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BUSINESS WORLD

Hungary: A strategic location and competitive business environment

Also in this issue

BUSINESS WORLD

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Foreword

Stephen Hamlet
CEO
Russell Bedford International

We started 2025 with a productive and enjoyable conference for our North America region in lively New Orleans, famous for celebrating freedom, improvisation and inclusiveness through the music of jazz. This was another reminder of how close our people connect at a Russell Bedford in-person event; yet unfortunately it followed the unexpected atrocity that the city had just witnessed. There are so many poignant occurrences in all parts of the globe that makes one question whether the world is as wonderful as expressed, so calmly yet emphatically, in the song first recorded by Louis Armstrong in 1967.

Together, we can help one another and I am always thrilled to see the people from our firms engage in deep discussion, sharing knowledge and direct experience of latest practice issues and trends. We continue to live in challenging times, but the accountancy profession has been seen to be adaptable, agile and able to deal with uncertainty. I am personally excited to embrace such developments, as our firms look to turn challenges into opportunities. Private equity will continue to play its part, with more and more accountancy firms changing structure, along with further mergers and acquisitions. As an international accounting network, traditionally promoting independence, we must work towards a future strategy, somewhat repositioning, to ensure we remain relevant.

Never changing, however, is the dedication our network provides to assisting businesses, worldwide. We shall continue to help our firms diversify, bringing into their practices more people with new skills, as the profession works to cope with the demands of sustainability reporting alongside continuing to advise on financial and more traditional aspects, with regulatory changes and shifting business dynamics. The advancement in Artificial Intelligence, as well as the importance of ESG, will attract more people to join accountancy practices, as the profession becomes more attractive to people from alternative backgrounds and with diversified skills. This will help in the battle on talent, that has become so prevalent for so many firms, all around the world. And so; there is much concern in the world, and we must prepare ourselves for what's next; but together, in a network with like-minded, passionate and dedicated individuals, I see a unified positivity and it can indeed be a wonderful world.

As we look forward to the year ahead, we initially reflect on last year. I am delighted to see the progress of our network year-on-year; recruiting additional firms in all regions of the world, whilst witnessing the development of our existing practices, as they enhance their service offerings, delivering value to clients. Global revenues surpassed $900m in 2024, showing a further 9.5% increase on the prior year and, now with more than 10,000 people in the network, I am proud at how far we have come in recent years. We held incredibly successful conferences throughout 2024, with feedback consistently rewarding. We also conducted a Member Survey, which helps direct the focus for the central office and global board onto the matters that are most important. It was pleasing to note such appetite and enthusiasm for continued success, and I am always grateful for the wonderful comments received from all around the world.

Being a global organisation, aware of the difficulties around the globe, with political instability, ongoing conflicts and natural disasters, I thank our firms as they dedicate their time to helping people and assisting businesses on their journeys of expansion, and I look forward to a successful 2025.

As always, Business World features articles written predominantly by experts across Russell Bedford firms. This edition includes a piece on doing business in Hungary, with Budapest being the location of this year's International Tax and EMEA conference, an insight into Dubai, why SMEs cannot afford to ignore ESG, marketing actions to take your business to the next level, thriving Poland, and information security services.
Please connect with any of our firms if you are a business looking for accounting, tax, audit, advisory or consulting services, and we look forward to helping you achieve success on your journeys of expansion and development.

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As co-founder of ICT Europe, now one of Hungary's top five domestic accounting firms, István played a key role in its rapid growth, driven by innovative in-house software and a commitment to systematic work.

His recent achievements include developing an AI-powered financial platform to streamline bookkeeping, fostering strong academic partnerships, and expanding ICT's international reach. He is responsible for multiple clients in ICT's accounting department, which, in addition to core accounting services, offers tax advisory, audit, legal advisory and business process outsourcing.

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Doing business in Hungary

Hungary offers a strategic location and competitive business environment within the European Union. This overview explores key aspects of doing business in Hungary, including company setup, workforce characteristics, banking infrastructure, and accounting practices.

Setting up a company

Hungary offers several company types tailored to different business needs. The most common and widely used form is the Kft. (Limited Liability Company) due to its flexibility and limited liability for owners. A Zrt. (Private Limited Company) can issue shares, though they are not publicly traded. This structure is suitable for more complex setups with higher capital requirements or intricate corporate governance. A Bt. (Limited Partnership) combines features of partnerships and companies but requires at least one owner with unlimited liability. This structure is less popular but is occasionally preferred by German parent companies.

Company registration in Hungary is efficient and streamlined, typically allowing a Kft. to be registered within one business day. The process utilises digital tools, enabling online signing of foundation documents with hard copies sent via post. Despite this convenience, opening a bank account requires the company representative's physical presence due to money laundering regulations.

