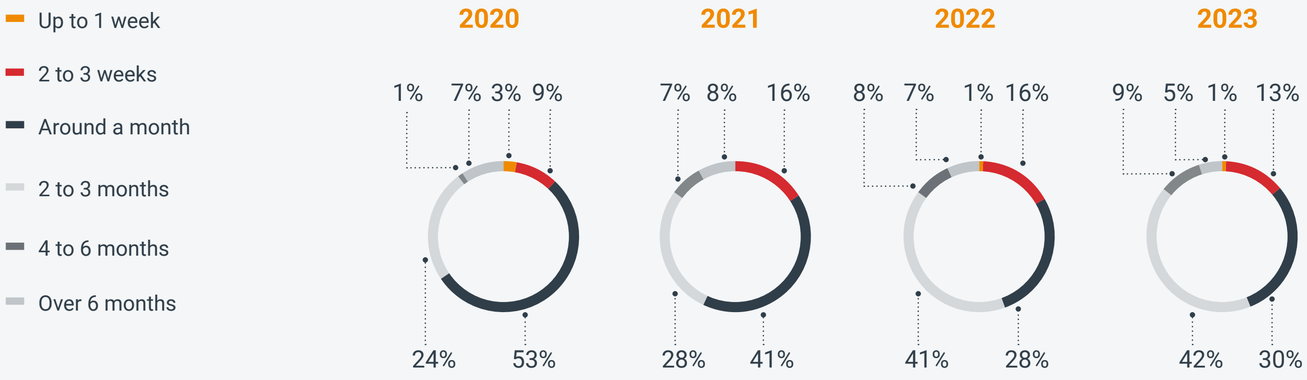
## Expectation that foreign investments in jurisdictions will continue to increase

Although there is an expectation that entity management will become more complex globally over the coming years, 80% of TMF Group experts are still positive that there will be an increase in investment in their jurisdiction in the next five years. This is a decrease compared to overall FDI increase expectations from last year's survey (87%), but still represents a healthy dose of optimism.

Regionally, this sentiment is felt most acutely in North America (93%) and least in South America (56%). This demonstrates that despite an increase in global compliance and the complexities that come with it, they can still be attractive places to do business.

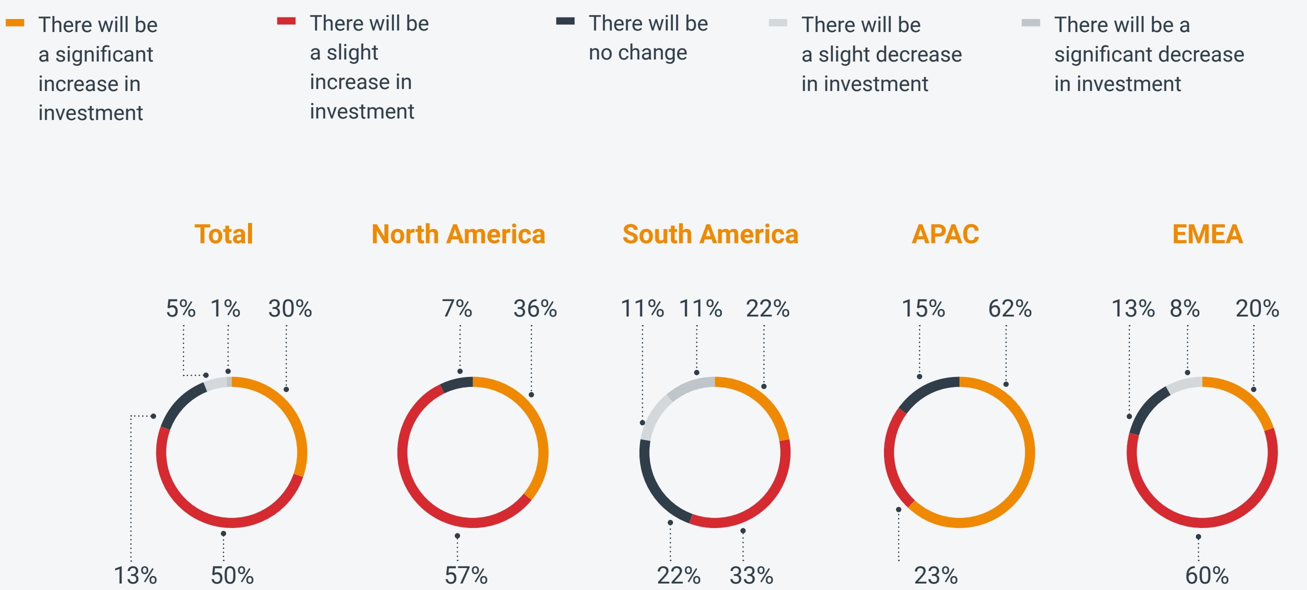


## Average time to open a bank account from abroad




| | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| NET: Under a month | 65% | 57% | 45% | 44% |
| NET: Over a month | 35% | 43% | 55% | 56% |

## Next five years investment




| | Total | North America | South America | APAC | EMEA |
|---|---|---|---|---|---|
| NET: Increase | 80% | 93% | 56% | 85% | 80% |
| NET: Decrease | 7% | 0% | 22% | 0% | 8% |

# PAYROLL AND HUMAN RESOURCES


Increasing reporting requirements, employee protections and benefits provision add to complexity for businesses

## Minor movements on progressive benefits

The top benefits legally required for all permanent employees remain consistent around the world. Minimum wage and paid vacation are mandated in over 90% of jurisdictions, while paid maternity leave and paid sick days have stayed at a consistently high rate year on year since 2020. As core benefits such as minimum wage and paid time off are so universally accepted, they don't necessarily raise complexity in the same sense as the other areas, however, they do require businesses to understand the differences in the policies and adapt to each one.

