

LIECHTENSTEIN

1- GENERAL INFORMATION

- I- Legal system
- II- Language
- III- Currency
- IV- Economic policy
- V- Exchange controls
- VI- Bank secrecy

2- LIECHTENSTEIN COMPANIES AND TRUSTS

- I- Company limited by shares (corporation)
- II- Foundation (*Stiftung*)
- III- *Anstalt*
- IV- Trust
- V- Trust enterprise (business trust)
- VI- Other Liechtenstein legal entities

3- TAXATION SYSTEM

- I- Resident entities
- II- Resident trusts
- III- Trust companies
- IV- *Stiftung*
- V- *Anstalt*
- VI- Private investment structures (PIS)
- VII- Foreign income
- VIII- Other Liechtenstein taxes

4- OFFSHORE COMPANIES

- I- Offshore holding companies
- II- Offshore finance companies
- III- Offshore licensing companies
- IV- Offshore trading companies
- V- Offshore administration/headquarter companies
- VI- Offshore shipping/air transport companies
- VII- Offshore real estate companies
- VIII- Offshore trusts
- IX- Offshore trust enterprises
- X- Private Investment Structures (PIS)

5- BILATERAL TAX AGREEMENTS

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CORPORATE INCOME TAX	
Companies	12.5%
<i>Anstalt</i>	12.5%
<i>Stiftung</i>	12.5%
Trusts	12.5%
Offshore holding	Minimum corporate income tax CHF 1,800
Domiciliary company (offshore)	Minimum corporate income tax CHF 1,800
OTHER TAXES	
Capital gains	There is no tax on capital gains
VAT (MWST)	Ordinary rate: 7.7% reduced rate: 2.5% some services are exempt
Stamp duty	Formation of companies: exempt or 1% On share capital higher than CHF 5 m: 0.5% On share capital higher than CHF 10 m: 0.3% Non-commercial foundations: 0.2% or CHF200, whichever is greater
Securities turnover tax	0.15% - 0.30%
Tax on dividends	Abolished from 2011
REGISTRATION TIME	2-3 days (maximum 1 week)
MINIMUM CAPITAL	Company limited by shares: CHF 10,000 <i>Anstalt, Stiftung, Business trust</i> : CHF 30,000
REGISTRATION COSTS	CHF 750 + CHF 3,000 professional charges
TAX RETURN	Required for companies
ADVANCE RULINGS	Applied
EXCHANGE CONTROLS	Not applied
BANK SECRECY	Yes, with minimal restrictions
LEGAL SYSTEM	Civil law
BILATERAL TAX AGREEMENTS	More than 20 tax treaties in effect; more than 20 TIEAs; certain bilateral agreements with Switzerland

1- GENERAL INFORMATION

Liechtenstein is a constitutional hereditary monarchy with a parliamentary and democratic basis. The power of the state is in the hands of the reigning prince and of its population.

The current constitution was written in 1921. In the same year a postal treaty was concluded with Switzerland and on 28 March 1923 the customs treaty was concluded, again with Switzerland. These treaties in no way limit Liechtenstein's absolute sovereignty.

Its central position in Europe, its economic position, the strong Swiss currency and the stable political situation are of substantial benefit to the Principality.

I- Legal system

Liechtenstein has open-minded legislation and a modern and flexible codification of its own individual and corporate law.

Jurisdiction in civil and criminal cases is exercised first by the Lower Court, secondly by the High Court and thirdly by the Supreme Court. Public law is dealt with by administrative tribunal and the State Court of Justice. Jurisdiction is based on the principle of separation of power independent of the administration and is in fact exercised by elected judges. All law courts are in Vaduz.

II- Language

The official language of Liechtenstein is German, although the colloquial language is an Alemannic dialect.

III- Currency

The Swiss franc (CHF) is the official currency of Liechtenstein.

IV- Economic policy

In principle foreign investments can be made in Liechtenstein. There are a few exceptions. The purchase of land and real estate and the ownership of banks, etc, are subject to separate rules and regulations.

After the Second World War, Liechtenstein was in a position to develop from an agrarian country into a highly industrialised one with a superb standard of living and it is now one of the most densely industrialised states. There is great political stability, a liberal economic and legal policy, practically no social tension and favourable basic conditions with regard to taxation.

Liechtenstein participates in the European Free Trade Association (EFTA/1960) and owing to a supplementary agreement participates in the Free Trade Agreement between Switzerland and the European Union (EC/1972). Liechtenstein joined the United Nations in 1990 and the European Economic Area (EEA) and the World Trade Organisation (WTO) in 1995.

A few large-scale industrial undertakings are known all over the world. They produce almost exclusively for export.

V- Exchange controls

Liechtenstein has its own banking law which is similar to Swiss banking law. Liechtenstein has a currency union with Switzerland. There are no inward or outward exchange controls.

VI- Bank secrecy

Liechtenstein banking law provides for heavy sanctions for any breaches of professional secrecy. On an international comparison, Liechtenstein has very well protected bank confidentiality.