Workforce

Hungary's workforce is a significant asset, combining high levels of education with specialised skills in areas such as engineering, IT, and manufacturing. English proficiency is widespread among professionals, facilitating communication for international businesses. The labour market is supported by robust vocational training programs and a growing number of Science, Technology, Engineering and Mathematics (STEM) graduates, catering to the needs of innovative and technology-driven sectors. Additionally, competitive wage levels compared to Western Europe further enhance Hungary's appeal as a destination for businesses.

Banking

Hungary has a robust banking infrastructure, integrating international banking giants and strong domestic players such as OTP Bank, a Hungarian-founded institution with a significant regional presence. Banking services are relatively costly due to sector-specific taxes and transaction levies.

These costs have driven the growth of alternative banking solutions like Wise and Revolut, particularly amongst SMEs seeking to reduce operational expenses.

While personal presence is required for account opening, nearly all other banking operations can be efficiently handled online. User-friendly platforms provide robust tools for managing daily transactions, monitoring accounts, and accessing various credit and financing options.

Accounting

Hungarian accounting standards are harmonised with EU directives, making them comparable to international financial reporting standards (IFRS). Publicly listed companies and financial institutions are mandated to use IFRS. Many international subsidiaries operating in Hungary voluntarily adopt IFRS for consistency within their corporate groups. Hungarian accounting professionals are highly skilled in IFRS, ensuring compliance and reliability in financial reporting.

Digitalisation

Hungary has made significant strides in digitalisation, particularly in taxation and bookkeeping. Businesses manage all tax-related matters through the Client Gate, a centralised digital platform for tasks ranging from filing tax returns to submitting audit documents. Sales transactions are reported in real time to the tax authority (Nemzeti Ado-es Vamhivatal or NAV). This applies to data from invoicing software and cash registers, with limited exceptions for private individuals like farmers selling products at local markets. NAV's central database allows companies to review and download both issued and received invoices. Advanced bookkeeping software and ERP systems automatically download, process, and record this data, allowing bookkeepers to focus on verification and accounting rules. Online cash registers and mandatory invoice reporting have effectively reduced the shadow economy, improving transparency and tax compliance.

Taxation

Hungary's tax framework is both competitive and diverse. The standard VAT rate of 27% is the EU's highest, generating significant government revenue. This allows Hungary to maintain the EU's lowest corporate tax rate of 9%.

From 2024, certain businesses must comply with the global minimum corporate tax rate. However, the 9% rate and various tax incentives, particularly for fixed asset investments, remain for other companies. Hungary has no withholding tax on dividends, interest, or royalties paid to foreign entities. Group taxation options are available for both corporate income tax and VAT.

Hungary has over 80 double taxation treaties, but the termination of the treaty with the United States presents a challenge for businesses operating between the two countries. Local municipalities also impose a 2% business tax on the gross margin (revenue minus costs like good, materials, and research and development).

Wages

Wage taxation and social contributions result in an average 40% tax burden on total wage costs, leaving 60% as net pay. Personal income tax is applied at a flat rate of 15%, with allowances for parents and full exemptions for employees under 25 years old. These exemptions make employing young workers, particularly students, cost-effective. For example, students under 25 employed through the Students Union incur a total employment cost of only 18%, making it an attractive option for businesses.

Social Security

Hungarian employers and employees contribute to social security at competitive rates. Employees pay 18.5% of their gross wage, and employers contribute 13%. The small business tax (KIVA) system provides a simplified tax alternative. This 10% flat tax rate covers corporate income tax and social security contributions, offering administrative ease and cost efficiency.

Political Environment

Hungary's political landscape has been shaped by over 14 years of governance by the same political party, creating a unique economic and regulatory environment. This long-standing governance has been associated with high corruption levels, frequent and unpredictable changes to tax policies, and the introduction of sector-specific taxes, such as 'extra profit taxes'.

The Hungarian Forint has been volatile, depreciating 10% against the Euro in 2024. Inflation peaked at over 17% in 2024, the highest rate in the EU. However, forecasts suggest a return to more stable rates in 2025. Hungary's decision not to support global minimum tax regulations led to the termination of its double tax treaty with the United States. The upcoming elections in 2026 may bring significant political and economic changes. A shift in governance could potentially restore Hungary's economic growth, reduce corruption, and strengthen its position as a competitive member of the European community.

Conclusion

From streamlined company formation to a robust banking sector and adherence to international accounting standards, Hungary provides a solid foundation for businesses. Its competitive landscape, coupled with a well-educated workforce, presents significant opportunities for companies seeking growth within the European Union.

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ESG: Why SMEs cannot afford to ignore it

Unlike large, publicly traded companies in the UK, small and medium-sized businesses (SMEs) are not yet mandated to meet the same strict Environmental, Social, and Governance (ESG) reporting standards. But the key word here is 'yet'.

Many SMEs fail to keep up with the rapidly changing regulatory landscape. Whether due to a belief that it does not concern them, or because they lack the capacity to implement ESG requirements, this inaction could lead to difficulties down the road when these regulations become mandatory.

