

ECHTENSTEIN



ca?-j^§i-^3&

/#,^! >|,|>*



BLSINESS LAW HANDBOOK



International Business Publications, LISA
Washington, DC USA - Liechtenstain

LIECHTENSTEIN

BLSINESS LAW HANDBOOK

TABLE OF CONTENTS

| | |
|--|-----------|
| STRATEGIC AND DEVELOPMENT PROFILES..... | 8 |
| STRATEGIC PROFILE..... | 8 |
| <i>Geography.....</i> | 8 |
| <i>People.....</i> | 9 |
| <i>Population Language and Culture.....</i> | 11 |
| <i>Government.....</i> | 12 |
| <i>Entry and Residence.....</i> | 13 |
| <i>Economy.....</i> | 13 |
| <i>Communications.....</i> | 15 |
| <i>Transportation.....</i> | 15 |
| <i>Military.....</i> | 16 |
| <i>Transnational Issues.....</i> | 16 |
| <i>Banks.....</i> | 16 |
| GOVERNMENT CONTACTS..... | 17 |
| THE GOVERNMENT STRUCTURE..... | 17 |
| MEMBERS OF THE GOVERNMENT..... | 19 |
| GOVERNMENT..... | 19 |
| <i>Municipalities.....</i> | 19 |
| <i>Parties & Politics.....</i> | 23 |
| <i>Public Administration.....</i> | 24 |
| PUBLIC CONTACTS..... | 27 |
| <i>Club, Association.....</i> | 27 |
| <i>Constitution.....</i> | 31 |
| <i>Consulates.....</i> | 31 |
| <i>Counselling Centers.....</i> | 33 |
| <i>Diplomatic Representations.....</i> | 35 |
| <i>Emergency, SOS.....</i> | 35 |
| <i>Entertainment, Events.....</i> | 36 |
| <i>Religion & Church.....</i> | 36 |
| <i>Post Office.....</i> | 37 |
| <i>Train, Bus, Plane.....</i> | 37 |
| BASIC LAWS AND REGULATIONS AFFECTING BUSINESS..... | 40 |
| EEA AGREEMENT..... | 40 |
| AGREEMENT ON THE EUROPEAN ECONOMIC AREA..... | 40 |
| <i>PART I OBJECTIVES AND PRINCIPLES Article 1.....</i> | 42 |
| <i>PART II FREE MOVEMENT OF GOODS CHAPTER 1 BASIC PRINCIPLES.....</i> | 43 |
| <i>PART III FREE MOVEMENT OF PERSONS, SERVICES AND CAPITAL.....</i> | 46 |
| <i>PART IV COMPETITION AND OTHER COMMON RULES.....</i> | 50 |
| <i>PART V HORIZONTAL PROVISIONS RELEVANT TO THE FOUR FREEDOMS.....</i> | 54 |

For additional analytical, business and investment opportunities information,
please contact Global Investment & Business Center, USA
at (202) 546-2103. Fax: (202) 546-3275. E-mail: rusric@erols.com

| | |
|---|-----------|
| PART VII INSTITUTIONAL PROVISIONS..... | 58 |
| PART VIII FINANCIAL MECHANISM..... | 65 |
| PART IX GENERAL AND FINAL PROVISIONS..... | 66 |
| OFFSHORE ACTIVITY IN LIECHTENSTEIN: CORPORATE FEATURES..... | 69 |
| COUNTRY AND OFFSHORE SECTOR: GENERAL INFORMATION..... | 70 |
| SHARE CAPITAL, TAXATION, LICENCE FEES AND COMPLIANCE MATTERS..... | 72 |
| STRUCTURE OF MANAGEMENT..... | 74 |
| BUSINESS ENVIRONMENT..... | 74 |
| Investments by Foreigners..... | 75 |
| OFFSHORE COMPANIES: PRACTICAL INFORMATION..... | 75 |
| Company Limited by Shares..... | 76 |
| Limited Liability Company..... | 76 |
| The Establishment (Anstalt)..... | 76 |
| The Foundation (Stiftung)..... | 77 |
| The Trust Enterprise..... | 77 |
| Trusts..... | 77 |
| OFFSHORE BUSINESS CLIMATE AND ACTIVITIES..... | 78 |
| Offshore Operations..... | 78 |
| Tax Treatment of Offshore Operations..... | 78 |
| Taxation of Foreign and Non Resident Employees..... | 79 |
| Exchange Control..... | 79 |
| Offshore Activities..... | 80 |
| Employment and Residence..... | 80 |
| OFFSHORE BUSINESS ACTIVITIES..... | 80 |
| International Holding Companies..... | 80 |
| Trade Marketing and Distribution..... | 81 |
| Banking..... | 81 |
| Trust Management..... | 82 |
| OFFSHORE LAWS AND REGULATIONS..... | 82 |
| Trust Law..... | 82 |
| Banking Law..... | 83 |
| TAXES IN LIECHTENSTEIN..... | 84 |
| Profits Tax..... | 84 |
| Calculation of Taxable Base..... | 85 |
| Net Worth Tax..... | 85 |
| Stamp Duty..... | 86 |
| Turnover Tax..... | 86 |
| Property Profits Tax..... | 86 |
| Value Added Tax..... | 86 |
| Withholding Tax..... | 86 |
| Filing Requirements and Payment of Tax..... | 87 |
| PERSONAL TAXES..... | 87 |
| Residence and Liability for Taxation..... | 87 |
| Net Worth Tax..... | 88 |
| Gift and Estate Tax..... | 88 |
| Property Profits Tax..... | 88 |
| SELECTED OFFSHORE LAWS AND REGULATIONS..... | 89 |
| BASIC OFFSHORE LAWS..... | 89 |
| Trust Law..... | 89 |
| Banking Law..... | 90 |
| LAW ON INVESTMENT UNDERTAKINGS (IUG)..... | 90 |
| I. Object, Scope and Definitions..... | 90 |
| II. Business Activity..... | 91 |

