



Europe/MiddleEast/Africa Region



Doing Business in

# Liechtenstein

November 2011

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## Introduction

This guide is written for companies interested in doing business in Liechtenstein. It outlines key facts and figures on Liechtenstein's history, economy, business infrastructure, laws and taxation. The information contained herein should be used for guidance only and is current as at 31 July 2011. Every effort has been made to ensure that the facts contained in this publication are correct at the time of publication; however, no responsibility for loss resulting from action taken based on any material herein can be accepted. It is recommended that readers obtain further information and professional advice prior to making any decision.

## About JHI

With offices in the Americas, Asia-Pacific and Europe, JHI is a leading international association for independent business advisors, financial consulting and accountancy firms. JHI exists to support the development of its member firms by facilitating communication, exchange, networking and resource sharing worldwide. Its members benefit from global networking while maintaining total practice independence. Admissions are subject to a rigorous selection process based on criteria including the quality of practice, reputation and geographical location.

JHI is one of the largest associations of its kind, with some 120 member firms in over 50 countries worldwide. Its members offer a broad range of accounting, auditing and management consultancy services and develop their business capacity through the association's global network. JHI's worldwide coverage enables its members to access support and cost effective business solutions, no matter where in the world their business takes them. JHI members benefit from a diverse programme of regional and international conferences, designed to engage, facilitate professional development, challenge and stimulate member firms, whilst offering unparalleled opportunities for networking and business development. JHI is also a leader in providing value-adding services to members, including Special Interest Groups addressing the latest market trends on information technology, tax and auditing, financial services, practice management, forensic accounting and litigation support, as well as topic-specific discussion forums addressing the professional needs of managing partners and doing business in different countries. For further information on JHI's work and its members, see [www.jhi.com](http://www.jhi.com).



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# Doing Business in Liechtenstein



## JHI in Liechtenstein

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# Doing Business in Liechtenstein



## Key Facts

**Population:** 36,000  
**Currency:** CHF - Swiss franc

**Dialling Code:** + 423  
**Language:** German  
**Time Zone:** GMT + 1

**Fiscal Year:** 1 January - 31 December  
**Business Hours:** 0800 - 1700  
Monday to Friday

## History

Liechtenstein comprises the former territories of the County of Vaduz (the Upper Country) and the Lordship of Schellenberg (the Lower Country). These were first united by inheritance in 1434 with the status of direct fiefs of the Holy Roman Empire. At the beginning of the 18th century the two territories were purchased separately by Prince Johan Adam Andrew of Liechtenstein whose title was taken from Liechtenstein Castle, a former family possession south of Vienna. In 1719 the two territories were formally reunited as the Imperial Principality of Liechtenstein. Today the country is officially known as the Principality of Liechtenstein (Fürstentum Liechtenstein).

Being a poor agricultural country, the years after the Second World War were marked by an ongoing boom.

Within only a few decades Liechtenstein developed into a modern society with a surprisingly diversified economy. Its highly specialized industrial firms are competitive throughout the world and its trades occupy an important position in the region. The country has increasingly gained international recognition through its financial services, banks and fiduciaries. Small states' right to exist is often called into question and Liechtenstein has therefore joined a number of international organizations including: International Court of Justices in The Hague (1950), OSCE (1975), Council of Europe (1978), UN (1990), EFTA (1991), EEA (1995) and WTO (1995).

# Doing Business in Liechtenstein

## Political context

According to article 2 of the Liechtenstein Constitution, “[the] Principality is a constitutional hereditary monarchy on a democratic and parliamentary basis; the power of the State is inherent in and issues from the Reigning Prince and the People...” The structure of the State is characterized by this dualism of the Reigning Prince and the People. Neither the monarchic nor the democratic principle dominates. According to the Constitution the

People can exercise its rights directly through elections and popular votes. Further direct-democratic rights include the right of initiative and referendum on both the legislative and constitutional level. Voters are required to take part in elections and popular votes. The Reigning Prince, the Parliament and citizens eligible to vote have the right to initiate legislation.

## Parliament (Landtag)

The Liechtenstein Parliament is elected directly by the people according to proportional representation. The Upper Country election district elects 15 Members to Parliament and the Lower Country election district elects 10. Parliament is opened and adjourned by the Reigning Prince. The Reigning Prince also has the right to dissolve Parliament on grounds of considerable importance. The

Government of the Principality of Liechtenstein is collegial; it consists of the Prime Minister and four additional Ministers who are appointed by the Reigning Prince on recommendation of Parliament. All important issues are subject to the consultation and decision of the collegial Government. Government portfolios are distributed among the Ministers.

## Economy

Despite its small size and limited natural resources Liechtenstein has developed into a prosperous, highly industrialized, free-enterprise economy with a vital financial service sector and living standards on a par with its large European neighbors. The Liechtenstein economy is widely diversified with a large number of small businesses. Low business taxes – a flat rate tax of 12.5% has been introduced as per 1 January 2011 - and easy incorporation rules have attracted many holding

companies. The country participates in a customs union with Switzerland and uses the Swiss franc as its national currency. It imports more than 90% of its energy requirements. Liechtenstein has been a member of the European Economic Area (an organization serving as a bridge between the European Free Trade Association (EFTA) and the EU) since May 1995. The government is working to harmonize its economic policies with those of an integrated Europe.

## Legal and judicial system

Jurisdiction in civil and criminal matters is exercised in the first instance by the Court of Justice, in the second instance by the Court of Appeal and in the third and final instance by the Supreme Court. Jurisdiction is exercised on behalf of the Reigning Prince.

Administrative jurisdiction is exercised by the Administrative Court and in some cases also by the Constitutional Court.

# Doing Business in Liechtenstein



## Foreign investment

### Investor considerations

- Extremely stable constitutional state
- Efficient communications systems
- Comparatively high cost of living
- Absence of foreign exchange controls
- Favorable tax climate
- Restrictions of foreign ownership for Liechtenstein real estate
- Restrictions on obtaining work permits for non-EU-citizens
- Intellectual Property Company

### Investment climate

The Liechtenstein government has little power to influence foreign investments. The main exceptions are the acquisition of real estate by non-residents or foreign-controlled resident companies, banking and insurance activities and commercial activities performed within Liechtenstein by resident business enterprises and permanent establishments of non-residents located in Liechtenstein.