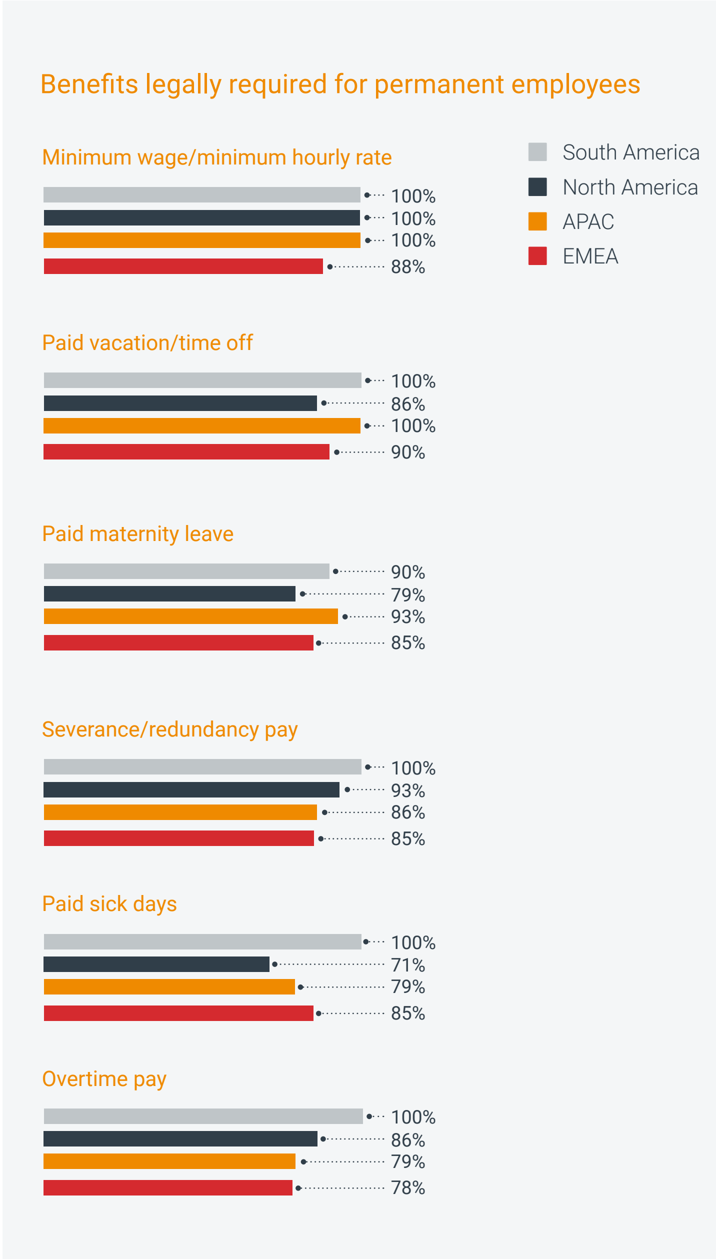
Since 2020, severance/redundancy pay has seen a steady rise as a legal requirement, increasing from 84% in 2020 to 88% in 2023. During recent challenges such as Covid-19 and the global inflation crisis, jurisdictions have been bringing in greater support for employees facing redundancy. For instance, in Portugal, employees are now eligible for greater redundancy compensation. This increases security for workers but adds to employers' financial commitment.

"An income agreement was signed between the government, employer confederations and trade unions, which foresees the increase of compensation for collective dismissal and individual redundancy of permanent employees from 12 to 14 days' salary per year of employment."

*TMF Portugal expert*

Progressive benefits such as housing and social care contributions are also becoming more common. In 2020, this was legally required in 13% of jurisdictions, increasing to 23% in 2023. It can be complex for organisations having to meet these growing or more diverse demands.

Childcare contributions have also become an increasingly common requirement, increasing from 16% in 2020 to 29% this year. Newer and more progressive benefits reflect an increasing focus on supporting and protecting employees. Cost and complexity for employers, however, can be balanced by making the work environment more attractive and helping with talent retention.




"Social legislation is constantly evolving, with different joint committees by sector applying different sets of rules, including complex holiday pay, overtime, benefits calculations and specific reporting obligations."

*TMF Belgium expert*

## South America takes a more protective stance for employees

Jurisdictions in South America are the most consistent for mandating benefits for permanent employees.

"A good understanding, or good advice, must be obtained in order to comply with all employer requirements, before starting business operations."

*TMF Guatemala expert*

Certain benefits in South American jurisdictions are baked into the working culture. For instance, 13th month salaries or bonuses are in place in 80% of jurisdictions. While it may be more complex for foreign businesses to enter some jurisdictions due to such benefits, they are embedded into the business culture in those locations so are generally stable and easier to plan.

## Increased global focus and transparency on reporting

In addition to an increase in benefits globally since 2020, there has been a rise in reporting requirements that aim to increase transparency and equality within businesses.

