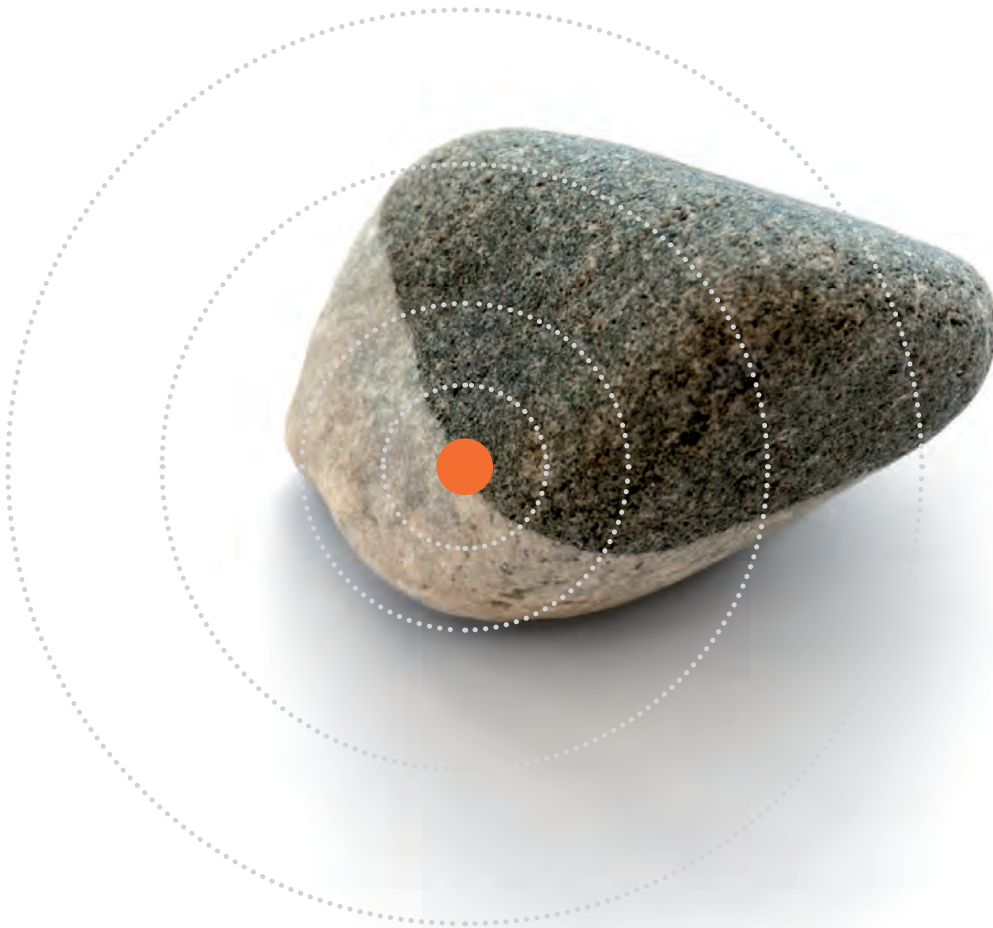


COMPANY FORMS IN THE PRINCIPALITY OF LIECHTENSTEIN



LIECHTENSTEIN INSTITUTE OF
PROFESSIONAL TRUSTEES AND FIDUCIARIES

A corporation under public law

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INTRODUCTION

The Liechtenstein legislator has created types of legal entities which, with regard to their legal structure and possible applications, are partly different from comparable types of business entities in other countries. The following is a brief overview of the company forms which are preferred in practice, i.e.

- the Company Limited by Shares
- the Establishment and
- the Foundation

(designated by the legislator as “legal entities”) and

- the Trust Enterprise as well as
- the Trust Settlement

(designated by the legislator as “special asset dedications”). For the sake of simplicity, all types of legal entities are referred to as companies below.

