Global Business Complexity Index 2025

SINK or SWIM

Charting successful business growth in an increasingly uncertain world

Contents

Foreword

This year marks TMF Group's 12th annual report on global business complexity. It explores the challenges of establishing and running businesses in 79 jurisdictions around the world, covering 94% of world GDP and 95% of net FDI inflow.

Our report tackles business complexity – that is the administrative burden on firms dealing with the rules for doing business in different countries. Local complexity is costly, both to outside investors and to the many domestic businesses striving to grow. Unsurprisingly, therefore, more complex countries are also lower prosperity in terms of GDP per capita. That might be a price worth paying were their administrative requirements conferring some social, environmental or other benefit. However, in our measure of complexity, we are mainly dealing with bureaucracy that is a dead weight cost on those countries' economies. For example, Denmark, one of the easiest places to do business, does not look to be sacrificing much in such protections when compared to Brazil, one of the most complex countries to do business in.

While it is the focus of our study, complexity is, at least for larger multinational firms, easy to deal with. Complexity arises from known rules. Those rules change slowly and the countries at the top and bottom of our complexity index are largely the same ones year after year. TMF Group absorbs local complexity for our clients and we see no deterioration in service quality or client satisfaction in more complex jurisdictions. In short, we know what is required and make sure it gets done.

The real challenge for businesses isn't complexity but uncertainty. And uncertainty, as readers will have noticed, is back - suddenly and dramatically. The trade war now playing out as a result of the US reciprocal tariff plan, and the reactions of other countries to it, has no clear ending. Even if a compromise is reached, the day-to-day shift in the level and timing of tariffs saps confidence that it will be enduring. That makes it very hard for business investment decisions, often looking many years out, and to react to such an uncertain backdrop.

We see tariffs as simply the most recent example of flaws in the model for global businesses that firms will now need respond to. At its simplest, Globalisation 1.0 largely meant making goods in China's Mainland and selling them in America. Sanctions and tariffs along with rising costs in the Mainland of China led to Globalisation 2.0, with production shifting to 'China plus one', often a connector economy like Mexico or Vietnam. Covid-19 lockdowns in the Mainland of China, the Suez Canal blockage and now tariffs, are reminders that concentration in the supply chain is risky, whether single points of failure for buying, building or selling goods and services.

We expect that Globalisation 3.0 will require firms to establish much more diversified supply chains to reduce concentration risk. While the US and China's Mainland combined are 45% of world GDP, that still leaves 55% to play for, with many diverse and fast-growing labour and consumer markets. We think that diversification will be true both for investors holding their capital from within target trade blocs and for companies needing to establish their operations within them. That diversification will create a cost, but a cost that is much less than being excluded by barriers of whatever type from doing business.

As an offset to the added complexity of diversification, we believe that firms can act to reduce their own internal complexity in how they manage things. Our benchmarking shows very different levels of structural complexity with some firms in similar sectors and with similar geographic spreads having much higher numbers of legal entities and firms supporting them. That points to an opportunity for firms to simplify their structures and support model – fewer entities supported by fewer providers. Done right, that should improve efficiency and agility as firms diversify their supply chains across a more uncertain world.

Mark Weil
TMF Group CEO

Introduction

The Global Business Complexity Index (GBCI) provides a detailed analysis of the complexities associated with establishing, operating and expanding a business across multiple regions of the world. Identifying the factors that drive success or failure, this comprehensive overview focuses on operating in foreign markets, and outlines key trends emerging globally, as well as the local intricacies that impact our 79 jurisdictions.

GBCI 2025 is built upon 292 indicators of business complexity, with these data points used to compile a global ranking of the 79 jurisdictions, based on the complexity of their business environments. Covering legislation, compliance, accounting procedures, tax regimes, human resources rules and payroll processes, the latest edition of the GBCI is intended to support decision-making in a complex world - a definitive reference point as businesses plot their route into new markets.

Three global focuses for 2025

Resilient pathways and trade corridors

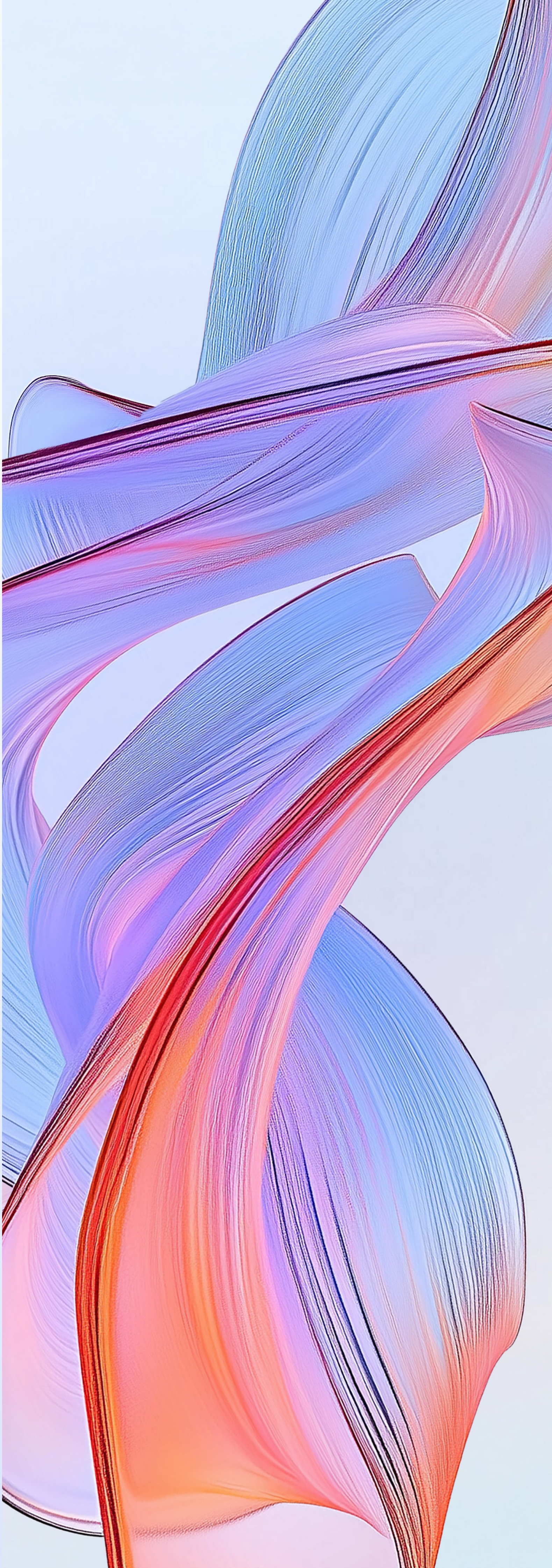
Within a shifting geopolitical landscape, resilient pathways and trade corridors facilitate the continuous flow of goods. We explore the role played by regional hubs, the impact of government support on trade flow, and how diversification can support resilience.

Supply chain risks

A critical aspect of resilient pathways is the management of supply chain risks. We examine how risks can be mitigated through the diversification of suppliers, cross-jurisdictional collaboration, and the roles that infrastructure, data, and technology play in this process.

Labour market trends and remote working

For most jurisdictions, hybrid working is here to stay and remains a key consideration for businesses developing their strategies in a challenging labour market. We investigate the impact of wage inflation, and the challenges businesses face in both attracting and retaining talent with the requisite skills.



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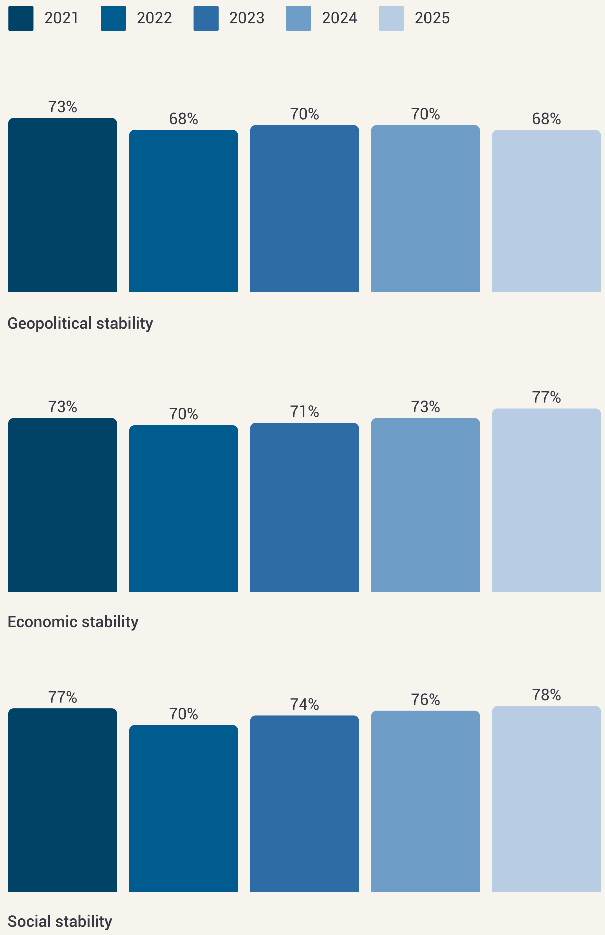
Resilient pathways and trade corridors

The medium-term outlook for economic and social stability is improving despite falling expectations

It is no secret that the geopolitical landscape has continued to fluctuate over the last 12 months. A number of jurisdictions held elections in 2024, resulting in both government and policy shifts, as well as ongoing conflicts in a number of areas of the world. Reflecting these changes, the medium-term outlook among jurisdictions regarding geopolitical stability has fallen when compared to 2024.

Likelihood of geopolitical, economic and social stability in the next five years



Nonetheless, jurisdictions remain positive about the possibility of both economic and social stability within the next five years, with both factors continuing the upward trajectory seen since 2022.

"There is a noticeable increase in trade activities between the Mainland of China and Colombia. However, when there are discussions with China's Mainland, the US takes measures to protect its trade corridors. The US are very protective of the trade corridor between the US and Colombia, and their allies in the region, and therefore they tend to encourage the government towards stringent regulations to avoid." – TMF Colombia expert

Still, jurisdictions report both trade barriers and disruption to supply chains as just some of the consequences they have so far encountered as a result of geopolitical shifts. For example, access to trade corridors is reported as challenging for 22% of jurisdictions surveyed. This is noticeably highest for South America, where 60% report this as a current obstacle.

Diversity of trade corridors and industries essential for geopolitical resilience

With the ongoing need to react to geopolitical changes, over 55% of jurisdictions reported that their resilience comes from diversifying their trade relations. Notably, in North America, 77% of jurisdictions highlighted this approach. While most jurisdictions already have a variety of trade corridors, designed to counteract the impact of current or potential geopolitical instability, there is a continued appetite to increase their agility through further diversification.

"Globally, companies are very flexible. They know how to diversify and they are establishing new routes through various South-east Asian jurisdictions. Africa and Mexico are also emerging routes that companies are diversifying into right now. By exploring these avenues, companies are astutely diversifying their approach and avoiding direct US-China trade corridors." – TMF China expert

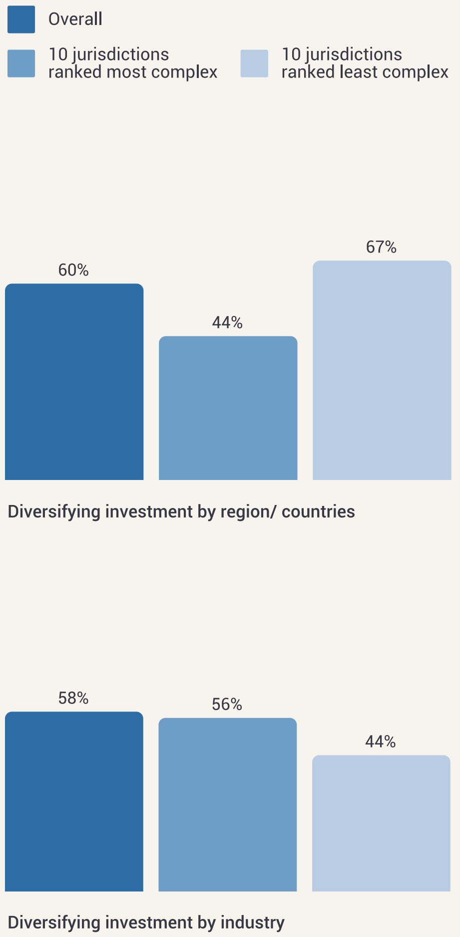
Resilience is also being driven through diversification of industries, with interest in those beyond that of the typical industries in that jurisdiction. The industries vary, with technology and sustainability being a focus for some.

"There is an intent to look at manufacturing as one of the strong pillars for growth, because India has been predominantly agricultural, before moving to service. The mid-segment of manufacturing is something that we are now focusing on." – TMF India expert

Diversifying by industry is more popular for the 10 most complex jurisdictions than the 10 least complex, led by the aim of establishing multiple revenue streams. This means less reliance on one primary sector, increasing overall resilience. Industry diversification can also be driven by government-led initiatives that focus on developing or growing specific sectors. One such example is the Economía Naranja policy in Colombia.

“The government in Colombia introduced a policy called Economía Naranja, which translates to orange economy. This policy fostered the use of technology, it fostered innovation, it fostered new companies starting up. Now you have a lot of people, very good startups, exporting technology.” – TMF Colombia expert

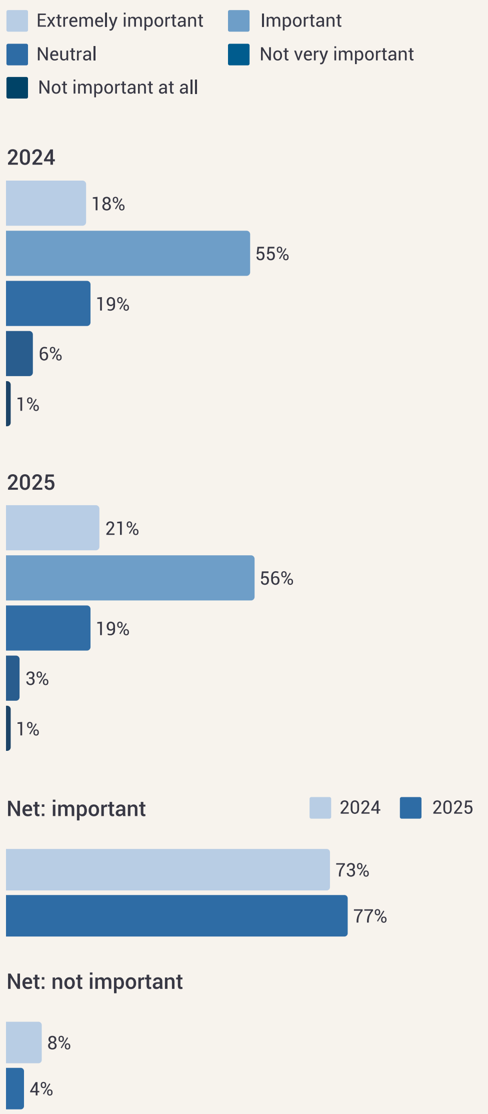
Ways in which businesses are building resilience through diversification



The importance of trade hubs and regional integration

Regional integration has increased in importance over the last 12 months. This importance has risen significantly for jurisdictions in South America, where the level of importance (70%) is now much closer to that of other regions, when compared to 2024 (50%).

The importance of regional integration to organisational success



On top of this, in order to build resilient trade routes, some jurisdictions are positioning themselves as trade hubs, either to their surrounding regions or more globally, as a gateway to another region. Jurisdictions are capitalising on their geographical position, their political impartiality, or an existing but less prominent, trade corridor to achieve this. Examples of this include Jamaica (linking the Panama

Canal, the Caribbean, and South America), India (with Global Capability Centres) and Singapore, as the entrance to the Asia Pacific (APAC) region. Trade corridor displacement - due to sanctions of goods and services placed on Russia - has also resulted in boosts for some jurisdictions. This includes Kazakhstan, where there is knowledge of the Russian language, and Poland due to its geographical proximity. These jurisdictions benefit from the relocation of previously Russian-based industries, companies and trade flow.

"Jamaica is positioning itself as a hub between the Panama Canal, the Caribbean, and South America. The recent dredging and deepening of Kingston Harbour will allow bigger ships to dock, enhancing its capacity as a trade hub." – TMF Jamaica expert

Leveraging regional integration is important for businesses looking to adapt to the changes that impact their typical trade routes. While private businesses seek to adapt, both locally and regionally to handle disruptions, this relies on the relationships and agreements in and between regions. Almost half of the jurisdictions surveyed mentioned regional relationships and agreements being a key factor in choosing alternative trade corridors, with the importance of formalised trade agreements seen as imperative to a jurisdiction's resilience to geopolitical disruption (35%).

"Singapore is one of the main hubs in the region. It allows free trade and in terms of investments, many investments into Asia pass through Singapore. It is attractive to set up holding companies and headquarters here. In terms of its location, it is strategic and there has been a focus on developing the port and using technology to enhance the infrastructure." – TMF Singapore expert

Government-built physical infrastructure

Alongside trade agreements, businesses are looking to government-built infrastructure to enhance resilience. 35% of jurisdictions report that the government in their jurisdiction is developing infrastructure specifically to enhance resilience, including schemes for developing airports, ports, road and rail expansions. This data is particularly driven by North America at 46% and APAC at 43%. Comparing those jurisdictions ranked the 10 most and 10 least complex, infrastructure schemes are less likely to occur within the most complex jurisdictions, at 20% versus 11%.

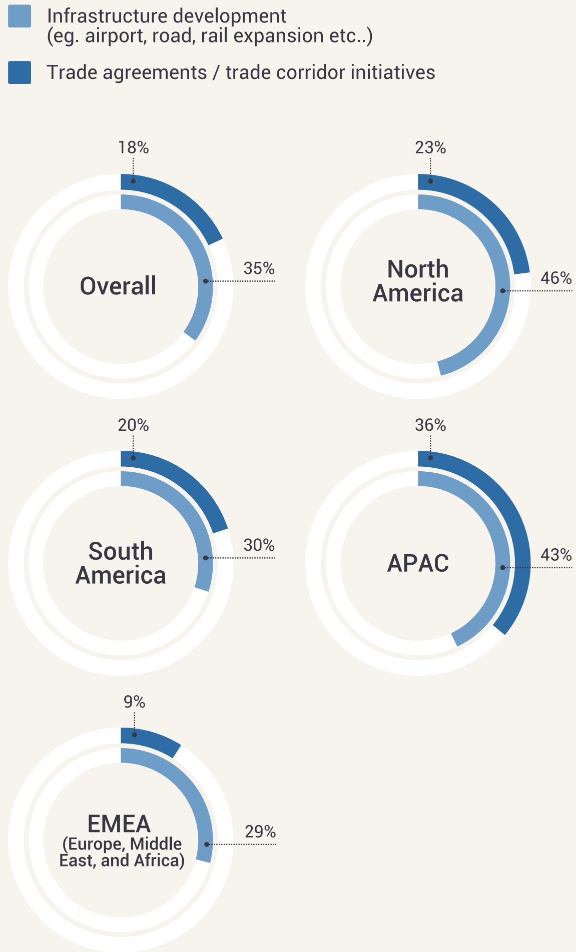
Within a jurisdiction, infrastructure can also result in economic disparity across particular areas. In Italy for example, the road and rail networks in the north are superior to that of the south.

"Italy has and is investing heavily into infrastructure, especially the north, including the industrial powerhouse of Lombardia. While the south's economy is weak, the north boasts an excellent network of railways and motorways, ensuring strong connectivity between major points." – TMF Italy expert

Collaboration between governments and the private sector can also facilitate infrastructure projects. For example, ongoing public-private investments in Greece's port and maritime infrastructure have supported improved resilience of its trade pathways.