Investing in ESG early, with gradual implementation, helps SMEs prepare and reduces the financial burden of building strong ESG credentials. Ignoring sustainable practices can hinder SME growth. Conversely, embracing ESG principles can attract investors, strengthen customer loyalty, foster closer supplier relationships, and establish SMEs as future-focused, sustainable leaders in their industries.

Therefore, it is crucial for SMEs to consider the long-term advantages of embracing not just sustainability for business, but a broader ESG strategy.

The strategic power of sustainability

Research by The Disruption House demonstrates that ESG disclosures go beyond mere regulatory compliance; they reveal a company's values and long-term vision. These disclosures are strategic tools, communicating a commitment to sustainable growth to key stakeholders.

A significant majority of businesses (60%) report feeling stakeholder pressure to demonstrate their ESG credentials, fearing competitive disadvantage if they fail to do so. Companies that proactively engage in sustainability build stronger relationships with partners and customers who share these values, fostering trust and long-term loyalty. After all, a strong brand reputation is crucial for attracting customers, top talent and partners.

Larger suppliers, investors and partners subject to ESG regulations (e.g., the Corporate Sustainability Reporting Directive (CSRD)) are increasingly hesitant to work with companies that lack sustainability alignment. This reluctance stems from the risk of reputational damage or negative impacts on their own ESG reporting. Consequently, SMEs failing to meet sustainability standards may struggle to secure partnerships with larger businesses.

Stakeholder reluctance to associate with businesses that neglect sustainability presents a valuable opportunity for SMEs. A commitment to sustainability can become a unique selling point, setting an SME apart, especially as many SMEs are just beginning their sustainability journey.

Furthermore, research from Bain & Co. indicates that companies with low ESG scores are about twice as likely to default on loans compared to those with higher scores. This is because strong ESG performance often reflects operational efficiency, waste reduction, and greater financial stability.

Consequently, ESG is increasingly critical for banks in assessing credit risk. Higher ESG scores correlate with lower perceived risk, making SMEs committed to ESG more likely to secure credit and potentially benefit from lower interest rates.

The challenges of achieving ESG compliance

While striving for strong ESG performance, SMEs often encounter challenges. Limited budgets, expertise, and capacity can hinder the management of ESG initiatives. Furthermore, the absence of immediate legal pressure can make it difficult to prioritise sustainability over other pressing business needs.

The potentially high cost of compliance adds another layer of complexity. ESG assessments, audits, and certifications can strain already tight budgets. Upgrading materials, machinery, and other resources to meet ESG standards can also pose significant financial challenges for SMEs.

A lack of in-house sustainability and broader ESG expertise further complicates matters. Many SMEs cannot afford to hire dedicated sustainability specialists, making it difficult to develop and implement effective strategies. Without clear guidance on where to begin and how to measure impact, many SMEs feel overwhelmed and may delay or avoid action altogether.

Finally, limited human resources can make it challenging for SMEs to dedicate time and personnel to sustainability initiatives, which may be perceived as secondary to immediate profit-generating activities. This limited capacity can result in sustainability efforts being deprioritised.

Creating ESG excellence on a budget

Navigating ESG commitments can seem daunting, but SMEs can adopt strategies to make the process manageable and accessible. A comprehensive ESG approach is not always necessary initially. SMEs can start by prioritising the key areas most relevant to their operations and stakeholders. The focus should be on measurable and achievable actions, creating a tailored strategy.

Successful implementation requires careful assessment of the time, resources, and expertise required. A 'Do-it-Yourself' approach, while seemingly cost-effective, carries significant risks, including misallocated resources, lack of proper accreditation, potential reputational damage, and accusations of greenwashing. However, hiring expensive consultants or a full-time Sustainability Officer (CSO) is often impractical for SMEs. Instead, outsourcing or strategic partnerships can streamline operations and support ESG goals.

Sustainability-as-a-Service (SustAAS) offers an accessible and flexible solution. Through surveys and interviews SustAAS assesses, analyses, and guides businesses towards ESG excellence. By setting targets with leadership teams and providing periodic reviews, SustAAS offers an affordable alternative to traditional consultancy, helping SMEs meet ESG requirements without excessive cost.