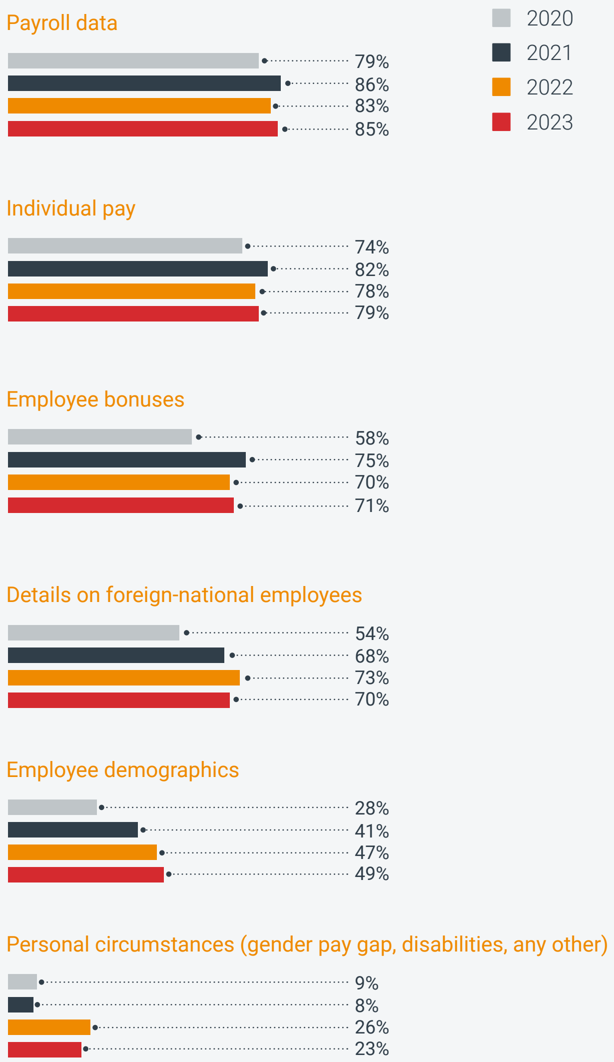
The biggest reporting requirement increase is in employee demographics, growing from 28% in 2020 to 49% in 2023. Reporting requirements have also increased for factors such as the gender pay gap or people with disabilities. In 2020, this was mandated in 9% of jurisdictions, rising to 23% in 2023. These increases demonstrate a growing focus on diversity, equity and inclusion (DE&I), with governments increasingly trying to ensure employers are accountable for creating a workforce that is representative of society as a whole.

This focus on employee equality is positive for workers, but it can be time consuming for businesses who are faced with the extra reporting burden. However, it can often be in the interest of business: more and more organisations are finding that requests for proposal (RFPs) ask for information on DE&I commitments, so, although reporting can create some complexity, it can also keep organisations ahead of the curve and competitive while striving for fairer societies.

"Compared to many other jurisdictions we are doing a very good job for equality in the workplace. There are a lot of things which are done for people with disabilities, for women, for the environment and social responsibility. We are in a protective environment, so ESG is obviously very important."

*TMF France expert*

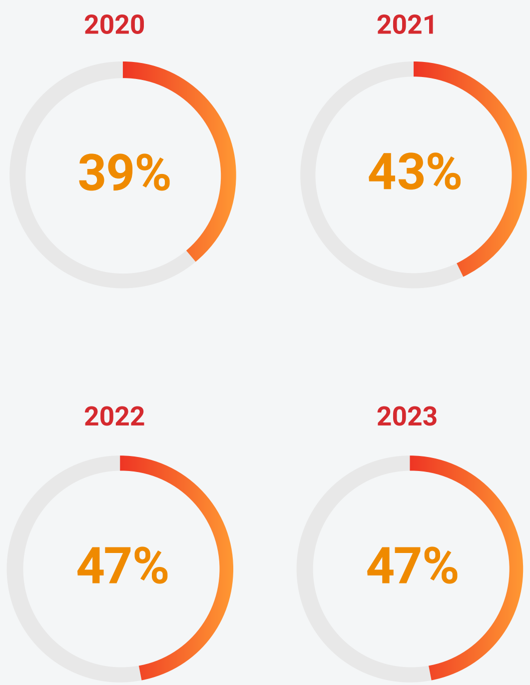
Reports required by government authorities




## Employee rights and support increasing year on year

The increasing focus on workers' rights is also reflected when it comes to the end of employment. Since 2020, governments have mandated greater protection when employees are facing redundancy or termination.

Notice to fire underperforming employee (Net: Over a month)



Now, almost half (47%) of jurisdictions mandate that organisations must give underperforming employees at least one month's notice when terminating their employment, increasing from just 39% in 2020. There are now also more factors when terminating an underperforming employee. For instance, in 2020, for just 38% of jurisdictions seniority was a factor in the redundancy period of underperforming employees, growing to 49% in 2023.

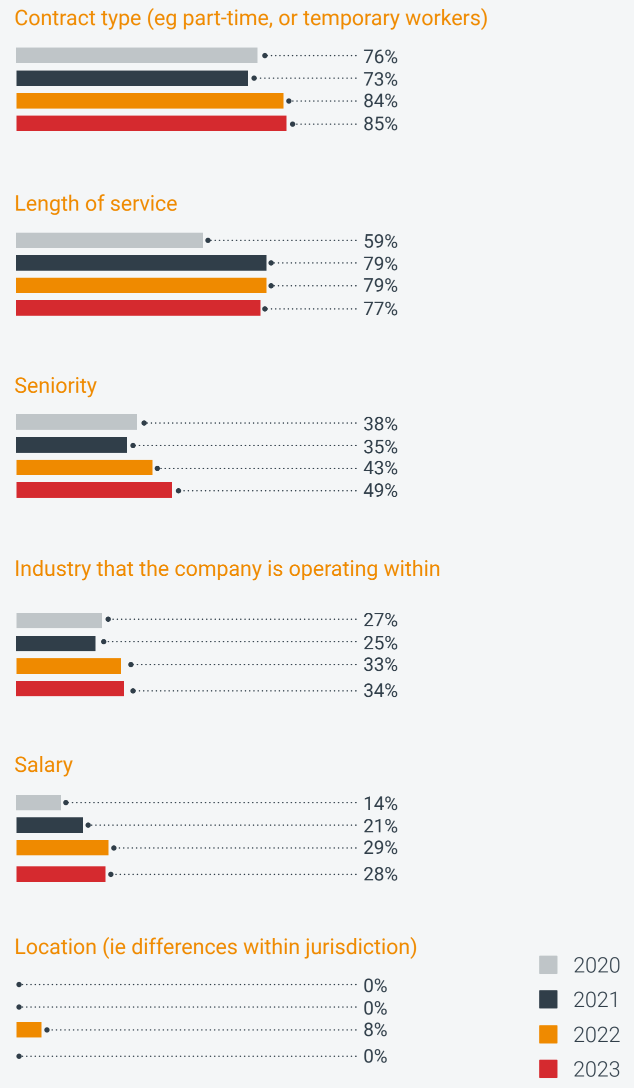
It's increasingly challenging to terminate an employee without a reason. In 2020, 29% of jurisdictions allowed the termination of employees without a reason, decreasing to 23% in 2023. This is particularly driven by North America, where in 2020 it was possible in 64% of North American jurisdictions to fire an employee without reason, dropping to 36% in 2023.