"In recent years, the main ports in Greece, including two or three of the biggest, have been partially privatised, leading to significant investments and improvements." – TMF Greece expert

How governments are working to enhance the resilience of existing trade corridors



Trade policy changes and retaliations

TMF Group experts have further identified trade agreements as playing an important role in the trade corridors that jurisdictions choose to utilise, as well as their resilience. Although jurisdictions have various trade corridors they utilise, significant changes to established trade agreements can have a negative impact on businesses using the trade corridors affected. The long-term impact of tariffs and other trade barriers proposed and currently being introduced by the new US government, and retaliatory actions from the countries and trade blocs affected, will not be clear until the full range of these measures come into effect.

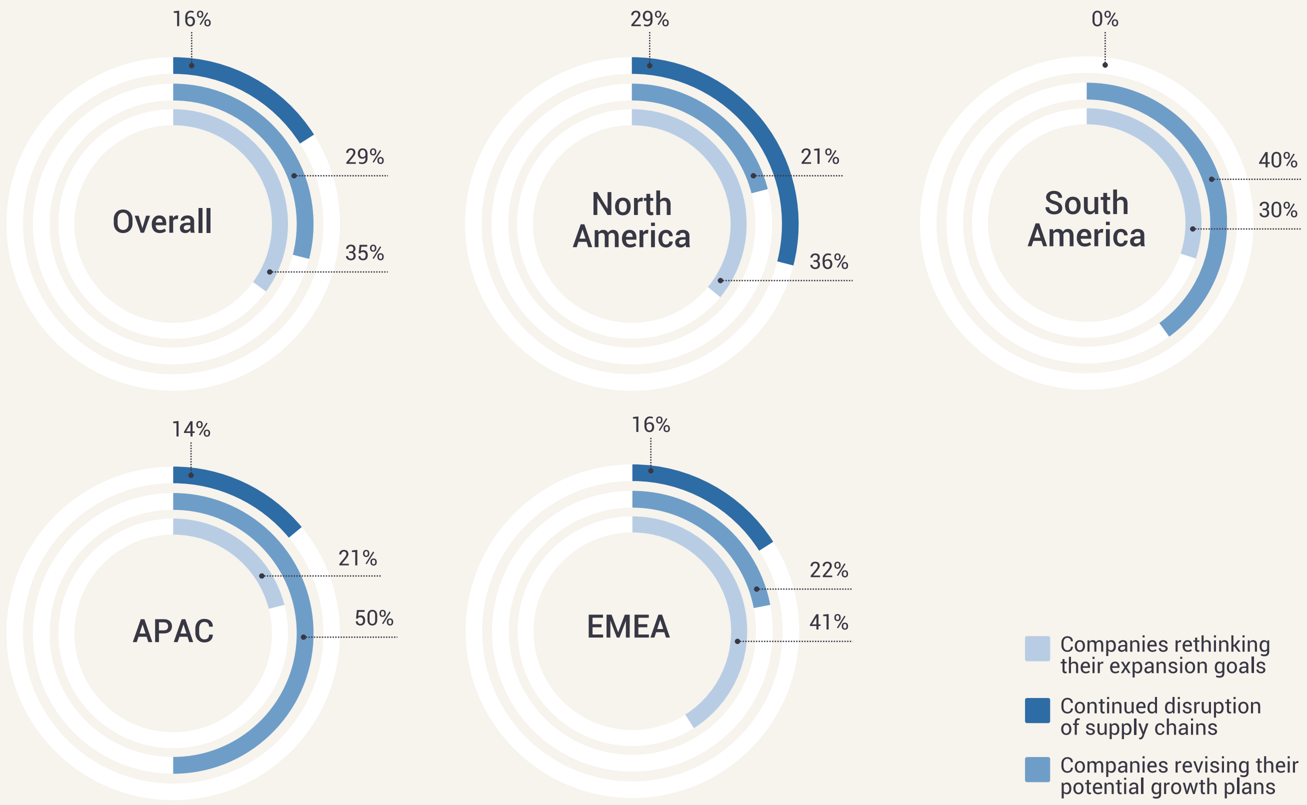
"For 2025 and going forward, it's a changing landscape for passport carriers and corridors. So, from a geopolitical perspective, the next few months may be challenging for those coming to the US and deciding on investments. Some may not worry about tariffs, simply adding them to prices, which could cause inflation in the US." – TMF USA expert

While some jurisdictions have highlighted the immediate negative impacts of government-imposed trade restrictions, it is worth noting that the uncertainty around the policies means the potential full impact is yet to be fully realised. The ripple effects of geopolitical instability compel businesses to rethink, with growth and expansion likely to slow.

Having multiple well-established regional relationships and agreements becomes crucial for business agility. These relationships serve as vital drivers in deciding on alternative trade corridors, and close to 50% of jurisdictions identify them as key factors in choosing alternative corridors in reaction to disruption. By leveraging these existing agreements, companies can pivot more effectively and maintain their resilience in the face of policy shifts.

"China's Mainland is one of the largest hubs, with sophisticated land, air and marine routes. Due to recent geopolitical changes, there has been quite an impact on trade with the US. I don't want to describe it as a trade 'war', but there are some hurdles." – TMF China expert

Predicted long-term impacts of geopolitical instability



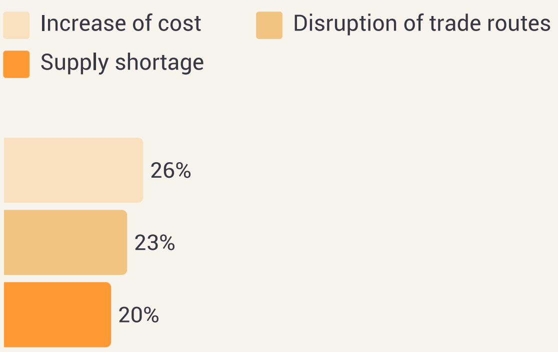
2 Supply chain risks

Geopolitical instability poses a threat

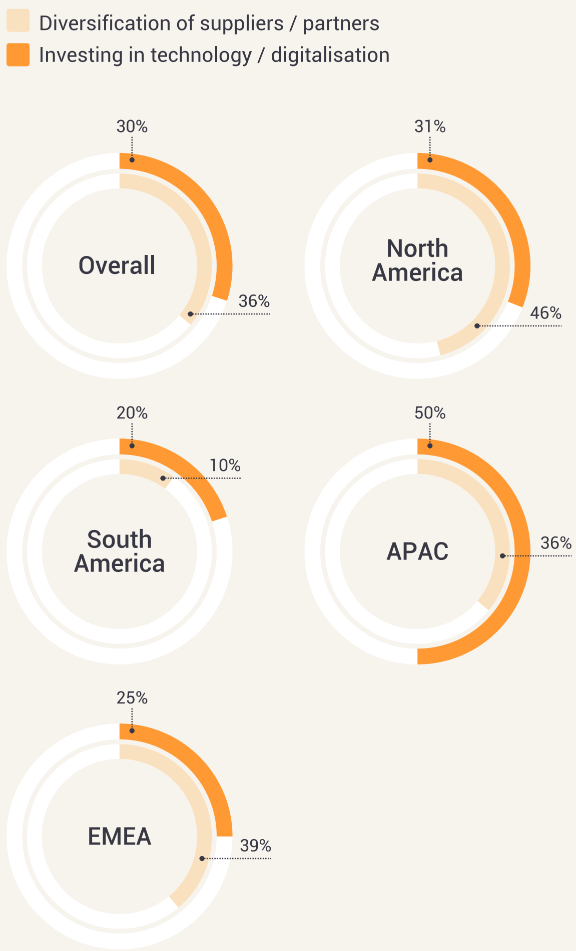
As with trade pathways, geopolitical instability also represents a significant supply chain risk, with increased costs, disruption to routes, and supply shortages being the most common impacts experienced. Even if a jurisdiction is not directly involved in a conflict or geopolitical shift, the supply chain can still be affected. New Zealand for example, has a high reliance on imports, so disruption in supply chains has a significant impact on businesses based there. The impact of geopolitical instability is also being felt in Saudi Arabia.

"Geopolitical instability in the region poses a significant risk to local supply chains, particularly as Saudi Arabia remains a net importing economy, heavily reliant on global trade routes. While the Kingdom is actively building local supply-side capabilities in critical sectors such as medicine, steel, and cement to enhance self-reliance, these efforts are still developing. As a result, disruptions in trade routes or political tensions can impact the flow of essential goods and raw materials." – TMF Saudi Arabia expert

Reported impacts of geopolitical instability across jurisdictions



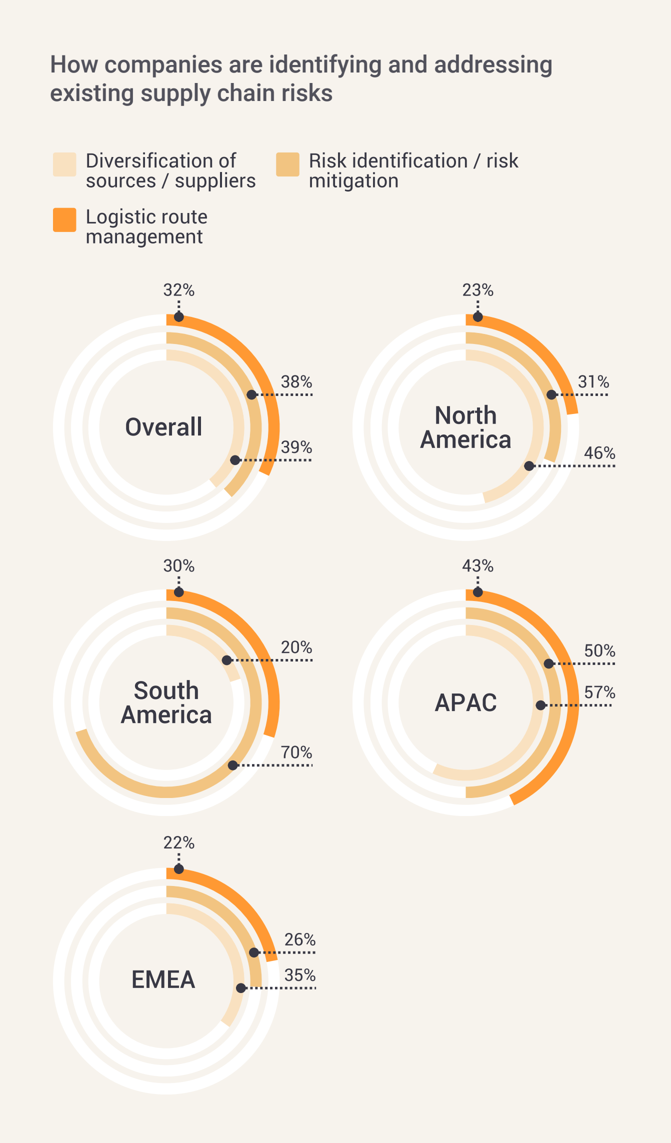
How private sector companies are preparing to handle disruption within global trade routes



Facing uncertainty in global trade routes, companies have a number of ways to prepare for disruptions, with diversification of suppliers and investment in technology the top two strategies. In addition, onshoring and nearshoring continues to be a reported trend, aligning with wider protectionist policies globally, with some governments, encouraging or incentivising it. In Japan for instance, the Ministry of Economy, Trade and Industry is assisting companies to reshore supply chains, whilst the Japan External Trade Organisation is supporting Japanese companies to shift their supply chains to ASEAN countries.

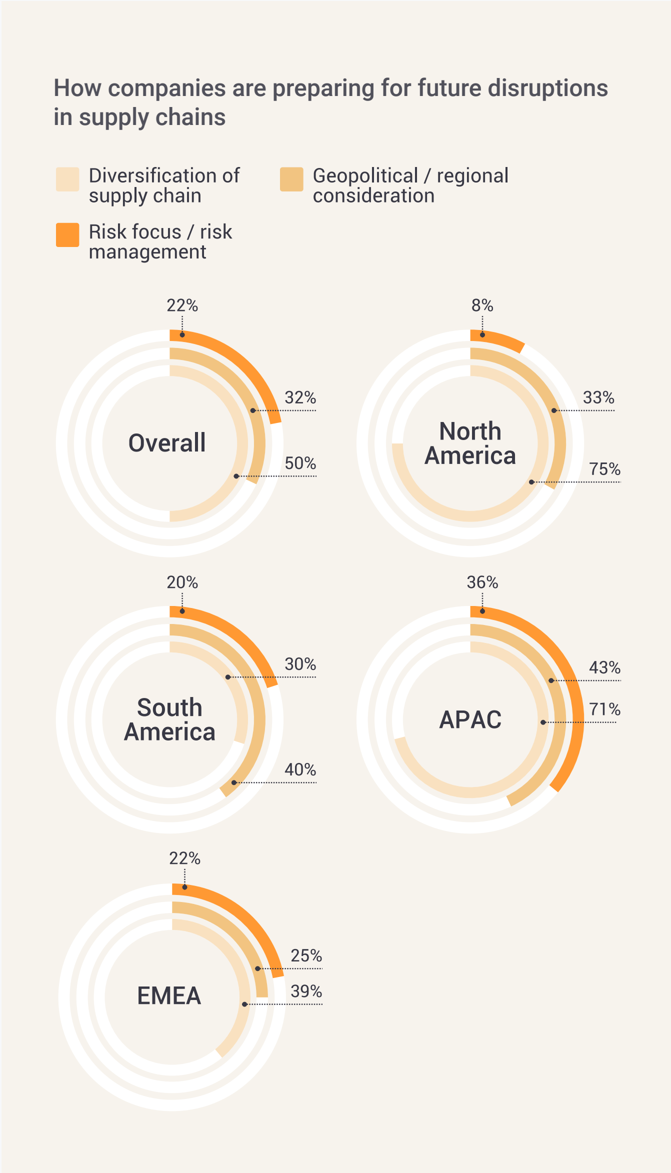
Diversifying the supply chain is a crucial means of mitigating current and future risk

Diversification of the supply chain is an essential tool for companies when both identifying and addressing current risks, and also in preparing for the future. The appeal of diversification to companies across jurisdictions is that by having multiple suppliers they can reduce the risks associated with reliance on one supplier at each stage of the chain. This increases flexibility and a company's ability to react if there is a delay or more significant issue related to an individual supplier.



Different suppliers can also allow flexibility of the trade routes used, allowing for the agility required within uncertain geopolitical situations. Working with a number of supply chain partners can also enable businesses to expand and grow, as many have specialisms or offer different technologies, which companies would not have the resources for otherwise.

"Supply chain diversification not only improves flexibility and reduces vulnerability to unforeseen events, but also opens up new opportunities for innovation and growth. Organisations can leverage a broader set of resources and expertise by combining different suppliers, markets and technologies." – TMF Peru expert



While diversification of the supply chain is a key tool for businesses to address and adapt to supply chain risks, the policies of multinational companies do not always support this approach, with consolidation sometimes preferred and seen as facilitating more efficient management of suppliers. Depending on individual company, sector and jurisdiction situations, both diversification and consolidation can be perceived to reduce costs.

"Supply chain strategies vary; larger companies may consolidate to ensure stability and quality control, while smaller companies often diversify. In the Mainland of China, the tech sector, with its higher complexity and value, tends to integrate suppliers." – TMF China expert

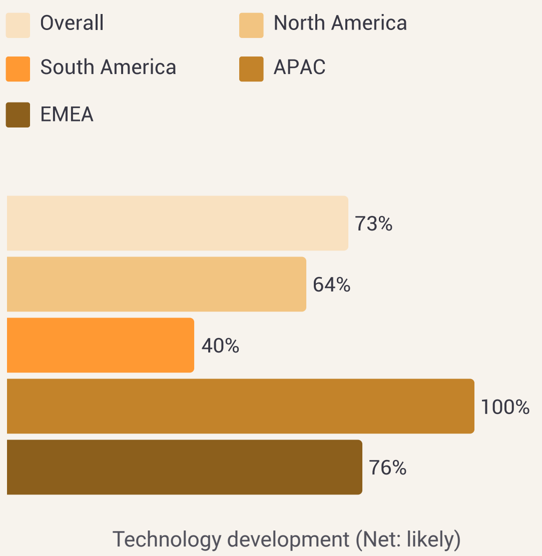
The desire for diversification to mitigate risks can result in challenges in jurisdictions where the government encourages the localisation of supply chains to boost the local economy. This has been seen in Saudi Arabia, where they are focusing on local production and manufacturing to reduce dependency on foreign imports. To align with this, the state-owned petrol and natural gas company, Aramco has set up specific localisation programmes.

"There is a strong push towards localisation of supply chains, with various programmes and incentives in place. Aramco's localisation programme prioritises suppliers based on local content, aiming to produce as much of the supply chain locally as possible." – TMF Saudi Arabia expert

Use of data and technology to mitigate supply chain risks

The use of data and technology varies across jurisdictions, with those with a mature or innovative technology sector seeing these skills being applied to supply chain management. 24% of jurisdictions are using digital transformation and technology to identify and address current supply chain risks and 18% are investing in technology to prepare for future disruption.

Likelihood that technology in the country will develop at a steady and predictable rate over next five years



The range of technical applications to mitigate supply chain risks can be seen in Brazil, where technology is used to track and monitor transportation and the products being transported. Tracking and mapping supply chains are playing a key role in preventing the loss of goods, as well as providing valuable data to support companies in optimising supply chain routes and assess their efficiency.

"Everything starts with data. Data is essential for determining strategies, identifying risks, and suggesting alternatives. Accurate data on production, transportation challenges, and weather forecasts are crucial for managing complex logistics and ensuring timely supplies. The government and other sources offer valuable information on potential disruptions and additional burdens. With this data, businesses reliant on timely supplies can create backup plans and make informed decisions on diversifying their suppliers." – TMF Poland expert

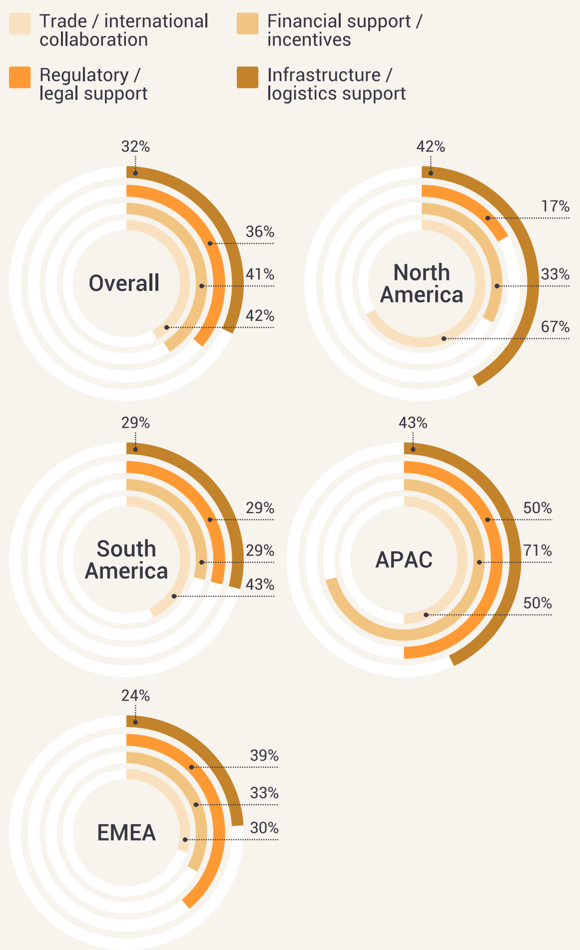
There is a feeling across jurisdictions that as new technology - such as AI and blockchain - becomes more widespread, its use within supply chain management will increase. There is also the consideration of resource availability. Supply chain partners often have expertise in supply chain technology that small and medium-sized businesses would not have access to otherwise. For example, companies in Colombia, France and Hong Kong, SAR are getting support from third-party logistic providers and management software to support with predictive analytics, identify vulnerabilities and improve their supply chain risk management.