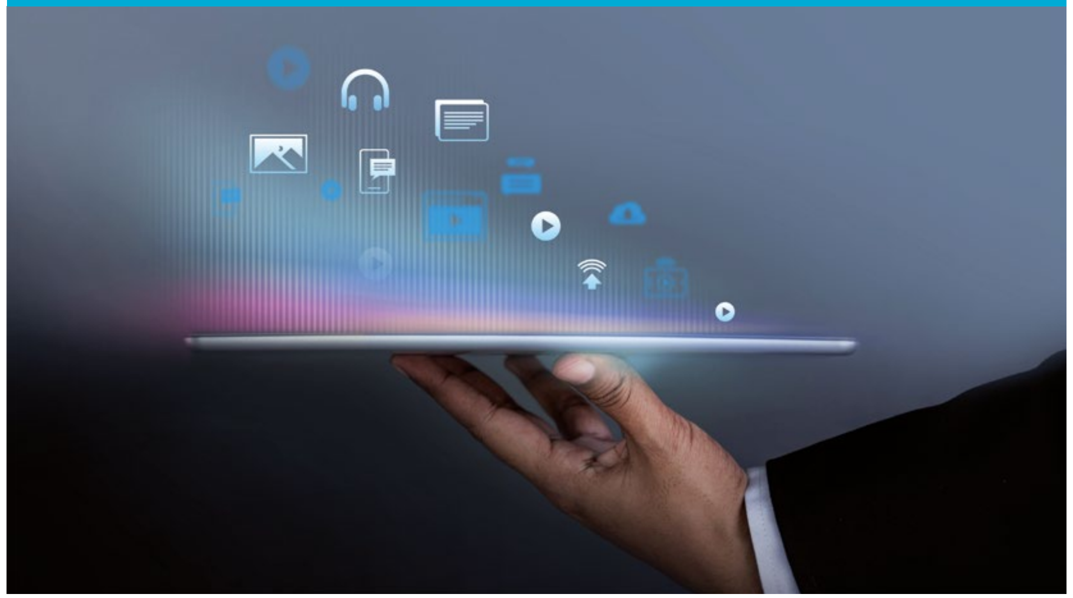
Building your 2025 ESG strategy for sustainable success

Businesses of all sizes have a responsibility extending beyond regulatory compliance; contributing to the well-being of the planet, society, and employees. This commitment forms a solid foundation for long-term, sustainable success.

SMEs that proactively integrate ESG into their strategies will not only future-proof their operations, but also enhance their resilience and competitiveness in today's dynamic environment. Conversely, those that overlook ESG risk being left behind.

Partnering with experienced ESG specialists offers a practical and cost-effective way to navigate this transition without the expense of in-house expertise. With the right support, SMEs can achieve sustainable growth, anticipate evolving industry demands, and emerge as market leaders.

> *"Successful implementation requires careful assessment of the time, resources, and expertise required."*



Practical marketing actions to elevate your firm's success

Content management in marketing communications is crucial for business growth, but knowing how to create content and deliver it effectively is key. This guide provides a practical approach to content creation, particularly for professional services, focusing on generating impactful content and distributing it strategically in business operations.

About the author

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As a specialist in professional services marketing with over 17 years' experience, Alfonso has participated as a speaker at various virtual and in-person events and is also a university professor in marketing. Additionally, he is the leader of the Ibero-American Marketing Committee at Russell Bedford International.

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Content is king, but context is queen: Making your content resonate

While the phrase 'content is king,' coined by Bill Gates in 1996, emphasises the importance of high-quality material, it is equally crucial for that content to be engaging. This is where 'context is queen' comes in.

Understanding content and context

Content encompasses any material you share with your audience—blog posts, videos, product descriptions, case studies, and more. Context, however, refers to the setting or circumstances in which your audience encounters your content, giving it meaning.

The importance of context

Context can be influenced by various factors, including the recipient's job, the time of day, their position in the financial calendar, or even their prior knowledge of your company. While you can't control every aspect of an individual's situation, you can strategically manage the context in which your content is received. By carefully selecting when and where your content is shared, you can significantly enhance its relevance and effectiveness. In essence, crafting compelling content is only half the battle. Delivering that content in the right context is what truly makes it resonate with your audience.

Stage one: Content creation and targeting

Topic selection: Choose a timely and relevant topic that addresses your clients' pain points. This could include new regulations, compliance issues, or common client questions. Leverage your company's expertise to identify these concerns and create content that provides valuable solutions.

Target audience: Define your specific audience for each piece of content. Consider whether the topic has broad appeal or is relevant to a niche sector. Tailor your title and content to resonate with this target audience, addressing their specific needs and concerns.

Stage two: Content distribution and impact

Once you have compelling content, it's time to maximise its reach by considering these six distribution strategies:

- Search Engine Optimisation (SEO): Use relevant keywords in your titles and content to improve search engine rankings and attract organic traffic.
- Share on social media: Promote your content on relevant social media platforms to engage your target audience and drive traffic to your website.
- Email marketing: Distribute your content to your email list to nurture leads and keep your company top-of-mind.
- Guest blogs and thought leadership: Publish your content on other relevant websites or industry publications to reach a wider audience and build your company's authority.
- Repurpose content: Transform your content into different formats, such as infographics, videos, or podcasts, to cater to different learning styles and expand your reach.
- Paid advertising: Consider using paid advertising to target specific demographics and interests, driving targeted traffic to your content and website.