The Liechtenstein government supports free enterprise and free trade. There are no foreign exchange controls in effect. Given the economic growth and limited population of the country, foreign labor has necessarily become a significant part of the national economy and represents more than 50 percent of the total labor force. In recent years, however, political pressure has been brought upon the government to limit the number of foreigners

permitted to live and work in Liechtenstein. Under these conditions, the license necessary for the formation of new undertakings by foreigners for commercial or industrial activities within Liechtenstein is granted to non-EU-residents on a very restricted basis. Additionally, residence permits for foreign employees are granted only if an economic need exists. As a practical matter the most relevant form of direct investment open to foreigners is that of the domiciliary or holding company. The general purpose of such companies is the management of funds or investments. This form of company may in various cases offer considerable tax advantages and is perhaps the most common type of foreign investment in Liechtenstein.

# Doing Business in Liechtenstein



## Establishing a business in Liechtenstein

### Introduction

Liechtenstein has a number of legal forms which have a distinct legal structure and application in relation to comparable legislation in other countries. This brief summary comments on the company forms which are preferred in practice, i.e.:

- the Company Limited by Shares
  - the Establishment
  - the Foundation  
(designated by the legislator as 'legal entities' or 'juridical persons')
- and

- the Trust Enterprise
- the Trust Settlement  
(designated by the legislator as 'Special Asset Dedications').

For the sake of simplicity all legal entities are referred to in the following as companies.

In practice, the limited liability company (Gesellschaft mit beschränkter Haftung), Partnership (Kollektiv- und Kommanditgesellschaft), the co-operative society (Genossenschaft) and the Association (Verein) are encountered in isolated cases; however, they are not dealt with here.

As a rule, a company is formed in Liechtenstein by a trustee admitted to practice in the country. He forms a company fiduciary wise, in his name, but for the client's account.

Since the 'Know your Customer Rule' has been introduced it is necessary to identify the economically entitled person when opening accounts with Liechtenstein banks. Moreover, the professional 'bearer of secrets' (or trustee) must make sure, particularly in regards to the new Due Diligence Law, that the assets to be contributed have not been acquired in a criminal manner. He personally must identify or establish the identity of the persons involved, obtain the appropriate documentation and provide a comprehensive profile of the business relationship.

Liechtenstein offers advantages regarding the formation and administration of companies but resists all inadmissible misuse of anonymity and requires a high ethical and professional standard where the acceptance of mandates and the implementation of transactions are concerned.

Companies active in Liechtenstein and pursuing local commerce need a commercial license unless they are subject to special company laws and under supervision of the Liechtenstein Financial Market Authority.

The companies licensed by the Liechtenstein Financial Market Authority are not specially dealt with in this guide as the respective laws are complex. Nevertheless the advantages of establishing an asset management company, an assurance or Fund Company as well as a pension fund in Liechtenstein are briefly summarized:

# Doing Business in Liechtenstein

As a member of the European Economic Area, Liechtenstein respectively the Liechtenstein Financial Market Authority enables these companies to benefit from the EC-single license principle and to handle clients throughout Europe and in Switzerland as well as, in comparison to other foreign authorities, to benefit from a rather easy licensing process and additionally to profit from Liechtenstein's competitive tax law. For each of

these company purposes mentioned above, there are numerous requirements which need to be met in order to get licensed. One important requirement is that these companies actually have to conduct their business within Liechtenstein. This means the companies have to maintain offices and staff in Liechtenstein. Furthermore the executives have to be able to be present in Liechtenstein for the main part of the business week.

## General

### Company name and language

The name is freely selectable in any language (in Latin or German characters). The company name is protected (exclusiveness of the registered name). Special

permission must be obtained if it is intended to use national and international state or place names within the company name. The official language is German.

### Purpose (Object)

Except in the case of the foundation the purpose (object) may provide for the pursuit of commercial or non-commercial activities in any legally admissible form, for example, trading with goods, the acquisition of participations, financing, the administration of real estate, leasing, the administration of assets for certain beneficiaries or for purely charitable purposes. Banking business, however, may only be pursued by banks; the

management of assets for third parties may only be undertaken by licensed Liechtenstein asset management companies.

Foundations may only undertake commercial activities when such activity is necessary for the achievement of their non-commercial purposes.

### Nominal Capital

The nominal capital, as determined in the articles, may be fixed in Swiss francs, Euros or US dollars. However, attention must always be paid to the minimum capital.

Upon formation the capital may be donated in cash or in kind. The comments relating to the various legal forms must be observed.

### Formation

The juridical persons as well as the trust enterprise are formed by means of a formation deed and articles which must be submitted to the competent authorities. The types of companies discussed here may be formed by

one natural or juridical person. A sole exception here is provided by the company limited by shares whose formation requires two founders. As a general rule, formation is carried out on a fiduciary basis.

# Doing Business in Liechtenstein

## Existence

The company limited by shares, the establishment, the trust enterprise and the foundation under obligation to register only come into existence upon entry in the

Public Register (Commercial Register). The deposited foundation and the trust settlement come into existence simply with the signing of the formation documents.

## Supreme Authority

Every juridical person as well as the trust enterprise requires a supreme authority (the meeting of members, the holder of founder's rights or another body) to which supreme powers shall be due, for example, the approval

of the annual accounts, the passing of resolutions concerning the appropriation of the results, the appointment of other bodies, amendment of the articles.

## Administrative Body

At least one member of the administration (board of directors/board of trustees/board of foundation/trustee) must have its legal seat in Liechtenstein and be in possession of certain professional qualifications. However, for trust settlements a juridical person with

registered seat in Liechtenstein may be the sole trustee. In addition to this Liechtenstein administrative body any number of natural or juridical persons, domiciled in Liechtenstein or abroad, may be co-opted. The administrative body is the company's implementing body.

## Auditor

The appointment of an auditor is mandatory for the company limited by shares. In so far as

- the establishment
- the trust
- or the registered foundation resp. charitable foundation

engage in commercial activities or the articles provide for such activities, they also require an auditor. Trustees, trust companies with a trustee license, auditors and chartered accountants are licensed to act as auditors. Trustees resp. trust companies may only audit small-size companies.

## Legal Representative

The legal representative is the official addressee and connecting link with the authorities, for instance, with the Tax Administration and the Public Register Office. The law does not prescribe a legal representative for trust settlements.

# Doing Business in Liechtenstein

## Beneficiaries

In the case of companies limited by shares the shareholders are entitled to the profit and the assets remaining after liquidation.