From 1 January 2001, a number of regulations in relation to issues of money laundering and the financing of international terrorism came into force. The Due Diligence Act is one such

regulation and it ensures that all persons who accept or keep in custody other people's assets, help to invest them or transfer them are required to hold detailed information on all current clients and to prepare full profiles on new clients.

Any financial transaction involving any of their clients must be properly supported with documentation providing sufficient information about the origin of property, values and cash, etc.

2- LIECHTENSTEIN COMPANIES AND TRUSTS

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Company limited by shares (Corporation)</i>	<p>Any individual or legal entity, whether national or foreign is in a position to form a limited company.</p> <p>The company becomes a legal personality after it has been entered in the public register.</p> <p>The limited company's capital is divided into shares, which may be issued to bearer (that is, they may only be issued after being fully paid up) or to a named person (registered shares). The owners of registered shares must be recorded by the company in a share register.</p>	<p>A limited company may be formed in two ways: simultaneous formation (most common) or successive formation.</p> <p>Application for registration requires a number of specific documents.</p> <p>Names of founders and shareholders are not published.</p>	<p>The limited company is an independent legal entity.</p> <p>The general meeting of shareholders is the company's supreme authority.</p> <p>The board of directors is primarily responsible for the conduct of the company's affairs. The power of the board of directors cannot in principle be limited.</p> <p>Members of the board of directors are elected by the shareholders' meeting. Any person, whether a national or a foreigner and irrespective of domicile or residence, may be a member of the board.</p> <p>The board of directors, foundation council or board of trustees of such an enterprise with legal personality must have at least one member who is empowered to represent it who is:</p> <p>(1) a Liechtenstein citizen resident in Liechtenstein, or</p> <p>(2) professionally admitted as a lawyer, legal agent, trustee or auditor, or has professional qualifications which are acknowledged by the Government.</p>
<i>Stiftung</i>	<p>A foundation (Stiftung) involves the settlement of property (endowment) for some specified purpose.</p> <p>The members of the foundation council may be individuals or legal persons and have the full right of management</p>	<p>A foundation generally comes into existence, becoming a legal personality, after it has been entered in the foundation register.</p> <p>The foundation deed should contain as a minimum:</p> <p>(1) name and domicile</p> <p>(2) purpose and object</p> <p>(3) members of the council and method of appointing, signature rights</p> <p>(4) foundation capital and what is to happen to the assets in case of dissolution, and</p> <p>(5) legal auditor, if commercial activities are allowed and maintained.</p>	<p>A foundation becomes competent upon the appointment of the governing bodies, subject to the law and deed of foundation.</p>

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Anstalt</i>	An establishment (Anstalt) is a juridical person in Liechtenstein law. It has authority to own property and assets. An establishment is favoured because of the extensive freedom in the determination of the statutes/articles and organisation and the tax advantages.	The Act requires a formation declaration, together with the authenticated signature of the founder. The papers are to include: <ul style="list-style-type: none"> • statutes; • name, including the denotation "establishment"; • capital, purpose and object, domicile; • powerj of the supreme authority; • appointment of the organs; • representation; • form of official notice. 	It is an independent legal entity and to exercise its relevant rights and duties, the following governing bodies are required: <ul style="list-style-type: none"> • a supreme authority • a board of directors • possibly a legal auditor • possibly other bodies.
<i>Trust</i>	A trust is established when an individual or legal person transfers an asset, rights or objects to the trustee.	The trust is created by a written agreement between the settlor and the trustee. A trusteeship may also be set up by unilateral declaration by the settlor. In this case, however, a written declaration of acceptance by the trustee is required. Registration involves disclosure of the following information: name of trust, date of its creation, duration of the trust and name and address of the trustee(s). The actual deed of trust does not need to be presented.	The settlor appoints the beneficiaries. The settlor may leave the management to the discretion of the trustee. The settlor may also be a beneficiary, but the trustee may not be the sole beneficiary. The settlor generally appoints one or more individuals or legal persons as trustee(s). Nationality and place of residence is of no importance. At least one trustee must have residence in Liechtenstein or be a domestic juridical entity.
<i>Business trust</i>	The trust enterprise is an undertaking conducting under its own name, legally independent, organised, established for economic or other objects and endowed with funds, in favour of the beneficiaries.		

Companies and entities recognised under Liechtenstein law include:

- (1) company limited by shares (corporation)
- (2) establishment (Anstalt)
- (3) foundation (Stiftung)
- (4) trust enterprise
- (5) trust.

I- Company limited by shares (corporation)

A limited company may be formed in two ways: simultaneous formation (most common) or successive formation. The company becomes a legal personality after it has been entered in the public register. Application for registration requires a number of specific documents. After registration, anyone may obtain an extract from the public register showing the following details: date of entry, company name, domicile, date of the statutes, purpose and object, details of share capital, names and residence of the members of the board of directors, signature

authorisations, the legal representative and other registered officers. Names of founders and shareholders are not published.

Any individual or legal entity, whether national or foreign, can form a limited company.

The majority of limited companies are formed by simultaneous act.