In practice, the Limited Liability Company (Gesellschaft mit beschränkter Haftung), the Cooperative Society (Genossenschaft) and the Association (Verein) are sometimes used as well; however, they are not dealt with here.

As a general rule, a company is formed in Liechtenstein by a trustee licensed there or by a company in possession of a trustee licence. The trustee or the trust company forms a company in a fiduciary capacity in his or its own name, but for the account of the client. Once a business relationship is entered into with a trustee (formation of a company, for example) or an account is opened with a Liechtenstein bank, the beneficial owner must be disclosed. Confidentiality, however, is

not affected by this requirement, because Liechtenstein trustees and banks as well as their employees are bound by Liechtenstein’s banking and fiduciary secrecy rules. In addition, in particular as a result of the new due diligence legislation, the holder of a professional secret must satisfy himself or itself that the assets expected to be transferred to him or it have not been acquired in a criminal manner. The holder of the professional secret himself or itself must identify or establish the identity of the persons involved, draw up relevant documents thereon and create a comprehensive profile of the business relationship.

Liechtenstein certainly offers advantages regarding the formation and administration of companies, but clearly disapproves of any misuse of anonymity rules and requires high ethical and professional standards for the acceptance of mandates and the implementation of business transactions.

The information set out in this brochure is intended to provide any interested person with a basic overview of the range of options associated with various types of legal entities. The Liechtenstein Institute of Professional Trustees and Fiduciaries nevertheless recommends that any reader thereof should seek detailed advice from a professional trustee prior to making a decision in favour of a given type of business entity.

GENERAL OVERVIEW

Company name

Within the limits set by the law, the name of the business entity may generally be freely chosen in any language (in Latin letters) and even fancy names are allowed. The company name is protected (exclusiveness of the registered company name). The use of national and international country names and place names as part of the company name requires special permission from the Liechtenstein commercial registry.

Language

The official language is German. A translation of the German-language formation documents may be prepared upon request.

Purpose

The purpose of a company may be of an economic or non-economic nature in any legally permissible form, including, for example, the trade in goods, the acquisition of participations, financing, real estate management, patent exploitation, leasing, asset management for certain beneficiaries or for purely charitable purposes. Banking transactions, however, may only be carried out by banks; the management of assets for third parties may only be undertaken by licensed Liechtenstein asset management companies.

Foundations may operate a commercially conducted business only to such an extent as such business is necessary for the achievement of their non-economic purposes.

Nominal capital

The capital, as determined in the articles of association, may be fixed in Swiss francs, euros and US dollars and may never be lower than the minimum capital. Upon formation, the capital may be contributed in cash or in kind. Please take note of the special information provided in the sections dedicated to each type of business entity.

Formation

The legal persons and the trust enterprise are formed by means of a formation deed and articles of association which must be filed with the competent authorities. The types of companies discussed herein may be formed by one individual or legal entity. The sole exception in this regard is the Company Limited by Shares whose formation requires two founders. Business entities are generally formed on a fiduciary basis.

Coming into being

The Company Limited by Shares, the Establishment, the Trust Enterprise and the Foundation subject to a duty to register do not acquire legal personality until they have been entered in the commercial register.

The deposited Foundation and the Trust Settlement come into existence as early as upon the signature of the formation documents.

Supreme governing body

All legal persons and the Trust Enterprise have a supreme governing body (the meeting of members, the holder of the founder's rights or another body) vested with the supreme powers, which powers include, for example, approving the annual accounts, passing resolutions on profit appropriation, appointing the other governing bodies, amending the articles of association. As far as foundations are concerned, these powers are generally vested in the foundation council.

Administrative body

The administrative body is the executive governing body of the company. All legal persons must have an administrative body (board of directors, foundation council or manager) which, unless provided otherwise, may consist of one or more individuals or legal entities or firms and is appointed by the supreme governing body. It is generally required that at least one member of the administrative body be the holder of a Liechtenstein

trustee licence. This does not apply to legal persons which are governed by the Trade Act (Gewerbegesetz) or any other special Act and must have one qualified manager.