In the case of the foundation, the establishment, the trust enterprise and the trust settlement the beneficiaries entitled to the yield and/or the assets are designated either by the founder or the settlor or, depending upon the provisions in the articles, by another body. In addition to the entitlement to beneficial interest, these persons or the body also determine, in the articles and/or by-laws, the conditions and the extent of the beneficial interest. The by-laws which, as a rule, form an integral part of the articles and frequently have priority over these are not deposited with the Public Register

Office. They may be revocable or irrevocable, modifiable or unalterable. It is also possible that changes of the by-laws are admissible until the occurrence of a certain event (as for example, the death of the founder, settlor) upon which the by-laws become unalterable. As a rule, the implementing bodies must, within certain limits, observe the founder's or settlor's instructions. If for an establishment or a trust enterprise no beneficiaries have been appointed it is presumed that the founder is the beneficiary. In this case succession shall take place by inheritance. Under certain prerequisites, as determined by law and the articles, the beneficial interests shall be exempt from third party liabilities.

## Accountancy

Companies which are required to register in the Public Register in order to acquire legal personality have to observe proper accounting procedures. The non-commercial establishment, the deposited foundation and the trust settlement are exempt from this requirement. The annual accounts may be kept in any desired legal

and freely convertible currency and in the following languages: German, English, French, Italian, Spanish or Portuguese. The annual accounts, which must be submitted to the Liechtenstein Tax Administration, must be accompanied by a German translation. There is more on this subject in a later chapter (p27).

## Declaration

Establishments, trust enterprises and the registered foundations that do not engage in commercial activities and whose purpose as laid down in the articles does not provide for the pursuit of such activities (only investment and administration of assets, holding of participations or other rights without pursuing commercial activities) shall draw up a statement of assets and liabilities each year.

Based on this, the Liechtenstein administrative body shall confirm to the Public Register Office that a statement of assets and liabilities is available and that in the preceding year commercial activities were not pursued (there is no requirement to file the statement of assets and liabilities).

## Time required for formation

No more than one week is required to form a company.

# Doing Business in Liechtenstein

## Powers of Attorney

Basically, powers of attorney may be conferred where, upon instruction of the administration, transactions are implemented by third parties. The holder of a power of attorney shall be under obligation to report to the

administration. Owing to the liability of the administration it is customary only to confer special powers of attorney which are limited with respect to time and purpose.

## Liquidation

Basically, a juridical person entered in the Public Register as well as the trust enterprise may not be dissolved prior to six months after the third call to creditors. Deposited foundations and trust settlements may be

deregistered in a few days. The prerequisite for deregistration is, in all cases, the conclusion of liquidation.

## Company Limited by Shares

Provided the stricter formal provisions are acceptable, the company limited by shares is suitable for all economic objects, in particular for active international commercial transactions, as a holding organisation for

subsidiary companies, etc. However, for the regulation of private asset relationships and for straightforward asset administration/asset protection other organizational structures are preferable.

## Nominal Capital

The minimum capital must be CHF 50,000, EURO 50,000 or USD 50,000.

## Shares

Bearer or registered shares are admissible; the minimum nominal value of a share is not stipulated. It is also possible to issue voting shares. It is not required to

observe any procedure in the transfer of bearer shares. The law does not prescribe any obligatory qualifying share for the administration.

## Governing Bodies

The general meeting is the supreme authority and must be held at least once a year to approve the annual accounts and to deal with any other duties as provided for by law and articles. The board of directors conducts

and manages the company business. It is the duty of the audit authority to examine the annual accounts and to report to the general meeting.

# Doing Business in Liechtenstein

## Submission of Balance Sheet

The annual accounts examined by the audit authority are required to be submitted to the Liechtenstein Tax Administration.

## Disclosure

The financial statements have to be disclosed at the commercial register. Please refer to the chapter Accounting and reporting.

## Taxes

Please refer to the chapter 'Taxation'.

## Establishment and Trust Enterprise (Trust reg.)

These two legal forms, of purely Liechtenstein origin, are extremely versatile. The scope for determining the organization is very wide. They may be structured in the manner of a corporation or their main characteristics

may be foundation-like and thus, depending upon the structure, may provide an instrument for commercial objects or for the administration of assets.

## Nominal Capital

The minimum capital must be CHF 30,000, EURO 30,000 or USD 30,000 and may be divided into units of shares (with or without the character of securities). A division in

shares would however require a minimum capital of CHF 50,000, EURO 50,000 or USD 50,000.

## Governing Bodies

In the case of the normally encountered structure the governing rights are due to the supreme authority (founder). As a rule, the said rights are transferred by means of an instrument of assignment (which is the documentary evidence concerning ownership).

The property rights may also be assigned to persons other than the holder(s) of founder's rights (please see the 'Beneficiaries' section below).

The administration is undertaken by the board of directors in the case of the establishment and in the case of the trust enterprise by the board of trustees.

If commercial activities are pursued or the articles make provision for such activities an auditor must be appointed as a third governing body. Otherwise, as in the case of the foundation, further governing bodies may be considered.

## Beneficiaries

Should it not be possible to determine the economic beneficiary, it may be presumed that the holder of the founder's rights (in the case of the establishment) or the

settlor (in the case of the trust enterprise) himself is the beneficiary. Otherwise, please refer to the comments in the General section.

## Submission of Balance Sheet

If commercial business is conducted or pursuant to the articles, such activities are possible the audited annual accounts must be submitted to the Liechtenstein Tax Administration.

## Disclosure

The financial statements do not have to be disclosed at the commercial register.

## Declaration

The obligation to declare (please refer to the comments under General) exists if no commercial activities are undertaken and the articles do not make provision for such activities.

## Taxes

Please refer to the chapter 'Taxation'.

## Foundation

The foundation may be formed either as a private benefit foundation (for the payment of expenses for upbringing and education etc.) or as a charitable foundation (support and promotion, e.g. of a charitable, artistic, scientific, social nature).

The foundation is not suitable for the pursuit of commercial objects. Commercial activities may only be

undertaken if such activities serve to achieve the foundation's non-commercial purpose or the type and scope of the participations held require the facilities of a commercial undertaking.

Only the charitable foundation is subject to official supervision.

# Doing Business in Liechtenstein

## Formation

Upon formation the founder definitively donates assets for a clearly specified purpose and regulates the beneficial interest. To a justifiable extent the founder may reserve certain rights by occupying a position (as a

member of the board of foundation, curator, protector) or by the inclusion of an appropriate provision in the articles, by-laws or regulations.

## Existence

A foundation which is not obliged to register is deemed to start its existence with the signature of the deed of foundation; a foundation which is obliged to register exists upon registration in the Public Register.

## Registration or Deposition

A private benefit foundation is obliged to deposit the notification of formation with the Public Register. No other foundation's documents like the Statutes or By Laws will be deposited.

Charitable Foundations are obliged to register at the Public Register.

## Nominal Capital

The minimum capital is CHF 30,000, EURO 30,000 or USD 30,000.