"Smaller clients often use Amazon for their fulfilment centres and distribution. Amazon relies heavily on technology in their operations, which is significant [when compared to the capabilities of smaller clients]." – TMF USA expert

Government support through cross-jurisdiction collaboration and infrastructure

Support from governments for supply chain risks is varied, with some jurisdictions reporting receipt of no support. Government support related to trade and international collaboration, financial support and incentive and regulatory support are the most commonly reported approaches to mitigating supply chain risks. In jurisdictions like El Salvador, financial support includes tax incentives and financing initiatives, aimed at improving logistics infrastructure like ports and expanding customs procedures. El Salvador's National Trade Facilitation Strategy (2023-2027), which streamlines customs procedures, reflects an organised effort from the government to adapt to evolving supply chain demands.

Government support provided to businesses to mitigate supply chain risks



While infrastructure support is reported by over a third of jurisdictions, poor infrastructure, and a lack of government investment in its improvement, increases complexity for a number of jurisdictions. While some companies may find ways to manage risk internally, the absence of strategic government support makes broad-scale improvement and resilience much harder to achieve.

The current level of infrastructure in a jurisdiction, both digital and physical, impacts supply chain connectivity. While poor and inconsistent infrastructure can increase supply chain risks for those businesses dependent on it. Swift reaction from governments after natural disasters, to ensure infrastructure required for transportation and digital connectivity, is also key in jurisdictions at risk of these events.

"While ports like Guayaquil and Manta have seen significant upgrades, road infrastructure remains uneven, especially in rural areas, creating bottlenecks for logistics. Telecommunications infrastructure is generally robust in urban areas but lacks the same reliability in remote regions, affecting the seamless flow of goods and information."
– TMF Ecuador expert

Initiatives like 'Build Better More' in the Philippines, which aims to address long-standing infrastructural challenges and bolster connectivity across the nation through various strategic investments and improvements, and Vision 2030 in Saudi Arabia, can help support the jurisdictions' current and future resilience through strong infrastructure.

"Saudi Arabia boasts a robust and reliable infrastructure, including well-developed roads, ports, and telecom networks, which are critical for supply chain resilience. The government's strategic focus on future-proofing infrastructure under Vision 2030 ensures continuous upgrades and the integration of advanced technologies. These efforts not only enhance efficiency but also position the Kingdom as a regional logistics hub, further strengthening its supply chain capabilities." – TMF Saudi Arabia expert

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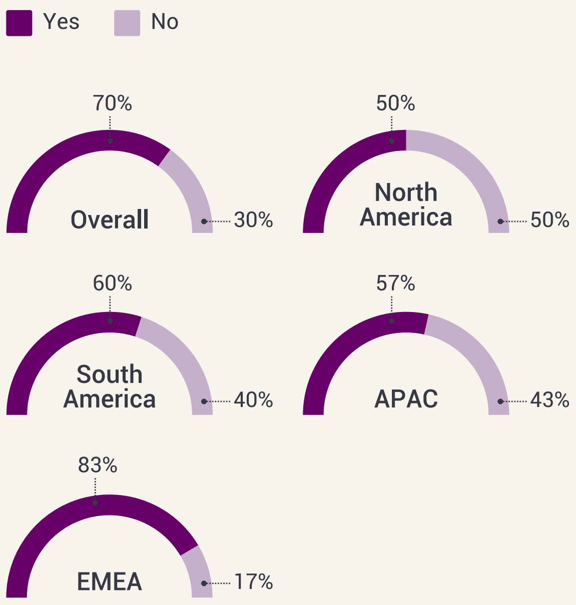
Labour market trends and remote working

Wage inflation is a major concern for seven in 10 jurisdictions

Wage inflation is an issue on a global scale. This is being driven by different factors, including high overall inflation rates, government-mandated minimum wage adjustments, and sector-specific demands. For example, in Ecuador, government-mandated wage increases often exceed productivity growth, which poses a particular challenge for smaller businesses striving to maintain profitability.

Regions citing wage inflation as a concern

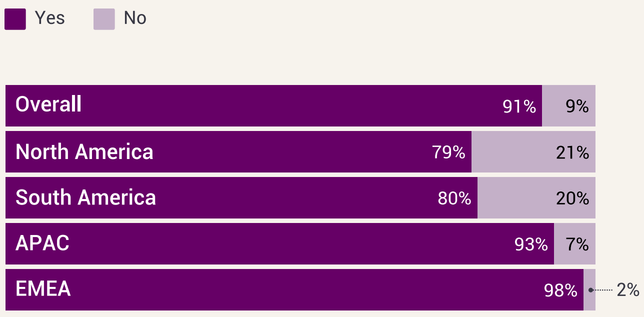


"Wage inflation in Indonesia is a major concern for companies trying to maintain cost efficiency, particularly in sectors like manufacturing, technology, and logistics, where rising labour demand and government-mandated minimum wage increases are driving up costs." – TMF Indonesia expert

Wage inflation is also particularly hitting EMEA jurisdictions, with the majority (83%) reporting that it is a major concern for companies. Across Europe, wage inflation is influenced by the continued overall economic inflation and increased living costs. As a result, there is pressure from employees and an increasing expectation of higher wages.

"The expectation of inflationary increases and cost of living pressures continue to be prominent in the news and on social media. This raises expectations with employees." – TMF UK expert

Companies offering competitive wages to attract and retain talent



To combat the impact of wage inflation, companies across various jurisdictions are offering competitive wages, with this strategy highly prevalent in the EMEA and APAC regions, adopted by 98% and 93% of companies respectively. Competitive wages are offered alongside comprehensive benefits packages, aimed at attracting and retaining talent. Many companies are also providing both performance-based bonuses and allowances to motivate employees. In Belgium, businesses are developing attractive benefits packages in addition to employees' base salary, which include meal vouchers, group and hospitalisation insurance, and bonuses. Similarly, companies in India offer attractive compensation packages and flexible work arrangements, driven by factors such as talent shortages, rising living costs and evolving employee expectations. These packages are also offered in Indonesia, particularly in high-demand sectors such as technology, fintech, and e-commerce, where skilled workers have more opportunities and bargaining power.

"In Northern Italy, companies are increasingly offering competitive salaries to attract and retain talent amid rising labour costs and shortages. This trend reflects a broader effort to adapt to higher wage levels and address labour market challenges." – TMF Italy expert

Whilst companies are having to offer higher wages as a result of economic challenges and cost-of-living pressures over the past year, there is a more optimistic outlook over the next five years. Economies are expected to stabilise, with the impact of inflation slowing since 2022 and 2023. Now, 77% of jurisdictions are reporting that economic stability is likely in their jurisdiction in the next five years.

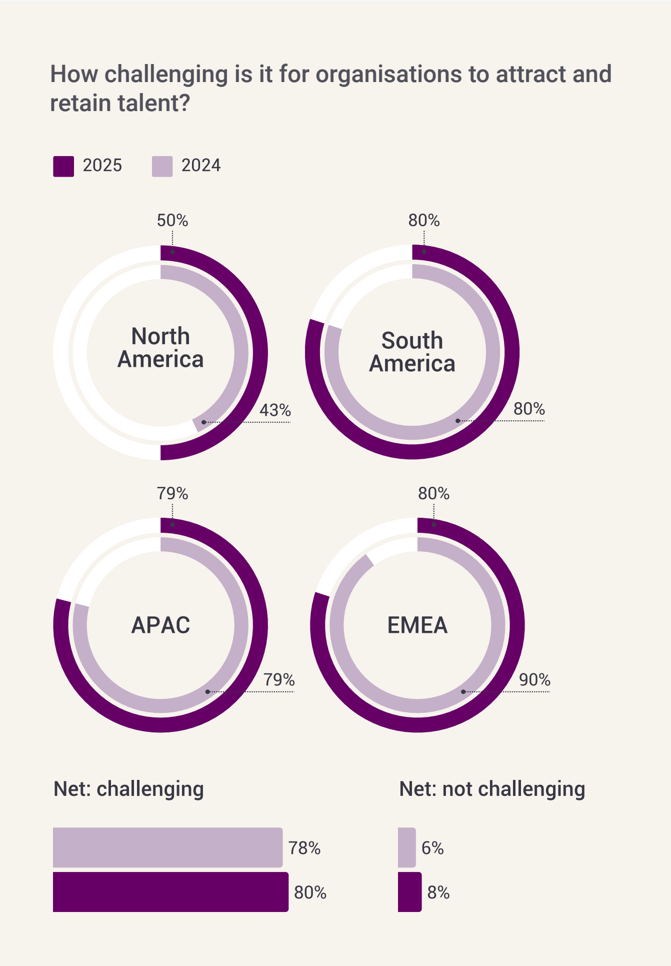
Many jurisdictions are facing notable staff turnover, with retention a further challenge

Almost half (47%) of the jurisdictions surveyed reported increased staff turnover. Whilst a high proportion, there are equally as many jurisdictions (53%) where staff turnover has not increased. In regions where staff turnover rates are reported as prevalent, they have reported this has increased due to a combination of factors, such as tight labour markets and economic instability, causing an increased competition for talent.

"Saudi Arabia is a growth economy with a shallow talent pool, along with challenging localisation requirements. As such, the opportunities and resulting turnover is high for in-demand professionals." – TMF Saudi Arabia expert

For instance, in Ecuador, the migration of skilled workers seeking better prospects abroad has led to elevated turnover rates. While in Indonesia, the rising demand for skilled workers in the digital economy and competitive sectors like e-commerce and fintech has been a contributing factor.

"The tightness in the labour market and the fear of not finding replacements have led employers to retain underperforming staff. This can create pressure on more committed colleagues and contribute to turnover." – TMF Belgium expert



Attracting and retaining talent continues to be a challenge this year, with 80% of jurisdictions indicating difficulties in this area. The most notable change (compared to 2024) has been observed in North America, a region which has typically found staff retention less challenging than others. However, this year has seen an increase, highlighting a growing concern.

Younger professionals in particular are more likely to leave roles that do not meet their expectations, reflecting a broader shift in work preferences post-Covid, with employees valuing flexible working conditions and seeking employers who offer competitive packages and professional development opportunities. Considering the costs associated with turnover, offering flexible working conditions is appealing to employees, who are willing to switch jobs if their expectations for remote work or other benefits are not met.

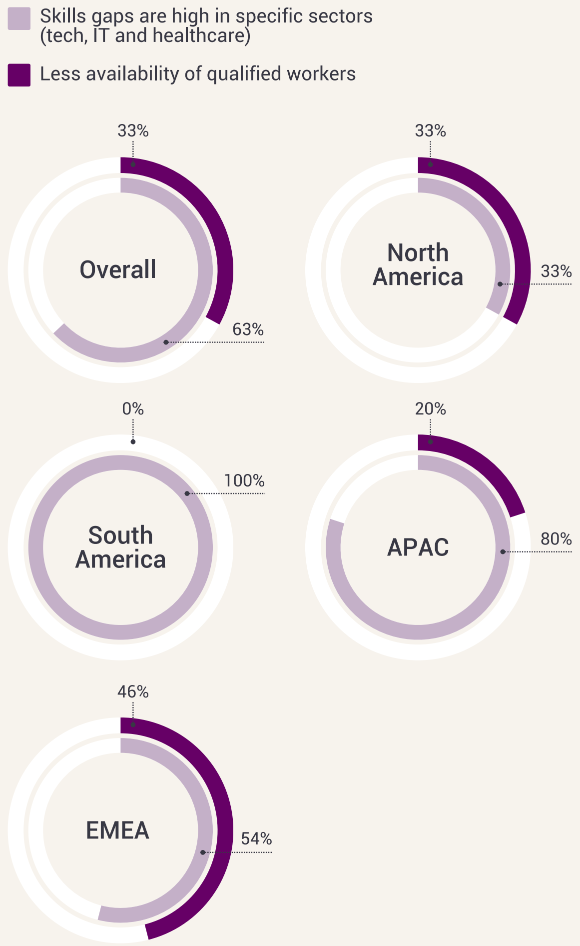
"When we talk about Gen Z, the employees from this generation, they don't want to come to the office, and they actually refuse job offers should that become mandatory." – TMF Brazil expert

Companies are facing a growing skills gap in the market

Almost two in three jurisdictions report there being a significant skills gap in the labour market, affecting their ability to find qualified workers. This is a result of a mixture of jurisdiction-specific reasons.

This can stem from a misalignment between the education available in said jurisdiction and the needs of regional businesses. For some, the education system is not preparing workers with the appropriate language, soft and technical skills required in the workplace. For example, Honduras, India, Indonesia, Spain and Vietnam all report limitations in their education systems and institutions, leaving graduates ill-prepared for the workplace. As a result, companies in Ecuador and Spain are having to resort to in-house training to ensure that their jurisdiction has a skilled future workforce. In Mexico, the lack of English-language skills in the workforce is a challenge to those operating multi-nationally.

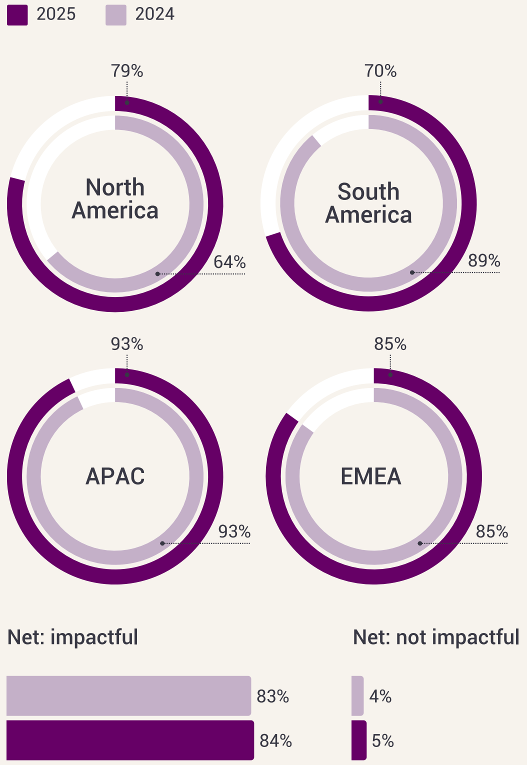
Yes: There is a significant skills gap in the labour market, affecting the availability of qualified workers



Highly skilled industries look to be hit harder by the skills gaps, with two-thirds (63%) of jurisdictions facing a skills gap from specific sectors such as the tech industry, IT and healthcare. These industries are being hit harder by the availability of staff trained in technical skills. For example, in Belgium, the skills gap is markedly evident in IT, engineering, sales and marketing. Meanwhile, in Indonesia, the limited access to specialised training and education hampers the supply of qualified workers, driving up competition for the available talent.

Talent attraction and retention remain essential to success

Do you believe talent attraction and retention impact the success organisations have in your jurisdiction?



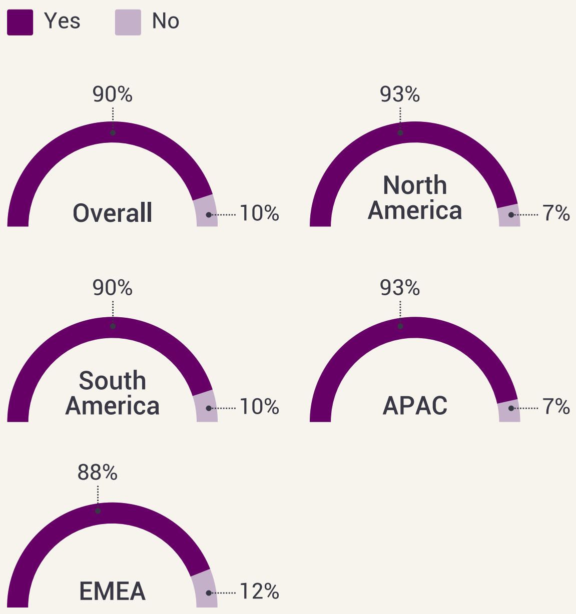
Another contributing factor is what has been dubbed ‘brain drain’, where internal jurisdictional factors are either encouraging skilled workers to leave to seek other opportunities or they are being incentivised to do so from one or more other jurisdictions. In Turkey for example, younger generations are finding jobs abroad with better working conditions than those of local opportunities, which is further contributing to the skills gap. Several jurisdictions note this type of emigration is leading to a shortage of qualified and skilled workers within the country.

The majority of jurisdictions (83%) continue to agree that talent attraction and retention impact the success of an organisation. Effective talent attraction ensures that organisations bring in the high-skilled professionals who possess the expertise required to drive business growth. Retention, on the other hand, maintains organisational stability by preserving institutional knowledge, fostering employee engagement, and avoiding the disruptions and costs associated with high turnover rates. Together, these elements create a resilient workforce capable of meeting current and future business needs, amidst a dynamic and competitive global market.

For North America, talent attraction and retention has become more essential to organisational success in the past year, rising 15 percentage points since 2024. With North America being more impacted by a growing skills gap, as well as increased challenges in the labour market, it is becoming more important for companies in this region to focus their efforts on their workforce. On the other hand, talent attraction and retention has become less essential for success in South America, likely due to being less impacted by staff turnover rates (40%) compared to other regions. Other factors, such as trade corridors and supply chain risks, are also having a greater impact on the bottom line.

There is high demand for employees, making it essential for companies to diversify their strategies

There is a clear and growing recognition among businesses in your jurisdiction that long-term resilience requires diverse workforce strategies



Across the globe, jurisdictions are reporting an increasing skills gap in the market, a shortage of jobs, both coupled with increasing staff turnover, which is resulting in high demand for employees. With these challenges in attracting and retaining talent, the majority of jurisdictions report that a growing need to diversify workforce strategies.

"Companies are increasingly focusing on developing a resilient and adaptable workforce by investing in employee development, embracing flexible work arrangements and fostering a culture of continuous learning. These efforts help businesses navigate uncertainties and maintain a competitive edge in a rapidly changing environment." – TMF Hong Kong expert

Several countries are leading the way in increasing their diversification strategies. For example, in South Africa, initiatives like Broad-Based Black Economic Empowerment (BBBEE) aim to create opportunities for historically disadvantaged individuals, ensuring that the workforce reflects the country's diversity at all levels. Similarly, companies in India are focusing on inclusivity, flexibility, and continuous learning to build a more adaptable and innovative workforce, crucial for sustaining growth in a competitive global market.

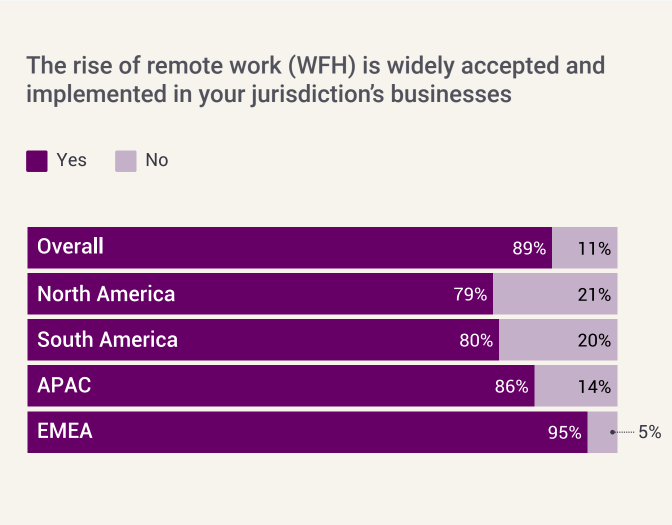
"By embracing flexibility, inclusivity, and continuous learning, organisations can build a more adaptable and innovative workforce. This diversification not only enhances employee satisfaction and engagement but also positions companies to thrive in an increasingly complex and competitive global market. As businesses continue to evolve, prioritising diverse workforce strategies will be essential for sustainable growth and success." – TMF India expert

One approach to diversification is by implementing greater workforce flexibility. This is particular of jurisdictions in South America, where they have noted that resource constraints and economic instability has limited their workforce strategies. Despite this, businesses are increasingly hiring remote talent and embracing flexible work arrangements to address workforce challenges.