The articles must state the following:

1. name and registered office;
2. purpose and object;
3. amount of the initial capital and of the individual shares, and whether these are registered or bearer shares; nature and amount of the paid-up capital;
4. mode of calling the shareholders' general meeting, exercising the voting power and passing resolutions;
5. governing bodies of the company;
6. form of notices to shareholders and outsiders.

The minimum capital for a limited company is CHF10,000. Repayment of capital can only be effected on the basis of a liquidation balance sheet showing that, after repayment, the liabilities of the company are still covered by the remaining capital, the reserves and the available assets. A reduction of the share capital is possible if specific legal procedures are followed and the minimum share capital is maintained.

The limited company's capital is divided into shares. A bearer share transfer takes place by delivery of the share documents. The transfer of registered shares also takes place by delivery of the share document, endorsed, however, to the buyer. Endorsement in blank is not allowed by Statute. The transfer of registered shares may be limited by the statutes.

The limited company is an independent legal entity with:

- general meeting of shareholders;
- board of directors;
- legal auditor;
- other bodies.

The general meeting of shareholders is primarily responsible for the conduct of the company's affairs and its power cannot be limited.

Members of the board of directors are elected by the shareholders' meeting. Any person, whether a national or a foreigner and irrespective of domicile or residence, may be a member of the board.

In the case of a holding or domiciliary enterprise, the special regulations apply with regard to the composition of the board of directors.

The legal representative is generally appointed by the general meeting and is the official addressee of the company. By law, the legal representative is empowered to receive and accept declarations and communications of all kind, including those from administrative authorities and domestic courts.

Limited companies are required to keep proper books, to draw up balance sheets as well as profit and loss accounts; this is irrespective of the purpose and object of the company. Within six months of the end of a given business year, limited companies must submit audited financial statements to the tax administration. The legal auditors must be recognised and licensed by the Government.

Under the present legislation it is only possible to transfer the company's seat out of Liechtenstein subject to the approval of the Government. The legislation does not set out the application procedure and in the case of an emergency transfer, timely government approval may not be possible. A transfer into Liechtenstein also requires the approval of the Court

II- Foundation (*Stiftung*)

A foundation (*Stiftung*) solely exists to realise the wishes of the founder as prescribed in the statutes and foundation deed. A foundation can generally not be formed to pursue commercial objects.

In some individual cases explicitly mentioned in the law (ecclesiastical foundations, purely family foundations (family members are beneficiaries only) or mixed family foundations (family members and others) the formation and existence coincide and such foundations must not engage in commercial activities.

A foundation generally comes into existence, becoming a legal personality, after it has been entered in the foundation register.

Any individual or legal person may donate assets.

A foundation originally formed for an unlimited duration may not normally be dissolved as long as the purpose can be realised. The founder initially determines if a foundation is to be for an unlimited or a limited period. A dissolution by mutual agreement of all parties concerned (founder, council, beneficiaries, etc) is possible. In very specific situations, a foundation may be subject to revocation or cancellation.

A foundation's minimum capital is CHF30,000. This capital must be donated to the foundation by the founder upon formation. The foundation fund defined as the foundation's total assets, as shown in the foundation deed or possibly in the statutes, is separate from the foundation capital. The foundation may receive further assets after formation.

The method of appointing council members must be determined in the deed of foundation.

The members of the foundation council may be individuals or legal persons and the council has the full right of management.

The application of the assets of a foundation remains under the protective control of the founder. The nationality, domicile or residence of the founder is of no importance.

Normally, beneficiaries are appointed by the founder or by the relevant competent authority determined in the deed of the foundation, statutes or by-laws.

The members of the foundation council may be nationals or foreigners, irrespective of whether they are domiciled in Liechtenstein or abroad. The local representative is regarded as the official addressee of the foundation. The representative is empowered to receive and accept declarations and communications of all kinds, including those from administrative authorities and domestic courts.

The foundation council must prepare an annual statement and accounts. A legal auditor is not required unless the foundation engages in commercial activities.

Within six months after the end of the business year, the Liechtenstein member of the foundation council must sign and file a declaration with the Public Register Office confirming that such statements are available and that no commercial activity took place.

As the foundation is an entity specific to Liechtenstein, migration as a foundation is not possible. However, conversion to another entity may be possible, that entity then migrating.

Foundations are generally subject to government supervision, with certain specified exceptions. From 29 January 2019, deposited foundations are required to disclose details of beneficiaries to the Beneficial Ownership Register which is maintained by the Office of Justice.

III- Anstalt

An establishment (*Anstalt*) is a juridical person in Liechtenstein law and it has authority to own property and assets. It is legally competent to conduct commercial and financial business of all kinds and may engage in the management of assets with minor exceptions (eg banking business, etc).

Capital is mainly undivided, consequently there are no members, participants or shareholders. The relevant law in fact recognises the establishment of shares, but this legal form is rarely used.

An establishment can be formed by individuals or legal persons. More than one founder is not required. Nationality, residence and domicile are not subject to specific requirements.