## Governing Bodies

The board of the foundation is the supreme body and conducts the foundation's business within the guidelines of the articles, by-laws and regulations. The founder may designate other bodies, e.g. the auditors or a controlling

body to investigate the activities of the board of foundation or by appointing protectors, curators or collators to limit the activities of the board of foundation by controls, veto or proposals.

## Beneficiaries

Beneficiaries must be designated. Please refer to the comments in the General section.

## Disclosure

The financial statements do not have to be disclosed at the commercial register.

## Taxes

Please refer to the chapter Taxation.

Assets donated by persons domiciled abroad are not subject to a gift tax in Liechtenstein. The distribution of beneficial interest to recipients living abroad is tax neutral in Liechtenstein.

## Trust Settlement

The trust settlement is based on the Anglo-Saxon model. This legal instrument may be used in a similar manner as the foundation. Its structure is less restricted as there is no restriction on the purpose as it is provided for in the foundation law.

The settlor transfers movable or immovable assets or rights (as trust property) to the trustee with the

obligation to hold it or make use of this trust property against all other third parties in his own name as an independent legal owner for the benefit of one or more beneficiaries.

The trust is a contractual relationship whereas the foundation is a legal entity.

## Formation

The participants are:

- the settlor; the contractual relationship (trust deed = act of creation) must be drawn up in writing,
- the trustee(s); the declaration of acceptance of office must be made in writing,
- the beneficiary (beneficiaries).

## Existence

The trust starts to exist upon signature of the agreement (trust deed) by the settlor and the trustee or by means of a trust letter. The registration in the Public Register

(instead of deposition) does not have a constitutive effect. The registration of a trust with a duration of more than one year is compulsory.

## Registration or Deposition

In so far as it is compulsory to register the trust in the Public Register the following information must be provided: date of formation, name of the trust settlement, duration (up to 100 years), name and domicile of the trustees. The beneficiaries and the settlor are not disclosed.

As an alternative to registration the trust deed can be deposited at the Public Register. In this case, the existence of the trust settlement is not evident in any register and inspection is only possible upon proof of an entitled interest.

## Trust Property

There are no requirements concerning the minimum trust property (donation of assets).

## Administration

The trustees are obliged to administer the trust's assets in their own name for the benefit of the beneficiaries. Nevertheless the trustees are responsible for the assets.

## Beneficiaries

The settlor may be a beneficiary but the trustee may not be the sole beneficiary.

If there is no recognizable reference to beneficiaries the law assumes that the settlor himself is the beneficiary. Please refer also to the comments in the General section.

## Supervisory Bodies

In order to control the observance of the provisions in the trust deed an auditor, a protector, a curator or a collator may be appointed (as described in the case of the foundation under Governing Bodies).

## Foreign Law

Trust settlements pursuant to foreign law may be established in Liechtenstein. In relation to third parties however the Liechtenstein law shall be applicable.

## Balance Sheet

It is not compulsory to set up a balance sheet. Furthermore it is not required to appoint an auditor and to submit a balance sheet. The trustee however must

keep his personal assets distinctly separate from the trust assets. In order to comply with this duty it may be necessary to keep proper accounts.



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## Disclosure

The financial statements do not have to be disclosed at the commercial register.

## Taxes

Assets which are transferred to the Trustee by persons domiciled abroad as well as distributions to beneficiaries domiciled abroad are not subject to tax in Liechtenstein. The minimum corporate income tax of CHF 1'200 p.a. has to be paid.

# Doing Business in Liechtenstein



## Taxation

### Introduction

Nearly everybody who has ever heard about Liechtenstein knows that the tax exposure in Liechtenstein is low and attractive. Indeed, many people think that there is no tax burden in the Principality at all.

Liechtenstein has introduced a new Law on National and Municipal Taxes which has entered into force as per 1. January 2011. The new Tax Law will be described in detail beyond. The new Tax Act shall ensure a fair tax levy according to the economical capacity, shall be internationally effective and compatible as well as attractive and easy to handle.

For a period of three years (until 31 December 2013) the tax law previously in force has a continued validity for juridical persons existing as per 31. December 2010. Therefore at the bottom of the topic Taxation the old regulations are still quoted.

In this brochure only the new regulations will be illustrated predominantly. Past regulations will be mentioned just occasionally resp. in a separate chapter. In case of specific questions, you should always contact a local specialist.

For readers familiar with the previous tax law on capital and profit the following survey shall provide a quick overview of the important changes:

- Corporate income tax of 12.5%
- Abolishment of tax on Capital
- Abolishment of special company taxes, generally CHF 1,000 p.a.
- Implementation of Minimum corporate income tax of CHF1,200 p.a.
- Abolishment of withholding tax on dividends (Coupons tax)
- Abolishment of increased tax rate on profits due to high dividend distributions (for companies pursuing business in Liechtenstein)
- Implementation of notional interest deduction
- No taxation of dividend income, no capital gains and liquidation surplus taxation on participations, however abolishment of participation exemption
- Implementation of timely unlimited deduction of loss carry forward for ordinarily taxed companies or as from point in time of voluntary taxation of companies previously subject to special company taxes or as from 1 January 2014 on.
- Tax neutral restructurings (as long they only represent a tax deferral)
- Introduction of international group taxation
- Deductions from income of intellectual property rights.

## Corporate Income Tax

### General

The corporate income tax is regularized in art. 44 ff. of the Law on National and Municipal Taxes (Tax Act) of 23 September 2010. The tax is imposed on companies (legal persons) regardless of whether they are following a commercial business activity or not or whether the activity takes place in Liechtenstein or off-shore.

The tax on income is a flat tax rate of 12.5% and is levied on the net corporate income for the period less the losses accrued over preceding years. Net corporate income is based on the annual accounts prepared in accordance with the Law on Persons and Companies.

Deductible from net corporate income is:

- Notional interest on modified equity\*
- Foreign permanent establishment results
- Dividend income arising from investments in domestic or foreign legal persons
- Capital gains from the sale or liquidation of investments in domestic or foreign legal persons
- Corporate income from the managed assets of investment undertakings in accordance with the Investment Undertakings Act
- Corporate income from the net assets of legal persons subject to the Pension Funds Act, provided these assets are allocated exclusively and irrevocably to occupational retirement provisions

- 80% of the sum of positive income from intellectual property rights are considered as a commercially justified expense
- losses carried forward

\* Notional interest deduction on modified equity is yearly adjusted and is currently fixed at 4%. Modified equity is composed of:

Equity according to annual accounts established in compliance with the Law on Persons and Companies (paid-in nominal capital, capital stock or share capital, reserves, profit / loss carry forward and annual profit / loss) less:

- own shares
- investments in other domestic or foreign legal persons
- foreign immovable property after deduction of debts attributable thereto
- assets of foreign permanent establishments after deduction of debts attributable thereto
- assets not necessary for business operations

In case of investment undertakings only the equity not attributable to the assets managed in accordance with the Law on Investment Undertakings is considered for determining the modified equity.

