

Liechtenstein structures: foundations, trusts and establishments for private clients

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Liechtenstein, Switzerland's small neighbour between the Rhine and the Alps and known in the region as das Ländle, is one of the most important locations in Europe for private wealth structures. It shares the Swiss franc and a customs union with Switzerland, but has its own legal system with a foundation law, a trust law and a range of corporate forms designed for holding family wealth. For families from Asia, the Middle East and Africa who bank in Switzerland, a Liechtenstein structure is often the natural complement.

1 Why Liechtenstein

Liechtenstein combines a civil law tradition with the reception of the common law trust, and it has offered structures for holding private wealth for almost a century. As a member of the European Economic Area it has access to the European single market, and as a partner of Switzerland it uses the Swiss franc and is closely linked to the Swiss banks. Its legal professionals, trust companies and banks are specialised in private client work, and the country has participated in the automatic exchange of information since 2016.

2 The foundation

The Liechtenstein foundation (Stiftung) under Articles 552 et seq. of the Persons and Companies Act, fully revised with effect from 1 April 2009, is the best-known structure. Unlike the Swiss foundation, it may pursue private purposes: a private-benefit foundation holds and manages assets for the benefit of the founder's family or other designated persons. The family foundation (Familienstiftung), whose purpose is to support the members of one or more families, is its most common form. Charitable foundations

and mixed foundations with private and charitable purposes are also possible.

The founder can reserve the right to revoke the foundation or to amend its documents (Article 552 § 30), and can define in by-laws who the beneficiaries are and under which conditions they receive distributions. A private-benefit foundation is generally not supervised by the state; it is established by a deposit of a formation notice with the Office of Justice. Charitable foundations are supervised by the Foundation Supervisory Authority. A protector or a committee of family members can be appointed to monitor the foundation board.

3 Trusts and trust enterprises

Since 1926 Liechtenstein law has provided for the trust (Treuhänderschaft) under Articles 897 et seq. of the Persons and Companies Act, modelled on the common law trust. A trust settled under Liechtenstein law offers a trust structure within a civil law jurisdiction and close to the Swiss banks. The trust enterprise (Treuunternehmen) is a separate legal entity that combines features of a trust and a company.

4 The establishment

The establishment (Anstalt) under Articles 534 et seq. of the Persons and Companies Act is a legal form unique to Liechtenstein. It has no members or shares; the founder's rights are held by the founder or his successors, who can determine the beneficiaries. The establishment can be used both for commercial activities and for holding assets, which makes it a flexible vehicle for holding participations and real estate.

5 Administration and tax

A legal entity in Liechtenstein that does not carry on a commercial business must have at least one member of its board who is licensed under the Liechtenstein Trustees Act (Article 180a of the Persons and Companies Act), which is why structures are administered by licensed Liechtenstein trust companies. Foundations and companies that only hold and manage private assets can apply for the status of a private asset structure; they then pay only the minimum tax of CHF 1,800 a year and are not taxed on their income.

The taxation of settlors, founders and beneficiaries depends on where they live. For persons resident in Switzerland, the Swiss rules explained in the

article on [offshore trusts and foundations](#) apply, and a Liechtenstein foundation is assessed according to the control the founder retains. The double taxation treaty between Switzerland and Liechtenstein and the automatic exchange of information must be taken into account in every structure.

6 How Ressos Legal helps

I advise families on the choice between Liechtenstein foundations, trusts, establishments and Swiss or offshore structures, review existing structures before a move to Switzerland, and work together with licensed trust companies in Liechtenstein on their formation and administration. I am a Trust and Estate Practitioner (TEP). [Contact me](#) for a first conversation.

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