The provisions of an establishment as to its purpose and object must properly indicate if commercial activities will be undertaken or not. The management and investment of assets or holding of interests, participations or other rights are not considered a commercial activity unless the volume of such operations requires commercial facilities.

An establishment acquires legal personality only upon entry in the public register. The application for registration includes a number of specific documents. After registration, anyone may obtain an extract from the public register showing the following particulars:

- date of entry;
- name;
- domicile;
- date of the statutes;
- purpose and object;
- capital;
- name and residence of the members of the board of directors;
- signature authorisations;
- legal representative and other registered officers.

Names of founders and bearers of the founder's rights are not published.

The minimum capital for an establishment is CHF30,000 (if the capital is divided: CHF50,000) and it must be fully paid up prior to formation.

If an establishment's capital is divided into shares, the rules for a limited company generally apply. In most cases the capital remains undivided.

Repayment of capital can only be effected on the basis of a liquidation; or as described under the company limited by shares.

The ownership of the founder's rights is regulated. The rights are acquired by the founder by way of the act of formation. These rights may be assigned, transferred or inherited, but not pledged or encumbered (because they are not property rights). The bearer of the founder's rights forms the supreme body of the establishment.

The founder's rights may be owned by one or more individuals or legal persons. If the founder's rights are apportioned to several parties, then this multi-ownership is not regarded as a division of the capital into shares.

To be valid, a resolution generally requires the unanimous approval of all bearers of founder's rights.

The capital can only be divided into shares if it amounts to a minimum of CHF50,000. If it is divided into shares, the rules for a limited company generally apply.

An Anstalt is an independent legal entity and to exercise its relevant rights and duties, the following governing bodies are required:

1. a supreme authority
2. a board of directors
3. possibly a legal auditor and other bodies.

The founder or the legal successor, in fact the bearer of the founder's rights, is the supreme authority of an establishment.

The board of directors is primarily responsible for the conduct of the company's affairs. The power of the board of directors cannot in principle be limited. If there are two or more directors, they may be restricted by joint signature rights.

At least one member of the board of directors must be resident in Liechtenstein who has been professionally admitted as a lawyer, legal agent, auditor or trustee.

The boards of such enterprises may include an unlimited number of individuals or legal persons, nationals or foreigners, irrespective of domicile or residence.

A legal representative must be appointed and is the official addressee of the establishment, is registered with the public register office and is empowered to receive all kinds of notifications.

Establishments engaged in commercial activities are required to keep proper books, to draw up balance sheets as well as profit and loss accounts. Additionally, within six months of the end of a given business year, audited financial statements must be submitted to the tax administration. The legal auditors must be recognised and licensed by the Government.

Where the statutory purpose and object does not permit commercial activities, financial statements giving adequate information on the establishment's assets and liabilities must be drawn up, allowing the Liechtenstein board member to sign and file the obligatory declaration with the public register office confirming compliance with the statutes and relevant regulations. Given that the Anstalt is a specific entity recognised by legislation in Liechtenstein, migration to another jurisdiction may not be feasible. However, the possibility of conversion of the Anstalt to another entity capable of migration may need to be examined.

IV- Trust

Among the countries of the European continent, Liechtenstein alone has adopted a codified law of trusts.

The trust is not prohibited from accumulating income and there are no rules against perpetuity. This allows the creation of a trust with unlimited duration.

A trust is established when an individual or legal person transfers an asset, rights or objects to the trustee. The trustee will then, in accordance with the provisions laid down in the trust instrument, hold or make use of the property in trust in their own name as an independent legal owner. No juridical person is created when such a trust is established.

If the assets are to be administered for the benefit of family members, then it is more often used the discretionary trust, more flexible of a foundation and without limitations on the objects and purpose.

The trust is created by a written agreement between the settlor and the trustee.

A trusteeship may also be set up by unilateral declaration by the settlor. In this case, however, a written declaration of acceptance by the trustee is required.

If a trust is created to exceed the duration of 12 months it must be registered by the Liechtenstein trustee in the public trust register or the trust deed must be deposited with the Court of the Principality.

When and in what way the trust comes to an end and how the trust property should be used in such a case is decided primarily by the trust deed. Otherwise the trust ends when the property is lost and subsequently not replaced. Outside provisions regarding termination of the trust deed, dissolution is by a decision of the Liechtenstein High Court, on application.

The settlor may withdraw from the trust agreement and revoke the trust only when the articles enable this. The trust arrangement is otherwise irrevocable, and may be challenged only under the rules applying to contractual defect, contestation of the avoidance of a debtor's transactions, or under the law applying to gifts. Trusts set up under wills may be revoked under the law of succession. In the event of revocation the trust estate reverts to the settlor.

Unless the trust deed provides for other arrangements, the death or incapacity of the trustees or settlor does not terminate the trust.

It is important that the trust deed indicates whether the trust shall be registered or deposited. Subsequent to this the deed should also indicate the beneficial interests of the trust, and in whose interest the estate is bestowed.

There are no specific capital requirements in Liechtenstein.