This increased protection supports employees but can be challenging for businesses, being both time consuming and costly. However, it also serves to increase worker satisfaction and therefore retention. With businesses facing skills shortages worldwide, keeping employees happy is more important than ever.

"South Africa's labour laws emphasise the protection of employee rights and advancement of equitable representation in the workplace. This introduces additional compliance requirements through the Equity Employment Act and an increased risk of employee related disputes."

*TMF South Africa expert*

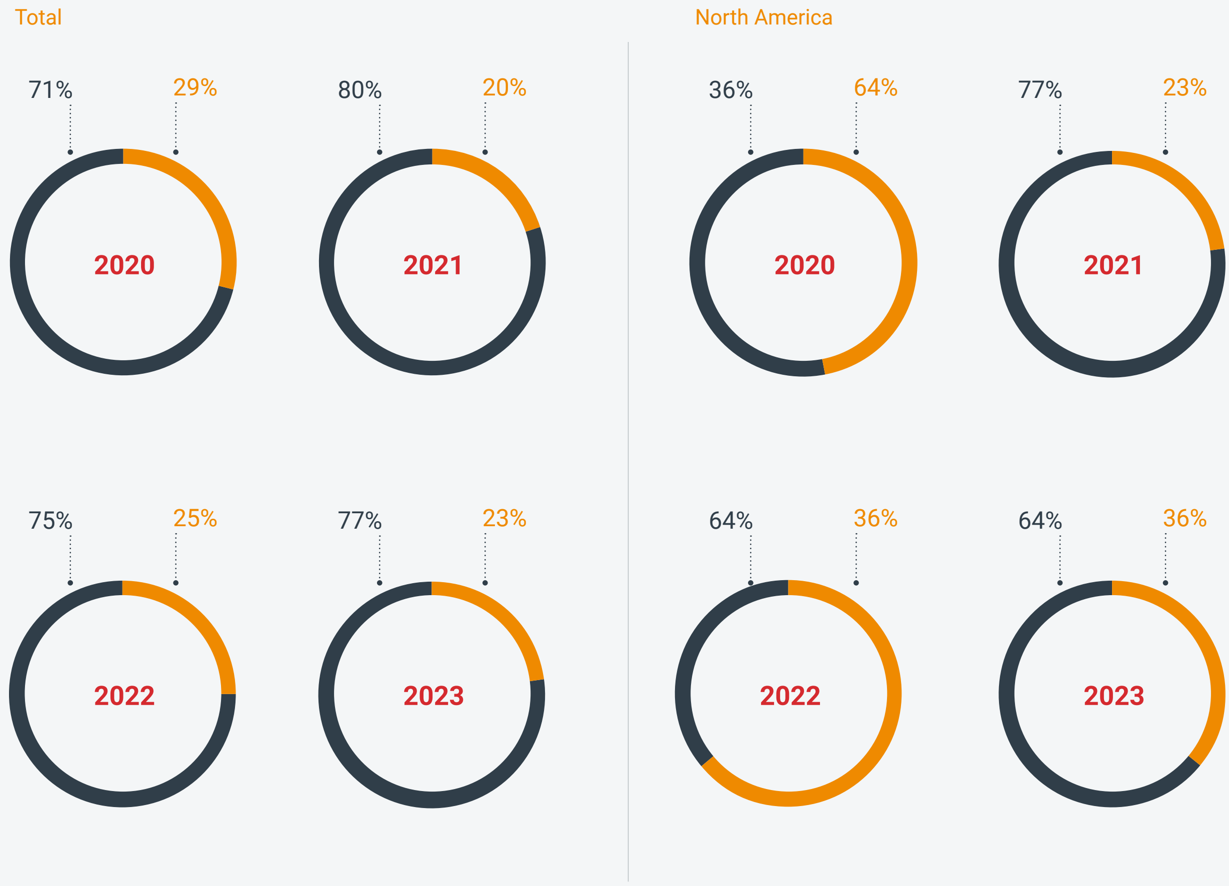
## Factors influencing notice needed




For instance, in New Zealand it can be more challenging to attract and retain international talent due to immigration checks and procedures. This adds complexity for employers as they need to submit particular documents for migrant workers, but it enables such workers to apply for permanent residency more easily, offering them greater protection and security. This can make New Zealand attractive for foreign workers overall.

Although employee support can create complexity, improved benefits can help businesses to combat resource shortages and talent retention challenges. Adequately supporting and protecting employees can create a happier, healthier workforce, which can make organisations more efficient and successful.