Auditors

The appointment of an auditor is generally required for the Company Limited by Shares.

Insofar as

- the Establishment,
- the Trust Enterprise, or
- the registered Foundation

operate a commercially conducted business or their purpose, as set out in the articles of association, allows such a business to be operated, they also require an auditor. An auditor must generally also be appointed for Foundations which are subject to supervision by the Foundation supervisory authority.

Unless the law provides otherwise, the following persons may act as auditors: chartered accountants, audit companies, trustees and trust companies.

Legal representative

The legal representative is the official address for service and provides a link to the domestic court and administrative authorities, including, for example, the tax administration and the commercial registry. The law does not prescribe any legal representative for trust settlements.

Beneficiaries

In the case of Companies Limited by Shares, the shareholders are entitled to the profit and the assets remaining after liquidation.

As far as the Foundation, the Establishment, the Trust Enterprise and the Trust Settlement are concerned, the person setting up the same (settlor, founder) or, depending on the provisions laid down in the articles

of association, a governing body will decide who is authorised to enjoy the income and/or the assets. In the articles of association and/or the by-laws, the founder or the governing body not only determines the beneficial interests, but also the conditions and the extent thereof. The by-laws, a supplementary deed to the articles of association, need not be deposited with the commercial registry. It may be revocable or irrevocable, amendable or non-amendable. It may also be provided that amendments are initially allowed, and that such amendments of the by-laws are no longer permissible following the occurrence of a certain event or after a certain point in time (death of the founder or settlor, for example). As a general rule, the executive governing bodies must comply with the founder's intentions. Under certain prerequisites, as determined by the law and in the articles of association, the beneficial interests may be excluded from the creditors' grasp.

Accounting for companies engaging in commercial activities

Any legal person subject to a duty to register which operates a commercially conducted business is required to do proper accounting (i.e. draw up annual accounts consisting of the balance sheet, the profit and loss statement and notes (if any)). The Company Limited by Shares is required to do proper accounting, even if it does not operate a commercially conducted business.

Legal persons required to do accounting must draw up the annual accounts in the German language and in Swiss francs, euros or US dollars. Companies required to do accounting which do not engage in commercial activities may draw up the annual accounts in English, French, Italian, Spanish or Portuguese and in any freely convertible foreign currency.

The annual accounts must be filed with the tax administration and, if necessary, with the commercial registry on an annual basis.

Bookkeeping for companies not engaging in commercial activities

Legal persons not required to do proper accounting (deposited Foundations, Establishments and Trust Enterprises not engaging in commercial activities) as well as trust settlements must, taking into consideration the principles of orderly bookkeeping, maintain appropriate records of the financial circumstances and keep documentary evidence presenting a comprehensible account of the course of business and movement of the assets.

Declaration

Establishments, Trust Enterprises and registered Foundations which do not operate a commercially conducted business and whose purpose as laid down in the articles does not allow such a business to be operated (thus solely allowing the investment and management of assets or the holding of participations or other rights, without actually carrying on a commercial operation) must draw up a statement of assets and liabilities each year. The Liechtenstein administrative body must, within six months following the closure of a financial year, make a declaration to the commercial registry that a statement of assets and liabilities and the related records and documentary evidence have been duly drawn up and that no commercially conducted business was operated in the past year (no statement of assets and liabilities needs to be filed).

Time required for formation

The formation of a company usually does not take more than one week.

Powers of attorney

Powers of attorney may generally be granted, if third parties are instructed by the administration to carry out business transactions. The holder of the power of attorney is under an obligation to report to the administration. Due to the liability of the administration, it is customary to confer special powers of attorney which are limited in time only.

Liquidation

A legal person entered in the Public Register as well as the Trust Enterprise may generally be struck off from the register at the earliest six months after the third public notice to creditors. As a general rule, no company may be struck off from the register until its liquidation has ended.