**For additional analytical, business and investment opportunities information,
please contact Global Investment & Business Center, USA
at (202) 546-2103. Fax: (202) 546-3275. E-mail: rusric@erols.com**

| | |
|---|------------|
| B. Investors..... | 94 |
| C. The Management of Investment Undertakings..... | 95 |
| D. The Custodian Bank..... | 96 |
| E. Special Provisions for Investment Companies..... | 96 |
| F. Special Provisions for Foreign Investment Undertakings..... | 97 |
| G. Investment Regulations..... | 98 |
| III. Concessions..... | 100 |
| IV. Supervision of Investment Undertakings..... | 103 |
| V. Liability..... | 106 |
| VI. Procedure and Remedies..... | 107 |
| VII. Penalty Provisions..... | 107 |
| VIII. Transitional and Final Provisions..... | 109 |
| LAW ON BANKS AND FINANCE COMPANIES (BANKING ACT)..... | 110 |
| I. Object, Definitions and Scope..... | 110 |
| II. Business activities of Banks and Finance Companies..... | 110 |
| LAW ON BANKS AND FINANCE COMPANIES (BANKING ACT)..... | 112 |
| I. Object, Definitions and Scope..... | 112 |
| II. Business activities of Banks and Finance Companies..... | 113 |
| LIECHTENSTEIN COMPANY LAW..... | 124 |
| The Legal Entities (Juridical Persons)..... | 124 |
| Business Accountancy..... | 188 |
| PRACTICAL INFORMATION FOR CONDUCTING BUSINESS..... | 198 |
| ECONOMIC LIBERALIZATION..... | 198 |
| Further liberalization in agriculture could enhance resource allocation in Switzerland and Liechtenstein..... | 198 |
| The Economic Environment..... | 200 |
| Institutional Framework..... | 201 |
| Trade Policy Instruments..... | 202 |
| Sectoral Trade Policy Developments..... | 203 |
| Trade policy and trading partners..... | 204 |
| RECENT ECONOMIC POLICY DEVELOPMENTS AND OBJECTIVES..... | 205 |
| Domestic policy areas..... | 205 |
| Foreign policy areas..... | 207 |
| TRADE POLICY DEVELOPMENTS AND FUTURE POLICY DIRECTIONS..... | 208 |
| (1) THE WORLD TRADE ORGANIZATION (WTO)..... | 208 |
| (2) THE EUROPEAN ECONOMIC AREA (EEA)..... | 209 |
| (3) THE EUROPEAN FREE TRADE ASSOCIATION (EFTA)..... | 210 |
| (4) CUSTOMS UNION TREATY/ECONOMIC INTEGRATION WITH SWITZERLAND..... | 210 |
| LIECHTENSTEIN IN TWO ECONOMIC AREAS..... | 212 |
| Advantageous Geo-political Factors Remain Intact..... | 212 |
| Liberal Company Law Remains..... | 212 |
| Bank Laws..... | 213 |
| Bank Secrecy..... | 213 |
| Money Laundering and Insider Trading..... | 213 |
| More Competition in the Financial Services Sector..... | 214 |
| Liechtenstein's Dance at Two Weddings..... | 214 |
| The Incorporation of European Law in Liechtenstein..... | 214 |
| Who is in the EEA?..... | 215 |
| THE FOUNDATION..... | 216 |
| / Concept and Legal Nature..... | 216 |
| 11. The Objects and Types of Foundations..... | 216 |
| 1. The Family Foundation..... | 216 |
| 2. The Benevolent Foundation..... | 216 |