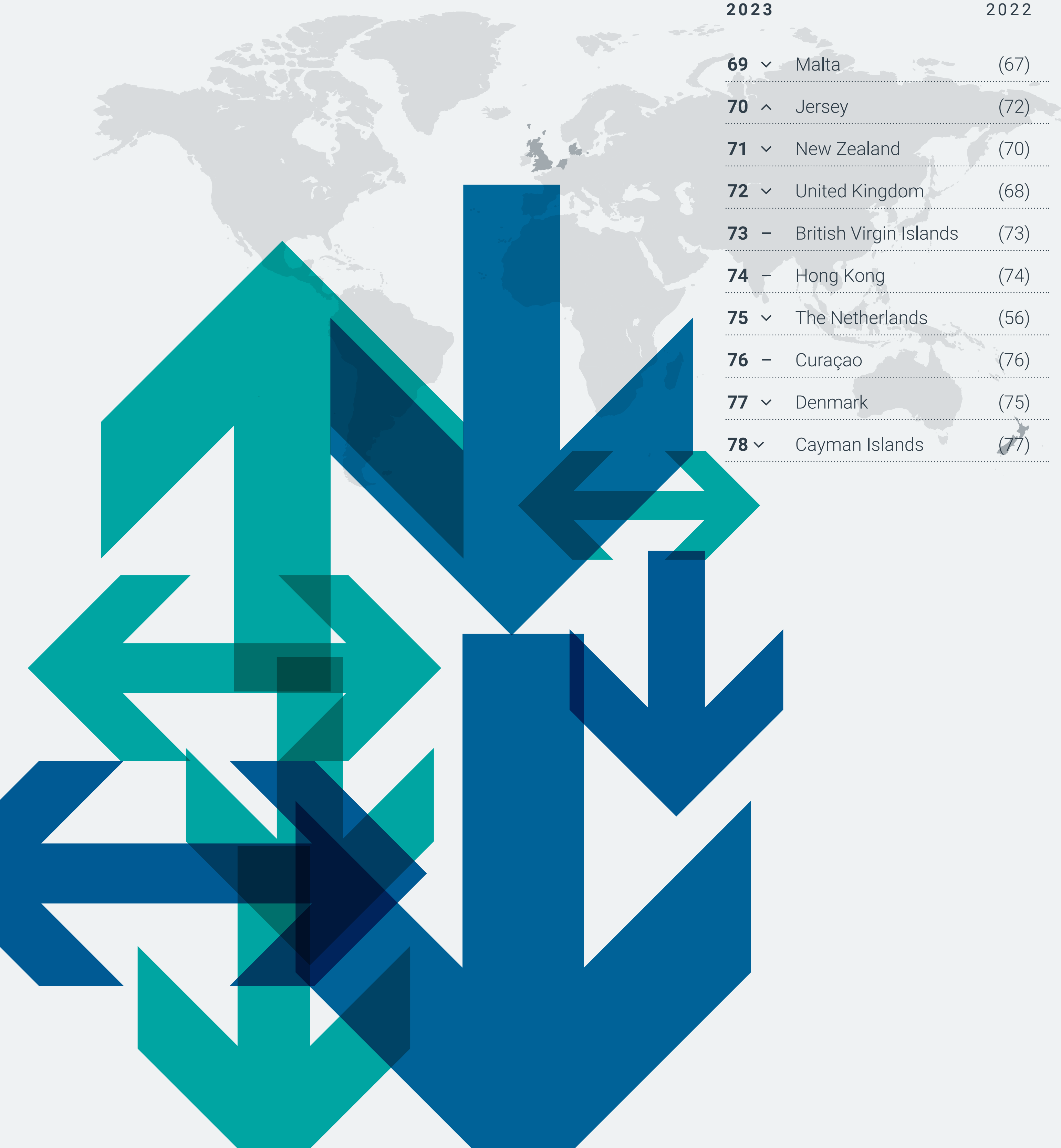
## Termination without citing a reason




- Yes – employment can be terminated without citing a reason
- No – employment cannot be terminated without citing a reason

# TEN **LEAST** COMPLEX JURISDICTIONS

| 2023 | | | 2022 |
|---|---|---|---|
| 69 | ˅ | Malta | (67) |
| 70 | ˄ | Jersey | (72) |
| 71 | ˅ | New Zealand | (70) |
| 72 | ˅ | United Kingdom | (68) |
| 73 | – | British Virgin Islands | (73) |
| 74 | – | Hong Kong | (74) |
| 75 | ˅ | The Netherlands | (56) |
| 76 | – | Curaçao | (76) |
| 77 | ˅ | Denmark | (75) |
| 78 | ˅ | Cayman Islands | (77) |



## ↓ 69 Malta

2022 (67)
2021 (64)

Malta is a new entry in the ten least complex jurisdictions for 2023. It's considered a simple jurisdiction due its business-friendly environment and attractiveness for foreign investment.

A member of the EU, Malta follows EU AML regulations, as practiced by all other member states. EU membership also means that Malta has a lot to offer investment entities, SPVs and trading companies. With a generous corporate tax rate and refunding system, Malta is viewed as a highly attractive destination for FDI.

However, for non-EU clients, DAC6 legislation can be an area of compliance which businesses can struggle with, due to their unfamiliarity with the regulation. Another aspect that creates some complexity in Malta is changing rules and regulations. For example, there are stricter rules being introduced around cross-border information sharing, which could impact Malta's complexity in the future.

Recent geopolitical events have contributed to higher inflation rates of 5-7%. Additionally, Malta is witnessing a shortage of skilled professionals within the jurisdiction, which has driven salaries up. This has created an opportunity for foreign workers to earn more, but these costs can be challenging for businesses entering Malta.

"As part of the EU, and assessing the corporate tax rate and refund system, Malta is viewed as one of the most attractive jurisdictions of choice."

*TMF Malta expert*

## ↑ 70 Jersey

2022 (72)
2021 (45)

Jersey maintains its place in as one of the ten simplest jurisdictions worldwide. This is driven by the small size of the jurisdiction – with a population of only 100,000 people – and the commitment and communication from legislative and industry bodies such as Jersey Finance, who take a supportive and responsive stance to business operation and incorporation. For instance, business incorporation can happen in as little as two hours – a process which can take months elsewhere.