"If you really want to attract talent in major cities like Bogotá or Medellín or Barranquilla, you need to have a hybrid or remote model, simple as that. If you tell people to come to the office, they will reject any offer, no matter what you're paying." – TMF Colombia expert

The rise of hybrid working and greater workplace flexibility

While there are a few outlier jurisdictions where remote work has not become part of the workplace landscape, most have continued with it to some degree since its peak during the Covid pandemic. Remote working is particularly prevalent in urban areas where sectors such as technology, finance, and professional services have successfully adapted to flexible work arrangements. This shift has been instrumental in enhancing employee satisfaction, productivity, and overall work-life balance.



Globally, this is a shared trend, with the majority of jurisdictions from each region noting high levels of acceptance and implementation of remote working. EMEA leads the way, with 95% of jurisdictions reporting wide implementation, whereas North America has the lowest levels, and it is notable that US employers are increasingly calling their employees back into the office.

"Companies probably lost some employees along the way because some workers became very comfortable working from home. A lot of people even moved away from the state in which they were living. So when they're getting called back to the office, there is some shifting of good talent." – TMF USA expert

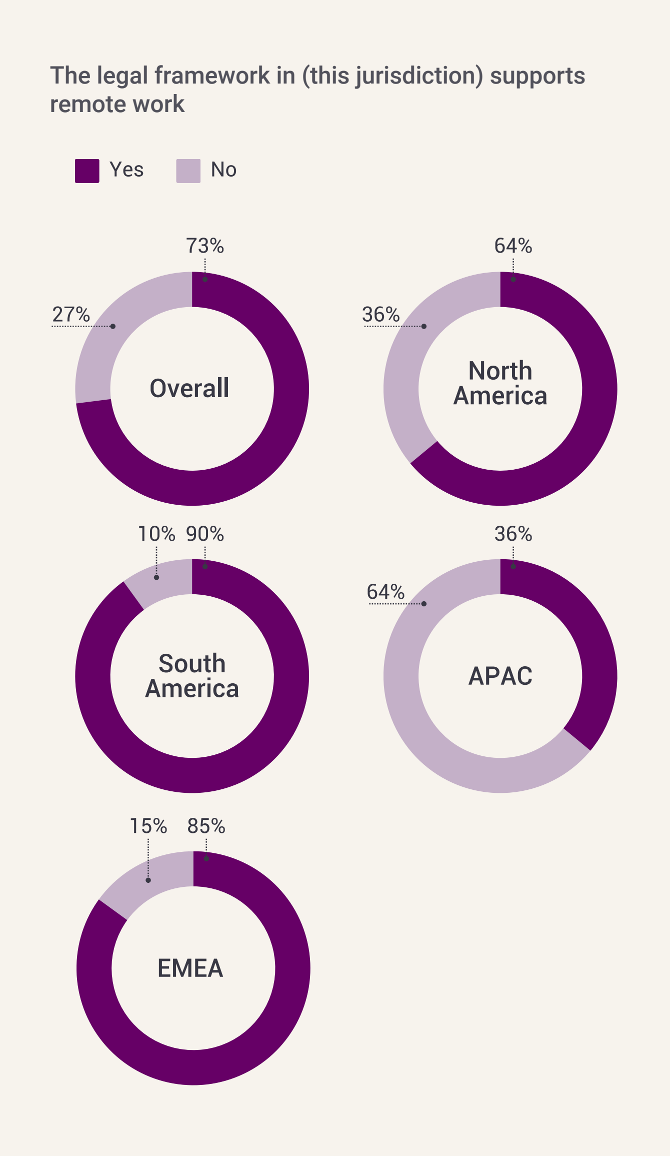
Hybrid, as opposed to 100% working from home, is more typical. The acceptance and implementation of fully remote work varies by region and industry. For example, in Honduras, while a percentage of companies have adopted remote work, the majority still require some in-person attendance. Although remote work has led to increased productivity for many workers due to reduced commuting times and greater flexibility, challenges like communication barriers can impact both employees and employers. Choice and flexibility for employees remains a key appeal of the model.

"Remote work has become a standard practice, especially in urban areas. However, connectivity issues in rural regions remain a barrier to widespread adoption." – TMF Colombia expert

Remote and hybrid working is an employee-driven trend, ranking as important as wage levels for many. The perception for some jurisdictions is that companies would prefer more in-office time than employees' desire. Companies raise concerns over productivity, communication barriers and reduced staff engagement. Consequently, some are rethinking their working model. For example, major Australian companies and public sector organisations are increasingly mandating a return to the office. However, to attract and retain employees, particularly given the costs of turnover and the need for skilled recruits, offering hybrid work remains a valuable strategy to attract and maintain employees.

"The majority of time companies prefer people in the office. But everything that can be done remotely, is being done remotely. And the trend is that the younger generations are asking for these flexible working conditions. Therefore, the trend is a hybrid model. I talked to lawyers, I talked to some of our clients and the usual answer is, 'Okay, I don't want five days a week for people in the office, but I think three is perfect'." – TMF Mexico expert

Governments are implementing legislation that supports remote work



Many governments are advocating for remote and hybrid working models to address broader societal issues. Some are pushing for companies to have a portion of their workforce working from home to reduce road congestion and improve overall work-life balance. A large proportion of governments (73%) are also formulating or strengthening legal frameworks that address the needs of companies and employees related to remote and hybrid working.

"In terms of work from home or flexibility to work from home, has continued to be the case in 2024. The Singapore government has tried to facilitate this as well by encouraging employers to put in place a framework around flexible working arrangements." – TMF Singapore expert

In France, remote work has been regulated since 2017, ensuring proper working conditions for remote employees, including health and safety measures, provision of office equipment, and reimbursement for expenses incurred while working from home. Similar comprehensive frameworks exist or are being established elsewhere, where labour laws provide clear guidelines, making remote work legally compliant and viable for businesses.

"Italy has clear remote working rules, formalised through the "Smart Working Law" of 2020. The law outlines provisions for voluntary agreements, employee rights (such as work-life balance and privacy), and employer obligations (including compensation for expenses)." – TMF Italy expert

In contrast, some regions lack specific legislation governing remote work leaving companies to navigate this independently. For example, APAC jurisdictions fall behind in terms of legislation that supports remote work, with just 36% of jurisdictions having these frameworks in place. This absence of regulation can create uncertainty for both employers and employees regarding work hours, safety standards, and other key aspects of remote work.

"While the legal framework in India provides some support for remote work through existing labour laws and guidelines, there is still a lack of comprehensive regulations specifically tailored to work-from-home arrangements. As remote work continues to gain traction, it is likely that the legal framework will evolve to better address the unique challenges and considerations associated with remote employment." – TMF India expert

Nonetheless, with or without government regulations, it is clear that for most jurisdictions, the hybrid model (at the very least) is here to stay.

Global Business Complexity Index: Rankings 2025

Ten **most complex** jurisdictions

2025			2024	2023	2022
1	—	Greece	1	2	6
2	—	France	2	1	2
3	↑	Mexico	4	4	4
4	↑	Turkey	6	6	7
5	↓	Colombia	3	5	5
6	↑	Brazil	7	3	1
7	↑	Italy	8	8	8
8	↓	Bolivia	5	9	9
9	↑	Kazakhstan	10	23	24
10	↑	China's Mainland	11	15	14
11	↑	Argentina	12	10	12
12	↑	Paraguay	13	19	19
13	↓	Peru	9	7	3
14	↑	Indonesia	16	11	11
15	↑	Poland	18	12	10
16	↓	Belgium	14	13	17

2025			2024	2023	2022
17	↓	Spain	15	41	39
18	↑	India	33	33	25
19	↓	Croatia	17	20	34
20	↑	Chile	21	14	15
21	↑	Portugal	25	38	37
22	—	Venezuela, Bolivarian Republic of	22	22	21
23	↓	South Korea	19	16	16
24	↓	Romania	20	24	33
25	↑	Malaysia	29	21	22
26	↑	Philippines	34	31	30
27	↓	Uruguay	26	35	27
28	↑	Russia	35	36	32
29	↓	Ukraine	24	17	31
30	—	Ecuador	30	40	
31	↓	Slovakia	27	29	29
32	↓	Hungary	23	28	38

2025			2024	2023	2022
33	↓	Slovenia	31	32	26
34	↑	Germany	36	25	20
35	↑	Serbia	41	42	41
36	↓	Austria	32	34	23
37	↓	Egypt	28	30	
38	↓	Saudi Arabia	37	New	New
39	↑	United Arab Emirates	40	53	61
40	↑	Bulgaria	43	55	50
41	↑	Sweden	42	39	13
42	↓	Panama	39	27	35
43	↓	Japan	38	43	51
44	↑	Qatar	48	58	55
45	↓	Guatemala	44	37	36
46	↑	El Salvador	50	44	44
47	↑	Australia	58	60	65
48	↓	Singapore	47	59	58
49	↓	Canada	45	48	52
50	↑	Nicaragua	53	26	18
51	↑	Taiwan ROC	52	54	43
52	↑	Switzerland	56	62	60
53	↓	Dominican Republic	46	18	28
54	↓	Vietnam	49	46	42
55	–	Finland	55	50	46
56	↓	Thailand	54	52	49

2025			2024	2023	2022
57	↑	Israel	59	63	64
58	↓	Costa Rica	51	45	45
59	↑	Luxembourg	64	66	57
60	↓	South Africa	57	51	48
61	↑	Ireland	67	57	54
62	↓	Mauritius	61	64	62
63	↓	Cyprus	62	56	53
64	↓	United States of America	63	68	71
65	↑	Norway	66	67	69
66	↓	Honduras	60	47	47
67	↓	Guernsey	65	61	66
68	↑	United Kingdom	73	72	68
69	↓	Malta	68	69	67
70	↓	Czech Republic	69	65	63
71	↑	Curacao	78	76	76
72	↓	British Virgin Islands	71	73	73
73	↓	Jamaica	70	49	59
74	–	The Netherlands	74	75	56
75	↓	Jersey	72	70	72
76	–	Hong Kong, SAR	76	74	74
77	↓	New Zealand	75	71	70
78	↓	Denmark	77	77	75
79	–	The Cayman Islands	79	78	77

Ten least complex jurisdictions

This year's 10 **most complex** jurisdictions

Jurisdiction		2025 ranking
Greece (0)	—	1
France (0)	—	2
Mexico (-1)	↑	3
Turkey (-2)	↑	4
Colombia (+2)	↓	5
Brazil (-1)	↑	6
Italy (-1)	↑	7
Bolivia (+3)	↓	8
Kazakhstan (-1)	↑	9
China's Mainland (-1)	↑	10

– 1. Greece

Greece retains its place to as our most complex jurisdiction, having moved into the top spot in 2024, up from 2nd in 2023. The country remains challenging for multinational businesses due to ongoing legislative changes, particularly in accounting and tax (A&T), and human resources and payroll (HRP). These changes require significant financial investment in technology and compliance. The MyData electronic books system, introduced in 2024, exemplifies this demand, with compliance costs ranging from €100,000 to €1.2 million, heavily burdening smaller entities.

The rollout of digital payroll cards is further complicating the HRP landscape, affecting sectors like tourism and heavy industry. This shift towards electronic bureaucracy, while intended to streamline operations, has added complexity in the short-term.

For companies, these complexities mean higher costs and resource allocation towards compliance. Smaller entities may struggle to compete, discouraging new investments or expansions. In the long-term, while there is optimism for smoother operations, the current environment may deter potential investors due to high upfront compliance costs.

Regarding resilient pathways and trade corridors, maritime routes are predominant, with recent investments in major ports signalling improvements. Enhancements in road and rail networks, however, are slow. When it comes to supply chain risk, companies prefer diversification due to high labour and operational costs. While labour market trends show high turnover rates, increasing wages, and a shift towards work-life balance, although currently skewed towards personal life over work.

"What we are experiencing is the transition from traditional bureaucracy to electronic bureaucracy. This involves there being multiple online platforms for various submissions, each requiring different credentials. Instead of visiting each department in person, we now navigate electronic systems. Although this new process will improve over time, it is currently in its early stages. As such, we should approach it with understanding and patience." – TMF Greece expert

– 2. France

France retains the 2nd position for the second year in a row, due mainly to its intricate administrative and regulatory environment. This complexity is driven by multifaceted payroll regulations governed by over 700 Certified Public Accountants (CPAs), strong labour laws, and mandatory French accounting practices (Generally Accepted Accounting Principles). Foreign companies face significant challenges adapting to these local requirements, compounded by the necessity of using the French language in all administrative processes.

One of the most common issues for international clients is the difficulty in opening bank accounts, which often takes months to resolve. However, other processes, such as company formation, have become more streamlined with the country's push towards digitalisation.

Looking ahead, mandatory electronic invoicing, set to come into force in 2026, is expected to add complexity, particularly for SMEs and multinational companies that use global ERPs. Despite these challenges, France's robust trade corridors and infrastructure investment are seen as positive developments. The government's focus on enhancing logistics capacities and ensuring energy independence promises to further solidify France's role as a key European hub for investment.

Labour market trends include stable turnover rates and increased productivity, due to remote working, which has been positively embraced both legally and practically. France continues to offer significant advantages, such as research and development tax credits, a high-quality workforce, and political stability, making it an attractive albeit complex market.

"Many aspects are improving with increased digitalisation. However, the future implementation of electronic billing will inevitably introduce new challenges. This presents a significant advantage for tax authorities, as it helps prevent tax evasion. Nonetheless, businesses will face increased complexity due to the requirement to utilise platforms specifically approved by the French tax administration. Although the quality of financial data will be enhanced, the reform itself will add to the complexity of business operations." – TMF France expert

↑ 3. Mexico

Mexico ranks 3rd in this year's GBCI, up from 4th place in 2024, remaining an inherently complex jurisdiction due to its stringent rules and regulations. Recent legislative changes and government initiatives have aimed at improving working conditions, such as legislation ensuring factory workers have proper seating facilities. These changes reflect a focus on enhancing employee welfare, despite maintaining rigorous compliance requirements.

The shift towards remote working, influenced by post-Covid adjustments, sees employees valuing flexibility and work-life balance. The law mandating remote work contracts for employees working from home over 50% of the time has also advanced. This transition to hybrid models is gaining traction, though employers prefer a balance, with some in-office days to optimise office space and foster collaboration.

Despite recent changes in US trade policies under the Trump administration, nearshoring remains a key strategy, with Mexico positioning itself as a gateway to the USA and Latin America. Extensive trade agreements offer significant advantages for foreign investors. However, the long-term implications of these trade policy changes, and potential retaliatory actions remain unclear.

The recent judicial system overhaul, aimed at creating a transparent and accountable structure, has had mixed reactions. While it adds complexity, it is viewed as necessary for ensuring long-term stability and investment security.

"Mexico is more than just a nearshoring destination, it's a strategic gateway to the United States and Latin America, providing a productive and efficient route to these markets. While Mexico is well-positioned, there are areas and specialties that require further development and training. Therefore, it's important that Mexico welcomes foreign investment that can help train and develop the skills of the Mexican workforce." – TMF Mexico expert

↑ 4. Turkey

Turkey rises to 4th in this year's GBCI, up two places from 2024. Its complexity is driven by intricate accounting and tax regulations, as well as strict language requirements. Immediate regulatory changes create significant challenges for multinational clients, who struggle with swift adaptation. For instance, the introduction and subsequent rollback of inflation accounting principles significantly impacted businesses.

The persistent use of Turkish language in administrative processes, coupled with frequent regulatory updates, adds to this complexity. Economic instability too, poses ongoing challenges.

Trade corridors primarily involve Middle Eastern countries, and while geopolitical factors play a role, the choice of trade routes is influenced by ease of regulations and timelines. The manufacturing sector benefits from tax incentives aimed at attracting foreign investment.

The Turkish labour market faces a skills gap due to 'brain drain', with skilled workers seeking opportunities outside the country, pushing companies to conduct multiple pay reviews to retain talent amidst high inflation. Companies are also increasingly adopting technology to improve service delivery, especially in the A&T sector.

"At the end of 2023, the government announced that inflation accounting would be applicable, but they didn't announce the application principles until March 2024. After that, the initial principles were announced, and quarterly applications were expected. However, they couldn't finalise these principles, leading to a cancellation of the quarterly applications. This created significant confusion and complexity for businesses." – TMF Turkey expert

↓ 5. Colombia

Colombia moves from 3rd to 5th in this year's ranking. The business environment remains complex due to political instability and entrenched bureaucracy. The shift from a right-wing to a left-wing government has created policy uncertainty, likely to persist until the 2026 elections. Despite political turbulence, robust institutions like Congress and the judicial system provide some stability.

Bureaucracy and red tape complicate business operations, with many procedures still requiring wet ink signatures. The past year has also seen multiple legislative changes, such as tax, labour, and pension reforms.

Key trade corridors remain unchanged, with significant activity between Colombia and the United States, Europe, and neighbours like Ecuador and Venezuela. Increasing relations with the Mainland of China are counterbalanced by US interests. Technology adoption in the supply chain has accelerated, particularly in the financial services and labour sectors, driven by local startups and supportive government policies like the 'Economía Naranja' (orange economy), an initiative supporting a range of technology and creative industries.

Remote and hybrid working trends continue too, with the government bringing through supportive regulations. Flexibility in work models remains crucial in large cities.

"Colombia is currently facing multiple significant economic and political challenges simultaneously. Consequently, it is difficult to avoid implementing various reforms. Changes are needed in areas such as gas, electricity, security, and public finance, given the ongoing political and economic developments. It is anticipated that these transformations will continue, at least until 2027." – TMF Colombia expert

↑ 6. Brazil

Brazil has moved from 7th to 6th in this year's GBCI ranking. Similar to 2024, A&T complexities remain the primary drivers of operational challenges. The integration of tax systems with accounting standards like IFRS or US GAAP adds significant complexity, especially with ongoing tax reform discussions in Brazil.

Brazil is seeing increased technology adoption, significantly enhancing transaction monitoring and compliance through electronic reporting systems. This shift has facilitated real-time oversight but introduced additional layers of complexity and risk management for businesses. The Brazilian government is also undertaking significant infrastructure projects, investing R$2 trillion to improve trade corridors, focusing on highways, railways, ports, and airports.

On the whole, companies are focusing meticulously on logistical risks and environmental compliance, with a growing reliance on technology to monitor supply chains. The labour market has shown resilience with the adoption of hybrid work models, particularly in service-driven regions like São Paulo. As such, despite political and economic instability, Brazilian businesses are increasingly prepared to navigate challenges through strategic partnerships and technological integrations.

