

LIECHTENSTEIN

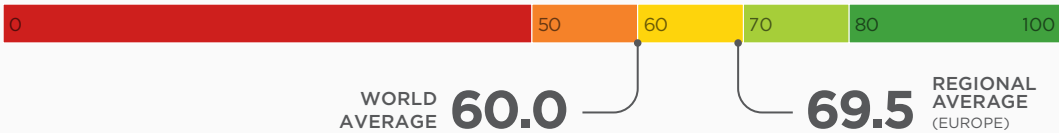
Liechtenstein is not graded in the 2022 *Index of Economic Freedom* because of the lack of adequate specific data concerning the country's economy. Liechtenstein is closely interlocked with Switzerland and shares the Swiss currency, the Swiss franc.

Flexibility and openness to global commerce have been the cornerstones of Liechtenstein's modern and widely diversified economy. Minimal barriers to trade and investment foster vibrant economic activity, and a straightforward, transparent, and streamlined regulatory system supports an innovative entrepreneurial sector. Banking has benefited from Liechtenstein's high levels of political and social stability and its sound and transparent judicial system.

IMPACT OF COVID-19: As of December 1, 2021, 61 deaths had been attributed to the pandemic in Liechtenstein, and the government's response to the crisis ranked 119th among the countries included in this *Index* in terms of its stringency.

ECONOMIC FREEDOM SCORE

N/A



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
38,137

GDP (PPP): n/a
n/a growth in 2020
5-year compound
annual growth n/a
n/a per capita

UNEMPLOYMENT:
1.9%

INFLATION (CPI):
n/a

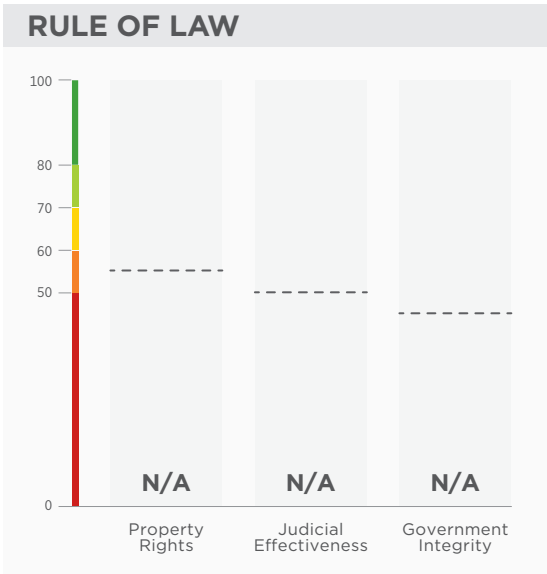
FDI INFLOW: n/a

PUBLIC DEBT: n/a

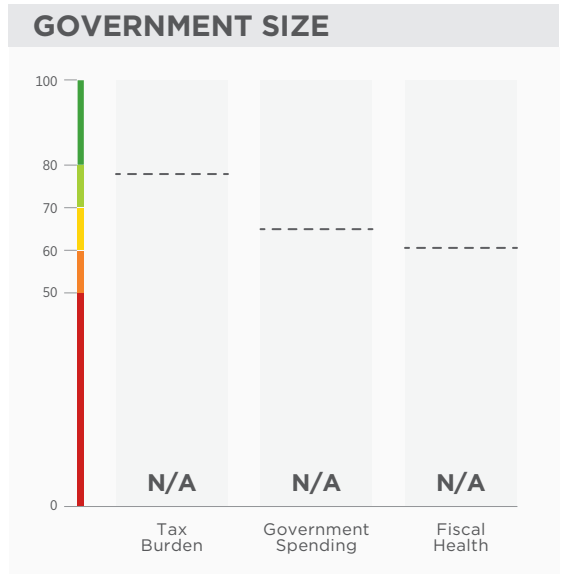
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Liechtenstein is a member of the European Free Trade Association, the Schengen Area, and the European Economic Area. Prince Hans-Adam II is the principality's head of state, but his son, Prince Alois, wields considerable power as regent and can dismiss the government and veto bills. Following the February 2021 elections, Daniel Risch of the center-right Patriotic Union party became prime minister. He heads a coalition government with the center-right Progressive Citizens' Party. Traditions of strict bank secrecy have helped financial institutions to attract funds as well as interest from block chain and cryptocurrency businesses. Liechtenstein has signed an agreement with the European Union on automatic exchange of financial account information and an agreement with Switzerland on tax information exchange.

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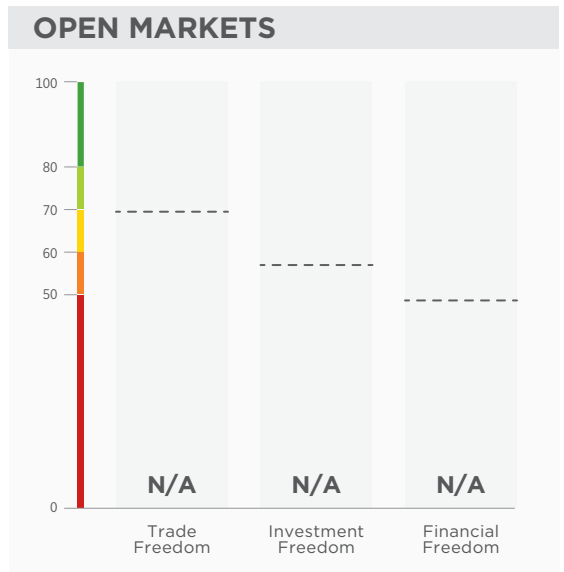
Property rights and contracts are secure. Despite the appointment of judges by the hereditary monarch, the constitutionally independent judiciary is impartial. Liechtenstein is largely free of corruption, and the government enforces anticorruption laws effectively. Although the country is a leading offshore tax haven and traditionally has maintained tight bank secrecy laws, the government has made efforts to increase transparency in banking.



Liechtenstein imposes low taxes. The national personal income tax rates comprise eight tax bands with a maximum rate of 8 percent. Other taxes include a state tax and a municipal tax that varies. The corporate tax rate is a flat 12.5 percent. The standard value-added tax rate is 7.7 percent. Although the fiscal system lacks transparency, government fiscal management has been relatively sound.



Liechtenstein's business climate mirrors Switzerland's. More people are employed than make up the total domestic population because of Swiss, Austrians, and Germans that work there. An exception to the EU's Free Movement of People Agreement allows the country to deny residence permits to workers. Liechtenstein has a de facto monetary union with Switzerland but has no say in determining the Swiss National Bank's monetary policies.



Liechtenstein's trade regime is generally open with minimal nontariff barriers in place except in agriculture. Foreign investment is welcome, and the overall investment environment encourages dynamic growth in the private sector. There are no restrictions on repatriation of profits or currency transfers. Liechtenstein is a major financial center, particularly in private banking. The banking sector remains stable under a prudent regulatory regime.