Within Jersey, funds and PWFO industries form a significant portion of the economic environment. Investors have been able to take advantage of the weak currency (GBP), driven by the economic turmoil in the UK during 2022. Investors from APAC and jurisdictions that use stronger currencies have benefitted from the volatility. Although issues like inflation can have significant global impact, they also present opportunities for investors and businesses. Jersey is able to attract these investors due to its stable business environment and strong ecosystem of professionals.

Its status as a magnet for foreign investment has contributed to Jersey being an early adopter of ESG principles and regulations. With the rise of younger investors, who have hopes of a more sustainable and equitable future, this is a trend that is only set to continue within Jersey.

"Jersey continues to evolve and become a jurisdiction of true low complexity in which to do business. With a proactive legislative, regulatory and financial services industry body, it is an easy jurisdiction through which foreign capital can be safely and securely invested."

*TMF Jersey expert*

## ↓ 71 New Zealand

2022 (70)
2021 (67)

While elections loom later this year, New Zealand is experiencing a very stable period. The only key changes over the past year have been those the government put in place to support the economy after Covid-19 and due to inflation. For instance, the government continued to subsidise tax on fuel for businesses and individuals. Some taxation changes are expected to follow the elections, including the lowering of the top tax bracket for individuals.

Despite the simplicity of the jurisdiction, the process of opening a bank account can cause some issues for international businesses incorporating and operating in New Zealand. KYC legislation mandates the need for face-to-face interactions. Its geographical location can be challenging for business leaders who may need to take long flights for KYC procedures in order to get their organisation's finances up and running.

However, the New Zealand government has been making it easier for international workers to gain permanent residency in the jurisdiction and has offered greater protection for employees entering the country. Although this can result in upfront costs and complexity to complete necessary checks, it means that the jurisdiction is becoming increasingly internationalised and open to foreign workers and more attractive for FDI.

"It's very simple to operate in New Zealand, from start up to wind up. Things are all online and government support is very good."

*TMF New Zealand expert*

## ↓ 72 United Kingdom

2022 (68)
2021 (53)

The UK has moved down the ranking this year its position in the ten simplest places to do business. In the wake of Brexit, there is a stable environment and favourable industry support from advisors and industry groups, making the jurisdiction an attractive place to do business. There are still regulations that the UK needs to finalise in the post-Brexit world, one of which relates to VAT.

Despite the simplicity, the UK's stringent KYC checks add to the length of time it takes to open a bank account when setting up a business. The jurisdiction also introduced a new register for overseas entities which was established at the start of 2023, meaning anyone who owns real estate in the UK from an overseas territory could face high penalties for non-compliance. The war in Ukraine has been the catalyst of these changes as the UK tax authority has placed sanctions on Russian businesses and investors.

The UK experienced great political turmoil in 2022, impacting the economy alongside a high inflation rate. However, the political environment has settled somewhat and over the next 12 months the UK is expected to remain a simple place to do business. The authorities here are consistent at implementing new funds and capital markets regulations and are also keeping in line with ESG recommendations. This makes it attractive to foreign investors.

"The UK remains a key international financial market that services the world, with connections to all major markets alongside a deep and broad knowledge and talent pool. The advisor and financial base of the UK is second to none for competitiveness and access."

*TMF UK expert*

## ↔ 73 British Virgin Islands (BVI)

2022 (73)
2021 (72)

The BVI is consistently one of the least complex to do business, with simplicity and global business needs deeply imbedded into processes and principles within the jurisdiction. For example, processes are highly automated and the jurisdiction prioritises alignment with global standards, to enable international businesses to operate within familiar structures and frameworks.

However, the BVI was added to the EU's blacklist of non-cooperative jurisdictions for tax purposes in February 2023 due to the late submission of necessary documentation. The jurisdiction is in fact aligned with required international standards and currently waiting for the EU to revoke this blacklisting. Despite the challenges that may be expected with such categorisation, businesses operating within the BVI are not overly concerned about this. They know that the jurisdiction is transparent and aligned, so expect business to return to normal in the coming months.

The transparency of the BVI and security this offers means that it remains a particularly attractive jurisdiction for PWFO and funds investors as they can protect assets that may be at risk in more unstable jurisdictions. For instance, in South America, climates can be unstable due to historic issues of corruption, hyperinflation and political unrest.

"The BVI is a pivot in international FDI that creates independence from set countries and their legislation and gives international businesses and private individuals loads of freedom to structure their activities and wealth. There is a well organised, very smooth-running legal framework that aligns strictly with international standards set by the OECD, among others."

*TMF BVI expert*

## ↔ 74 Hong Kong

2022 (74)
2021 (76)

Hong Kong prioritises international alignment and a general ease of doing business, making it one of the simplest jurisdictions in 2023. Accounting and tax processes are highly simplified: salary tax, for example, operates on a tier system and there are no VAT or social security measures in place.

Due to Hong Kong's relationship with China, more advanced KYC regulations have been introduced, aligning both jurisdictions. Although this can cause initial complexity, it does simplify entry into the Chinese market, which is highly desirable for many international businesses.

Despite its simplicity, Hong Kong still relies on paper for certain transactions and processes. While there are online platforms available manual ways of working tend to be preferred, which can slow down some aspects of business operation. However, digitalisation is expected to be embraced in future.

Another expected change is an increased focus on ESG. The government in Hong Kong has recently started bringing the topic into political discussions and there's an expectation that ESG legislation may be on the horizon. Increased legislation around cryptocurrency is also expected which will impact businesses in that industry.

"Hong Kong remains as a jurisdiction with strengths which are favourable for doing business. Its infrastructure enables free flow of goods, capital, talent and information. Hong Kong is well known for its simple tax regime with low tax rates."