"Brazil has increasingly integrated technology to enhance surveillance of financial transactions, aiming to prevent money laundering and other illicit activities. While these advancements facilitate smoother operations, they also introduce increased risk and compliance challenges due to transaction reconciliations being processed in real-time. Although now heavily improved by technology, doing business in Brazil remains complex in terms of general governance, particularly over the transactions that ensure taxes are recorded and paid accordingly." – TMF Brazil expert

↑ 7. Italy

Ranking 7th in GBCI 2025, Italy has seen notable developments in its business environment over the past year. HRP services remain the primary driver of complexity due to Italy's protective labour laws and comprehensive welfare system. Frequent changes in social security contributions and new regulations further increase the administrative burden.

In the legal and tax sectors, adjustments in tax rates have aimed to reduce the burden on lower earners, while increasing it for higher-income individuals. New rules now require expense reimbursements to be processed using credit cards rather than cash, adding another layer of compliance for businesses.

Italy's strategic position in the European logistics network remains strong, supported by its harbours and ongoing infrastructure investment. There has been a pivot from the Silk Road Agreement with China's Mainland to the India Middle East and Europe Economic Corridor (IMEC), due to the Silk Road's limited value and associated risks. This development in trade corridors highlights a strategic shift in trade relationships without significantly changing existing trade corridors.

While Covid did push Italy towards more flexible work arrangements, a more traditional work culture still holds sway. The country faces demographic challenges too, with a low birth rate impacting the available workforce. However, remote working has been positively received by employees, especially among those with caregiving responsibilities.

"In Italy, organisations often underestimate the expenses associated with employees. Many mistakenly assume that terminating employment contracts is straightforward. In reality, it involves additional costs and complexities. Italian labour laws require specific reasons for contract termination, and even though the process has become somewhat simpler compared to previous years, it remains challenging. Employees frequently seek legal counsel and request additional compensation upon termination." – TMF Italy expert

↓ 8. Bolivia

Bolivia shifts from 5th to 8th place in this year's rankings. However, the country continues to face significant challenges in A&T and HRP, primarily driven by a reliance on physical compliance documentation. This requirement is hampering digital transformation efforts.

Macroeconomic instability, currency exchange restrictions, and political tension also remain serious hurdles to foreign investment, which present barriers to market entry and economic growth.

The labour market in Bolivia remains stable, though the economy is flat due to continuous political infighting and inflationary pressures. Opportunities for growth are present in infrastructure projects, including roads, bridges, and hospitals, which promise to stimulate job creation and economic activity. However, these projects are not yet at the scale necessary for significant economic growth.

The potential of Bolivia's natural resources, such as lithium and gas, remains underutilised due to current regulatory and economic conditions. However, there is potential for a significant change in government in the 2026 elections, which could potentially make Bolivia more appealing to investors in said sectors.

"Both GEM and HRP are complex in Bolivia due to challenges in digitalising information. The authorities insist on physical documentation for filing and presenting workers' nominations, which has long been the traditional norm. Additionally, Bolivia faces significant obstacles in attracting foreign investment primarily due to macroeconomic issues. The foreign exchange market is particularly problematic, with stringent regulations on converting dollars to Bolivianos and vice versa. These currency exchange restrictions pose a serious challenge for companies operating in Bolivia."
– TMF Bolivia expert

↑ 9. Kazakhstan

Kazakhstan moves from 10th place to 9th in this year's ranking. The country continues to exhibit high complexity across the GEM, A&T, and HRP sectors. This is due to outdated, paper-heavy processes that require significant local presence, such as a director on-site. GEM and A&T are particularly challenging because of stringent scrutiny and unique local legislation that differs from Euro-American standards.

Over the past year, new data privacy legislation has been introduced, requiring initial data processing to occur within Kazakhstan. This has forced companies to overhaul their data workflows and technology setups, adding to their operational burden.

There is also a persistent reliance on paper documentation, frequently checked by authorities. Additionally, potential upcoming requirements for documents to be in the Kazakh language could further increase administrative burdens.

Despite these complexities, the labour market shows promising trends. This includes an increasing number of foreign companies setting up operations in the region due to geopolitical shifts. This has led to more job opportunities and investment in local infrastructure. However, the market remains challenging, with low unemployment and high turnover rates creating difficulties in staff retention. This is compounded by high accommodation inflation, driven by external investments and the significant 'brain drain' as talent migrates abroad.

"From the beginning of this year, the legislation regarding data privacy and the storage of personal and confidential data has changed. Now, the initial processor needs to be in Kazakhstan. This means new technology, a new process, and also making sure that you have staff in Kazakhstan who can implement and manage it." – TMF Kazakhstan expert

↑ 10. China's Mainland

The Mainland of China moves into the top 10 for 2025, up from 11th place in 2024. Complexity in the jurisdiction is a result of frequent regulation changes, alongside regional disparities.

The Chinese laws, especially in A&T and HRP, are updated frequently to adapt to economic and social changes. This requires companies to constantly align their compliance efforts with new requirements. Additionally, regional regulations vary across the numerous provinces, adding another layer of complexity.

In the past year, new laws such as data security and beneficial ownership have been introduced, impacting cross-border data transfers and transparency. The implementation of new policies also often occurs swiftly, without extended consultation periods, adding to the unpredictable landscape. Despite these challenges, the Mainland of China continues to offer incentives to attract investment, particularly in designated free trade zones. The government has also promoted infrastructure development through the Belt and Road initiative, to enhance trade logistics.

The supply chain landscape is diversified due to geopolitical tensions, notably with the US, leading to the establishment of new trade routes through South-east Asia, Africa, and Mexico.

Meanwhile, labour costs are rising, particularly in high-demand sectors, with an increasing trend towards flexible and remote working arrangements, as accelerated by the Covid pandemic.

"Chinese laws and regulations are frequently updated, with policies adjusted in response to economic changes and social needs. Businesses must continuously adapt to new compliance requirements, including tax policies, environmental regulations, labour laws, among others. Additionally, regulations in the Mainland of China may differ across various locations due to the country's size and diversity. Different tier 1, tier 2, and tier 3 cities, as well as each province and city, may have distinct local policies. Therefore, businesses operating in here must ensure compliance with local regulations specific to each area." –TMF China expert

This year's 10 **least complex** jurisdictions

Jurisdiction		2025 ranking
Czech Republic (+1)	↓	70
Curacao (-7)	↑	71
British Virgin Islands (+1)	↓	72
Jamaica (+3)	↓	73
The Netherlands (0)	–	74
Jersey (+3)	↓	75
Hong Kong, SAR (0)	–	76
New Zealand (+2)	↓	77
Denmark (+1)	↓	78
The Cayman Islands (0)	–	79

↓ 70. Czech Republic

The Czech Republic moves from 69th to 70th in this year's GBCI. Over the last 12 months, the jurisdiction has seen efforts to simplify elements of the HRP sector, including adjustments to tax legislation and clearer guidelines on home office arrangements.

Despite these positive changes, and its overall low-complexity, challenges persist, particularly in complying with stringent anti-money laundering and counter-terrorism protocols imposed by banks. These occasionally require physical presence for account setups, adding to operational complexities.

Labour market trends highlight a competitive environment with low unemployment and high employee turnover. The demand for IT professionals remains significantly higher than supply, intensifying recruitment challenges. Additionally, demographic shifts and the influx of skilled workers from Ukraine and mid-Asia due to the Czech Republic's strategic location are also noteworthy. However, this is offset by the trend of Czech nationals relocating to other jurisdictions for opportunities.

"There are upcoming elections anticipated in approximately one year, with a potential change in government expected in 1.5 years. More populist parties are currently leading the polls as favourites, which suggests potential changes in the political landscape beyond this year. In addition to EU legislation, which uniformly affects member countries, the Czech Republic remains aligned with the broader EU direction. Therefore, the complexity of operating in the Czech Republic is very low." – TMF Czech Republic expert

↑ 71. Curacao

Curacao moves from 78th to 71st in this year's rankings. While the jurisdiction still boasts a generally stable business environment, recent developments have introduced specific complexities, particularly in HRP.

Curacao's HRP complexities come from strict regulations, comparable to those found in the Netherlands. This means more involved processes for activities such as hiring, firing, and managing sick leave. For instance, employee termination requires following strict legal steps and long notice periods. The last 12 months have seen a minimal direct impact on businesses from legislative clarifications, including those regarding substance requirements and the introduction of the Ultimate Global Owner (UGO) register, which aligns with international standards.

Recent regulatory changes like UGO and Anti-money laundering (AML) have enhanced transparency measures in Curacao, bringing the jurisdiction more in line with international standards. While initially requiring more detailed compliance from businesses, these updates ultimately make the jurisdiction more attractive to multinationals without adding further complexity, since these measures are standard in other jurisdictions in which they operate.

"We are seeing that Curaçao is becoming a less attractive jurisdiction. This shift is largely due to international developments, making it increasingly challenging for clients to establish tax-driven structures. As a result, creating extensive structures or developing substantial subsets in Curaçao is necessary. However, there is a noticeable decline in interest in choosing Curaçao for such purposes. This trend reflects a broader decline in the market, affecting not only Curaçao but the financial sector as a whole." – TMF Curacao expert

↓ 72. British Virgin Islands

The British Virgin Islands (BVI) ranks at 72 in GBCI 2025. BVI continues to benefit from regulatory alignment with international standards, providing a stable environment for multinational entities.

The main challenges for international businesses operating in the jurisdiction arise from the complexity of their business structures. While simple operations are straightforward, more intricate structures, especially those involving trusts, necessitate detailed scrutiny, prolonging the intake process and potentially causing client frustration due to delays. Effective expectation management is essential.

Recent legislative changes have also added complexity. From 1st January last year, all companies must submit annual returns via a registered agent, increasing due diligence but adding compliance burdens. Additionally, recent mandates include the private filing of registers of members and beneficial owners, required later in 2025.

Despite these adjustments, BVI remains preferred for its structured compliance system and quick turnaround times, facilitated by its online registry system.

"The most challenging aspect are the frequent legislative changes. Each time we believe we have achieved compliance, the regulations evolve. This constant shift is necessary because we compete with other jurisdictions globally, with an obligation to perform on par with international standards. To succeed in this competitive environment, alignment with standards set by organisations such as the OECD is essential. Therefore, the BVI continually adapts and modifies its legislation to meet these external requirements, resulting in regular updates almost every year."
– TMF British Virgin Islands expert

↓ 73. Jamaica

Jamaica has seen its ranking improve slightly this year, moving from 70 to 73 for 2025. The country remains one of the simpler jurisdictions globally for GEM, a key strength bolstered by a consistent regulatory framework and stable political environment. While A&T in the region has historically been considered relatively complex, 2024 has seen positive steps towards simplification. All registered companies are now capable of filing taxes online, significantly reducing complexity and enhancing compliance.

Jamaica is also strategically positioning itself as a logistics hub, connecting the Panama Canal, the Caribbean, and South America. This move aims to leverage the country's geographic advantages to boost economic growth. However, there are challenges in managing supply chain risks through diversification and stockpiling essential materials. The country faces ongoing issues with the migration of skilled workers, particularly in the construction industry, prompting the recruitment of foreign labour to fill gaps.

Jamaica has also been progressive in adopting remote work policies. Legislative measures supporting flexible working hours and remote work have been instrumental in maintaining productivity and reducing workplace complexity. The overall business environment has seen improvements through digitalisation and strategic economic positioning, though challenges in the labour market and supply chain management require ongoing attention.

"Jamaica's objective is to establish ourselves as a central hub, connecting the Panama Canal, the Caribbean, and South America. Recently, there have been significant developments at Kingston Harbour, which is recognised as the seventh-largest natural harbour globally. The ongoing dredging and deepening efforts are aimed at accommodating larger vessels, enhancing their ability to dock at our ports, and facilitating smoother transitions to subsequent destinations."
– TMF Jamaica expert

– 74. The Netherlands

The Netherlands remains one of the least complex jurisdictions for business operations, maintaining its position in the bottom 10 and matching the same ranking from 2024. This stability is primarily due to its client-friendly approach to laws, regulations, and processes, despite some growing difficulties in specific service lines.

GEM services have become more challenging, due mainly to increased regulatory requirements related to anti-money laundering and counter-terrorism financing measures, complicating directorship and domiciliation services. However, A&T services remain relatively straightforward, benefitting from the standardised IFRS framework.

In the HRP sector, unique local tax regulations contribute to its complexity, making it the country's most challenging service line. Despite this, the country's new government, though still in the early stages of tenure, appears more business-minded with intentions to attract international businesses - an alignment with the nation's tradition of bilateral investment treaties (BITs) that protect international investments.

Labour market trends show a more stable employer's market, with flexible hybrid working models becoming the norm post-Covid. This flexibility in employment and the attractive legal framework continue to draw multinational investments, particularly in the Dutch holding companies, supported by the country's mature and extensive infrastructure.

"Stability and certainty are important to many companies, which is something that the Netherlands can offer. The country is an attractive option for foreign investment and increasingly, UK and US private equity investment firms want to acquire an asset in the Netherlands." – TMF Netherlands expert

↓ 75. Jersey

Jersey places 75th in this year's rankings, shifting from 72nd in 2024. However, challenges are ongoing, largely due to the EU and non-EU regulatory landscape and shifts in international financial regulations. The recent visit from MONEYVAL, the Committee of Experts on the Evaluation of ANTI-Money Laundering Measure and the Financing of Terrorism, has meant increased scrutiny and regulatory actions which, while intended to strengthen the jurisdiction, have added further complexity for businesses. Efforts by the Jersey Financial Services Commission (JFSC) and Jersey Finance Association to improve collaborative efforts with the industry are commendable, yet the path forward remains convoluted. Increased regulatory scrutiny has particular impact on local business operations and poses questions about the rationale for using Jersey as a base.

Opportunities exist, particularly in the Mainland of China, while the historic US corridor faces potential changes due to shifts in US trade policies. European relations remain vital but are complicated by evolving regulations. The high cost of living, housing crisis, and attrition rates (of around 20%) continue to pressure local businesses. Larger firms benefit from broader resource pools and regional delivery centres, which are facilities or locations used by firms to deliver and manage services, helping to mitigate some of the pressures faced by local businesses. Remote work has also alleviated some pressures by broadening the resource pool, albeit constraints remain due to aforementioned pressures. As such, Jersey continues to wrestle with maintaining its attractiveness amid regulatory and macroeconomic challenges, striving to balance compliance and operational viability.

"Scrutiny on local businesses regarding their operational structures and use of the jurisdiction is intensifying, with regulators questioning clients with no direct ties to Jersey using this location. Global perceptions of International Financial Centres like Jersey being tax havens and changes due to BEPS taxation are driving these concerns. Additionally, Labour's intent to align capital gains tax with income tax rates in the UK also adds complexity." – TMF Jersey expert

– 76. Hong Kong, SAR

Hong Kong, SAR retains 76th position in the GBCI for 2025. The region offers a stable and favourable business environment, characterised by a straightforward and low tax regime that appeals to international businesses. The simplicity in the country's tax system remains a strong point, making it one of the least complex jurisdictions for A&T. The regime is stable with minimal changes, meaning predictability for businesses. Noteworthy is the new regulation allowing offshore companies to re-domicile in Hong Kong, SAR, which, despite adding a level of complexity, still benefits from the low tax rates.

The labour market in Hong Kong, SAR is dynamic, with low unemployment rates and a sufficient talent pool. However, there is an observable trend of local talent emigrating, balanced by an influx of professionals from China's Mainland. There is also increased demand for technological skillsets, including AI and digital transformation expertise. Hong Kong, SAR offers flexibility in working conditions, but unlike the Mainland of China, the need for extensive remote working is less pronounced due to shorter commutes and less spacious living conditions. Many employees prefer working from the office for greater efficiency.

The geopolitical landscape, particularly the trade tensions between the US and the Mainland of China, affects Hong Kong, SAR's position as an intermediary in global trade. The complexity of trade routes and interest rate also has an impact due to the currency link to the US dollar.

"When comparing payroll operations across various jurisdictions, such as Japan, China's Mainland, and Australia, Hong Kong SAR stands out for its ease and simplicity, particularly for employers. The business environment here is conducive for new ventures, as establishing a corporate entity is straightforward, and local employment laws are easy to navigate. Additionally, the lack of social security contributions further simplifies payroll, with only a minimal Mandatory Provident Fund (MPF) contribution required from employers. These factors collectively contribute to Hong Kong's appeal as a simple location for businesses." – TMF Hong Kong expert

↓ 77. New Zealand

New Zealand places 77th in GBCI 2025, maintaining its reputation as a straightforward place for business operations. This is largely due to the government's proactive approach in welcoming foreign investments and streamlined administrative processes. While the ease of company registration and payroll setup remains unchanged from last year, the high cost of living continues to be a significant barrier, affecting operational costs and expansion efforts.

The focus remains on supporting SMEs, as they continue to dominate the market. Multinational companies (MNCs) see minimal policy changes, reflecting a focus on domestic rather than international interests. While New Zealand has sophisticated and efficient third-party logistics (3PL) solutions available for supply chain management, it still lags behind other jurisdictions in overall technological advancements. Trade reliance, especially in dairy and forestry, underscores the need for stable agreements to mitigate supply chain risks.

Meanwhile, the labour market has shifted, making it harder for job seekers to find employment, contrasting with last year's challenges in talent attraction amidst high wage demands. Flexible working remains common, but there is a move towards increasing on-site work to boost productivity. Upcoming legislation to attract wealthy investors may slightly impact the business landscape, but significant reforms are not expected.

"Upcoming legislation will ease investment visa requirements, enabling individuals to invest $10-$15 million in managed funds or businesses. By maintaining these investments for four years, investors can secure a visa to live in New Zealand. This legislative change is part of the government's strategy to attract wealthy individuals to migrate to New Zealand." – TMF New Zealand expert

↓ 78. Denmark

Denmark, ranks at 78th in GBCI 2025, down from 77th in 2024, and remains committed to a streamlined business environment characterised by stable laws, regulations, and economic conditions. A focus on digitisation continues to facilitate business setup and reporting, reducing both time and complexity. Moreover, significant investments in AI and technology further support the ease of doing business.

Challenges persist in opening bank accounts due to stringent regulations and Know Your Customer (KYC) requirements, though improvements have been noted in this process over recent years. Denmark continues to deregulate locally to off-set the added complexity from EU regulations, enhancing its appeal for foreign investments.

The labour market in Denmark is experiencing shifts post-Covid, with a slight increase in ease of finding staff. Remote working remains prevalent, though companies are recalibrating towards more balanced home-office hybrid models.

Compared to 2024, the primary focus remains on maintaining a seamless digital environment and stable conditions for business operations. The political and social landscape has remained steady, with efforts directed at legislative simplification. Looking forward, Denmark's proactive approach towards innovation and efficiency in operations positions it favourably in the global market.

"Denmark is known for its political and economic stability, making it an attractive location for business operations. The country is also recognised as one of the leading nations in digitalisation, with significant efforts underway to streamline business processes and attract foreign investment. Furthermore, both government and private sectors are actively investing substantially in artificial intelligence and technology initiatives, further enhancing Denmark's position in the technology sector." – TMF Denmark expert

– 79. The Cayman Islands

The Cayman Islands continues to rank as our least complex jurisdiction, securing the bottom position in the GBCI for another year. This stable ranking is attributed to the maturity of its financial systems, stable political environment, and high levels of digitalisation.

The jurisdiction's focus on financial services and tourism has streamlined operations, particularly through a tax-neutral status and well-developed digital infrastructure, enabling efficient remote operations. However, challenges remain, particularly in compliance understanding and the skills gap in regulatory and compliance expertise.

There have been minor regulatory updates, such as changes in beneficial ownership regulations, but these did not significantly affect operational complexity. Meanwhile, international trade remains primarily influenced by the US, and labour market challenges persist due to a tight, experienced workforce and difficulties in retaining both local and expatriate talent.