### Other features of the corporate income tax:

#### Tax neutral restructurings

No immediate taxation of hidden reserves of a legal entity occurs upon restructurings to the extent that the domestic right of taxation persists and the accepting undertaking carries on with the values previously relevant to the corporate income tax (tax deferral). Restructurings encompass:

- change of legal form
- transfer of assets through splitting-up or separation
- mergers

- contribution of businesses or branches of businesses and participations held in operational fixed assets of domestic or foreign legal persons

These provisions are applicable for one-man companies, partnerships and corporations.

# Doing Business in Liechtenstein

## Losses

Losses from a foreign permanent establishment may be offset with taxable net corporate income to the extent these losses are not already taken into account in the country of the permanent establishment or elsewhere.

Profits of foreign permanent establishments in future periods will be added to taxable net corporate income tax at maximum in the amount of the previously offset losses.

## Introduction of international group taxation

Associated juridical persons with a commercial activity may upon request form a corporate group and compensate losses of the participations belonging to the local juridical person arising in a given year with profits generated in that year. Legal persons are deemed to be

associated if the local legal person owns directly or indirectly more than 50% of the voting rights or of the share capital. Cherry picking is allowed when forming the corporate group.

## Income from intellectual property rights (IPR)

80% of the sum of positive income from IPR (patents, trademarks, models and utility models) shall be considered as a commercially justified expense if the IPR is registered in a domestic, foreign or international register. The basis of the deduction of 80% is the income

from the use, realization or sale of IPR less associated, tax relevant expenses including write-downs (even accumulated over several periods). The possibility to reduce the taxable income on IPR is only applicable to IPR created or acquired since 1. January 2011.

## Minimum Corporate Income Tax

Legal persons with unrestricted or restricted tax liability are subject to a minimum corporate income tax of CHF 1'200 p.a.. Minimum corporate income tax is fully allowable against the corporate income tax.

Commercially active companies with an average balance sheet total of the last three business years lower than CHF 500'000 are exempt from the minimum corporate income tax.

## Private investment structures (P.I.S.)

Private assets structures are subject to the minimum corporate income tax of CHF 1'200 p.a. only. The creation of the P.I.S. is based on the intention to allow private investors to structure their assets free of tax considerations and to keep them either directly or in a legal person. The tax privilege of a P.I.S. not being subject to a profit related taxation is critical in respect of a potential forbidden state aid and therefore P.I.S. must not carry out any economic activity. The EFTA Surveillance Authority has consented to the taxation of P.I.S. however many control restrictions have to be obeyed.

Whether a tax status of P.I.S. or a normal taxation is preferable has to be thoroughly determined on a case by case basis.

The prerequisites of a P.I.S. are:

- no commercial activity is allowed (allowed in internal relationship),
- investors of a P.I.S. may only be natural persons, an asset structure acting solely in the interest of the private wealth of a natural person or an intermediary person acting for the account of such investors

# Doing Business in Liechtenstein

- a P.I.S. may only acquire, possess, administer and sell financial instruments such as bankable assets, precious metals and stones, paintings, antique cars and similar material assets, real estate. Commercial share dealing, speculative trading, rental income, interest income from granted loans is considered as commercial activity. Income from P.I.S. assets is supposed to result from passive realisation through holding or use.
- shares or units of a P.I.S. are not publicly placed and not traded on an exchange
- a P.I.S. does not solicit shareholders and investors nor receive remuneration for its activities
- articles mention restrictions applicable to a P.I.S.
- a P.I.S. may hold participations only under the condition that the P.I.S. itself, its shareholders or beneficiaries do not exert actual control on the management of such participations through direct or indirect influence. Only the exercising of the shareholders rights at the general assembly of shareholders is permissible whereas a position as board member is not allowed.

Compliance with the conditions set out above has to be confirmed by the taxpayer to the fiscal authority. The fiscal authority is responsible to verify the status as a P.I.S. and is required to control the adherence to the conditions.

To adhere to the requirements for obtaining and maintaining the tax status as P.I.S. is often complex and accompanied by legal uncertainty about commercial activity. Therefore it has to be analysed in each case whether a normal taxation really would lead to higher tax burden. The tax exemptions of many forms of income are very attractive and the flexibility is increased under a normal taxation.

Especially if income is properly structured (dividends, capital gains) or eventually by transferring the assets in an underlying company, taxable income can be reduced significantly.

In new structures whose international recognition is imperative, P.I.S. will only be used in few cases. P.I.S. may be recommended in cases of simple structures with beneficial owners residing outside of EC-countries or in structures for which the future tax disadvantages will be remote.

Treaty entitlement of P.I.S. has to be checked in each DTT concluded by Liechtenstein.

## Double Tax Treaties

Liechtenstein has concluded double tax treaties with Austria, Switzerland, Luxembourg, Hong Kong, San Marino and Uruguay. The latter two have not yet entered in force, whereas those with Switzerland and Austria are

limited treaties. At the moment this brochure is amended negotiations on double tax treaties are held with Germany and the United Kingdom.

## Special company taxes

(Continued validity of the tax law previously in force until 2013)

## Coupons Tax

The provisions on the Coupons tax set out in the previous tax law are continuously applicable to old reserves. It is a non-recoverable withholding tax on the coupon from nationally issued security papers and similar documents. Old reserves are the equity as per 1. January 2011 less paid-in nominal capital, capital stock or share capital.

In 2011 and 2012 old reserves are preferentially taxed at 2%. As from 2013 on they will be taxed at 4% again.

Upon request by the tax payer the old reserves are finally taxed at 2% in 2011/2012 although these old reserves must not be dissolved and paid out. The tax has to be paid by the company but it is borne by the beneficiary of the coupon.

# Doing Business in Liechtenstein

## General

This section covers the details of the old tax law in relation to the foreign insurance companies doing business in the country, the holding and domicile companies, as well as the foundations. As indicated above legal persons and trust enterprises that were subject to the special company taxes according to art. 82 to 88 of the tax law previously in force shall be taxed in

accordance with that law until 31. December 2013, however the minimum amount is increased to CHF 1'200 p.a.. Loss carry forwards for these companies are not permissible. Upon request however these legal persons can be taxed according to the new tax law already during the transition period.