*TMF Hong Kong expert*

## ↓ 75 The Netherlands

2022 (56)
2021 (70)

The Netherlands has historically been a simple place to do business due to the flexibility ingrained in its business culture, and it finds itself back in the bottom ten (most simple) jurisdictions for 2023. Incorporation and making changes to an existing structure or company is straightforward and lacking in unnecessary formalities. For instance, companies do not need regulatory or government approvals to incorporate.

This business focus is set to continue in the Netherlands, with the government discussing making more processes digital in future, such as introducing an online portal for incorporation. This would remove the need for a notary during the incorporation process, making it even quicker for organisations to set up business.

Despite its simplicity, some businesses that previously operated in the Netherlands have turned to other locations that offer more attractive tax incentives, such as the UK and Ireland. For instance, both Shell and Unilever moved their headquarters to the UK within the past three years.

While some organisations have looked elsewhere, it's likely that the Netherlands will remain a highly competitive jurisdiction for FDI for years to come.

"When foreign businesses come to the Netherlands to start their operations, they come to a country that is very internationally orientated. Even during difficult and uncertain times with the global pandemic, high inflation and the war in Ukraine, the Netherlands has shown to be a stable and resilient country, welcoming foreign investments."

*TMF Netherlands expert*

## ↔ 76 Curaçao

2022 (76)
2021 (73)

Curaçao remains one of the simplest jurisdictions for business operation and incorporation worldwide due to its stability, despite the tumultuous geopolitical environment, and a focus on driving simplicity year on year. For instance, Curaçao's tax authority has taken steps in the past year to speed up and simplify processes, as well as clear backlogs from the Covid-19 pandemic. This has made investment into Curaçao more attractive than it was in previous years and has brought new opportunities.

Opening a bank account is the most complex aspect of incorporation, as banks tend to be risk averse, so need to ensure that capital is legitimate. This is in line with the global trend of an increased focus on transparency regulations such as KYC. Investors and businesses alike anticipate such checks, so it doesn't tend to present much of a surprise for organisations and individuals entering Curaçao.

Due to its connections with the Netherlands and setup for remote working, Curaçao has been attracting increasing numbers of digital nomads in recent years. Young entrepreneurs in particular are taking advantage of lower property prices and other benefits that Curaçao offers. Coupled with the flexibility that comes with remote working, Curaçao is likely to continue to attract international workers for years to come.

"Curaçao is a safe haven to invest into South America. It's not particularly complex provided you have the right expertise to help you set up. Only opening a bank account can cause a bit of a burden."

*TMF Curaçao expert*

## ↓ 77 Denmark

2022 (75)
2021 (77)

Up one place from third in 2022, Denmark is now the second simplest place to do business. Its straightforward incorporation process for businesses, coupled with political, social, and economic stability make it a very attractive jurisdiction. Denmark not only continues to implement EU regulations but is commonly the first EU country to embrace them, so new requirements are integrated fairly quickly.

As we've seen globally, high inflation in Denmark has impacted businesses operating here. Due to economic pressures, some businesses in Denmark have put activities such as expansion on hold or left the jurisdiction altogether, though this is a trend also seen in neighbouring jurisdictions such as Sweden and Norway. Inflationary pressures are also impacting the labour market, where some businesses are not able to find, or afford, the right employees.

Denmark is keen to observe and promote ESG requirements. In the coming year, a new regulation concerning gender equality for board directors is being introduced. Currently, ESG requirements are focused on larger companies, however, smaller companies are also putting actions in place to make them more compliant due to its importance in the country.

"Denmark is a very equal country with relatively little difference between rich and poor, and a large focus on gender mix and equal rights for women and men. I think companies and people in Denmark are very conscious about ESG in general."

*TMF Denmark expert*

## ↓ 78 Cayman Islands

2022 (77)
2021 (75)

The Cayman Islands remain the least complex jurisdiction in the GBCI, boasting simple entity incorporation and accounting and tax standards, which make setting up and operating a business here relatively easy. Regulators in the Cayman Islands take a 'light touch' approach, and regulation itself is transparent and clear. Compared to onshore jurisdictions where there is the complexity of taxes and more developed, professional bodies and regulators, offshore jurisdictions can benefit from an easier way of doing business.

Over recent years, there has been a fundamental shift towards the adoption of global regulatory compliance requirements, such as UBO, AML, FATCA and CRS. Businesses in the Cayman Islands are now well aware of these requirements and navigating these has become a familiar task for many multinational outfits.

Despite its simplicity, there are some challenges for new clients operating in the Cayman Islands who are not used offshore jurisdictions. For example, businesses can be surprised by the level of detail required for KYC and AML purposes, thus making the process of opening a bank account a more rigorous affair. However, this level of regulation feeds into the stability of the jurisdiction and its standing as a global financial centre.

"Cayman is way ahead of the curve compared to the rest of the world, when it comes to regulatory and compliance legislation."

*TMF Cayman Islands expert*

# CONCLUSION

Geopolitical and economic turbulence can have a significant impact on how businesses operate globally. Since 2020, confidence in the future economic stability of jurisdictions has been waning, with events such as the war in Ukraine and widespread global inflation only exacerbating this dip in confidence. The current environment is affecting businesses in multiple ways: the disruption of supply chains, an increase in business costs and skill shortages, to name a few.

Businesses may be rethinking their global investment and operational strategies as a result of the upheaval of the past twelve months. Local cost and inflationary pressures, along with the impact of other factors, such as sanctions on Russia, mean there's a lot more at play than at the start of 2022, when business was generally optimistic while emerging from Covid-19.

There is also an expectation that global compliance legislation will continue to tighten as a result of geopolitical tensions. Compliance regulation such as KYC and UBO is more important than ever, demonstrating the need for greater transparency and understanding of who exactly is investing into jurisdictions. This is having an impact on business expansion, with half of jurisdictions (48%) predicting that some companies will rethink their goals due to increased regulatory obligations.