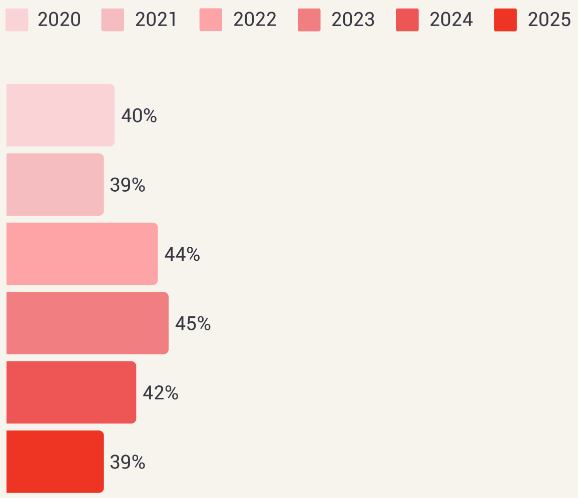
"The Cayman Islands has a highly developed financial system and a mature environment, both politically and economically. In the finance sector, our islands are perhaps the most familiar to the United States from a Caribbean perspective. This distinction arises from the Cayman Islands' strategic focus over the years on key industries, particularly finance and tourism." – TMF Cayman Islands expert

Accounting and tax

Two in five jurisdictions anticipate increased complexity in A&T

Despite a slight decline in the number of jurisdictions predicting increased complexity in A&T operations when compared to 2022-2024, change is still reported to be on the horizon. As the world evolves, technology improves and becomes better embedded into business operations, including accounting and tax processes.

Jurisdictions agreeing that over the next five years, A&T will become more complex



But whilst intended to make administrative tasks simpler, digitalisation is also causing greater complexity when it comes to the pace of data submission, implementation, and local nuances to digital portals and software. This implies that while some jurisdictions have made strides in simplifying processes, others are introducing new requirements that necessitate greater technological adaptation and specialised local knowledge.

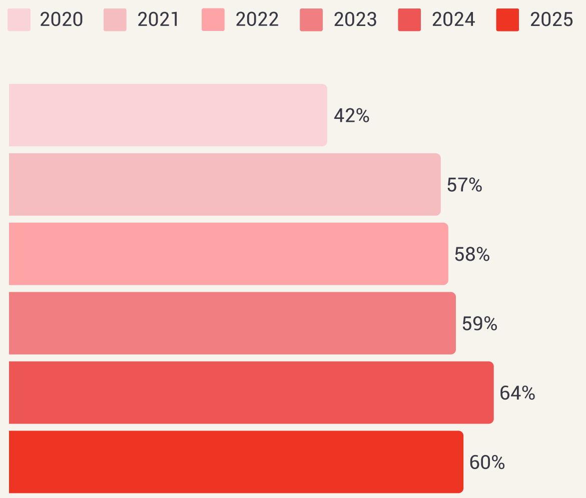
"One challenge in A&T is digitalisation. We do see that governments are asking for more data and that means organisations would need to have better visibility, but also need to be able to report in a more granular way. It's not easy for all companies to be able to have a system like this and to be able to adapt to these changes." – TMF A&T expert

Digitalisation is not the only trend causing complications. Local complexities are highlighting that a 'one size fits all' model does not quite work for A&T. The standard Business Process Outsourcing (BPO) models are no longer sufficient for diverse business needs, as organisations look for more bespoke and customised services. For some smaller organisations, the BPO model does not fit their structure, does not provide the quality they expect in A&T service, nor do they have the ability to tailor the model.

Multinationals are facing regulatory complexities as a result of regional disparities

The regulatory landscape for multinationals is diverse and varied across different regions, presenting unique challenges. Latin America, in particular, leads in imposing stringent requirements.

Local GAAP - Application of accounting standards



All companies must adhere to this standard

In Brazil, for instance, overlapping federal, state, and municipal taxes create a difficult environment for foreign businesses. Jurisdictions such as Colombia also face frequent changes in tax legislations, which can create uncertainty and increase compliance burdens.

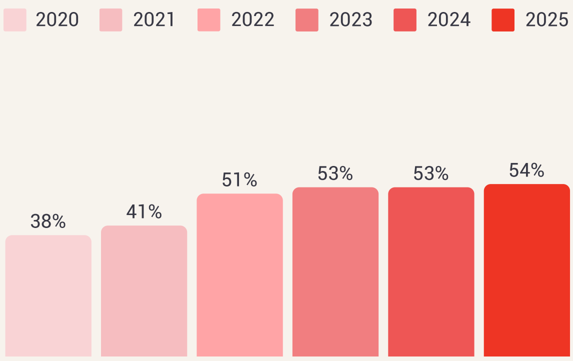
"A key factor in the complexity of accounting and tax is related to the lack of transparency and predictability in local regulations. Abrupt changes in policy and a lack of clarity on these policies, such as the money laundering law, requires an appointment of a compliance officer for all entities that operate in El Salvador." – TMF El Salvador expert

Even jurisdictions that offer relatively simple tax regimes, such as the Cayman Islands, still require careful adherence to local laws and practices. Additionally, most jurisdictions adopt local GAAP standards in accounting (60%) rather than adhering to global standards. Businesses must therefore balance these regional disparities by adopting localised strategies, leveraging on-the-ground expertise to ensure compliance. There are indications that there has been a slight step towards globalisation in A&T, with fewer jurisdictions reporting local GAAP standards compared to 2024. However, this is still much higher than the lower levels seen in 2020.

"The accounting rule - which is HU GAAP General Ledger - requires every transaction to be supported with documentation or background analytics. These rules are getting stricter and stricter every year. This makes local compliance difficult and challenging for companies with centralised and SSC accounting structures." – TMF Hungary expert

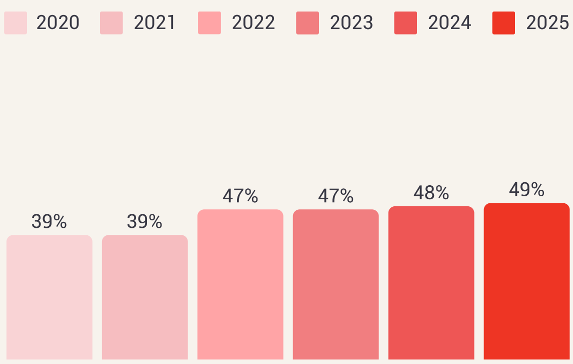
The growing demand for digitalised tax reporting is both increasing complexity and enhancing efficiency

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



The push for digitalised tax reporting is a significant trend impacting jurisdictions all over the world. Governments are demanding greater visibility and real-time data, which requires businesses to overhaul their reporting systems. In over half of jurisdictions (54%), tax invoices are now required to be in electronic format for at least some companies, a 16-percentage point increase since 2020. Additionally, tax invoices increasingly need to be updated to a government platform (49%), a 10-percentage point increase since 2020. This transition, while initially difficult to implement, aims to streamline operations and enhance efficiency.

Compulsory for tax invoices to be uploaded onto a government platform

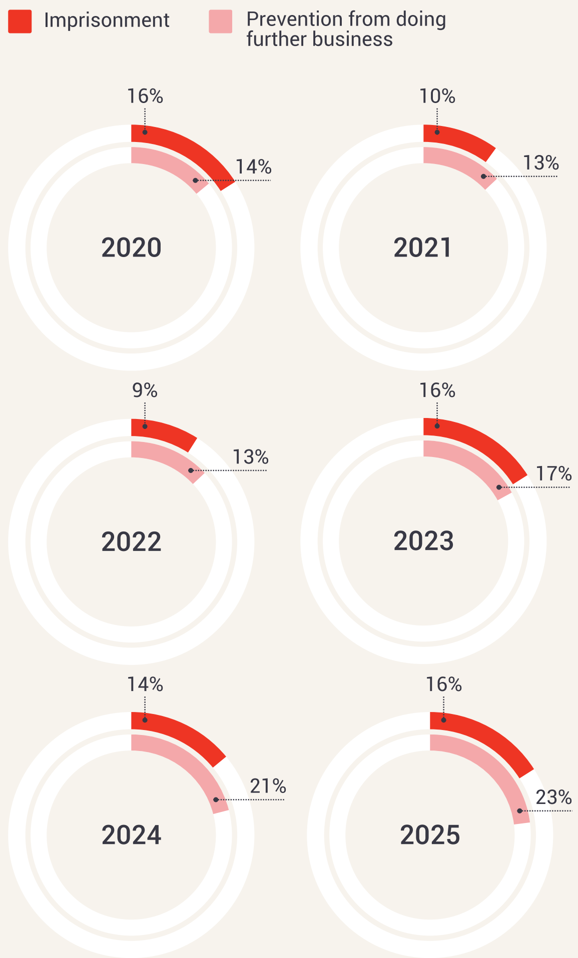


For example, in the Mainland of China, the government's integration of modern information technologies - like big data and cloud computing - into its tax collection system increases compliance demands but, in the long run, will improve accuracy and reduce errors. Similarly, Finland's highly digitised tax system, characterised by transparent and efficient online processes, significantly eases the administrative burden on businesses.

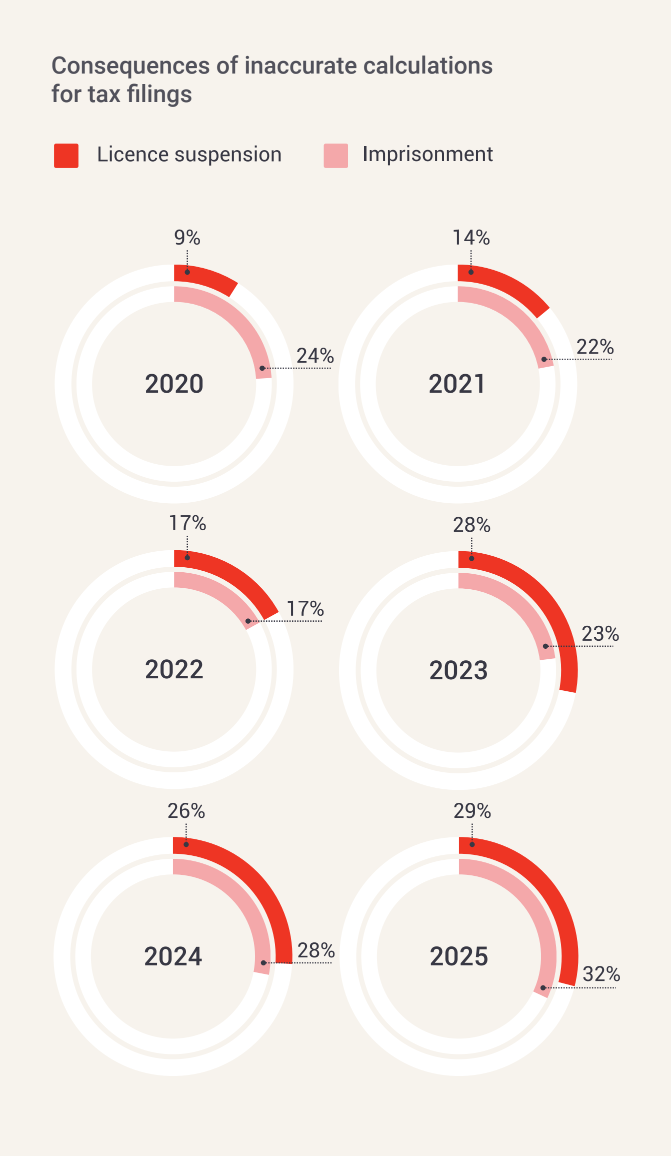
Increases in digitalisation and efficiency tools are leaving less room for error

Advancements in digital tools and automation are gradually eradicating the margin for error in accounting practices. As technology develops, A&T systems and administrations have increased sophistication in digital solutions that demand detailed, accurate reporting. These tools not only ensure compliance but also enhance the precision of financial data.

Consequences of missed deadlines for tax filings

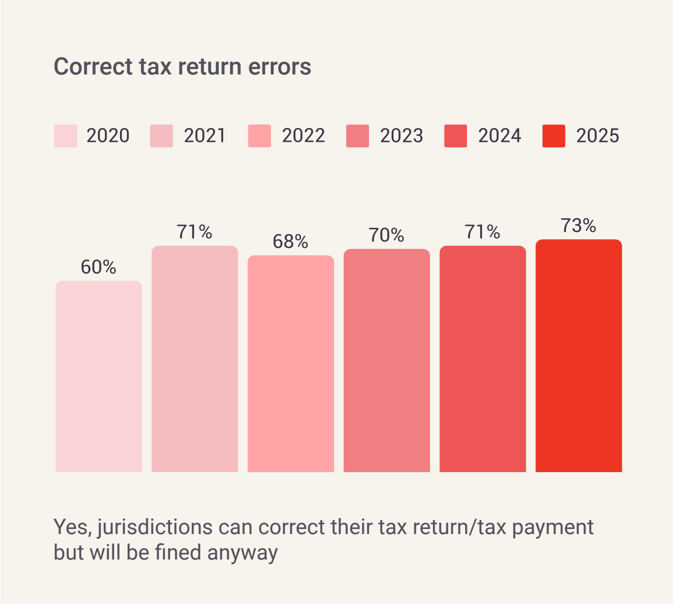


With these tools providing greater efficiency, the penalties for missed tax filing deadlines have also increased since 2020, with consequences including prevention of further business (23%) and imprisonment (16%).



Additionally, with technology helping provide greater accuracy, the penalties for inaccurate calculations for tax filings have also increased, with the number of jurisdictions doling out licence suspensions (29%) and imprisonments (32%) both having increased in the last twelve months. As the number of jurisdictions with these penalties rise, the risk surrounding tax filings are also increasing for businesses. While organisations often have the opportunity to correct tax return errors, the majority will continue to be fined anyway (73%).

"The digital upgrading and intelligence of tax collection and administration mean higher requirements for tax compliance. Enterprises should do self-monitoring, self-identification, self-response, and self-prevention of tax risks - from the initial passive compliance, to active management of their own tax risks." – TMF China expert



Staffing challenges in the accounting profession require mitigation

The shrinking talent pool in the accounting profession is becoming a prominent issue. Both the professions complexity and a reduced interest among younger generations is creating staffing gaps all over the world. Jurisdictions such as Hungary, which are tightening local accounting standards, have an increased need for a skilled workforce adept at adhering to stringent A&T compliance measures. This skills gap is part of a wider labour market trend that is impacting many industries and jurisdictions. The skills gap is being felt even more so as the demand for accounting professionals is higher than five years ago, with almost half of jurisdictions (48%) companies' financial statements requiring preparation or signature by a certified accountant. This is also a requirement that is increasingly enforced.

To mitigate this skills gap, businesses are outsourcing accounting roles to firms with the requisite expertise and resources. This approach allows companies to maintain compliance without bearing the burden of recruiting and training specialised accounting staff internally.

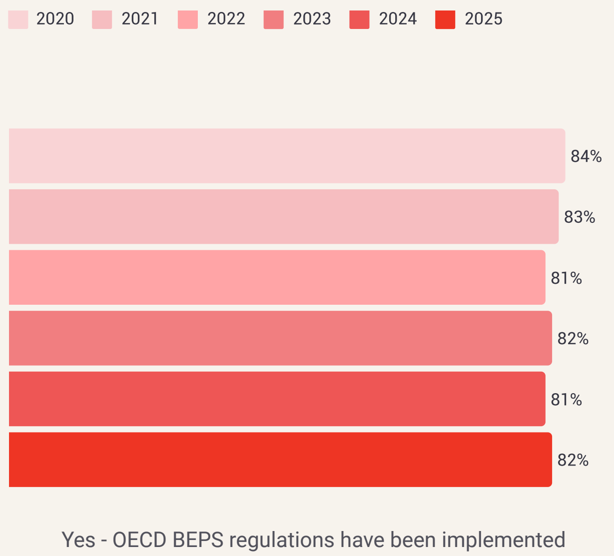
"Accounting is becoming a more complex profession and I don't see the appetite that I used to see within the younger generations. Where companies are having a tough time staffing these roles, they're often outsourcing accounting tasks to fill the gap." – TMF A&T expert

Upcoming global minimum tax regulations require businesses to adapt for compliance

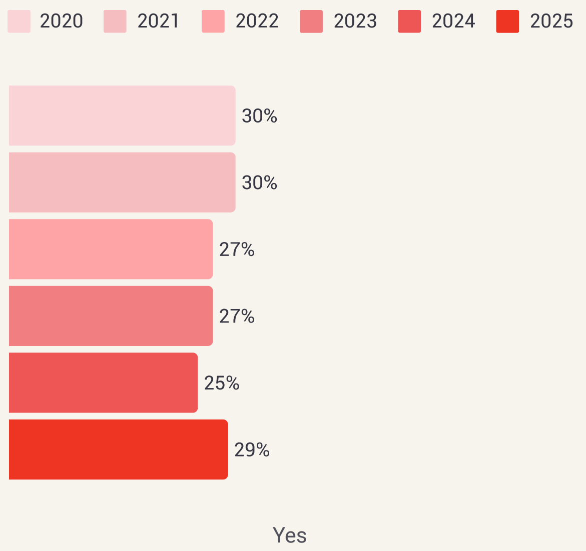
Adoption of global minimum tax regulations under the Organisation for Economic Cooperation and Development's (OECD's) Base Erosion and Profit Shifting (BEPS) guidelines, which was a significant shift in the international tax landscape, has been implemented by the majority of jurisdictions (82%). The BEPS guidelines provide jurisdictions with rules and regulations to address tax avoidance and to ensure economic activities are taxed based on the location they took place. Additionally, SAF-T global standards for electronic transactional reporting are mandatory in around a third of jurisdictions. Both global standards have been at similar levels over the last 5 years, indicating that regulations and adoption related to globalisation initiatives in the A&T space are stable.

"The OECD measures against avoidance of taxation are increasingly complicating the reporting and taxation landscape, not only in Bulgaria but also across the EU." – TMF Bulgaria expert

Have OECD BEPS regulations been implemented in this jurisdiction?



Is detailed electronic transactional reporting mandatory in this jurisdiction (e.g. SAF-T)?



However, there are also set to be further global minimum tax regulations implemented in the coming years via BEPS in the form of Pillar Two, which aims to establish a global minimum corporate tax rate of 15% for large multinational organisations. The development of Pillar Two will require multinationals to reevaluate and adjust their tax planning to ensure compliance.

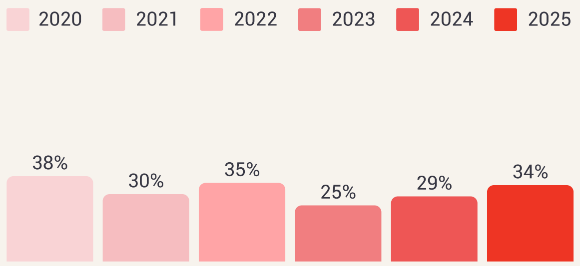
"With Pillar Two, bigger businesses are well-prepared, they know it is coming. Some will take a risk-based approach but I think for smaller, more nimble businesses, they are looking for local expertise to help them manage what Pillar Two is going to look like." – TMF A&T expert

Despite this stability, the complexity related to global standards continues and there are still jurisdictions seeking to align with international standards. For example, Brazil's recent implementation of a global minimum tax aligns with international standards, compelling businesses to adapt their strategies to meet the new compliance requirements. This shift enforces fair tax contributions across jurisdictions as we become a more globalised world. However, it also poses the risk of multinationals being unprepared as these changes take place.

