



商業信託
Commercial Trust



Country Profile: Liechtenstein

The Facts

Location	Central Europe, between Austria and Switzerland
Languages	Official – German Spoken – Alemannic dialect
Nationality	Liechtensteiner
Religions	Roman Catholic – 76.2% Protestant – 7% Others – 16.8%
Government	Hereditary Constitutional Monarchy
Head of Government	Prime Minister
Legislature	Unicameral Parliament
Constitutional Document	Constitution of the Principality of Liechtenstein
Economy	Liechtenstein is known as an important financial center due to its profession in financial services for foreign entities. Liechtenstein has low tax rate, friendly incorporation and corporate governance rules. Strict bank secrecy has contributed significantly to the ability of financial intermediaries in Liechtenstein to attract funds from outside the country's borders. The same factors made the country attractive and vulnerable to money launderers, although late 2009 legislation has strengthened regulatory oversight of illicit funds transfers.
Currency	Swiss Franc (CHF)
GDP (2011)	Total – CHF 4.09 billion Per capita – CHF 111,492
Population	36,700 (approx.)
Percentage of population	Liechtensteiner – 65.5% Others – 34.4%
Area	160 km ²
Time zone	CET (UTC +1) CEST (UTC +2)
Public Holidays	National holidays – 15
Climate	Continental

Sources: Central Intelligence Agency, Wikipedia



Liechtenstein

Nestled between Austria and Switzerland, Liechtenstein is one of the smallest countries in the world. While Liechtenstein has an estimated population of around 35,000, there are nearly the same numbers of registered businesses in the country. It is one of the most politically stable countries in the world. The unemployment rate of the country is as low as 1.5 percent. Moreover, due to low tax rates and hassle free company formation process, Liechtenstein has been one of the most preferred investment destinations to foreign companies or investors. Although the country saw decline in foreign investment during 2008-2011, it is expected to bounce back in form after 2012. Let's first take a look at some key benefits of investing in Liechtenstein.

The Liechtenstein Business Climate

There are several reasons to invest in Liechtenstein:

- **Free economy:** The free enterprise economy of Liechtenstein is quite favorable to foreign investments. Despite having limited natural resources, the country has developed a highly industrialized and highly diversified national economy. In May 1995, Liechtenstein became a member of the European Economic Area, an organization that aims to encourage trading between the European Free Trade Association (EFTA) and the EU. Moreover, the government of the Liechtenstein keeps revising their economic policies in order to attract more foreign investment to the country.
- **Moderate tax rates:** Liechtenstein benefits foreign nationals with low corporate tax rates. In order to make the country's tax system more attractive to foreign investors, a new tax reform law had been enacted by the government in 2011. Under the new law, the country's corporate tax rate has been brought down to only 12.5 percent. Moreover, a business in Liechtenstein doesn't require paying gift taxes, inheritance taxes, and taxes on capital gains.
- **Healthy business environment:** Establishing a business in Liechtenstein is easy and convenient. It doesn't require one to complete complex administrative procedures. The business environment is quite dynamic and corruption free. Moreover, government policies are usually very favorable to investors. There are no restrictions on currency transfers or repatriation of profits.

Setting up a Business in Liechtenstein

The following steps need to be completed in order to setup a company in Liechtenstein:

- **Getting an approved name of the company:** The proposed company should obtain an approved name from the Liechtenstein Registry.
- **Preparing articles of association and the memorandum:** The Company must appoint a licensed law practitioner in Liechtenstein to prepare the memorandum and articles of association. After preparing these documents, they should be filed with the Office of the Registrar of Companies.
- **Transferring fund to bank account:** By law, it is mandatory to deposit at least the minimum amount that is required to form the intended type of company. The minimum deposit amount for setting up a limited liability company is CHF 30,000. The amount should be deposited to any Liechtenstein bank, where the company has an account.
- Forming a company in Liechtenstein also requires registering for taxation and other requirements at respective departments of the government.