## Foreign insurance companies

Foreign insurance companies that are active in the Liechtenstein market as per 31 December 2010 pay until 31 December 2013 instead of the corporate income tax a tax of 1% on the premium of life and pension insurance policies and 2% on all other policies sold in

the Principality. As from 1 January 2014 on foreign insurance companies will be taxed on their taxable net corporate income generated in its permanent establishment situated in Liechtenstein.

## Holding companies

Existing holding companies as per 31 December 2010 are exempt from the corporate income tax until 31 December 2013. They only pay a tax on the equity of 1‰, but at least CHF 1,200 p.a..

## Domicile companies

These companies practice a business or pursue a commercial activity abroad. As long as this activity does not relate to local business, these companies are exempt from corporate income tax until 31 December 2013 and pay a tax on equity of 1‰, but at least CHF 1,200 p.a. instead.

A domicile company can hold or run its own office as well as employ its own staff in Liechtenstein.

After 2013 there will be no more differentiation in direct taxation between a company pursuing a commercial activity locally or abroad.

## Foundations

Foundations existing as per 31. December 2010 are taxed on equity of 1‰ but at least CHF 1,200 p.a. until 31 December 2013. For foundations with net assets

exceeding CHF 2 Mio. the tax rate is reduced to 0.75‰ and, for foundations with net assets exceeding CHF 10 Mio., a rate of 0.5‰ is applicable.

# Doing Business in Liechtenstein

## Wealth tax and personal income tax

### General

#### The new tax law

The wealth tax and personal income tax have been amended with the enactment of the new tax law on National and Municipal Taxes. One of the major changes is the integration of the wealth tax into the personal income tax.

The wealth tax and personal income tax have to be paid by natural persons. The income of companies without legal personality is attributed to the participating partners and the tax on that income is paid by the partners together with the tax on their other income. The tax rate is determined progressively and the tax declaration is

submitted for the previous year using actual figures. Employers will subtract the necessary amount of tax directly from the salary.

Among others, the Prince of Liechtenstein, non-profit organisations such as certain foundations, establishments or associations etc. as well as the state and municipalities are exempt from the tax duty.

Furthermore this tax law leaves some other income sources such as income from interest payments and rents tax free.

#### Wealth tax

All domestic and foreign owned assets less the sum of debts are subject to tax. Foreign real estate property is treated separately under the exemption of tax progression.

The tax relevant value of wealth like real estate, personal belongings or company shares lies significantly below its market value.

The value of wealth is converted into personal income by applying a nominal income of actually 4%.

#### Personal income tax

Taxable sources of income are the net profit from self-employed work, the salary of an employee, donations from foundations (unless the respective assets are not subject to wealth tax), pensions and nominal income from taxable wealth (4%).

Income from companies without legal personality is attributed to the participating partners and is taxed together with their other income.

Tax exempt income is income from wealth for which the tax payer pays wealth tax like interest income, dividend income, capital gains and rental income.

# Doing Business in Liechtenstein

## Tax burden

The national tax is calculated based on the taxable income and wealth converted into income by applying a graduated tax rate. To the result the municipal surcharge (min. 150%, max. 250%) is added. The tax rate of approx. 13% is reached at an income of CHF 170'000 for singles or at 340,000 for married persons (supposing an application of 200% municipal surcharge). Extremely high income can be taxed up to 21%. The following example shall provide a good idea about the Liechtenstein tax dimensions:

### Example

A family with 2 children earns a gross income of CHF 120,000. The family owns a flat (purchase price: CHF 1,200,000, tax relevant valuation: CHF 600,000) financed through a CHF 100,000 residential building support and a CHF 500,000 bank loan. Cash and other assets amount to CHF 430,000. The tax burden for this family amounts to roughly CHF 4,291 or 3.57% of gross income or 2.66% of gross income plus net wealth.

## Tax based on expenditure

The expenditure based tax can be chosen by persons taking residence in Liechtenstein for the first time or after having lived at least 10 years abroad, who are neither Liechtenstein citizens nor work in Liechtenstein.

For the planning of a domicile, Liechtenstein can only be considered in very few cases. This is due to the tight restrictions to obtain a residential permit.

## Real estate profit tax

Real estate property is extremely limited in Liechtenstein. Even Liechtenstein citizens have to justify their need to acquire real estate. From a fiscal viewpoint the holding of real estate is privileged. Everyone who realises capital gains through the sale of local real estate is taxable in Liechtenstein.

The tax rate corresponds with the income tax rate for single tax payers. From the real estate gain an amount of CHF 15'000 is tax exempt. Instead of the Municipal surcharge a surcharge of 200% is levied on the result so calculated.

## Inheritance and endowment tax

The inheritance and endowment taxes have been abolished with the introduction of the new tax law as from 1 January 2011 on.

# Doing Business in Liechtenstein

## Foundations with Liechtenstein domiciled founders or beneficiaries

To the extent that, due to the transfer of wealth from a natural person to a legal person or special asset dedication not exempt from tax liability, this wealth is no longer subject to wealth tax unless privileges or shares become liable to the wealth tax instead. In this case the transferor pays a tax of dedication of 2.5% of the contribution. In combination with the 200% municipal surcharge the total levy is 7.5%. Distributions to beneficiaries domiciled in Liechtenstein are considered as taxable income.

Instead of paying the tax of dedication, irrevocable foundations, special asset dedications or establishments with a foundation-like structure may opt to pay the wealth or personal income tax in lieu of the beneficiaries. As long as this option is applied, distributions to beneficiaries domiciled in Liechtenstein are not subject to income tax.

Once the option to pay the wealth or personal income tax in lieu of the beneficiaries is abdicated the tax of dedication will become payable.

In case all beneficiaries of irrevocable foundations, special asset dedications or establishments with a foundation-like structure will not be domiciled in Liechtenstein anymore, no tax of dedication will be levied as the option is abdicated.

The establishment of an irrevocable foundation, a special asset dedication or an establishment with a foundation-like structure for Liechtenstein domiciled persons has to be dealt with carefully.

As indicated above legal persons and trust enterprises that were subject to tax liability according to art. 31,1(c) of the tax law previously in force shall be taxed in accordance with that law until 31. December 2013. Upon request these legal persons can be taxed according to the new tax law already during the transition period.

## Formation Tax

Upon formation of juridical persons whose capital is divided into shares (company limited by shares, limited liability company, co-operative society) the stamp duty amounts to 1% for the capital exceeding CHF 1 Mio.. This stamp duty is subject of the Swiss stamp duty.

For all other legal persons a formation duty will be imposed at 1% of the capital exceeding CHF 1 Mio.. The formation duty is also applied upon the transfer of the domicile from abroad and in case of so called change of hands of participation rights in economically liquidated companies.