The trustee acts as an independent legal owner and has absolute rights.

The trustee is entitled, as set out in the regulations of the trust agreement, to depose of the trust property as the holder of independent rights, and is obliged to administer and follow such rights against any outside parties.

The trustee is bound to follow the will of the settlor. If there are several trustees, they mainly act collectively. The trustee may personally be held liable with their whole assets to the settlor and beneficiaries should the trustee infringe duties and obligations.

A trustee is not entitled to the least commercial advantage above the remuneration due to the trustee, as set out by the agreement.

The settlor is in the position to limit the status of the individual beneficiaries, including their rights to information and verification. By direct application to the Court, the rights of individual or particular beneficiaries may then be exercised.

The settlor may also be a beneficiary, but not the only trustee. Charitable trusts have no entitled beneficiaries.

The settlor appoints the beneficiaries and may leave the management to the discretion of the trustee.

The settlor generally appoints one or more individuals or legal persons as trustee(s). Nationality and place of residence is of no importance, but trusts established after 28 February 2013 are required to have at least one trustee (individual or juridical entity) who is a national of an EEA country. Before that date, at least one trustee had to have residence in the Principality of Liechtenstein.

The settlor may further appoint an advisory board to assist the trustee(s).

Trusts originally created in or subsequently transferred to Liechtenstein may freely emigrate, and no prior authorisation is required. There are no tax charges on departure and once the registration or deposit of the trust is cancelled no further annual tax liability is incurred.

From 29 January 2019, details of the beneficial owners of a trust must be submitted to the Beneficial Ownership Register which is maintained by the Office of Justice.

Trusteeships entered in the public register are subject to supervision by the Liechtenstein courts. This supervisory authority is waived in the case of a family trusteeship, or where the courts exclude such supervision. The trust deed may entrust the supervision to another body, or nullify the requirement altogether.

V-Trust enterprise (business trust)

The trust enterprise, based on the business trust (the Massachusetts Trust), is an undertaking conducting under its own name, rendered legally independent, organised, established for economic or other objects and endowed with funds, in favour of the beneficiaries.

Under the provisions of the law, it is possible to organise it without a separate legal personality or as a trust enterprise with legal personality, with its relevant assets.

The trust enterprise without legal personality is of little importance and, therefore, the following details apply to the trust enterprise with a legal personality without members. The trust enterprise with juridical personality should always be chosen if the trust is to pursue economic objectives.

A trust enterprise may engage in any kind of reasonable and legal business, but this must be absolutely clear from the object clause.

Investment and administration of assets or holding of interest and other rights do not constitute a commercial activity. Generally, the participants of a trust enterprise are the settlor, trustee(s) and beneficiaries. The trust statutes ought to determine the legal relationship between these parties, also with regard to organisation, rights and duties.

A trust instrument together with the authenticated signature of the settlor is required to create a trust enterprise. The trust instrument must declare that a trust enterprise is established, it must contain the trust's name, domicile, duration, objects and purposes of the trust fund and the

express indication that it is a trust enterprise. The declaration must also contain the number of trustees, manner and rules to appoint trustees and the related provisions for the appointment of further trustees and auditors.

Additionally, the statutes shall include provisions with regard to organisation, representation, beneficial interest, amendments and other similar provisions, the dissolution of the trust enterprise and it may be provided that dissolution is permitted only under certain circumstances. The trust statutes may also make it clear who has the right to dissolve the trust enterprise, usually the settlor, the trustee or a beneficiary.

Beneficiaries may be natural or juridical persons who, in accordance with the trust instrument, derive any benefit from the trust enterprise. Beneficial interests under the trust may be restricted by time limits and conditions outlined in the by-rules.

The creator may be one or more individual or legal persons, irrespective of nationality, residence or domicile.

The entry in the register gives legal personality to the trust enterprise, which implies registering with the public Registry.

The following documents must be enclosed: the certified articles, a declaration concerning company signatories, and publication authorisation from the Princely Tax Administration. Moreover, an audit authority must be appointed if the trust enterprise is intending to pursue commercial objectives.

Upon request, the commercial register office will issue an extract which furnishes the following information: the day of entry, name, domicile, date of the articles, duration and objects, trust fund, name and place of residence of the members of the board of trustees, the signature rights, and the form of notice.

The minimum capital of a trust enterprise is CHF30,000. It must be paid up by the settlor. The trust capital is distinct from the trust assets.

The appointment of the trustees is determined in the statutes of the enterprise. One trustee, however, must have Liechtenstein nationality and residency, and hold commercial qualifications as a lawyer, accountant, trustee, or similar.

The beneficiaries are identified as those people who qualify for immediate or future advantage from the trust enterprise in accordance with the trust agreement.

Beneficial interests under the trust may be restricted by time limits and conditions outlined in the by-rules. The settlor may also be a beneficiary of the trust enterprise.

The trust enterprise is managed and directed by one or more trustees acting as fiduciary owners thereof. Where there are several trustees corporately they form a board of trustees. A supreme body within the structure of the trustees themselves may be provided for in the trust agreement. A trustee not engaged in the management of the trust enterprise is obliged to be regularly informed concerning the course of business and to carry out appropriate checks.