Types of Business Structures in Liechtenstein

Liechtenstein acknowledges various legal forms of business. Foreign or domestic investors require selecting an appropriate form, depending upon their requirements and limitations. Here is a close look at five most popular types of business structures possible in the country:

- **Company limited by shares:** Two individuals or entities can setup a company limited by shares in Liechtenstein. Establishing this type of business requires investing a minimum of CHF 50,000 as paid-up capital, and there must be at least two founder members. It is not necessary that all founders should be shareholders. Liability of shareholders is restricted only to their shares in the capital. It is mandatory for a company limited by shares to appoint an auditor, and also to submit audited accounts to the Registrar each year.
- **Limited Liability Company:** This type of company can be formed with two or more members. The minimum investment required for establishing this type of company is CHF 30,000. Moreover, each shareholder should pay a minimum subscription amount of CHF50. This type of business allows members to use different types of shares.
- **Establishment:** An establishment is an independent fund, which can be formed without members or shareholders. Minimum capital required for establishing this type of business is CHF 30000. At least half of this amount should be paid up front. This form of business is perfect for foreign investors who want to have a commercial presence in Liechtenstein for patents or royalties. It is possible to transfer founders' rights.
- **Foundation:** Any business entity in Liechtenstein can set up a foundation to actualize certain stated, non-commercial wishes of its founder. A foundation is a type of fund created towards meeting a specific purpose. Minimum capital required for foundation is CHF 30,000. Depending upon the nature of a business and its individual requirements, the purpose of a foundation can be different for different organizations. A foundation is usually set up by the founder of the business entity. A foundation doesn't have members or shareholders.
- **Trust Enterprise:** Liechtenstein also recognizes a Trust Enterprise, which can be established by a settler. There can be two types of trusts, namely active trust and non-active trust. A Trust Enterprise can be setup by filing a Deed of Trust with the Registrar of Trusts. It is mandatory to mention the following details in the deed.
 - a) Name and purpose of the Proposed Trust Enterprise
 - b) The identity of the trustees
 - c) The composition of the trust fund

It is also necessary to mention the identity of the auditors, if the purpose of the trust is commercial.



Accounting Requirements and Filing Requirements

Running a business in Liechtenstein requires meeting some accounting requirements on a regular basis. It is mandatory for almost all forms of business to maintain filing and documentation requirements. For foundations with a commercial purpose, it is necessary to retain the documents that prove how the assets of company have been used for the foundation. It is also essential to keep these proofs for at least 10 years. A business in Liechtenstein should ensure that audits are performed by professional auditing companies or certified public accountants. Any limited company operating a business in Liechtenstein needs to complete the following filing requirements:

- The company must prepare annual accounts and an annual report, and file those with the Liechtenstein Property and Public Register Office.
- It is mandatory that these reports should be in written in German. However, companies that do not operate with a commercial purpose can use other language options, such as English, Spanish, French, and Italian.

Taxation

Under the Tax Act 2010, any corporation doing business in Liechtenstein requires paying 12.5 percent corporate tax on annual profit. Only profit from a business is considered as a taxable income. Branch of foreign companies are also subject to paying corporate profit tax when doing business in Liechtenstein. Following are some other important features of the country's tax system:

- **No capital tax:** The government of Liechtenstein doesn't charge any capital tax on corporations or any form of business.
- **Withholding tax:** Although the tax system of Liechtenstein doesn't charge any withholding tax on income earned from royalty or interests, withholding tax may apply to interest from commercial loans over CHF 50,000 with a minimum term over 2 years.

Immigration and Visa Requirements

Foreign nationals who want to visit and stay in Liechtenstein for more than three months must obtain a visa from the relevant Swiss visa authority. Multiple entry visas are also issued with validity ranging from six months and five years. However, in order to get approval to multiple-entry visa, an applicant must prove his intention of visit and reliability. Some general requirements for visa include the following:



- Duly filled visa application form
- Return ticket or onward ticket
- Four copies of recent passport-size photographs of the applicant
- **A valid passport:** The passport should be valid for three months after the intended visit

Banking Requirements

Foreign nationals from almost all countries are allowed to open a bank account in Liechtenstein. Depending upon requirements, they can open different types of accounts, such as personal bank account, corporate bank account, and offshore account. Apart from providing usual banking service, some private banks may facilitate account holders with some additional financial services, such as investment advisory service, portfolio management service, internet banking service, call money, time deposits, and fiduciary investment deposits. Documents required for opening a bank account will depend on the type of account, and policy of a bank. Documents required for opening a personal bank account:

- Copy of passport or any other national identification card
- **Address proof:** This can be a utility bill, such as electricity bill, water bill, or telephone bill
- **Minimum deposit:** Depending upon policy of a bank, the minimum deposit required for opening a bank account may vary from EURO 500.00 and EURO 1000.00.

When it comes to opening a business account, each director and shareholder should submit all personal documents mentioned above. In addition, they should submit the following documents:

- Shareholders' statement
- Certificate of Incorporation
- Documents that state rules and regulations of a company
- Board Resolution for bank account opening

For companies that are running a business in Liechtenstein for more than six months, the bank may ask for a certificate of good standing.

Reference

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Contact

Website: www.cmltrust.com

Email: inquire@cmltrust.com

Tel: +852 2162 7371