Stage three: Content marketing metrics and evaluation:

Content marketing is an ongoing process of testing, learning, and improving. Measuring and monitoring content marketing success is crucial for optimising strategies and demonstrating ROI. Key aspects include:

- **Defining clear objectives:** Align metrics with specific goals (e.g., brand awareness, lead generation, sales). What do you want the content to achieve?
- **Identifying Key Performance Indicators (KPIs):** Select relevant metrics to track progress. Examples include:
  - Website traffic: Page views, unique visitors, bounce rate, time on page.
  - Engagement: Social media shares, likes, comments, backlinks, blog comments.
  - Lead generation: Form submissions, content downloads, email sign-ups.
  - Sales & revenue: Conversions, lead-to-customer rate, customer lifetime value.
  - Brand awareness: Social media mentions, reach, brand search volume.
- **Using analytics tools:** Leverage platforms like Google Analytics, social media analytics, and marketing automation software to track KPIs and gather data.
- **Regular reporting & analysis:** Monitor performance regularly (e.g., weekly, monthly) to identify trends, successes, and areas for improvement. Analyse the data to understand what's working and what is not.
- **A/B testing:** Experiment with different content formats, headlines, calls to action, and distribution channels to optimise performance.
- **Attribution modelling:** Determine which content pieces and channels are most effective at driving conversions and revenue.
- **Visualising data:** Use charts and graphs to present data clearly and communicate insights effectively to stakeholders.
- **Iterative optimisation:** Based on the data, refine your content strategy, targeting, and distribution methods to improve results over time.

Practical tools and techniques

By consistently creating valuable content and strategically distributing it, you can establish your company as a thought leader, attract potential clients, and drive business growth. Outlined below are some practical approaches to maximising content and context.

Email marketing

Utilise email marketing platforms to distribute content to your database or targeted segments. This approach allows you to track key metrics such as open rates, click-through rates, and unsubscribes, enabling you to identify engaged prospects. While efficient for large volumes of emails, this method can feel impersonal. For key clients and prospects, personalise the same content with a tailored message. Encourage partners and managers to send individual emails highlighting the relevance of the content to the recipient's specific needs and circumstances. This personalised approach can significantly increase engagement and generate a higher response rate, potentially leading to new business opportunities.

Website integration

Integrate your content seamlessly into your website, ensuring it is well-designed, user-friendly, and optimised for search engines. Effective SEO configuration enables search engines to easily index your content, driving organic traffic to your site and positioning your firm as a trusted resource in your field.

Search Engine Marketing (SEM)

Complement your organic SEO efforts with paid advertising campaigns on search engines like Google. SEM offers precise targeting capabilities, allowing you to control budget, audience demographics, and advertising frequency. Leverage keywords and compelling advertising copy derived from your content to drive immediate traffic to your website and generate qualified leads.

Social media engagement

While social media platforms may not directly generate significant business for professional services firms, maintaining a presence is crucial for visibility and brand awareness. Share valuable and engaging content related to current industry trends and relevant topics to connect with your target audience. Focus on providing insightful information rather than overt advertising, as social media users primarily seek valuable content and interaction. Utilise diverse formats such as videos, infographics, and articles to cater to different preferences and maximize engagement.

Events (in-person and virtual)

Consider hosting events, either in-person or virtual, to further engage with clients and prospects on specific topics covered in your content. Events offer opportunities for deeper interaction and relationship building. Carefully evaluate the format that best suits your audience and objectives.

Conclusion

In conclusion, remember content is king, but don't forget context is queen and attending to both is important in content marketing. Taking a comprehensive approach to creating successful marketing content not only enhances communication and connection with your target market but also fosters genuine business development. By driving website visits, generating qualified leads, expanding your network of contacts, and ultimately increasing revenue, these efforts demonstrate the power of a well-executed content marketing strategy, often originating from a single piece of impactful content. By strategically utilising some of the distribution channels and approaches outlined in this article, professional services firms can effectively amplify their content's reach, establish thought leadership, and drive sustainable business growth.

The strategic edge: The imperative of information security services for organisations

In the digital era, where data flows as the lifeblood of modern enterprises, information security has transcended from being a technical necessity to a strategic enabler of business success. With cyber threats becoming increasingly sophisticated, the role of information security services is not just about safeguarding assets but also about creating significant value for organisations worldwide.

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The escalating threat landscape

Organisations today face an unprecedented range of cyber threats, from ransomware and data breaches to Advanced Persistent Threats (APTs). The global cost of cybercrime is projected to reach $10.5 trillion annually by the end of this year, according to recent studies. This stark reality underscores that no organisation, regardless of size or industry, is immune to cyber incidents. A proactive approach to information security is therefore essential, making specialised security critical for building resilience.

Information security: Beyond protection

Information security services go beyond simply preventing unauthorised access. They are crucial for:

1. Ensuring digital resilience and business continuity: Robust risk management and incident response plans, implemented by security services, help organisations minimise downtime and recover quickly from cyberattacks. This is especially important when relying on third-party providers for services or products.
2. Building trust: In a market increasingly focused on data privacy, a strong security posture builds customer trust and loyalty.
3. Driving compliance: Strict data protection and information security regulations require comprehensive data protection measures. Security services help organisations navigate these complex regulatory landscapes.
4. Facilitating innovation: By securing digital infrastructures, organisations can confidently adopt emerging technologies like the Internet of Things (IoT), Artificial Intelligence (AI), and blockchain, opening new growth opportunities.