The administrative body manages and applies the trust property in accordance with the provisions of the trust instrument in the particular interest of the beneficiaries. In the absence of other provisions in the statutes the conduct of business collectively rests on all the trustees. Resolutions by a board of trustees require unanimity.

The local representative, which name must be entered in the Public Register Office, is regarded as the official addressee of the trust enterprise. The representative is empowered to receive and accept declarations and communications of all kinds, also from administrative authorities and domestic courts.

Trust enterprises engaging in commercial activities must prepare inventories, balance sheets, profit and loss accounts and keep orderly books. Additionally, within six months of the end of a given business year, audited financial statements must be submitted to the tax administration. The legal auditors must be recognised and licensed by the Government.

Trust enterprises not engaging in commercial activities, or not permitted to do so, must prepare annual accounts and keep proper, regular and clear accounts. A declaration signed by the

Liechtenstein trustee must be submitted to the Public Register Office. This has to be done within six months to the end of the business year. This declaration also includes a confirmation that the trust enterprise did not engage in commercial activities.

After completion of the formation and registration, anyone may request an extract from the register giving the following information: date of entry, domicile, date of statutes, duration, purpose and object, trust fund, name and residence/domicile of the members of the board of trustees, signature rights, notices and legal representation.

Liechtenstein has an extremely well-developed service infrastructure which provides a full range of trustee services and there are no exchange controls.

VI- Other Liechtenstein legal entities

Other Liechtenstein legal entities are:

- an association (*Verein*)
- a limited partnership with a share capital (*Kommanditgesellschaft*)
- a private limited company (*Gesellschaft mit beschränkter Haftung*)
- a registered cooperative society (*Eingetragene Genossenschaft*).

Companies without juridical personality include:

- a simple partnership (*Einfache Gesellschaft*)
- a general partnership (*Kollektivgesellschaft*)
- a limited partnership (*Kommanditgesellschaft*)
- a silent partnership (*Stille Gesellschaft*)

3- TAXATION SYSTEM

The tax authorities are entitled to inspect the books of all corporate bodies within five years after the end of the calendar year the taxes were due. Corporate bodies must submit their balance sheet and profit and loss account every year to the tax authorities. The financial statements to be filed must be signed and in German or must be accompanied by a signed German translation.

I- Resident entities

Corporate income tax is levied on corporations (company limited by shares), establishments and foundations, on trust enterprises, corporate bodies equivalent to corporations, and corporate bodies set up under foreign law, whenever any of these carry on a business and transactions of a commercial nature.

Holding and domiciliary companies are generally exempt from tax on earnings, but pay a set minimum amount annually

Corporations and other legal bodies become resident for tax purposes if they are incorporated and/or registered in Liechtenstein, irrespective of the seat of effective management and control.

The tax liability for legal bodies begins on the day of formation and ends when the liquidation is terminated.

Tax returns have to be filed together with financial statements, at the dates set by the tax authority. An extension for filing tax returns may be obtained.

Legal persons not involved in commercial activities pay a minimum corporate income tax of CHF1,800.

Corporate income tax is charged at 12.5%.

The minimum corporate tax of CHF1,800 also applies to all entities engaged in commercial activities, but only if the average balance sheet total is below CHF500,000 over the preceding three years.

Losses may generally be carried forward indefinitely to reduce taxable profits in future years. However, foreign branches and group companies may only carry forward losses for up to five years. Brought forward losses may only be used to reduce taxable profits by up to 70% in any one year.

There is no tax on capital gains.

Coupon (or withholding) tax was abolished for profits accumulated from 1 January 2011. Prior to that, coupon tax – introduced in 1966 - was 4%.

A transitional phase of two years (2011/2012) applied for profits accumulated before 1 January 2011, allowing them to be distributed with a tax rate of 2%. After these two years, any written-back bad debts were to be distributed with a tax rate of 4%. However, for distributions made during 2014 and 2015, a reduced rate of 2.5% applied. Undistributed written-back bad debts had to be distributed by 31 December 2015 at the latest.

Coupon tax was levied on coupons of certain securities, bonds, unit bonds on Liechtenstein public and private companies and other asset-type participatory rights in corporate bodies whose capital was distributed in share form.

Interest on loan balances of more than CHF50,000, if one of the contracting parties was entered in the public register or carried on a business on commercial lines and if the loan was granted for more than two years, was also subject to the coupon tax.

This tax also applied to domiciliary and holding companies if the capital was divided into shares.

Under the EU-Liechtenstein Savings Tax Directive, withholding tax was applied to the returns on savings instruments paid to EU citizens from 2005, initially at 15%, then at 20% from 1 July 2008 and at 35% from 1 July 2011 until 31 December 2015. 75% of the money retained was paid forward to the home country of the recipient of the interest, with the remaining 25% being retained by Liechtenstein. Alternatively, the recipient could choose to allow the Liechtenstein paying agent to pass on information about the interest paid to the recipient's home tax authority. An amending protocol to the EU-Liechtenstein Savings Tax Directive applies from 1 January 2016. Under the protocol, the directive has been renamed as "the Agreement between the European Union and the Principality of Liechtenstein on the automatic exchange of financial account information to improve international tax compliance". Under the agreement, Liechtenstein automatically exchanges information on interest and other forms of income with EU member states.