For any capital exceeding CHF 5 Mio. this duty is reduced to 0.5 % and to 0.3% for capital exceeding of CHF 10 Mio..

Foundations and asset dedications without legal personality pay a formation tax of 0.2% of the statutory capital but at least CHF 200. The formation duty is not applicable to the trust settlement.

## Tax on insurance premiums

Unless Swiss stamp duty applies, a tax on insurance premiums is levied if the insured risk is situated in Liechtenstein. The insurance company is dutiable for the tax payment.

The tax is 2.5% on the premium payable on life insurance policies and 5% of the premium payable on all other policies unless they are exempt.

## Turnover Tax on Securities

In general, this tax amounts to 0.15% on the turnover of domestic securities (Switzerland and Liechtenstein) and 0.3% on the turnover of foreign securities. The banks and brokers are normally liable for settlement; the same

applies to other persons, in so far as they professionally pursue the acquisition and sale of securities. In addition, holding companies are deemed, under certain prerequisites, to be registered dealers in securities.

## Value Added Tax (VAT)

Companies whose turnover exceeds 100'000 CHF p.a. are required to register for VAT. Companies may opt to register even if their turnover is lower. Liechtenstein domiciliary companies are not able to obtain a VAT number unless they have a domestic turnover. 'Domestic' embraces the common Swiss/Liechtenstein economic area.

VAT generally amounts to 8% and is levied on:

- all domestic deliveries of goods and the provision of services;

- the imports of goods;
- goods consumed and services provided domestically;
- services in excess of CHF 10,000 purchased abroad.

For certain articles of daily use (e.g. food and beverage as well as cereals, medicines, newspapers) a reduced rate of VAT is applied. At present this amounts to 2.5%.

For accommodation services the present rate is 3.8%.



## Accounting and reporting

### Introduction

By joining the European Economic Area on 1 May 1995, Liechtenstein committed itself to adopt the company laws of the EU in the Liechtenstein company law. After several years work the Parliament passed the changes in the Persons and Companies Code (*Personen- und Gesellschaftsrecht (PGR)*).

The changes affected in particular the regulations on accounting and reporting. Liechtenstein had to adopt the 4. and 7. EU Directive on annual financial statements and consolidated financial statements. At the same time, Liechtenstein took the chance to modernize its general accounting and reporting

standards. These changes have been integrated in the existing title. This title is divided into three sections:

The **first section** (Art. 1045 – 1062a PGR) covers the general accounting regulations. The **second**, amendatory section (Art. 1063 – 1130 PGR) is again divided into three sections: i) annual financial statements and annual report, ii) group financial statements and iii) disclosure. The **last of the three** main sections contains additional rules for banks, financial institutes as well as insurance companies.

### General accounting regulations

#### Corporate structure and size range

As already mentioned the regulations on accounting and reporting are separated into a general and an amendatory section. While the general sections leave plenty of room for interpretation, the amendatory section contains a number of constraints. To what extent these constraints need to be applied in the reporting of the financial statements depends on the corporate structure and the size of the company. The following corporate structures have to apply the amendatory regulations:

- Company limited by shares
- Limited Liability Company
- Partnership (under certain conditions)

For an Establishment and a Trust reg. the general regulations only apply if they conduct a commercial business. If not, they don't even need to prepare accounts unless the statutes require it.

# Doing Business in Liechtenstein

For companies falling under the amendatory regulations their size defines to which extent they have to follow these regulations. The size ranges have been defined as follows:

criteria	small	medium	large
balance sheet total	<= CHF 7.5Mio.	> CHF 7.5 to 30 Mio.	> CHF 30 Mio.
turnover	<= CHF 15 Mio.	> CHF 15 to 60 Mio.	> CHF 60 Mio.
average no. of employees	<= 50	> 50 to 250	> 250

The regulations for the different size ranges apply as soon as two of the criteria mentioned above exceed or fall below the limits in two consecutive years.

## Annual report

The amendatory regulations also require that a corporate report has to be produced. This corporate report comprises the annual financial statement as well as the annual report. Small Companies only have to produce the annual financial statements. The annual financial statements and the annual report should be produced in German and may be

denominated in CHF, EUR or USD. Offshore Companies can establish the annual financial statements and the annual report in English, French, Italian, Spanish or Portuguese and can be denominated in every freely convertible currency.

## Fair Presentation

The accounting regulations require that the annual financial statements provide a true and fair view of the financial position, financial performance and cash flows. This main idea represents the principle of a fair presentation known in the Anglo-Saxon regions.

## Form and content of financial statements

### Balance Sheet

The balance sheet normally discloses the following:

#### ■ Assets

- Fixed assets
  - Intangible assets
  - Tangible assets
  - Financial assets
- Working assets
  - Inventories
  - Accounts receivable
  - Securities
  - Cash and cash equivalents
- Accruals

#### ■ Liabilities

- Equity
  - Statutory capital
  - Capital reserves
  - Reserves on profits
  - Profits / loss carried forward
  - Annual profits / loss
- Provisions
- Liabilities
- Accruals

### Income statement

The income statement normally discloses the following:

- Net sales
- Other operating income
- Costs of goods sold
- Selling, general and administrative expenses
- = Operating income
- Other income and expenses
- Extraordinary items
- = Income before tax
- Taxes
- = Net income for the year

With regard to the income statement the company may choose between total expenditure format or cost of sales format and step-down or account form.

## Valuation of Assets

### Formation and organization expenses

If provided for in the statutes, bylaws, articles, etc. or by resolution of the company's supreme body, formation and organisation expenses may be deferred and amortised over a

period not exceeding five years. Expenses arising from expansion or reorganisation of the business may be treated in the same way.

### Fixed assets

Real estate, property, buildings, machinery, equipment and vehicles must be carried at not more than cost less appropriate provision for depreciation. If these assets are

insured, the total amount covered must be indicated in the balance sheet or in the notes.

### Intangible assets

Patents, trademarks, know-how and similar intangibles must be stated at not more than cost less appropriate amortisation (usually over five years).

### Inventories

Raw material, work-in-progress and finished goods must be valued at amounts not exceeding the lower of cost or market. Cost includes related interest and other expenses incurred and may be capitalised. Market price may be actual

quotations if available (e.g. for commodities) or net sales price less appropriate sales expenses. A value adjustment of one third is permissible for tax purposes on the maximum value of inventory as determined by commercial law.

### Quoted securities

Carrying value must not exceed the lower of cost or the average price during the most recent month. Cost may include related capitalised interest.