Addressing regulatory obligations

Regulatory compliance is a primary driver for adopting robust information security measures. Governments and regulatory bodies worldwide impose strict data protection and information security laws, increasing pressure on organisations to demonstrate compliance. Non-compliance can lead to significant financial penalties, legal repercussions and reputational damage.

Key regulations shaping the information security landscape include:

- General Data Protection Regulation (GDPR).
- European and other local regulations on Information Communication Technology and Security Risk Management.
- Digital Operational Resilience Act (DORA).
- European and other local regulations on AI.
- European Cyber Resilience Act.
- European Network Information Security (NIS).
- NIST Cybersecurity Framework.
- Payment Card Industry Data Security Standard (PCI-DSS).
- SWIFT Customer Security Programme.
- Payment Security Standard (PSD).
- Health Insurance Portability and Accountability Act (HIPAA).

Information security services help organisations meet these regulatory obligations by:

1. Risk assessments (including third party risk management): Identifying vulnerabilities and implementing measures to mitigate risks in line with regulatory standards.
2. Information security and data protection governance: Establishing comprehensive policies and procedures to guide the organisation's implementation of internal controls and adherence to regulatory obligations.
3. Incident reporting: Developing protocols for timely breach notifications, as required by many regulations.
4. Digital resilience and business continuity: Creating comprehensive response plans to minimise downtime and ensure swift recovery from incidents.
5. Audit preparedness: Providing documentation, monitoring tools, and expert guidance to streamline audit processes and ensure compliance.

Monitoring and controlling outsourcing activities

In today's interconnected business environment, outsourcing to third-party vendors is common. However, this reliance introduces unique security risks, making the monitoring and control of outsourced activities critical for information security.

Third-party vendors often handle sensitive data, and any vulnerabilities within their systems can directly impact the contracting organisation. High-profile breaches frequently originate from third-party suppliers, highlighting the need for stringent oversight.

Information security services are crucial for managing these risks by:

1. Conducting vendor assessments: Evaluating the security posture of third-party vendors to ensure they meet established standards before onboarding.
2. Establishing clear contracts: Defining security requirements, data handling protocols, and breach notification procedures in Service-Level Agreements (SLAs).
3. Implementing continuous monitoring: Using tools and processes to monitor third-party activities, ensuring compliance with security policies.
4. Performing regular audits: Periodically auditing vendors to identify and address potential vulnerabilities.
5. Educating vendors: Providing training and resources to help vendors align with the organisation's security expectations.

By prioritising the security of outsourced activities, organisations can mitigate risks, maintain regulatory compliance, and protect their reputation from third-party incidents.

Adding tangible business value

Investing in information security services yields measurable benefits:

- Cost savings: Preventing breaches averts hefty fines, legal fees, and reputational damage.
- Competitive advantage: Demonstrating robust cybersecurity practices differentiate an organisation in a competitive market.
- Enhanced agility: Secure systems enable businesses to adapt and scale operations without undue risk.

A trusted partner for the journey

Navigating today's complex digital landscape requires collaboration. Partnering with trusted experts like Reg4Tech and Russell Bedford firms provides access to global expertise, resources, and tailored solutions. Through services such as security audits, regulatory compliance assessments, information security and data protection advisory services and vCISO, (virtual Chief Information Security Office) we empower businesses to:

- Safeguard sensitive data and maintain customer trust.
- Ensure compliance with global and regional regulations.
- Maximise the potential of new technologies while minimising risks.

Thriving in a fast-paced digital world

In a world of technological change where data is a critical asset, information security is essential, not optional. It protects data integrity and confidentiality, along with an organisation's reputation, efficiency, and competitive position. Integrating these services strategically fortifies businesses against threats and unlocks opportunities for innovation and growth.

Regulatory compliance underscores the importance of robust security. Proactive organisations avoid penalties and build trust with stakeholders. Monitoring outsourced activities ensures third-party risks do not compromise security. Moving forward, information security is not just about defence - it is about driving sustainable success.

Poland: Thriving as a business and financial hub in Central Europe

As Europe navigates a rapidly changing economy, Poland stands out as a resilient nation offering significant opportunities. Strategically located in Central Europe, this country of 38 million people is a cultural crossroads and a dynamic hub for business and finance. With strong economic growth, a skilled workforce, and a commitment to modernisation, Poland is attracting global attention as a place where opportunities flourish despite global uncertainties.

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A resilient economic landscape

Poland's economic performance over the last two decades has been remarkable. As the only EU country to avoid recession during the 2008 global financial crisis, it demonstrated unique resilience. According to Eurostat, Poland's GDP grew by an average of 3.6% annually from 2010 to 2022, significantly outpacing the EU average of 1.4%. In 2024, Poland's GDP growth rate remained robust at 4.2%, driven by domestic demand, export-oriented industries, and EU structural funds.