Deposited Foundations and Trust Settlements may be dissolved within few days.

TAXES AND DUTIES

Liechtenstein has a modern, attractive and internationally recognised tax system. There is no national withholding tax on interest, dividends and licences. Legal persons are subject to a flat-rate proportional corporate income tax of 12.5% and a notional interest deduction may be made. There is no capital tax. Legal persons which do not engage in economic activities and whose activities include no activities other than asset management activities may apply for the status as a private asset structure (Privatvermögensstruktur, PVS). If such status has been granted, they are subject to the minimum corporate income tax of CHF 1,200 per year only.

Due to its low corporate income tax, the Liechtenstein tax system offers an attractive environment for trade and industry, holding structures, funds, trust companies, insurance undertakings and banks. In addition, the Liechtenstein IP Box (Intellectual Property Box) works as an incentive for research and development activities at a corporate level by allowing businesses to deduct 80% of income from intellectual property rights for tax calculation purposes, meaning that the effective tax rate on this income is a mere 2.5%.

a) Upon formation

Stamp duty and issuance duty

Due to the Customs Union Treaty entered into between Liechtenstein and Switzerland on 29 March 1923, the Swiss Federal Act on Stamp Duties also applies in Liechtenstein. The Swiss stamp duties are taxes that arise as a result of legal transactions involving specific documents. There are three different types of duties: issuance duties, transfer duties and duties on insurance premiums.

The issuance duty is levied, among other cases, upon the formation of legal persons that are endowed with capital divided into shares, i.e. in particular upon the formation of Companies Limited by Shares, Limited Liability Companies and Cooperative Societies. The duty rate is 1% of the amount contributed to the company in consideration of the participation rights, however no less than 1% of the nominal value or the contribution made to the company. A general exemption limit of CHF 1 million applies.

Formation fee

The formation fee applies in those cases where, upon the formation, creation, transfer of domicile abroad or increase of the capital of legal persons, the Swiss Stamp Duty legislation does not apply. This means that the formation fee arises in particular with regard to Foundations, Establishments and Trust Enterprises whose capital as laid down in the articles of association is not divided into shares. The formation duty is 1% of the capital as laid down in the articles of association. A general exemption limit of CHF 1 million applies. For capital exceeding CHF 5 million, the formation duty reduces to 0.5% and for capital exceeding CHF 10 million, it reduces to 0.3%. Foundations and asset dedications without legal personality pay a formation duty of 2% of the capital, but no less than CHF 200.

Registration or deposition fee

In order for a company to be entered in the commercial register or its formation documents to be deposited, a fee must be paid the amount of which depends on the company's capital and legal form. The fees range between CHF 300 and CHF 700.

b) Subsequently

Corporate income taxes

Legal persons liable to taxation in Liechtenstein are generally subject to the corporate income tax of 12.5% of the taxable net corporate income, but no less than CHF 1,200 per year. The taxable net corporate income consists of the totality of corporate income reduced by commercially justified expenses.

Besides the corporate income tax rate of 12.5%, the effective tax amount also depends on the deductible notional interest which may be asserted as a commercially justified expense, thus reducing the basis for calculating the corporate income tax. The notional interest deduction is calculated on the basis of the modified equity capital. The applicable rate is determined on an annual basis. The current notional interest deduction rate is 4%.

Taxation of private asset structures

If certain circumstances apply, legal persons not engaging in economic activities may file an application for recognition of the status as a private asset structure (PVS) with the tax administration. Private asset structures need to pay a minimum corporate income tax of CHF 1,200 per year only and are exempt from ordinary corporate income taxation. In order for a legal person to be recognised as a private asset structure (PVS), it may, in particular, not engage in any economic activities (the term "economic activities" being defined very broadly).

Special asset dedications without legal personality (Trust Settlements/Trusts) are subject to the minimum corporate income tax of CHF 1,200 per year only and are not assessed. However, they are subject to restricted tax liability along with their domestic corporate income.