II- Resident trusts

The basic requirement for taxation liability is involvement in business and transactions of a commercial nature in Liechtenstein.

A flat rate tax of 12.5% applies to commercially active resident trusts.

III- Trust companies

As the prerequisite for taxation assessment is involvement in commercially oriented activities, the trust enterprise falls into both the liable and exempt categories.

A commercial, profit-oriented trust enterprise is subject to taxation in accordance with the guidelines set out for trusts.

A trust enterprise that is prevented by its objects from engaging in commercial activities, or is principally involved in investment of assets, is subject to the minimum corporate tax of CHF1,800.

IV- Stiftung

They are subject to a flat tax rate of 12.5%.

Beneficiaries, whether domiciliary or resident abroad, of foundations, or trusts situated abroad, who receive payments, or distributions upon dissolution of the assets, are not liable to tax on those payments.

V- Anstalt

A flat tax rate of 12.5% applies.

Establishments who carry out comparable activities to holding and domiciliary companies share their exemption from liability to profit tax.

VI- Private investment structures (PIS)

A tax status called "Private Investment Structure" (PIS) (introduced by the Liechtenstein Tax Act of 23 September 2010) can apply to any foundation, trust or other legal entity that limits its activities to the holding, administration and sale of assets. No type of trading or commercial activity is permitted. PIS undertakings pay the annual minimum corporate tax of CHF1,800.

PIS entities may receive passive income but not fund management or similar fees. They may not exercise control over any undertaking in which they hold shares. The owners of a PIS entity may be individuals, other PIS entities or intermediaries acting on their behalf.

VII- Foreign income

All corporations and other entities subject to the flat rate tax are subject to taxation of their worldwide income (treaty exception), irrespective of the situs of effective management and control.

Foreign entities officially registered in Liechtenstein are subject to taxation.

Capital gains made by a non-resident company are not subject to taxes in Liechtenstein.

VIII- Other Liechtenstein taxes

Formation duty and stamp tax

The Swiss Federal Law on stamp tax also applies in Liechtenstein. The rate of stamp duty on participation rights is 1%. On the formation of a company limited by shares, a partnership limited by shares or a limited liability company, the initial capital stock (share capital) up to CHF1m is free of this duty. If the capital stock is increased but remains within the CHF1m limit, this increase is also free of this duty.

In cases when the Swiss Federal Law does not apply, formation duty of 1% is payable. Upon application this tax rate may be reduced to 0.5% for capital amounts of CHF5m and above, and to 0.3% for capital amounts exceeding CHF10m. Non-commercial foundations pay, upon application, a formation duty of 0.2% or CHF200, whichever is greater.

Securities turnover tax

This tax applies to domestic securities dealers at rates of 0.15%/0.30%.

Inheritance and gift tax

This tax was abolished from 1st January 2011.

Value added tax (MWST)

On 1 January 1995, the turnover tax was replaced by a value added tax (VAT).

Value added tax is levied on domestic goods and services as well as goods and services from abroad. Generally, the tax is levied at the rate of 7.7%. Reduced rates apply to accommodation services (3.7%) and to basic goods, medicines, newspapers, etc. (2.5%).

The export of goods and services (under certain circumstances), postal services, medical services, educational services and the change of ownership of real estate/buildings are tax exempt.

Under certain circumstances it is possible for companies to apply for *net-taxation*. This treatment is available for companies which are actually doing business in Luxembourg.

Real estate gains tax

Real estate gains tax is payable by any person (individuals and juridical persons) making a profit from the sale of land in Liechtenstein. The tax rate is the same as that fixed by Parliament each year for income tax. If land has been owned less than 10 years, there are various levels of surcharges. It should be noted that this tax is very complex, and individual consultation with a professional tax advisor is recommended.

Pensioner tax

Persons (also juridical bodies) having their residence or domicile in Liechtenstein without carrying on a gainful activity and living from proceeds of assets, etc, may opt to pay pensioner tax instead of property and income tax.

Customs duty

It is the same as for Switzerland. Since Liechtenstein joined the European Economic Region, customs duties have been moving towards harmonisation with the other member states.

Motor vehicle tax

The tax is payable by the owner of such vehicles.

Dividends received from Liechtenstein companies

There is no tax on dividends received from Liechtenstein companies.

Dividends paid

There is no withholding tax on dividends paid by Liechtenstein companies.

Advance rulings

Advance rulings may be obtained under certain circumstances.

Anti-avoidance

There is no anti-avoidance legislation per se, but the law contains paragraphs dealing with tax fraud (Art 140 and 141 of the tax law).

Special incentives, grants, etc.

Substantive cases would have to be clarified with the relative authorities individually.

