

# **THE FOUNDATION**

according to the law of the Principality of Liechtenstein

Dr. iur. Alfred Steinbrugger

# LIST OF CONTENTS

<b>1</b>	<b>THE PRINCIPALITY OF LIECHTENSTEIN</b> . . . . .	7
1.1.	The Origins of the Principality of Liechtenstein (History). . . . .	7
1.2.	The Economic Situation and the Development of the Principality of Liechtenstein. . . . .	11
1.3.	The Liechtenstein Banking System. . . . .	12
<b>2</b>	<b>LIECHTENSTEIN LAW</b> . . . . .	16
2.1.	General Remarks. . . . .	16
2.2.	Protection of Secrecy and Provision of Judicial Assistance. . . . .	17
2.2.1.	Professional Secrecy (Lawyer's Confidentiality). . . . .	17
2.2.2.	Bank Secrecy. . . . .	19
2.2.3.	Official Assistance. . . . .	21
2.2.4.	Judicial Assistance. . . . .	21
2.3.	Double Taxation Treaty between Liechtenstein and Austria. . . . .	24
2.4.	The Liechtenstein Law of Persons and Corporations (PGR) . . . . .	24
<b>3</b>	<b>THE LIECHTENSTEIN FOUNDATION</b> . . . . .	27
3.1.	Concept and Legal Nature. . . . .	27
3.2.	Objects and Types of Foundations. . . . .	27
3.2.1.	The Family Foundation. . . . .	28
	a) The Pure Family Foundation. . . . .	28
	b) The Mixed Family Foundation. . . . .	28
	c) Provisions common to both the Pure and Mixed Family Foundation. . . . .	28
3.2.2.	The Public Purpose Foundation. . . . .	28
3.2.3.	The Staff Welfare Foundation. . . . .	28
3.2.4.	The Church Foundation. . . . .	29
3.3.	The Establishment and Formation of a Foundation. . . . .	29
3.3.1.	Formation. . . . .	29
3.3.2.	Foundation Documents. . . . .	29
	a) Foundation Deed and Statutes. . . . .	29
	b) Changes in the Foundation Deed. . . . .	30
	c) By-Laws and Rules. . . . .	31
3.3.3.	Foundation Assets. . . . .	31

3.3.4.	Description (Name) of the Foundation . . . . .	32
3.3.5	Deposit and Registration . . . . .	32
	a) Deposit . . . . .	32
	b) Registration . . . . .	33
3.4.	The Organization of the Foundation . . . . .	33
3.4.1.	The Founder . . . . .	33
3.4.2.	The Foundation Council . . . . .	34
	a) Duties of the Foundation Council . . . . .	34
	b) Appointment of the Foundation Council . . . . .	34
	c) Responsibilities of the Foundation Council . . . . .	35
3.4.3.	The Collators . . . . .	35
3.4.4.	The Curator and Protector . . . . .	35
3.4.5.	The Auditors . . . . .	35
3.5.	The Legal Representative . . . . .	36
3.6.	The Beneficiaries of the Foundation . . . . .	36
3.6.1.	Beneficiaries and Remaindermen . . . . .	36
3.6.2.	Nomination of Beneficiaries . . . . .	37
3.6.3.	Rights of Beneficiaries . . . . .	37
3.6.4.	Origin and Ending of Benefits . . . . .	38
3.6.5.	List of Beneficiaries . . . . .	38
3.7.	Liabilities arising from a Foundation . . . . .	38
3.8.	The Accounting System . . . . .	39
3.9.	The Revocation of the Foundation . . . . .	39
3.10.	Ending and Dissolution of the Foundation . . . . .	40
3.11.	Supervision of the Foundation . . . . .	41
3.12.	Taxes and Fees . . . . .	41
3.12.1.	Formation Fees . . . . .	41
	a) Formation Stamp Duty . . . . .	41
	b) Fees on Deposit and Registration . . . . .	41
3.12.2.	Taxes . . . . .	42
3.12.3.	Tax Treatment of Beneficiaries . . . . .	42
<b>4</b>	<b>SHORTINFO - PRINCIPALITY OF LIECHTENSTEIN . . . . .</b>	<b>43</b>
<b>5</b>	<b>SOURCES OF LAW . . . . .</b>	<b>46</b>