Tax exemption of common-benefit institutions

Legal persons and special asset dedications without legal personality (Trust Settlements/Trusts) may, upon application to the tax administration, be exempted from direct taxes (corporate income tax, real estate capital gains tax and formation duty), provided that they are entered in the commercial register and pursue no purposes other than non-profit common-benefit purposes.

Common-benefit institutions in Liechtenstein which achieve a turnover of less than CHF 100,000 are also exempted from paying value added tax, unless they waive their tax exemption.

Value added tax

For value added tax (VAT) purposes, Liechtenstein is part of the Swiss VAT system. There are three different tax rates which apply to deliveries and services: The general value added tax (VAT) rate (normal rate) on deliveries of goods and services is 8%, with a reduced rate of 2.5% being applied to food products, medicines, newspapers and books. A special rate of 3.8% applies to overnight stays in the hotel and lodging industry. Any person that carries on a business irrespective of its legal form, purpose and profit-making intention and is not exempted from taxation is liable to pay value added tax, on condition that the services provided for remuneration in Liechtenstein and Switzerland exceed the total amount of CHF 100,000 annually. The list of persons liable to taxation includes, but is not limited to: natural persons (one-man businesses), partnerships (general and limited partnerships), legal persons of private and public law, legally dependent institutions and bodies corporate without legal capacity which achieve a turnover under a joint name.

COMPANY LIMITED BY SHARES

The Company Limited by Shares is suitable for all economic purposes, including, but not limited to, active international commercial transactions, as a holding organization of subsidiary companies, etc. However, when it comes to private asset planning and for straightforward asset management/asset preservation purposes, other organizational structures are preferable.

Share capital

The minimum capital amounts to CHF 50,000, EUR 50,000 or USD 50,000.

Shares

Bearer or registered shares are permissible with no minimum nominal value being required. Voting shares, preference shares and participation certificates may be issued as well. The bearer shares must be deposited with a depository instructed for this purpose.

Governing bodies

The general meeting is the supreme governing body and must be convened at least once a year to approve the annual accounts and fulfil any other duties provided for by law and in the articles. The board of directors manages and conducts the company's business.

It is the duty of the auditors to audit the annual accounts and to submit a report thereon to the general meeting.

Filing of the annual accounts

The annual accounts audited by the auditors including the other necessary documents must be filed with the commercial registry and the Liechtenstein tax administration.

Taxes

Companies Limited by Shares are generally subject to the corporate income tax (12.5% of the taxable net corporate income less a notional interest deduction of 4%, but no less than CHF 1,200 per year), or, in the case of private asset structures, they are subject to the minimum corporate income tax (CHF 1,200 per year). There is no withholding tax on profit distributions in Liechtenstein. Please note that tax duties in the country of domicile of the parties involved might arise.

For further information, please refer to the heading "Taxes and Duties"

ESTABLISHMENT AND TRUST ENTERPRISE (TRUST REG.)

These two types of legal entities which are distinctly of a Liechtenstein character are extremely versatile. The scope for determining their organization is very wide. They may be structured in the manner of a corporation, or their main characteristics may be foundation-like and as a result, depending on their structure, they may be used for commercial or asset management purposes.

Nominal capital

The minimum capital amounts to CHF 30,000 or its equivalent in any legal currency and may also be divided into shares (with or without the character of securities). If the capital is divided into shares, the minimum capital is CHF 50,000.

Governing bodies

The supreme governing body (founder) of an Establishment or a Trust Enterprise in its typical form has founder's rights which are usually transferred by means of an assignment deed (such deed being documentary evidence of the assignment of the founder's rights).

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

The administration is undertaken by the board of directors in the case of the Establishment and by the board of trustees in the case of the Trust Enterprise.

If a commercially conducted business is operated or the articles of association allow such a business to be operated, an auditor must be appointed as the third governing body.

In addition, further governing bodies such as protectors, collators or curators are possible.

