

The Liechtenstein foundation

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The Liechtenstein foundation is the classical alternative. It is governed by Art. 552 ff. of the Persons and Companies Act (*Personen- und Gesellschaftsrecht*, PGR), which was totally revised with effect from 1 April 2009. The law defines the foundation as a legally and economically independent fund dedicated to a purpose and created by the founder's unilateral declaration. The minimum capital is CHF 30,000 or its equivalent in euros or dollars. Private-benefit foundations, including family foundations, need not be entered in the commercial register unless they conduct commercial operations. They are created by a notification of formation (*Gründungsanzeige*) deposited with the Office of Justice within thirty days, without public disclosure of the beneficiaries.¹ The founder may reserve rights of revocation and amendment. Beneficiaries have rights of information that the statutes can restrict within the limits of the law. Liechtenstein has also had its own trust law since 1926 in Art. 897 ff. PGR and has applied the Hague Trusts Convention since 1 April 2006.²

For Italian families the Liechtenstein foundation has a long and not always favourable history. In the decades of banking secrecy it was widely used to hold undeclared assets in Swiss banks. Many of those structures were dissolved or regularized during the Italian voluntary disclosure programme described in Chapter E.II. The TUIR covers trusts and "istituti aventi analogo contenuto", and Circular No 34/E requires such similar institutions to be identified case by case by reference to the essential features of a trust. A Liechtenstein foundation can therefore fall under the Italian trust rules. A foundation whose founder retains control may be disregarded as an interposed entity, while the rules on distributions from entities in states with a privileged tax regime can reach a foundation that qualifies as a similar institution.³ Liechtenstein has moved closer to Italy in tax cooperation. After a tax information exchange agreement of 2015, the two states signed a double taxation convention on 12 July 2023. The Italian Council of Ministers approved the bill for its ratification on 15 April 2024.⁴

1 Foundations and forced heirship

Foundations face the same limits of forced heirship as trusts. A transfer to a foundation, whether in Liechtenstein or in Switzerland, is a disposition without consideration and is included in the calculation of the reserved shares under the succession law that governs the founder's estate. Liechtenstein law itself allows heirs entitled to a compulsory portion to challenge the endowment in the same way as a gift under Art. 552 § 38 PGR. Endowments made more than two years before the death are in principle protected, although the two-year period starts only with the founder's death where he or she had reserved a right of revocation or amendment. Italian protected heirs can bring the action for reduction against the foundation where Italian law applies.⁵ Italian law knows no general family foundation of its own. A foundation for the exclusive benefit of a family would also run against the restrictive Italian treatment of fideicommissa. Art. 692 Codice civile admits a fideicommissary substitution only where a parent, another ascendant or the spouse of a person under guardianship (*interdetto*) obliges that person to preserve the assets and to pass them on at death to the persons or bodies that cared for him or her. Italian families who want such a structure must therefore use foreign law.⁶

Essentials. The Swiss family foundation under Art. 335 SCC cannot be used for the general maintenance of family members. The reform demanded by motion 22.4445 had not been implemented by mid-2026. Foreign foundations, in particular Liechtenstein foundations under Art. 552 ff. PGR, are recognized in Switzerland (BGE 135 III 614). Italian tax law treats foundations like trusts, and forced heirship limits endowments under both Italian and Swiss law.

2 Notes

1. Marxer & Partner Rechtsanwälte, The Foundation, Vaduz, https://www.marxerpartner.com/files/media/Downloads/Die_Stiftung_ENG.pdf (consulted 5 October 2026). ↩
2. Marxer & Partner (above), on revocation and information rights (§§ 30 and 9 of the foundation law); HCCH status table (above), entry into force for Liechtenstein on 1 April 2006. PGR, Art. 897 ff. (trust law of 1926). ↩
3. Circolare n. 34/E (above), on interposition and on the identification of "istituti aventi analogo contenuto" by "gli elementi essenziali e caratterizzanti dell'istituto del trust con un esame da effettuare caso per caso".

caso". The circular does not mention Liechtenstein foundations specifically. ↩

4. Luca Pagani and Pamela Ciarcià, "Internationale Besteuerung: Ratifizierung der italienischen Abkommen mit Libyen und Liechtenstein", Rödl & Partner, 2 May 2024, <https://www.roedl.com/insights/internationale-besteuerung-ratifizierung-italienischen-abkommen-libyen-liechtenstein-china-wird-weg-gebracht/> (consulted 5 October 2026). Tax information exchange agreement of 2015. ↩
5. Marxer & Partner (above), on § 38(1) of the foundation law (Art. 552 PGR), the reference to the avoidance rules of the Rechtssicherungs-Ordnung and the two-year period under § 785 ABGB; Codice civile, Arts 553 ff. ↩
6. Codice civile, Art. 692, Brocardi.it, <https://www.brocardi.it/codice-civile/libro-secondo/titolo-iii/capo-vi/sezione-ii/art692.html> (consulted 5 October 2026). The statement that Italian law has no general family foundation is the author's summary. ↩

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