### Unquoted securities

Non-marketable securities, e.g. investments in affiliated or associated companies, must be carried at not more than cost adjusted for any diminution in value. Accrued income (dividends already declared or current interest) may be taken into account.

# Doing Business in Liechtenstein

## Foreign currency transactions

Receivables and securities due within one year denominated in a foreign currency may not be stated in excess of the average rate of exchange of the last month prior to the balance sheet date. Liabilities due within one year may not be stated at a value lower than the average rate of exchange of the last month prior to the balance sheet date. Any

diminution in value of receivables and securities with a maturity after one year denominated in a foreign currency may be spread over the time to maturity. Accordingly, any appreciation in value of long-term liabilities denominated in foreign currencies may be spread until maturity.

## Accounts receivable

Receivables purchased from third parties are to be valued at cost less any provision for anticipated losses. A general value adjustment of 10% on claims from Liechtenstein or

Swiss debtors and of 15% on claims from all other countries may be made after having booked individual value adjustment on claims on which losses are imminent.

## Contingencies

Contingent assets and liabilities must be disclosed separately either in the balance sheet or in notes to the financial statements.

## Purchase of other business

In general, the cost method of accounting is adopted. If only assets and liabilities, including goodwill, are acquired rather than the shares of another company, such goodwill should be amortised over its useful life. Such amortisation is allowed as a deduction from taxable income.

If the shares of another entity are purchased, the transaction is generally recorded in the accounts at cost, irrespective of the underlying net assets of the purchased entity.

# Doing Business in Liechtenstein

## Consolidation

### General

Before the new regulations were adopted no legal requirement to prepare consolidated financial statements and no consolidation guidelines existed. According to the new regulations, a domestic parent company has to prepare a consolidated corporate report if one of the following premises are fulfilled:

- The parent company owns the majority of the voting rights of the affiliated company.
- The parent company has the right to introduce or remove the majority of the members of the board of directors, the executive board or the supervisory body of the affiliated company.
- The parent company has the right to gain a controlling influence due to a contract or because the statutes claim such a right and the parent company is a share holder of the affiliated company.
- The parent company, through an agreement with other share holders of which the parent company is a share holder, owns the majority of the voting rights of an affiliated company.

### Exceptions

For certain companies and under certain circumstances the preparation of a consolidated corporate report is not required:

- **Holding companies**  
A holding company is not required to prepare a consolidated corporate report if: i) it is not engaged in the management of the affiliated company, ii) it doesn't exercise the rights to introduce members of the board of directors and of the executive board during the actual year and didn't exercise such rights during the last five years and iii) loans are only granted to affiliated companies.  
The compliance with these regulations needs to be checked by the statutory auditor. A waiver on these regulations can be granted by the Public Register.
- **Public listing**  
A publicly listed company has to prepare a consolidated corporate report according to International Financial Reporting Standards (IFRS).

- **Size criteria**  
The requirement for consolidation does also not apply if certain size criteria are not exceeded. There is no need to prepare a consolidated corporate report if two of the three following criteria haven't exceeded at the balance sheet date and the balance sheet date of the prior year:

Criteria	Parental and affiliated company (gross)	Parental company (consolidated/net)
Balance sheet total	CHF 36 Mio	CHF 30 Mio
Net turnover	CHF 72 Mio	CHF 60 Mio
Average no. of employees	250	250

# Doing Business in Liechtenstein

If there are any publicly listed companies with their legal seat in a country of the European Economic Area, a consolidated corporate report needs to be prepared regardless of the criteria mentioned above.

The consolidated corporate report needs to be prepared as if the involved companies would be one. For investments of a parent company in an affiliated

company for more than 50% the purchase method has to be applied. For investments between 20% and 50% the Equity Accounting has to be applied. A proportional consolidation is not intended. The structure of the consolidated corporate report is the same as for the individual financial statements.

## Disclosure

The approved annual financial statements, the audit report and the proposed profit distribution have to be filed with the Public Register within 15 months after the balance sheet date. The number under which the documents are registered needs to be published in an official gazette. The 15 month period may be prolonged if there are justified reasons.

Publicly listed companies and companies with publicly listed bonds have to publish their annual financial statements, the audit report and the proposed profit distribution in an official

gazette. Afterwards they have to file these documents with the Public Register.

The annual report of medium to large size companies does not have to be filed with the Public Register if it is kept ready for potential interested parties at the legal seat of the company. Copies have to be provided upon request. The price for such a request is not allowed to be higher than the actual costs for printing, handling, mailing etc.. For small and medium size companies the legislator granted certain reliefs:

Size / disclosure	Small	Medium	Large
Balance sheet	Shortened (PR-publicity <sup>1</sup> )	Shortened (PR-publicity)	Complete (PR-publicity)
Income statement	No	Shortened (PR-publicity)	Complete (PR-publicity)
Notes	Shortened (PR-publicity)	Shortened (PR-publicity)	Complete (PR-publicity)
Proposed distribution of profits	PR-publicity	PR-publicity	PR-publicity
Annual report	No	In-house publicity <sup>2</sup>	In-house publicity
Audit report	No	PR-publicity	PR-publicity

<sup>1</sup>Documents need to be filed with the Public Register

<sup>2</sup>Right of inspection at the legal seat of the company

# Doing Business in Liechtenstein

## Payroll – Social insurance contributions in Liechtenstein in 2011

Social insurance sector	Contributions as percentage of earned income		Maximum insured income
	Employer	Employee	in CHF per year
Social Insurance (AHV)	7.0532%	4.55%	-
Unemployment Insurance (ALV)	0.5%	0.5%	126,000
Health Insurance <ul style="list-style-type: none"> <li>▶ compulsory long term health care insurance <ul style="list-style-type: none"> <li>- adults</li> <li>- junior employees (16-20 years)</li> </ul> </li> <li>▶ compulsory daily allowance insurance</li> </ul>	CHF 127.50 CHF 63.75	one half of the contributions each * ca. 0.27% until 0.44% each  * information at Health Insurance	126,000
Occupational accident insurance (BU)	Depends on the insurance ca. 0.123% until 0.27%	-	126,000
Non – occupational accident insurance (NBU)	-	between 0.952% and 1.046%	
Pension fund <ul style="list-style-type: none"> <li>- old age</li> <li>- risk (invalidity, death)</li> </ul>	4% according to regulations, generally each 50/50%	4%  according to regulations	minimum: 20,880 maximum 83,520 allowable reduction: 13,920
Source tax on salaries	Austria	Liechtenstein	Germany
Percentage of earned income	4%	2 – 18% *  * depending on income and marital status of employee	2 – 18% *