Beneficiaries

Failing any reference to a specific economic benefit, there is a statutory presumption that the holder of the founder's rights (in the case of the Establishment) or the holder of the settlor's rights (in the case of the Trust Enterprise) himself or itself is the beneficiary (see, in this regard, also the information provided under "General Overview").

Filing of the annual accounts

If a commercially conducted business is operated or the articles of association allow such a business to be operated, the annual accounts as audited by the auditors must be filed with the Liechtenstein tax administration.

Declaration

If no commercially conducted business is operated and the articles of association do not allow such a business to be operated, a declaration must be made (see the information provided under "General Overview").

Taxes

Dedications of assets to the Establishment or the Trust Enterprise by persons that do not have a residence or habitual abode in Liechtenstein as well as distributions to foreign beneficiaries are generally not subject to any taxation in Liechtenstein. Please note that tax duties in the country of domicile of the parties involved might arise or that certain obligations resulting from taxation agreements might have to be fulfilled.

Establishments and Trust Enterprises are generally subject to the corporate income tax (12.5% of the taxable net corporate income less a notional interest deduction of 4%, but no less than CHF 1,200 per year) or, in the case of private asset structures, they are subject to the minimum corporate income tax (CHF 1,200 per year). There is no withholding tax on profit distributions in Liechtenstein.

For further information, please refer to the heading "Taxes and Duties".

FOUNDATION

Definition

A Foundation is a legally and economically independent special-purpose fund which is formed as a legal entity (legal person) by a unilateral declaration of will from the founder. The founder specifies the foundation purpose and the beneficiaries.

Purpose

A Foundation is only permitted to operate a commercially conducted business if such business directly serves the achievement of its common-benefit purpose or if this is permitted on a special statutory basis. Insofar as the orderly investment and management of the foundation assets so require, the setting-up of a commercial operation is permissible, even for private-benefit foundations.

Foundation purposes may include common-benefit or private-benefit purposes. A common-benefit foundation is a foundation whose activity according to the declaration of establishment is entirely or predominantly intended to serve common-benefit purposes. A private-benefit foundation is a foundation which is entirely or predominantly intended to serve private or personal purposes. Pure family foundations and mixed family foundations are in particular regarded as private-benefit foundations.

Pure family foundations and mixed family foundations

In practice, pure family foundations and mixed family foundations are the most important types of business entities in Liechtenstein.

The assets of pure family foundations mainly serve the defrayal of costs of upbringing or education, provision for or support of members of one or more families or similar family interests. Mixed family foundations not only pursue the purpose of a pure family foundation, but they also pursue common-benefit or other private-benefit purposes.

Formation and coming into being

The Foundation is formed by way of a written declaration of establishment (Foundation inter vivos) or by way of last will and testament or contract of inheritance (foundation mortis causa). Foundations under an obligation to register acquire legal personality as a result of their entry in the commercial register.

Registration or deposition

Common-benefit foundations and private-benefit foundations which operate a commercially conducted business for the purpose of achieving their non-economic purpose (e.g. hostels, retirement homes, company pension funds) are required to register. Other private-benefit foundations may be entered in the commercial register on a voluntary basis or they may be deposited.

Ecclesiastical, pure and mixed family foundations (maintenance foundations, for example) are only required to deposit the so-called notification of formation with the commercial registry. Upon enquiry, the commercial registry confirms the foundation's existence. The right is in addition reserved to disclose to domestic criminal prosecution authorities, the Financial Intelligence Unit (FIU) and the Financial Market Authority (FMA) the identity of the legal representative or the person authorised to accept service.

Nominal capital

The minimum capital amounts to CHF 30,000 or EUR 30,000 or USD 30,000.

Governing bodies

The Foundation's council is the supreme governing body. It is made up of at least two members. It conducts the Foundation's business and represents the Foundation vis-à-vis third parties in accordance with the articles of association, by-laws and regulations (if any). The Foundation council is responsible for the fulfilment of the Foundation purpose.