**For additional analytical, business and investment opportunities information,
please contact Global Investment & Business Center, USA
at (202).546-2103. Fax: (202) 546-3275. E-mail: rusric@erols.com**

| | |
|--|------------|
| 3. The Employee Welfare.Foundation.....I..... | 217 |
| 4. The Ecclesiastical Foundation..... | 217 |
| III. The Formation of a Foundation..... | 217 |
| IV. The Organization of the Foundation..... | 220 |
| V. The Beneficiaries of the Foundation..... | 222 |
| VI. The Liability of the Foundation..... | 223 |
| VII. The Accounting for the Foundation..... | 223 |
| VIII. The Revocation of the Foundation..... | 223 |
| DOMICILIARY AND HOLDING COMPANIES..... | 226 |
| Fiduciary Companies..... | 227 |
| Taxation System..... ?! | 227 |
| FINANCING..... | 227 |
| Public financing..... | 227 |
| Direct State aid..... | 228 |
| Tax relief..... | 228 |
| CULTURAL HERITAGE SKILLS AND CRAFTS..... | 228 |
| COMMUNICATION AND INFORMATION POLICIES..... | 228 |
| Increasing public awareness in general..... | 228 |
| Public access to monuments..... | 228 |
| Signposting for tourists..... | 229 |
| Interaction with schools..... | 229 |
| "~ GENERAL OBSERVATIONS ON "INTEGRATED CONSERVATION POLICY"..... | 229 |
| Legislation on new types of heritage..... | 229 |
| Co-operation bet^een the competent institutions..... | 229 |
| Integration of contemporary types of architecture..... | 230 |
| Use, re-use and enhancement..... | 230 |
| Suggested priorities..... | 231 |
| MAIN SOURCE..... | 231 |
| TRAVEL INFORMATION..... | 232 |
| HOW TO GET THERE..... | 232 |
| PUBLIC TRANSPORT..... | 232 |
| The Railway..... | 232 |
| The Post Bus..... | 233 |
| SPECIAL ATTRACTIONS..... | 234 |
| Wine Tasting..... | 234 |
| Historic and Traditional Restaurants..... | 234 |
| Potteiy/Ceramics/Stove Factory Workshop & Outlet..... | 235 |
| ENTRY AND CUSTOMS REGULATIONS*..... | 235 |
| Passport regulations..... | 236 |
| Customs Regulations..... | 236 |
| SUPPLEMENTS..... | 238 |
| CONTATCTS WITH PRINCE FAMILY..... | 238 |
| SELECTED BUSINESS CONTACTS..... | 238 |
| Accounting and Auditing..... | 238 |
| Banking Services and Asset Management..... | 239 |
| Offshore Company and Ship Registration..... | 239 |
| Agents and Stockbrokers..... | 240 |
| Law Firms..... | 240 |
| Trust Management..... | 241 |
| CAR RENTAL, TAXI COMPANIES..... | 243 |
| Car Rental..... | 243 |
| Courier Services..... | 243 |

**For additional analytical, business and investment opportunities information,
please contact Global Investment & Business Center, USA
at (202) 546-2103. Fax: (202) 546-3275. E-mail: rusric@erols.com**

| | |
|--|-----|
| <i>Taxi Companies</i> | 243 |
| CONSULATES..... | 244 |
| TOURING CLUBS, TRAFFIC CLUB, GASOLINE PRICES, SHOPPING, OPENING HOURS. . . . | 245 |
| <i>Touring Clubs</i> | 245 |
| <i>Traffic Club</i> | 245 |
| <i>Shopping</i> | 246 |
| TRAVEL AGENCIES, BUS COMPANIES..... | 246 |
| <i>Local Travel Agencies</i> | 246 |
| <i>Local Bus Companies</i> | 247 |
| SELECTED E-MAIL ADDRESSES IN LIECHTENSTAIN..... | 247 |
| BASIC INFORMATION ON OFFSHORE ACTIVITY..... | 256 |
| WHAT IS OFFSHORE..... | 256 |
| <i>Offshore Companies</i> | 256 |
| <i>Offshore Trusts</i> | 257 |
| <i>How does a trust work?</i> | 258 |
| HOW OFFSHORE WORKS..... | 259 |
| <i>Solutions for US Citizens</i> | 262 |
| FAQ..... | 262 |
| <i>The Offshore Industry at a Glance</i> | 264 |
| <i>Individual Users</i> | 266 |
| <i>Financial Institutions</i> | 267 |
| <i>Choosing a Jurisdiction</i> | 269 |
| CORPORATE AND OFFSHORE GLOSSARY..... | 276 |

**For additional analytical, business and investment opportunities information,
please contact Global Investment & Business Center, USA
at (202) 546-2103. Fax: (202) 546-3275. E-mail: rusric@erols.com**