Moldova's economic freedom score is 62.5, making its economy the 85th freest in the 2021 Index. Its overall score has increased by 0.5 point, primarily because of an improvement in the tax burden score. Moldova is ranked 41st among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Moldovan economy remains in the moderately free category this year. Economic freedom is constrained by post-Soviet Moldova’s ongoing vulnerability to corruption, political uncertainty, weak administrative capacity, vested bureaucratic interests, a rigid labor code, and dependence on energy imports. The rule of law in particular remains very weak, especially in the judicial system.

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Moldovan law protects property rights, but they can be undermined by judicial corruption. Ownership titles are registered by a national cadastral office. The judiciary is constitutionally independent. Reforms are underway to improve the legal framework and reorganize and streamline the operations of the courts, which have been subject to political pressure. Organized crime and corruption remain major problems at all levels of government.

The top individual income and corporate tax rates are 12 percent. Other taxes include a value-added tax. The overall tax burden equals 17.7 percent of total domestic income. Government spending has amounted to 31.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.1 percent of GDP. Public debt is equivalent to 27.3 percent of GDP.

Dealing with construction permits has become quite a bit more expensive and time-consuming. It is estimated that about one-fifth of the labor force works abroad, leaving fewer seeking jobs at home and making it more difficult to expand domestic production. The government subsidizes agriculture and other sectors and maintains price controls on food and other staple goods.

Moldova has eight preferential trade agreements in force. The trade-weighted average tariff rate is 4.1 percent, and eight nontariff measures are in effect. In general, foreign and domestic investors are treated equally under the law, but the overall investment framework lacks transparency and efficiency. Long-term financing remains difficult. About 45 percent of adult Moldovans have access to an account with a formal banking institution.