Human resources and payroll

Jurisdictions expect HRP to become more complex in the coming years

Expected HRP complexity over the next five years



Jurisdictions agreeing over the next five years that HRP will become more complex

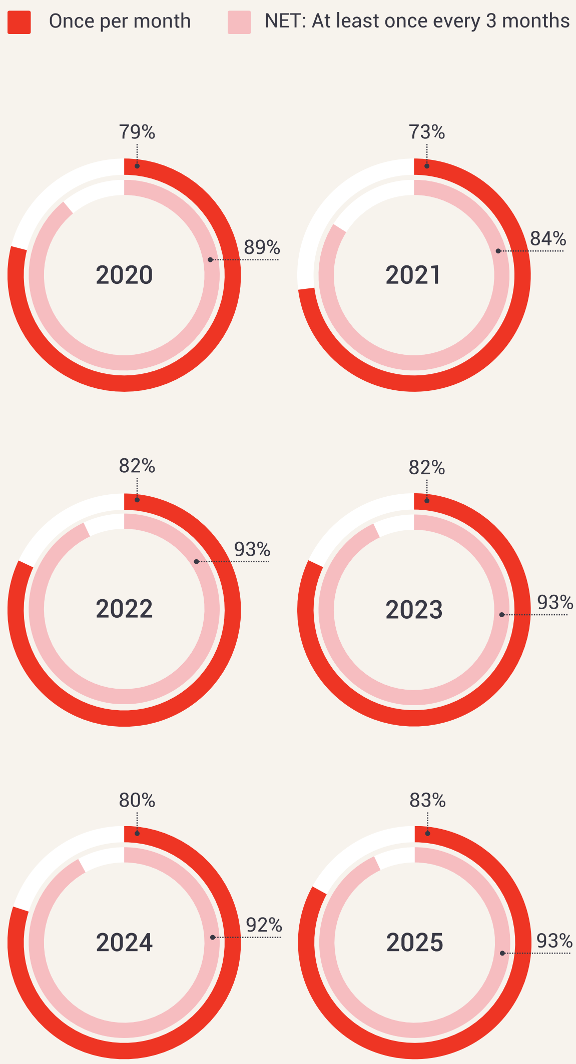
Over a third of jurisdictions are predicting an imminent uptick in the complexity of HRP services. The expectation of further complexity has been increasing since 2023 but remains lower than that of 2020. This expectation is driven by continuous legislative changes and evolving regulatory landscapes that multinationals must contend with. The constant evolution of labour laws means that businesses must be proactive in monitoring regulatory changes and adapting their HRP strategies to stay compliant. Additionally, organisational change influences how multinationals approach their HRP strategies.

"If you look at any multinational organisation, everybody is challenged in some way. Very few organisations, in my experience, are going to stand still. It's difficult as a business to tread water and you're either growing, or you're shrinking, or you're acquiring, or you're divesting. There is always some type of change agenda, or transformation agenda going on." – TMF HRP expert

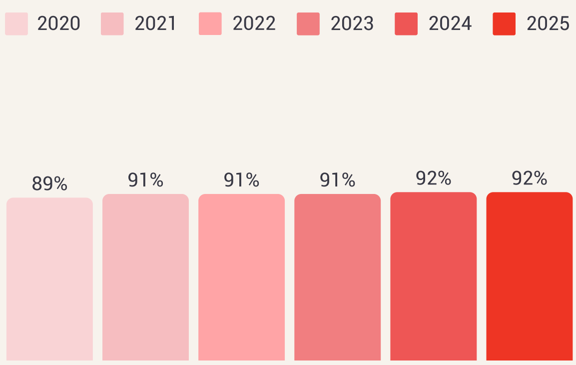
On top of changing laws and regulations, companies must also navigate comprehensive labour laws, often differing by sectors and industries, therefore adding multiple layers to HRP processes.

Across the globe, more processes are achievable online - which provides simplification and streamlines operations in some instances - but is also leading to real-time reporting requirements. Jurisdictions are also requiring businesses to report on their payroll data more frequently. The proportion requiring payroll data to be reported once per month has increased from 80% to 83% when compared to 2024. Further to this, the vast majority require reporting to be made via online government portals (92%). The expectation of real-time and detailed reporting is leaving employers with little margin for error in compliance.

Frequency of reporting payroll data



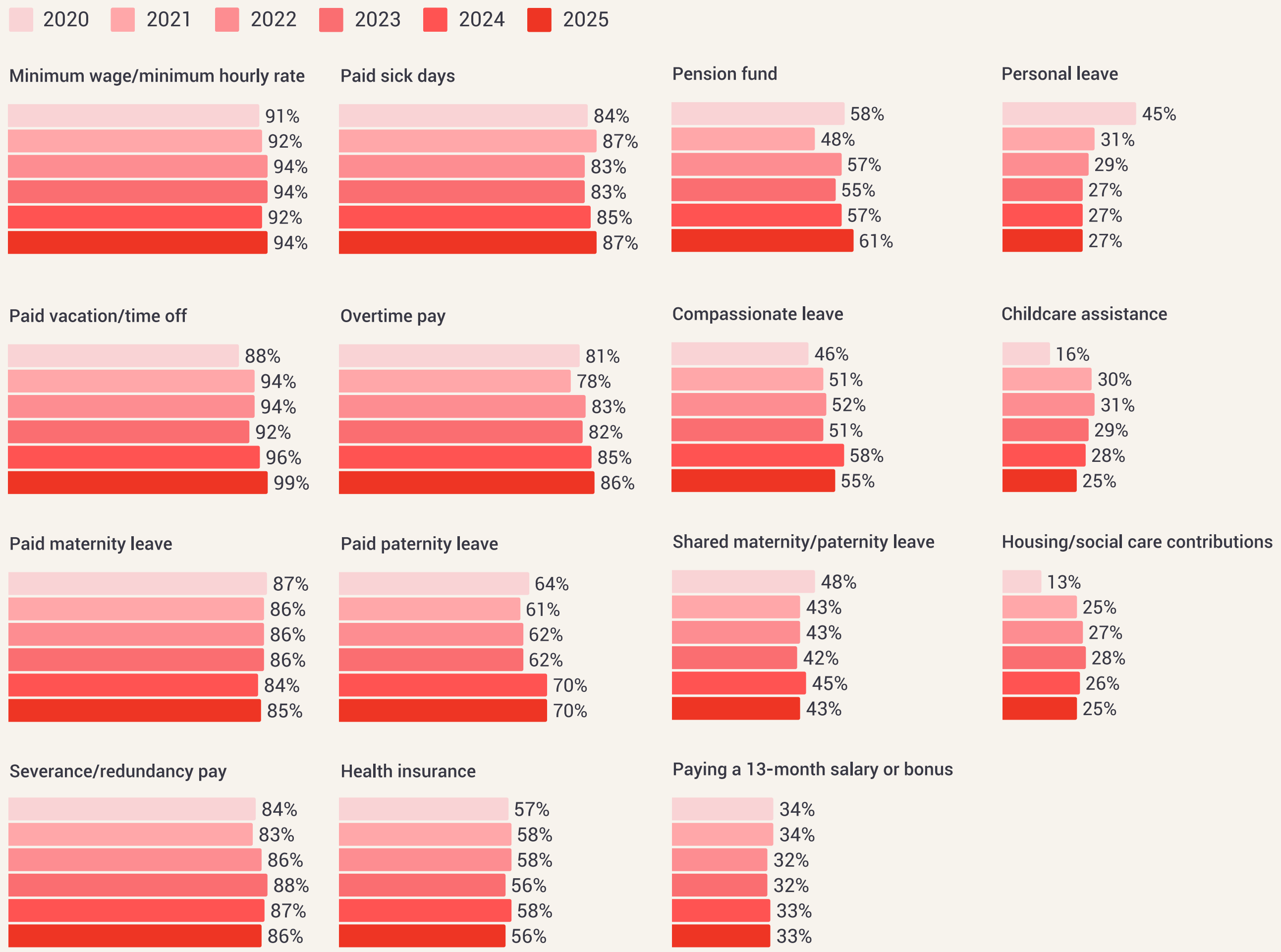
Reporting payroll data to the government electronically



Required to report payroll data to the government electronically

Organisations and governments alike are focusing on employee wellbeing and work-life balance

Benefits legally required to permanent employees



Global trends indicate a growing emphasis on employee wellbeing and work-life balance. Almost all jurisdictions are legally required to provide paid vacation and time off, rising to 99% in 2025. Pension funds, paid maternity leave and paid sick days are also all an increasingly legal requirement. This continued shift means businesses must adapt their HR policies and practices to align with these expectations and requirements.

"Singapore is moving towards enhancing employee wellbeing and work-life balance through several measures, including promoting flexible working arrangements as of December 2024. With an increased focus on employee engagement, this may create more administrative burden on human resources." – TMF Singapore expert

Governments around the world are also playing a pivotal role in promoting employee wellbeing and work-life balance, through both legislation and policy initiatives. These measures aim to create a supportive framework that encourages employers to adopt practices that are favourable to a healthy work environment. For example, in jurisdictions like the Mainland of China, the government has introduced greater childcare leave and public holidays to support a work-life balance for young families.

"There have been multi-step changes in the family tax allowance amounts that employees can utilise. The last modifications will take effect from 1 July 2025. These changes aim to provide a larger amount of tax relief for families, making Hungary a more attractive destination for foreign workers." – TMF Hungary expert

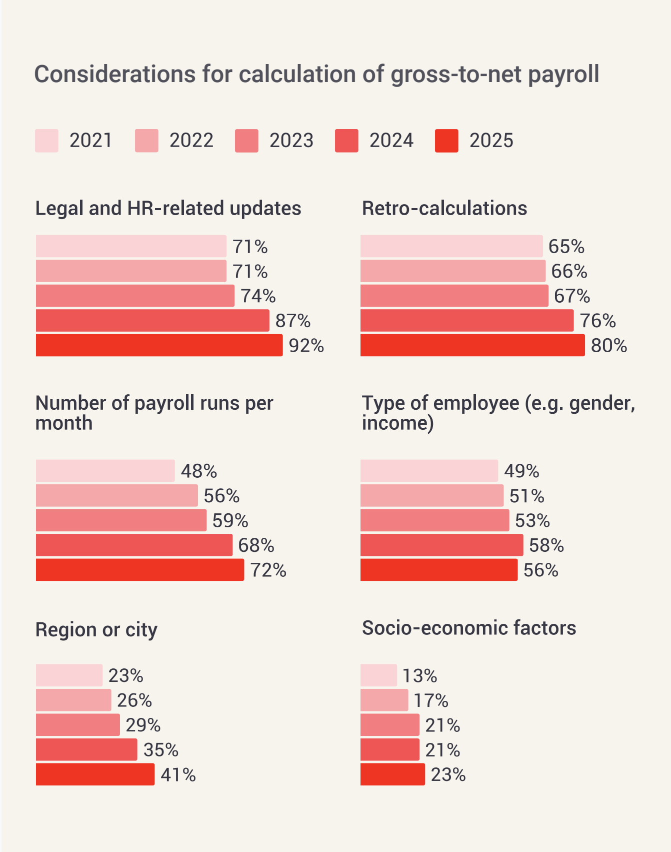
Governments are also encouraging businesses to take a proactive stance toward employee wellbeing through incentives and corporate responsibility initiatives. For example, Finland offers predictable social insurance laws that include provisions for employee wellbeing. Government support and regulatory frameworks are helping support multinationals prioritise both employee health and business productivity.

"In the Autumn Budget, there were updates to P11D and benefits in kind, as well as advancements in paternity leave policies. Additionally, there are ongoing challenges and measures related to closing pay gaps in equality, as well as the increasingly relevant 'right to disconnect' from work bill, which may come into law." – TMF UK expert

As global expectations shift, the modern workforce is driving changes to salary payment

The expectations of the modern workforce, driven largely by Gen Z workers, are altering traditional salary payment structures. The shift towards flexibility in compensation is visible as employees demand immediate access to earned wages, rather than waiting for the conventional monthly 'pay cheque'. As a result, the number of payroll runs per month is increasingly becoming a consideration for gross-to-net payroll (68% in 2024 to 72% in 2025). This change in salary flexibility is particularly evident in industries with dynamic work environments, such as retail and manufacturing, where employees often work on a shift basis.

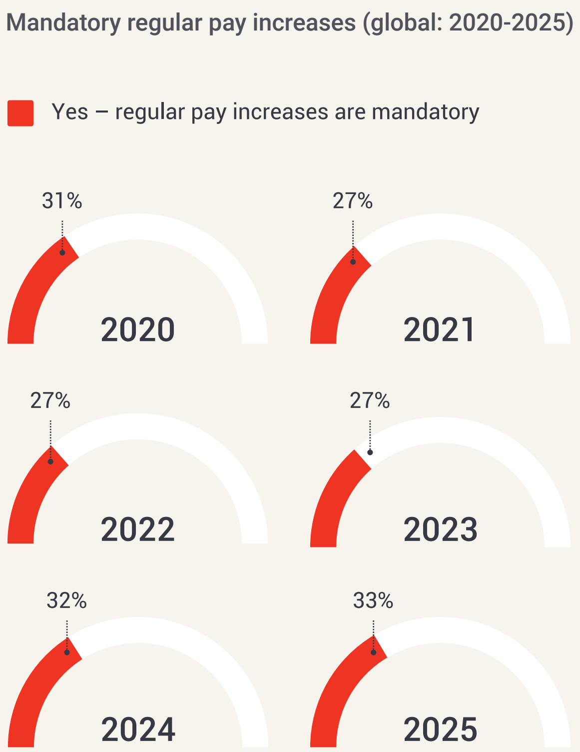
"Not too many years from now the concept of a monthly pay cheque will be gone - it will be much more flexible. Even now you've got models of salary drawdown, and I think that trend will increase quite significantly over time." – TMF HRP expert



In several jurisdictions, this trend is gaining traction through models such as 'earned wage access', which allow employees to withdraw a portion of their earned wages before the scheduled payday. Although not widespread, this trend is showing prominence in certain regions. Jurisdictions with robust technological infrastructures, like in Canada and parts of Europe, are more open to adopting these flexible payment models that suit employees. However, there is recognition that in the short-term, this trend and expectation will likely cause complexity within setup and calculation.

"In Italy, workers are highly protected. We have 13 or 14 payment instalments per year, because employees in Italy are paid once per month, but we usually have double instalments in June and in December, because we want people to have more money to go on vacation, and to buy Christmas presents. So this also brings more complexity, because we have a lot of accruals." – TMF Italy expert

As discussed earlier in this year's report, salaries are further changing as companies tackle wage inflation. In addition, after a dip between 2021-2023, now a third (33%) of jurisdictions require mandatory pay increases. This data is being particularly driven by South America (70%) and North America (50%).



Labour force changes and remote working are introducing new compliance and administrative complexities

Flexible and remote working are expected to continue in prevalence and many governments are enacting legislation that provides legal structure around these arrangements. This shift has introduced new compliance and administrative complexities. Managing payroll and HR for employees working remotely, often across national borders, involves intricate tax and regulatory considerations.

"Technologically, cross-border working doesn't matter. From a payroll and a HR administrative perspective, an employing staff point of view, it is complicated. Where do you pay your taxes? How are they calculated? It becomes really quite complicated and again tricky from the employee and the employer's perspective, in terms of staying on the right side of the regulator." – TMF HRP expert

Cross-border employment is a notable challenge. Employees can now reside in different countries from their employers, complicating tax compliance, social security contributions, and adherence to local labour laws. For instance, an employee living in Germany but working for a company based in France complicates tax liabilities and benefit contributions. Such scenarios require businesses to have a deep understanding of both home and host country regulations and ensure compliance from multiple perspectives.

Technology is acting as an enabler of HRP management

Technology plays a crucial role in managing HR and payroll services. It can either streamline compliance processes or present barriers, depending on its implementation. Whilst initial implementation of technology may prove difficult, technology is emerging as a crucial enabler, providing innovative solutions to streamline HRP processes, ensure compliance, and enhance operational efficiency.

"The process for registering employees with the social security system (for health insurance, pensions, and other benefits) is well-defined, with businesses able to complete necessary registrations and updates online. This reduces bureaucratic delays and makes it easier for foreign businesses to remain compliant without excessive paperwork or administrative hurdles." – TMF Dominican Republic expert

Government portals, whilst causing a shift to real-time reporting, have proved beneficial in facilitating paperless administration and interactions with the authorities, which has reduced the administrative burden on multinationals. Such portals include Hungary's Digital Citizenship Program and Austria's Electronic Data Exchange.

"The introduction of the Digital Nomad Visa under the new Startup Law allows non-EU citizens to work remotely from Spain without the need for a local subsidiary or intermediary. This visa simplifies the process for foreign businesses to hire remote workers and attract international talent." – TMF Spain expert

In a number of jurisdictions, advanced HR management systems and payroll software are being used to automate tasks like payroll calculation, tax filing, and compliance reporting. These systems that reduce human involvement, help minimise errors whilst also improving efficiency.

"Greater integration between software platforms and government agencies can ease the administrative burden in Canada in the coming years." – TMF Canada expert

Multinationals are searching for uniformity across the jurisdictions in which they operate

Despite diversification of suppliers being a key tool for businesses looking to reduce risk in the supply chain, there is a distinct trend towards clients seeking integrated HRP services from fewer suppliers. By reducing the number of vendors, companies are able to lower management complexity and reduce their operational costs.

"Many payroll providers now offer global services, which means they can handle payroll for employees in multiple countries, including the US, through a single platform." – TMF USA expert

Integrated payroll services provide consistent processes and uniform reporting standards across jurisdictions. Uniformity is an increasingly common goal for multinationals as it reduces administrative burdens and facilitates compliance. For example, the Qiwa portal in Saudi Arabia unifies labour services, including Saudization tracking, employee contracts, and work permit applications, making compliance simpler for multinational employers.

Unification is being driven by both multinationals who are looking to simplify their processes globally and by governments who aim to streamline regulatory and compliance processes.

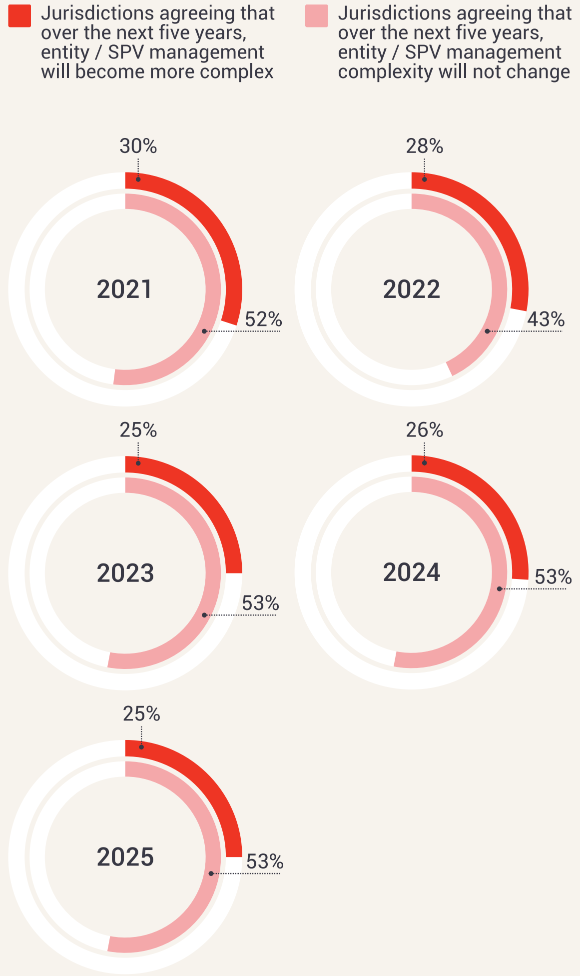
"There is a unified structure in the Finnish social security system, which means employers can handle payments and manage contributions to centralised agencies, simplifying compliance. Income reporting is done on a monthly basis, meaning no heavy year-end reporting." – TMF Finland expert

Global entity management

Jurisdiction expectation of future complexity remains at similar levels

Establishing and operating entities across borders can be a heavy undertaking, involving exposure to frequent rule changes, regional intricacies, and complex procedures. These factors can create a landscape of uncertainty and risk for businesses operating globally.