4- OFFSHORE COMPANIES

Entities considered “offshore” companies are not defined under Liechtenstein laws. A domiciliary company is like any juridical entity entered in the public register, but merely has a domicile in Liechtenstein, with or without offices but certainly without any business or commercial activity in Liechtenstein.

Trust property is treated practically in the same manner as long as the property is definitely foreign.

The Private Investment Structure (PIS) (available from 1 January 2011) replaces offshore companies in many circumstances

Payments from offshore companies to shareholders

Non-resident shareholders or owners of offshore companies are not directly liable to Liechtenstein taxes. Coupon tax was abolished for profits accumulated from 1 January 2011. However, a transitional phase of two years (2011/2012) applied for profits accumulated before 1 January 2011.

I- Offshore holding companies

A holding enterprise is a juridical entity entered in the public register as well as an unregistered foundation with the explicit objects that provide solely for the participation or permanent administration of participations in other enterprises.

Taxation of a holding company is the same as for a domiciliary company, that is CHF 1.800.

II- Offshore finance companies

They fall within the provisions for holding and domiciliary companies.

III- Offshore licensing companies

They fall within the provisions for holding and domiciliary companies.

IV- Offshore trading companies

They fall within the provisions for holding and domiciliary companies.

A domiciliary company may purchase goods at arm's length prices either from a non-related or related distributor and then on-sell those same goods at a profit to the foreign subsidiary.

If goods are imported into Liechtenstein, import duties will apply. To maintain inventory would hamper the beneficial tax treatment of a domiciliary company. Consequently, it is important that the goods do not physically pass through Liechtenstein (bonded warehouses in Switzerland are an exception)

V- Offshore administration/headquarter companies

They fall within the provisions for holding and domiciliary companies.

The management and control of a group can be carried out by means of establishing an administration company in the form of a domiciliary company in Liechtenstein with offices. The company may not engage in commercial activities in Liechtenstein and may not have inventory.

VI- Offshore shipping/air transport companies

They fall within the provisions for holding and domiciliary companies.

It is not possible to register vessels and/or aircraft in Liechtenstein.

VII- Offshore real estate companies

They fall within the provisions for holding and domiciliary companies.

They cannot hold land/real estate in Liechtenstein. However, it has to be considered that real estate is generally taxed where it is.

VIII- Offshore trusts

Entities considered "offshore" trusts are not defined under Liechtenstein law.

The distinct criterion is commercial purpose and whether the entity is active solely abroad or also in Liechtenstein.

IX- Offshore trust enterprises

The trust enterprise is a popular hybrid entity as it can combine the flexibility of the common law trust together with the separate legal persona of the company.

Thus, the most significant form of the trust enterprise is the "non-active trust", ie with juridical personality.

The trust may be created for any legal object, from commercial to personal or impersonal objects.

X- Private investment structures (PIS)

The Private Investment Structure (PIS) (available from 1 January 2011) replaces offshore entities in many circumstances.

5- BILATERAL TAX AGREEMENTS

Liechtenstein has concluded tax treaties with a number of countries which specify the withholding tax rates which apply. Non-treaty withholding tax rates apply when they are lower than the rate specified in the treaty. There is no Liechtenstein withholding tax on dividends, interest or royalties paid to non-residents.

The following rates of Liechtenstein withholding tax apply to non-resident entities:

	<i>Dividends</i> %	<i>Interessi</i> %	<i>Royalties</i> %
<i>Non-treaty countries</i>	0	0	0
<i>Treaty countries</i>			
Andorra	0	0	0
Austria	0	0	0
Czech Republic	0	0	0
Georgia	0	0	0
Germany	0	0	0
Guernsey	0	0	0
Hong Kong	0	0	0
Hungary	0	0	0
Iceland	0	0	0
Jersey	0	0	0
Lithuania	0	0	0
Luxembourg	0	0	0
Malta	0	0	0
Monaco	0	0	0
Netherlands	0	0	0
San Marino	0	0	0
Singapore	0	0	0
Switzerland	0	0	0
United Arab Emirates	0	0	0
United Kingdom	0	0	0
Uruguay	0	0	0

Liechtenstein has also signed agreements, mainly to avoid double taxation of border workers, with 2 Swiss cantons (St Gallen and Graubünden), and with the cantons Freiburg and Schaffhausen with regard to inheritance matters.

Liechtenstein is a member of the European treaties on mutual legal assistance, except the provision of legal assistance in fiscal matters. In addition, in 2002 Liechtenstein and the United States of America entered into a treaty on mutual and legal assistance in criminal matters.

Liechtenstein has signed TIEAs with the following countries, based on the OECD model convention: Andorra, Antigua and Barbuda, Australia, Belgium, Canada, China, Denmark, Faroe Islands, Finland, France, Germany, Japan, Greenland, Iceland, India, Ireland, Italy, Mexico, Monaco, Norway, Netherlands, United Kingdom, Saint Kitts and Nevis, Saint Vincent and the Grenadines, United States, South Africa and Sweden.