This economic stability is underpinned by a diverse industrial base. Poland is a leader in manufacturing, particularly in automotive and electronics, with global giants like Volkswagen and LG operating major plants there. Additionally, its agricultural sector - one of the largest in the EU - and a burgeoning technology industry contribute to its well-rounded economic profile.

Strategic business advantages

Poland's geographic location serves as a gateway between Western Europe and the rapidly growing markets of Eastern Europe and Asia. This strategic position is enhanced by its European Union membership, granting businesses access to the EU's single market. Furthermore, the country's extensive transportation network, featuring modern highways and railways, supports efficient supply chain logistics.

Another key advantage is Poland's highly educated and multilingual workforce. According to Statistics Poland (GUS), over 40% of Poles aged 25-34 hold tertiary education degrees, with many specialising in Science, Technology, Engineering and Mathematics (STEM) fields. This talent pool is strengthened by the country's robust network of technical universities, producing skilled graduates ready to meet the demands of global businesses.

Key sectors driving growth

Several sectors stand out as particularly vibrant in Poland:

1. Technology and innovation: Poland's IT sector is experiencing exponential growth. It is now the third-largest software exporter in Europe, according to the Polish Investment and Trade Agency (PAIH). Cities like Kraków, Wrocław, and Warsaw have become hubs for tech startups and multinational IT firms, benefiting from government incentives and EU digitalisation programmes.
2. Renewable energy: Driven by the EU push for climate neutrality by 2050, Poland is investing heavily in renewable energy. The country's offshore wind market, in particular, is projected to attract over €50 billion in investment by 2040, according to the Polish Wind Energy Association.
3. Manufacturing: Poland remains a manufacturing powerhouse, with significant output in automotive components, machinery, and consumer goods. Its proximity to key European markets makes it an ideal location for manufacturing facilities.

Navigating challenges

While Poland offers substantial opportunities, navigating its business environment requires acknowledging certain challenges. The World Bank's Ease of Doing Business report 2019 ranked Poland 40th globally, citing areas for improvement such as the complexity of regulatory processes and tax compliance. However, the government is actively addressing these issues through digital transformation initiatives, such as the introduction of the e-Tax platform, which simplifies tax reporting.

Labour market constraints also pose challenges. Although Poland has a highly skilled workforce, the country faces demographic pressures from an ageing population. To address this, the government has implemented policies to attract foreign workers and increase labour participation among underrepresented groups.

Accounting and financial trends

Poland's accounting and financial sectors are evolving rapidly to meet global standards. The adoption of International Financial Reporting Standards (IFRS) for public companies has increased transparency and attracted foreign investment. Additionally, the Polish Ministry of Finance's focus on digital bookkeeping and e-invoicing aligns with broader EU trends, ensuring compliance whilst reducing administrative burdens for businesses.

The Polish financial market has become increasingly prominent. The Warsaw Stock Exchange (WSE) is now one of the largest in Central Europe, with its benchmark index, WIG20, reflecting the country's economic vitality. According to WSE data, market capitalisation reached €255 billion in 2024, driven by listings in technology and green energy sectors.

Conclusion

Poland's emergence as a thriving business and financial hub is no accident. Its strategic location, resilient economy, and forward-thinking policies make it a prime destination for investment and growth. While challenges remain, the country's commitment to modernisation and innovation signals a bright future.

For businesses seeking to expand into Central Europe, Poland offers a compelling blend of opportunity and stability. As one of the fastest-growing economies in the EU, it continues to be a place where ambition meets possibility, making it an ideal partner for global enterprises seeking success in a competitive world.

"While challenges remain, the country's commitment to modernisation and innovation signals a bright future."

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John Donnelly is a director at Russell Bedford (Dubai) Limited, joining in 2008. A fellow of the Institute of Certified Public Accountants in Ireland, he qualified in 2000 and has extensive experience with mid-tier and Big-4 firms in the UAE and Ireland.

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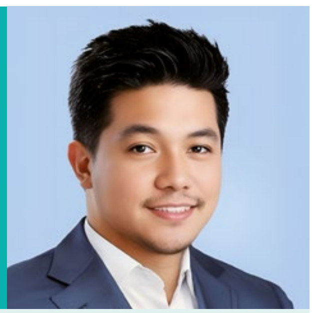

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Dubai: A Major Economic and Tourism Centre

The United Arab Emirates (UAE) continue to attract international businesses due to its desirable commercial environment and lifestyle.

The UAE is a leading destination for international businesses. The UAE government has prioritised providing foreign investors with excellent facilities and infrastructure, taking advantage of the nation's strategic location and political stability. Research from Global Media Insight in 2024 shows the UAE's population has grown from 10.24 million to 12.5 million, with expatriates making up 88.48% of the total. This substantial growth is due to several factors including safety, open-border work-policies, expat-friendly laws, and abundant professional opportunities.