Businesses not only have to be aware of more stringent compliance regulations, but the likelihood that they will have to comply with increasingly demanding ESG rules. While driving profit is key, ESG is becoming an increasingly influential part of the day-to-day for major corporations. Although this focus on ESG may cause some complexity for businesses, it also leads the way for more sustainable and ethical ways of working.

It's more important than ever for businesses to stay on top of these increased reporting demands. Coupled with a challenging economic climate, businesses need partners and advisors that can help navigate rapidly changing rules and regulations. Preparing for the challenges ahead can help ensure success when doing business across borders.

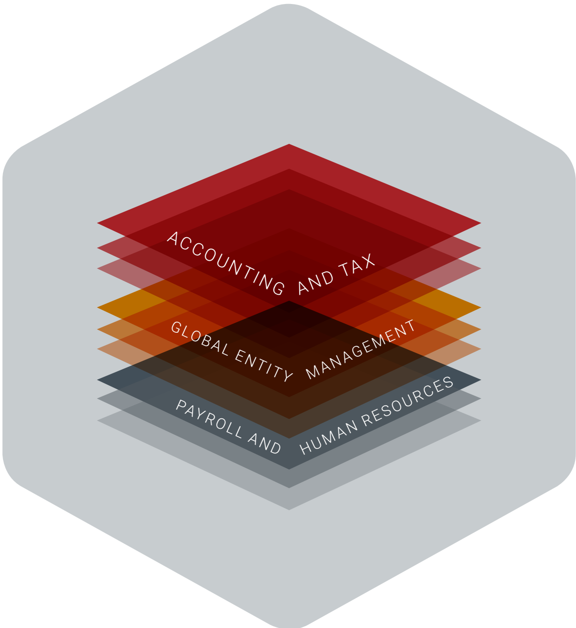
# Looking ahead

# METHODOLOGY

The Global Business Complexity Index was created by TMF Group, the experts on global and local business complexity, and Savanta, a specialist market research agency. Combining subject-specific knowledge with a solid grounding in data and analysis, the GBCI 2023 is built on robust multi-method research. The index is generated from an in-depth survey of TMF Group's in-market experts in 78 jurisdictions, and the data is also compared to the survey results used in last year's GBCI report.

The survey covers three areas of business operations:

- Accounting and tax
- Global entity management
- Payroll and human resources




The data for each jurisdiction was statistically weighted and combined to produce an overall complexity score, as well as a score in each of the above three areas. Visuals are based on survey results across 2020, 2021, 2022 and 2023. 'Don't know' answers have been excluded from the analysis and graphs.

**About Savanta**

Savanta (www.savanta.com) is a fast-growing data, research, and consultancy firm. We inform and inspire change through cutting-edge data collection and analysis across a wide range of sectors.

# GLOSSARY

**AML** — Anti-money laundering refers to a suite of laws and regulations that aim to stop criminals from claiming illicit funds as legitimate income.

**BEPS** — Base erosion and profit shifting refers to tax avoidance strategies used by multinationals, and the OECD regulations used to combat them.

**CRS** — The Common Reporting Standard is an OECD initiative to combat tax evasion. Participating jurisdictions have to require financial institutions in their jurisdictions to disclose information annually on financial accounts held with them by foreign residents, and to require the local assigned regulatory authority to exchange relevant information with the account holder's country of residence.

**Economic substance** — Economic substance is a principle in international tax that determines that a reasonable level of local economic activity must exist for an enterprise to claim tax residence in a specific jurisdiction, and that the establishment should exist in that jurisdiction for a more significant purpose than only the reduction of tax liability.

**FATCA** — The Foreign Account Tax Compliance Act is a US federal law requiring foreign financial institutions to disclose the financial accounts of their customers who are US persons or entities that are controlled by US persons, under penalty of substantial withholding tax on all US source income.

**GDPR** — The General Data Protection Regulation is a European Union law that sets out rules for protecting the personal data of EU individuals.

**ESG** — Environmental, social and governance. A framework aimed at understanding how an organisation manages risks and opportunities around sustainability issues.

**IFRS** — International Financial Reporting Standards are a set of global standards issued by the IFRS foundation and the International Accounting Standards Board.

**Incorporation** — Incorporation refers to the process of establishing a new legal entity.

**OECD** — The Organisation for Economic Co-operation and Development is an international organisation that aims to promote global trade.

**PSC** — A 'person with significant control' is a term used in various global regulations to refer to a person who has a significant level of control or influence over the actions of a legal entity. The exact definition varies according to the laws of different jurisdictions.

**UBO** — The 'ultimate beneficial owner' refers to a natural person who directly or indirectly owns or controls a significant interest in an entity or arrangement. The exact definition of UBO and what constitutes significant interest varies according to the laws of different jurisdictions.



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ABOUT TMF GROUP

# WE MAKE A COMPLEX WORLD SIMPLE

## One world of local service

TMF Group is a leading provider of critical administrative services, helping clients invest and operate safely around the world.

Our 9,100 experts and 120 offices in 85 jurisdictions worldwide serve corporates, financial institutions, asset managers, private clients and family offices, providing the combination of accounting, tax, payroll, fund administration, compliance and entity management services essential to global business success.

We know how to unlock access to the world's most attractive markets – no matter how complex – swiftly, safely and efficiently. That's why more than 60% of the Fortune Global 500 and FTSE 100, and almost half the top 300 private equity firms, work with us.

Our unique global delivery model, underpinned by our innovative digital platforms, means we can cover sectors as diverse as capital markets, private equity, real estate, pharmaceuticals, energy and technology, with experts on the ground providing local support.

With year-on-year growth averaging 8% since 2013, TMF Group is a trusted and reliable partner. Whether operating across one border or many, with a handful of staff or several thousand, we have the business-critical support you need to expand, operate and grow while remaining compliant, everywhere.

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