

Assessing the 7 best countries to do business in globally

Is your business losing out by solely focusing on domestic operations? This is a question that more entrepreneurs in the United States are asking themselves as the lure of more favourable economic, taxation, and regulatory conditions inspires higher volumes of overseas business.

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There are many reasons that make expansion into new economies an advantage for U.S. entrepreneurs. For labor costs alone, doing business in new countries offers vast opportunities.

Taking production workers as an example, the average production worker and machine operator in the United States earned around \$32,000 per year in 2022, second only to Germany in cost. For the same job role in China or Brazil, the average salary falls to less than \$15,000. In other emerging economies like Mexico and India, the average salary stands at under \$5,000.

Many nations have also adjusted their corporation taxes and introduced more favourable regulatory frameworks for international businesses.

In a world that's ready to pave the way for overseas business, there's never been a better time to look beyond borders for your company's next expansion.

With this in mind, let's explore seven of the best places to do business globally today:

Dominican Republic

The average annual salary in the Dominican Republic is around \$14,400, and the island paradise has been actively working to improve its infrastructure to support U.S. businesses seeking to enter the economy.

Because the Dominican Republic is dependent on international commerce, according to P&H Law, the nation has undergone a series of regulatory modernization initiatives aimed at opening and commercially integrating the economy into wider international markets.

With a largely unrestricted outlook on foreign investment and no rules over foreign ownership for companies, it's possible to enter the Dominican economy with relative ease. Additionally, foreign investors have free access to foreign exchange, making the act of doing business domestically more straightforward.

In addition to this, the Dominican Republic's physical infrastructure boasts some of the best roads in the Caribbean, and its eight international airports and 14 key seaports can help facilitate a frictionless environment for a number of operational models.

Switzerland

It's logical to start with Switzerland. The nation has comfortably topped the 2023 Global Innovation Index and is well-located in Europe for its close connections to developed economies like Germany, France, and Belgium.

With attractive corporation tax rates starting at 11.9%, Switzerland's impressive transport infrastructure, commitment to innovation, and reputation for excellent fiscal discipline make it a European leader for businesses to grow into.

According to the Global Innovation Index, Switzerland is the best option for businesses seeking to enter a new high-income economy. While the nation's economic strength has increased labor costs, there are few better places for U.S. businesses to go for seamless access to Europe's vast market potential.

Luxembourg

Despite its population of around 650,000, Luxembourg is the wealthiest country in the European Union and benefits from a high standard of living. The nation also excels in private banking, while its finance sector is a key economic driver.

Luxembourg has become an attractive destination for businesses because of its reputation as a European tax haven. In leaked documents, firms like FedEx were found to have established two affiliates in Luxembourg to transfer earnings from their operations in Mexico, France, and Brazil to affiliates in Hong Kong. Luxembourg agreed to tax the income rate at 0.25%, helping to leverage 99.75% tax-free transfers.

Other tax agreements with Luxembourg were reportedly leaving firms paying an effective tax rate of under 1%. However, the official top rate for companies operating in Luxembourg is 24.94% and consists of a 17% corporate tax rate, a municipal business tax of 6.75%, and a 1.19% contribution to an employment fund.

Despite offering key infrastructural advantages and strong transportation connections, average wages in Luxembourg are high. This may mean businesses could look outside of Europe to do business at a competitive rate.

New Zealand

Despite its more remote location, New Zealand is often identified as the best country in the world to set up and run a business.

While New Zealand has a lower population, the nation has a similar land mass to Japan and the United Kingdom, and this helps to provide plenty of growth potential and a major stake on the world stage.

New Zealand is a large global exporter and exported a *total of \$46.5B* in 2022. As an English-speaking country, businesses can also benefit from holding a common language for their expansion into a new economy.

Crucially, there are no restrictions on the flow of capital from a New Zealand business to overseas investors, meaning that it's simple to set up your business and transfer assets back to the US. However, it's worth noting that payments could be subject to a withholding tax.

China

From sparsely populated nations to the most populous country on Earth, China has become a wildly popular location among U.S. businesses for its affordable labor and proficiency in the manufacturing sector.

China is the world's largest manufacturer and exporter of goods, and it has the fastest-growing consumer market in the world.

Although corporation tax in China is set at 25%, businesses and startups in particular can benefit from a range of incentives designed to grow innovation domestically. These incentives can be drawn from the sector you operate in, your business size, and your chosen location for operations, and can generate savings alongside competitive labor rates.

One drawback of doing business in China stems from the wider geopolitical landscape and growing tensions between the Chinese and U.S. governments. With the prospect of a Trump presidency and greater levels of mistrust between the two nations, more operational challenges could be on the way.

Singapore

According to the Economist Intelligence Unit business environment ranking, Singapore is the ideal country in which to operate and is projected to have the best business environment over the next five years, alongside the United States and Denmark.

As a gateway to Asian markets, Singapore is well located and offers strong bureaucracy and more open business policies.

With its corporate tax rate capped at 17%, Singapore is a competitive economy to build into. Depending on eligibility, businesses could benefit from a vast range of tax exemptions and concessionary rates. Crucially, there are no capital gains taxes in Singapore, helping to improve cash flows for entrepreneurs seeking to build into Asian markets.

As an innovative Southeast Asian hub, businesses setting up in Singapore can benefit from a skilled and well-educated workforce at more competitive salary rates.

Mexico

In terms of geography, Mexico is an excellent place for U.S. businesses to grow. As a neighbouring country, Mexico is ideal for any business seeking to enter Latin American markets without the need for excessive travel.

Boasting a strong consumer market and predictable inflation patterns,

Mexico is a stable option for businesses. Perhaps the greatest asset stems from the country's advantageous tax incentives, with deductions ranging from 56%-89% in fixed asset investments and further deductions available for labor training across multiple sectors. Businesses can even access tax exemptions associated with a range of economic activities in the Istmo de Tehuantepec region of the country.

Thanks to its cheaper labor costs and proximity to the US, Mexico can be an excellent choice for businesses operating with supply chain interests in South and Central America.

Where in the world to do business?

If you're looking to take advantage of the economic, regulatory, and infrastructural benefits of doing business in a new country, there are plenty of diverse options available that can individually suit your wider mission objectives more appropriately.

There's no right or wrong place to expand your operations, and it's worth looking at the bespoke incentives and benefits available throughout a range of locations to ensure that they suit your needs best.

The United States can limit the growth of your business due to its higher salary structures and regulatory difficulties. By looking beyond borders as part of your wider strategy, there are no limits to the potential you can unlock in global economies.

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