A business location

The UAE is a premier business hub. In Dubai alone, the Chamber of Commerce registered over 51,000 new companies during the first nine months of 2024, a 4% increase on the same period of 2023. This demonstrates the city's growing attractiveness to regional and global investors. Notably, Dubai ranked as the world's top city for attracting Foreign Direct Investment (FDI) projects in the first half of 2024, according to the Financial Times Ltd.'s 'FDI Markets' data. The UAE's strategic location at the intersection of Asia, Europe and Africa makes it a key international trade centre. Its time zone further enhances its appeal for professionals working with clients and colleagues across Asia and Europe. Unlike many countries with complex regulations, expats can quickly establish a business in just 15 minutes through the UAE government's online platform, Basher. Entrepreneurs can also leverage the UAE's Free Zones - over 40 special economic zones across the Emirates – offering tax exemptions and customs duty waivers.

Which Free Zone?

Free Zones cater to specific industries, offering tailored facilities. For instance, Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM), the UAE's two international financial hubs, are home to leading financial institutions. Choosing the right Free Zone often depends on your customer base. Locating your business near your primary customers can streamline product and service delivery. Consider the available facilities and infrastructure in each Free Zone. Companies not requiring dedicated office space might opt for a Free Zone offering shared office solutions. This ensures regulatory compliance (as all companies must maintain an office presence) without the expense of leasing an entire, potentially underutilised, office.

Which Emirate?

Selecting the right Emirate for your business hinges primarily on costs and available facilities. For example, prime locations in Abu Dhabi and Dubai command higher rents compared to other Emirates. Many companies opt for the Northern Emirates for warehousing and industrial space due to greater availability and competitive pricing.

Industry plays a crucial role in Emirate selection. For businesses involved in international trade or distribution, proximity to a seaport or airport is essential. Airport access is also a key consideration for companies with frequent travel requirements.

Tax considerations

In 2023, the UAE introduced a corporate tax on business profits. It is the lowest rate in the Gulf Cooperation Council (GCC) except for Bahrain. For financial years starting on or after June 1, 2023, taxable income above AED 375,000 threshold ($102,110) is subject to a 9% tax rate.

Both Free Zones and mainland UAE companies must comply with the new Corporate Tax law, even if they are a 'Qualifying Free Zone Person' (QFZP). To qualify as a QFZP and pay 0% tax, a company or individual must be based in a Free Zone and meet other conditions. A 0% corporate tax rate applies to taxable income below AED 375,000 ($102,110).

A lifestyle location

The UAE continues to attract expats due to both its business-friendly environment and desirable lifestyle. Many families relocate to experience the country's wonderful beaches and renowned tourism attractions. According to a study by Road Genius, Dubai alone saw over 16.79 million tourists between January and November 2024, a 9% increase from the same period in 2023.

Ranked the second safest country in the world according to Numbeo's 2024 Safety Index, the UAE's low crime rate and numerous attractions – including world-class aquariums, gardens and malls - have persuaded many expats to move there.

In conclusion, the UAE's strategic location, pro-business environment, robust infrastructure, and attractive lifestyle offerings create a compelling case for international businesses seeking growth and expansion. From streamlined company formation to diverse free zones and strategic emirate selection, the UAE provides a fertile ground for success in the global marketplace.

News in brief

More firms join Russell Bedford International around the world

Russell Bedford is proud to have welcomed additional firms to the network: Value Plus Business Advisory in Kuwait City, Kuwait, Burgess Hodgson LLP in Canterbury, UK, and IPPC Group in New Delhi, India.

Regional conferences for Russell Bedford member firms

The global network hosted three very successful regional conferences for its member firms in recent months: the Annual Global Conference 2024 in Rio de Janeiro, Brazil, the Young Partners & Managers Conference 2024 in Naples, Italy and the North America Conference 2025 in New Orleans, USA.

Russell Bedford releases 2024 Global Performance Report

Russell Bedford International presented the network's 2024 Global Performance Report, showcasing another year of remarkable progress and expansion. The network announced an amazing 9.5% increase in global revenues, pushing the total annual figure to beyond $900 million. In addition, the global workforce has grown by 8%, now surpassing 10,000 talented professionals worldwide.

Staying ahead with the Russell Bedford Centres of Excellence

Our Russell Bedford Centres of Excellence are designed to help our members excel and lead within specialised fields across the accountancy profession by sharing valuable insights, experiences and best practices. The network has relaunched its Centres of Excellence to provide unique opportunities for our firms to collaborate, learn and drive growth.

***Taking you further* day 2024**

Russell Bedford International celebrated its 6th annual *taking you further* day in December 2024. Members from across the world came together virtually to recognise the network's core values of Connectivity, Collaboration, Positive Impact, and Excellence. The global virtual call featured updates from Lubbock Fine in the UK, Russell Bedford SBR in Indonesia, Russell Bedford RRC CPA Group, PSC in Puerto Rico, Russell Bedford Brasil, Russell Bedford Mexico S. C., Russell Bedford Monterrey and Russell Bedford Querétaro in Mexico.

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