A foundation is a legally and economically independent special-purpose fund which is formed as a legal entity (legal person) by a unilateral declaration of will.

The founder may have the foundation council's activity examined by other governing bodies, such as the auditors for example, or it may restrict such activity by granting protectors, curators or collators instruction, supervision or veto rights.

Registered foundations operating a commercially conducted business and common-benefit foundations must generally appoint an auditor.

Beneficiaries

The beneficiaries must generally be specified in any manner whatsoever (for example by making a reference to their descent, sex, etc.).

A beneficiary is considered to be that individual or legal entity which derives or may derive an economic benefit from the Foundation (beneficial interest) actually, with or without consideration, unconditionally or under certain prerequisites or conditions, for a limited or unlimited period of time, with or without restrictions, revocably or irrevocably, at any time during the legal existence of the Foundation or upon its termination. Beneficiaries are divided into entitled beneficiaries, prospective beneficiaries, discretionary beneficiaries, and ultimate beneficiaries. These categories of beneficiaries have different rights.

Bookkeeping

Foundations operating a commercially conducted business and common-benefit foundations are required to do accounting and must generally appoint an auditor (see "General Overview"). In the case of all other Foundations, the foundation council must, in respect of the management and appropriation of the foundation assets and taking into consideration the principles of orderly bookkeeping, maintain appropriate records of the financial circumstances of the Foundation and keep documentary evidence presenting a comprehensible account of the course of business and movement of the foundation assets.

Filing of the annual accounts

If the registered foundation operates a commercially conducted business or the articles of association allow such a business to be operated, the annual accounts as audited by the auditors must be filed with the Liechtenstein tax administration.

Declaration

Registered foundations which do not operate a commercially conducted business and whose purpose as laid down in the articles of association does not allow such a business to be operated, must make a declaration (see the information provided under "General Overview"). Deposited foundations need not make a declaration.

Taxes

Dedications of assets by persons that do not have a residence or habitual abode in Liechtenstein are not subject to the Liechtenstein tax on dedications. Contributions (distributions) by a Liechtenstein Foundation to foreign beneficiaries are generally not subject to any taxation in Liechtenstein. Please note that tax duties in the country of domicile of the parties involved might arise or that certain obligations resulting from taxation agreements might have to be fulfilled.

Foundations are generally subject to the corporate income tax (12.5% of the taxable net corporate income less a notional interest deduction of 4%, but no less than CHF 1,200 per year), or, in the case of private asset structures, they are subject to the minimum corporate income tax (CHF 1,200 per year). Common-benefit foundations may apply to the Liechtenstein tax administration for tax exemption.

For further information, please refer to the heading "Taxes and Duties"

TRUST SETTLEMENT

The Trust Settlement is based on the Anglo-American trust.

This legal entity may be used in a fashion similar to the Foundation. Its structure, however, is somewhat less rigid, because there is no restriction in terms of purpose (unlike under foundation law).

The settlor transfers movable or immovable property or a right (as trust property) to the trustee with the obligation to administer or use the same as trust property in his or its own name as an independent legal owner for the benefit of one or more third parties (beneficiaries) with effect towards all other persons.

In contrast to the Foundation, the Trust Settlement is not a legal person, but a legal relationship of a contract-like nature.

Formation

The parties involved are:

- the settlor; the contractual relationship (trust deed = instrument of formation) must be drawn up in writing,
- the trustee(s) (the acceptance of the office must be in writing), and
- the beneficiary (beneficiaries).

Coming into being

In practice, the Trust Settlement is created in particular upon signature of the agreement (trust deed) by the settlor and trustee or by means of a unilateral trust instrument (Treuhandbrief). The entry in the commercial register (instead of a deposition) does not have a constitutive effect.