Entity / SPV management - next five years of service line complexity



While there is expectation that entity/SPV management will stabilise over the next five years - with over half of surveyed jurisdictions anticipating no changes in complexity - this perspective continues to show only a fraction of the narrative, as the process of foreign businesses incorporating into a jurisdiction remains complex.

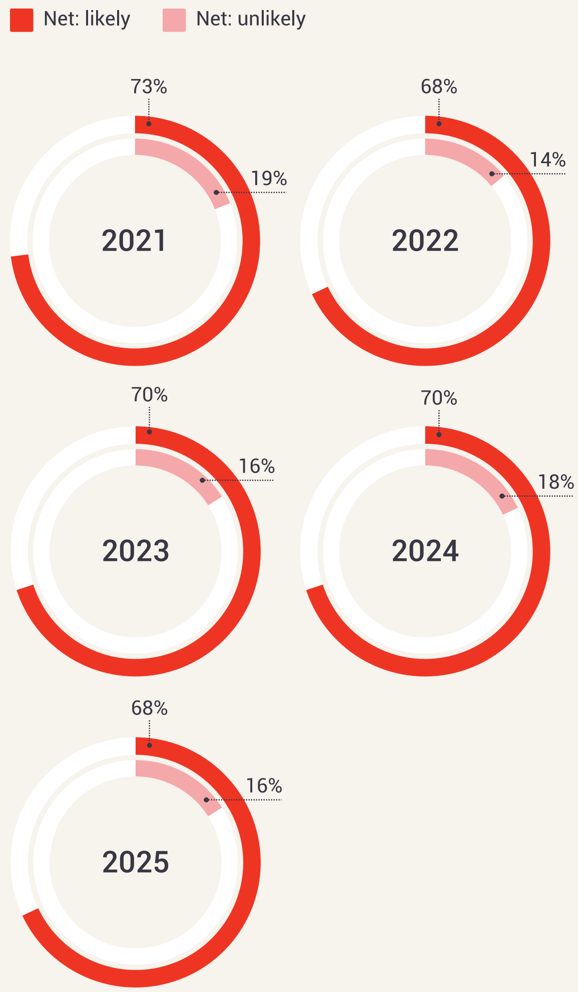
"Even now, the more stable environments are becoming more complex, so it's just how organisations pivot and manage their to do list to some extent. They really want to be able to feel confident that they've got the complex tail under control." – TMF GEM expert

Geopolitical instability and frequent policy changes are having an impact on GEM complexity

Political instability and frequent policy changes create an unpredictable and challenging environment for businesses to operate in. In 2025, there has been a slight drop in predicted medium-term political and geopolitical stability. With a number of new governments entering office in late 2024 and early 2025, there are expectations that ongoing and imminent instability will have an impact, but the extent of this is still unclear. Lower levels of political stability increase the potential for policy change, and these conditions require constant adaptation to new regulations and practices, which can be resource-intensive and disruptive.

"We can't ignore the political environment is changing. In the EU as an example, obviously with the recent changes in a number of European countries in terms of leadership. And then obviously the US as well, we obviously can't underestimate the changes that are happening there and what that means for businesses." – TMF GEM expert

Likelihood of political and geopolitical stability over the next five years

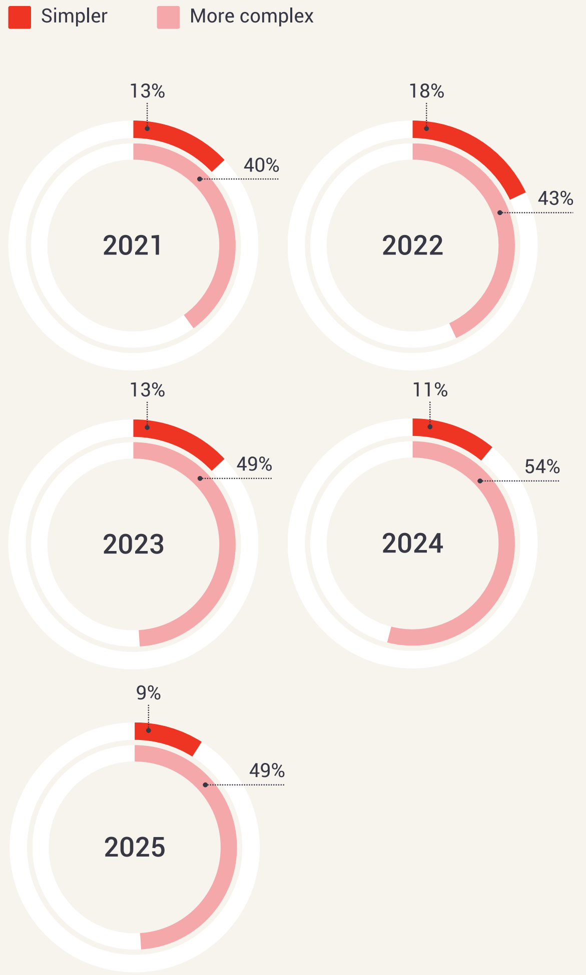


Markets like Brazil, Indonesia, and Saudi Arabia are particularly affected by constantly evolving regulations. These factors require businesses to remain agile and continuously adapt their compliance strategies.

"The political and economic instability creates significant barriers to entity management. Foreign companies must contend with excessive bureaucracy, arbitrary regulatory changes, and corruption risks." – TMF Venezuela expert

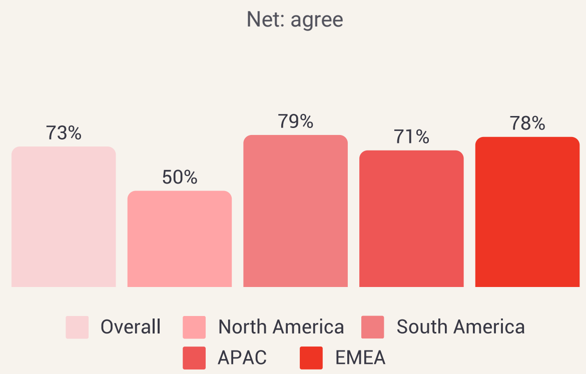
Frequent legislative changes may lead to uncertainty and risk, making it difficult for companies to plan long-term strategies and ensure compliance with evolving standards. The combination of frequent adjustments and the need to navigate complex bureaucratic procedures adds layers of complexity, increasing operational costs and impacting overall business efficiency. Companies should both expect and prepare for greater complexity within entity management, particularly when only 9% of jurisdictions expect rules and regulations to become simpler in the coming years.

Expectation of rules, regulations and penalties simplification over the next five years



"The rate and pace of change around the regulatory environment is probably speeding up, instead of slowing down. And businesses obviously just have to manage that rate of change and also how it impacts them, whether they're going to expand into that jurisdiction or country." – TMF GEM expert

This is a jurisdiction in which technology is reducing complexity



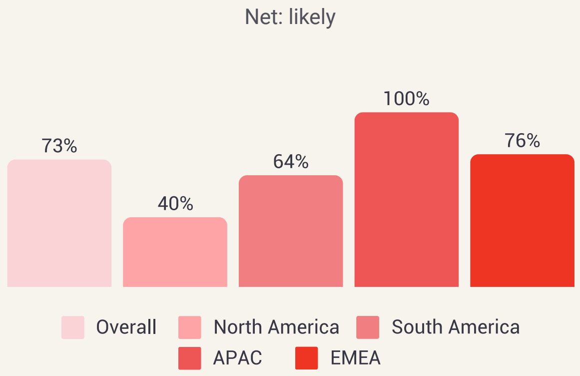
Technological advancements offer support by enabling easier business operations

Digitalisation and technological adoption in jurisdictions continue to lead to reduced complexity and easier business operations. Digital platforms for business registrations and compliance filings in both Austria and Singapore are prime examples of such technological support. However, in regions where digitalisation is not fully embedded into processes, complexity remains high.

"Austria has enhanced its digital platforms for business registration and compliance, such as the Austrian Business Service Portal (USP), which provides a centralised hub for regulatory information and filings. The adoption of EU-wide regulations like the Single Digital Gateway aims to reduce bureaucratic hurdles for foreign entities, promoting transparency and efficiency in setting up and managing businesses." – TMF Austria expert

South America is reported to lag behind other regions when comparing the indicated levels of digitalisation. While technology development is perceived to be steady and predictable for 73% of jurisdictions overall, this rate drops to only 40% in South America, highlighting the disparity in digital progression of the region. This is restricting the region from leveraging the benefits provided by technological advancements, with only 50% of South American jurisdictions indicating that technology is reducing complexity.

Will be a country in which technology develops at a steady and predictable rate



Technology that supports the streamlining of existing procedures can have significant impact. This includes the automation of repetitive tasks, enabling electronic submissions and eliminating the need for physical paperwork. This ensures real-time compliance with regulatory changes and improves data accuracy and accessibility. In jurisdictions where digital solutions are not fully implemented, complexity remains high due to reliance on manual processes and paper submissions.

Technological advancement is often linked to economic stability and growth, as it can facilitate efficiencies and reduce costs, alongside fostering innovation and creating new market opportunities. To compare, the overall expectation for medium-term economic stability is 77% compared to 40% for South America. Jurisdictions who are investing in digital infrastructure and predicting steady technological development are in a better position to attract foreign investment and thereby sustain long-term growth.

For some businesses, rapid and predictable digital advancements are enabling effective regulatory and market entry planning. For example, the General Authority of Foreign Investment (GAFI) in Egypt has invested in online portals for electronic company set-up. This is attracting foreign investment and market entry as this use of technology has streamlined processes and shortened the incorporation timeline. The implementation of digital solutions is improving processes, further supporting companies in their compliance management. Conversely, slow or unpredictable advancements are hindering long-term planning and can lead to operational inefficiencies, with the further risk of non-compliance without technological support.

"Complexity in the GEM service line is reflected in manual procedures and physical document submissions to the government authorities, as the process is not fully automated yet." – TMF Ecuador expert

Localised challenges contribute significantly to the complexity of entity management operations

The need for documentation to be in the local language can be a major challenge for companies operating in multiple jurisdictions. It can cause delays and increase costs due to translation and local certification requirements. Additionally, navigating through multiple regulatory bodies creates administrative burdens, as businesses must comply with rules and guidelines issued by various authorities. Frequent jurisdiction-specific regulatory changes also require constant updates to operational procedures.

The Mainland of China, for instance, has introduced new filing requirements for beneficial ownership, adding layers of complexity for foreign entities. The variability between jurisdictions within regions, such as in South America, further exacerbates compliance challenges. For example, in Ecuador, the process of registering a company is lengthy and involves having to navigate multiple local government agencies, hindering flexibility due to the lack of streamlined procedures.

Lengthy bureaucratic procedures, and jurisdiction-specific business norms can further complicate entity management, such as those in Kazakhstan which operates in a paper-heavy environment where documents are frequently inspected by authorities. Processes such as obtaining permits, licenses, and other necessary approvals can be time-consuming. This complexity is often compounded by the need for physical documentation, company seals, and in some cases, the use of outdated communication methods such as fax.

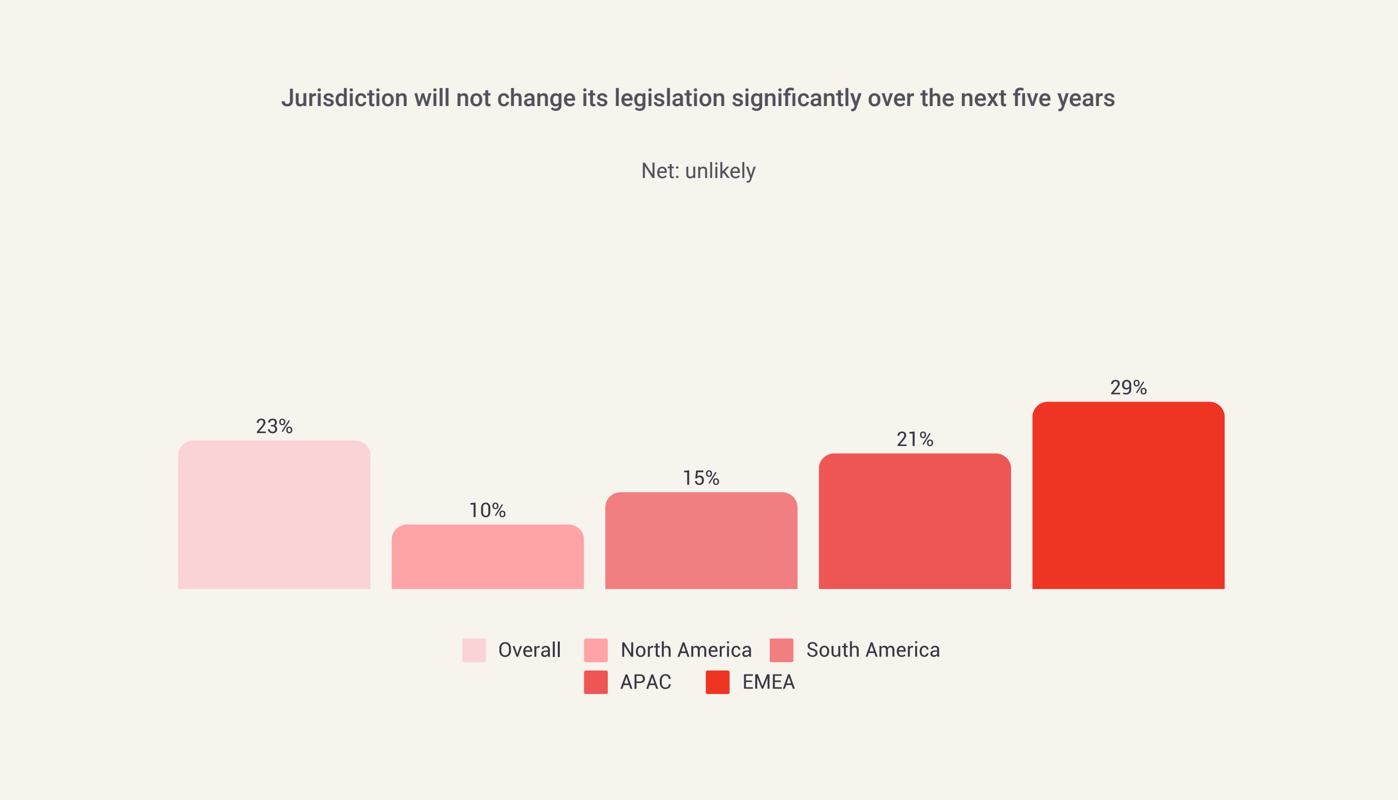
"Spain's 17 regional governments, known as autonomous communities, each have distinct cultural identities and varying degrees of autonomy. This factor can complicate the launch of a nationwide marketing strategy, as decision-makers may need to be consulted in each of the 17 regions. The level of autonomy varies from region to region, with Catalonia and the Basque Country being the most pronounced." – TMF Spain expert

Anticipated legislative changes are further contributing to regulatory complexity

Businesses must adapt their processes to comply with new legislative changes, which are expected to complicate and slow down operations over the next five years. For instance, Croatia has implemented stringent AML and KYC processes which are prolonging and complicating the process of opening a bank account. Moreover, jurisdictions are focusing more on transparency, meaning there is increased scrutiny, particularly for foreign-owned businesses. For example, UBO filings are increasingly implemented in jurisdictions such as Brazil, China's Mainland and Costa Rica. Further changes are anticipated too, with almost a quarter (23%) of jurisdictions reporting that legislation is likely to change in the next five years, in particular for those operating in EMEA (29%). The heightened focus on detailed reporting and stringent checks means that companies must invest more time and resources to meet the regulatory requirements, making it more challenging to remain compliant.

The anticipation of legislative stability or change greatly impacts regulatory complexity. Frequent changes require continuous updates and consume resources. On the other hand, stable environments allow for confident planning and investment, reducing disruptions. However, certain changes have the potential to facilitate investment rather than hinder it. For example, in Italy, the 'Legge sul Capitale' legislation has made it easier for companies in Italy to raise capital by modernising corporate governance. This aims to foster economic growth, focusing on improving efficiency and transparency. Comparing EMEA (29%) and APAC (21%) responses on the likelihood of significant legislative changes in the next five years, to the prediction that rules, regulations, and penalties will become more complex (51% for EMEA and 43% for APAC), clearly demonstrates the link between anticipated legislative needs and the expectation of increased regulatory complexity.

"Over the past year, regulatory bodies like SEBI and the Ministry of Corporate Affairs have introduced amendments to boost transparency and accountability. These changes have led companies to reevaluate their compliance frameworks, which is in a way making the compliance regime more stringent and complex to track." – TMF India expert



Summary

Geopolitical instability continues to have a significant effect on the flow of trade and investment across the globe, with uncertainty characterising the feelings of many jurisdictions worldwide.

It is unsurprising then that many predict business outlooks to remain unstable, at least in the medium-term. Understandably, many of these challenges – both localised and more broadly – have a particular impact on the complexity of entity management operation and expansion all over the world. But in the long-term and guided by resources like the GBCI, businesses are taking action to mitigate for future risks. This includes the diversification of trade corridors, use of trade hubs and regional integration, while also looking to their governments to enhance resilience through infrastructure.

Global uncertainty has had a similar effect on supply chains, with increased costs, disruption to routes and supply shortages amongst the reported impacts. Here too though, solutions are begin sought, with diversification of suppliers and investment in technology the most popular mitigation strategies.

Meanwhile, changes in employee expectation and employer behaviour continue to shape the growth of businesses worldwide. Wage inflation is a concern, driven by high inflation rates, government-mandated minimum wage adjustments, and sector-specific demands. Staff turnover is high in many jurisdictions, with retention a further challenge. Issues around attracting and retaining talent, notably in A&T, has seen an increase this year, with younger professionals more likely to leave roles that do not meet their expectations. A broader skills gap in the labour market and regional 'brain drain' is also affecting business' ability to find qualified workers.

Employers are striving towards greater workforce flexibility as a result, increasingly hiring remote talent and embracing flexible work arrangements. This shift has been key in improving employee satisfaction and productivity all over the world, with many governments are also advocating for models that address broader societal issues. But with or without government support, flexibility looks set to continue to drive the market, with these new nuances corresponding with an expectation of further HRP compliance complexities over the coming years.

It is clear then, that companies operating and expanding globally need to be nimble, responsive and prepared for the sudden shifts threatening the business landscape. It is vital to stay appraised of that landscape and seek out those with a clear sight of the horizon. Navigating unfamiliar environments and changing regulations is an unavoidable business challenge. But charting a course for success is one that is made all the easier with the right expertise, the right foreknowledge and the right network. With those fundamentals in place, the future is there to be moulded, and opportunity there to be grasped.

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 2025 is built on robust multi-method research. The index is generated from an in-depth survey of TMF Group's in-market experts in 79 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
- Human resources and payroll

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, 2023, 2024 and 2025. 'Don't know' answers have been excluded from the analysis and graphs.

About Savanta

Savanta (www.savanta.com) is a fast-growing data and market research company. We help businesses across a wide range of sectors make better decisions and accelerate their progress. We banish the doubt, through the use of powerful data, high-impact consulting and empowering technology.

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