Registration or deposition

If the Trust Settlement is created for a period of more than 12 months, such trust settlement must be entered in the commercial register within 12 months after its creation, if the trustee or one of the co-trustees has its place of residence or domicile in Liechtenstein. In this connection, the following information must be provided: date of formation, name of the trust settlement, duration (which may be indefinite), last name,

first name and place of residence or company name and domicile of the trustee. After the entry has been made, any person may obtain an extract from the commercial register showing the above-mentioned information.

As an alternative to the registration, it is also possible to deposit the trust deed or a certified copy thereof with the commercial registry within 12 months after the trust relationship has been created. As with the deposited foundation, the deposited documents or information concerning the Trust Settlement may generally not be inspected by any person other than the depositor (trustee).

Trust property

There are no minimum trust property (contribution of assets) requirements under the law.

Administration

The trustees are entrusted with the administration. The trustee administers the assets in his or its own name, with personal responsibility, for the benefit of the beneficiaries.

The settlor transfers movable or immovable property or a right (as trust property) to the trustee with the obligation to administer or use the same as trust property.

Beneficiaries

The settlor himself or itself may be a beneficiary, but the trustee alone may not be a beneficiary. Failing any recognizable reference to beneficiaries, there is a legal presumption that the settlor himself or itself is the beneficiary. For more detailed information, please refer to "General Overview".

Controlling bodies

In order to ensure compliance by the trustee with the provisions in the trust deed, an auditor, a protector (advisory board), a curator or a collator may be appointed, as described under "Governing Bodies" in the section on Foundations.

Foreign law

Trust settlements may also be formed under foreign law in Liechtenstein. As regards the relationship between the settlor, the trustee and the beneficiaries, the foreign-law trust provisions (which must be expressly included in the trust deed) apply. As regards any relationships with third parties, however, Liechtenstein law applies.

Bookkeeping

The trustee must keep his or its personal assets strictly separate from the trust property. For this purpose, an orderly accounting practice may be necessary. The trustee must at least draw up a special schedule of assets regarding the trust property and update the same every year.

Taxes

The dedication of assets by persons whose residence or habitual abode is outside of Liechtenstein is not subject to the Liechtenstein tax on dedications. Contributions (distributions) by a Liechtenstein Trust Settlement to foreign beneficiaries are generally not subject to any taxation in Liechtenstein. Please note that tax duties in the country of domicile of the parties involved might arise or that certain obligations resulting from taxation agreements might have to be fulfilled.

Trust settlements are generally subject to the minimum corporate income tax of CHF 1,200 per year only.

For further information, please refer to the heading "Taxes and Duties".

APPENDIX

Minimum costs for the formation of companies and their management in the Principality of Liechtenstein

These minimum costs do not include administration and consultancy fees, bookkeeping work, the activity of the auditors, compliance activities, secretarial work (if any) and the use of office equipment.

Administration, consultancy, formation, management and legal representative fees are subject to the value added tax (VAT) of 8%.

Costs (in CHF)	Company limited by shares ¹⁾	Establishment / Trust Enterprise ¹⁾	Foundation	Trust Settlement
FORMATION COSTS				
Formation duty or issuance duty	0	0	200 ²⁾	200
Recording fee (1‰)	300			
Registration	700	700	700	300
Deposition			300 ²⁾	300
Publication permission	20	20	20	20
Formation fee	3'500	3'500	3'000	3'000
Total costs				
- Registration	4'520	4'220	3'920	3'520
- Deposition	–	–	3'520	3'520
ANNUAL COSTS				
Administration	3'500	3'000	3'000	3'000
Legal Representative	600	600	600	
Minimum corporate income tax	1'200	1'200	1'200	1'200
Total Costs	5'300	4'800	4'800	4'200

1) With a capital of no more than CHF 1,000,000.

2) e.g. for family foundations, asset management foundations and the like.

The Liechtenstein Institute of Professional Trustees and Fiduciaries – your partner since 1992. The Liechtenstein Institute of Professional Trustees and Fiduciaries



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