Liechtenstein

Rank: #35

Liechtenstein is responsible for 0.66% of the world’s corporate tax abuse risks.

CTHI Value: 291

Haven Score: 70.7

How much scope for corporate tax abuse the jurisdictions's tax and financial systems allow. 0 means no scope, 100 means unrestrained scope.

Global Scale Weight: 0.056%

How much of the financial activity conducted by multinational corporations around the world is hosted by the jurisdiction.

The jurisdiction’s CTHI value (Corporate Tax Haven Index value) is a measure of how intensely the jurisdiction enables multinational corporations to abuse corporate tax. The jurisdiction is ranked on the index by its CTHI value.

A jurisdiction’s CTHI Value is calculated by first grading its tax and financial systems with a Haven Score out of 100 where a zero means the jurisdiction’s laws allow no scope for corporate tax abuse and a 100 means they allow unrestrained scope. The jurisdiction’s Haven Score is then combined with its Global Scale Weight, ie the volume of financial activity conducted in the country by multinational corporations, to calculate how much corporate financial activity the jurisdiction puts at risk of corporate tax abuse.

A higher CTHI value does not mean a jurisdiction has more aggressive tax laws, but rather that the jurisdiction’s laws and its position in the global economy combine to create a greater risk of corporate tax abuse by multinational corporations.

Haven Score breakdown

global average

70.7

LOWEST AVAILABLE CORPORATE INCOME TAX

Haven Indicator 1: LACIT ▲ 64

This indicator identifies the lowest available corporate income tax rate (LACIT) for any large for-profit company that is tax resident in a country. It takes the statutory corporate income tax rate only as a starting point to analyse legal gaps and loopholes that result in lower accessible rates. The scoring of Haven Indicator 1 is computed by scaling that LACIT rate against the spillover risk reference rate of 35% (the highest available corporate income tax rate in a democracy).

ID 505 — Statutory corporate income tax rate ▲

Question: Statutory-CIT-Rate: What is the statutory CIT rate reported by the OECD (or alternatively by IBFD or KPMG)?

Answer: 12.5 %

Sources:

- https://home.kpmg.com/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online/corporate-tax-rates-table.html
- https://stats.oecd.org/Index.aspx?DataSetCode=CTS_CIT
- TJN-Survey 2020
- KPMG 2020
- OECD Stats 2020a

ID 506 — Corporate income tax rate: Correction for size of company ▲

Question: CIT-Rate-Correction-Size: What is the deviating CIT rate, if any, applicable to the largest companies in the jurisdiction?

Answer: Not applicable

ID 507 — Corporate income tax rate: Correction for sectoral exemptions ▲

Question: CIT-Rate-Correction-Sector: What is the lowest deviating CIT rate, if any, applicable to companies in jurisdictions exempting a broad range of sectors (at least four full and/or eight partial exemptions)?

Answer: Not applicable

ID 541 — Corporate income tax rate: Correction for subnational regions ▲

Question: CIT-Rate-Correction-Regions: What is the lowest deviating CIT rate, if any, applicable in the political subdivision/subnational region with the lowest CIT rate?

Answer: Not applicable

ID 542 — Corporate income tax rate: Adjustment for retention or distribution ▲

Question: CIT-Rate-Adjustment-Retention: What is the lowest deviating CIT rate, if any, applicable to distributed or retained profits?

Answer: Not applicable

ID 543 — Corporate income tax rate: Adjustment for specific type of company ▲

Question: CIT-Rate-Adjustment-Type: What is the lowest deviating CIT rate, if any, applicable to specific types of companies?

Answer: Not applicable

ID 544 — Corporate income tax rate: Adjustment for territorial tax base ▲

Question: CIT-Rate-Adjustment-Territorial: What is the lowest deviating CIT rate, if any, applicable to active business income from foreign sources?

Answer: Not applicable

ID 545 — Corporate Income Tax Rate: Adjustment for tax rulings ▲

Question: CIT-Rate-Adjustment-Rulings: What is the lowest deviating CIT rate, if any, derived from documented cross-border unilateral tax rulings issued by the authorities in the jurisdiction?

Answer: Not applicable

ID 587 — Corporate tax residency scope ▲

Question: Corporate tax residency scope: Do the domestic rules for corporate tax residency include as tax resident at least all locally incorporated companies?

Answer: INC & MNG: Yes, all locally incorporated companies are considered tax residents, and in addition some foreign-incorporated companies are considered tax resident (e.g. those with effective management and control in the jurisdiction).

Notes:

- In Liechtenstein, companies are considered tax residents if their legal seat (as provided for in its statutes, articles of association etc.) or its place of effective management is in Liechtenstein (IBFD 2020d: 1.2.1.; Deloitte 2020a; GF 2019: 20). As explained bellow, we consider that local incorporation (tied to recognition by Liechtenstein of a legal entity) requires to have the legal seat in the jurisdiction, and thus that all locally incorporated companies are considered tax residents in Liechtenstein. For the purposes of this indicator, we disregard potential loopholes existing in bilateral tax conventions.
- The provisions of the Income Tax Act that define tax residency refer to the legal seat of the company ("sitz"), that is otherwise defined as "in the case of legal persons, the place determined by law, the memorandum and articles of association, statutes or similar instruments [DeepL translation]" (Art. 2(1)(e) and Art. 44(1) of the Income Tax Act; gesetze.li). In order to determine whether the "place determined by law" is required to be in Liechtenstein for companies incorporated therein, we check the Law of Persons and Companies ("Personen- und Gesellschaftsrecht (PGR)"). Under Article 113, the legal seat of locally incorporated companies is only defined with respect to the place of administration chosen by the company and included in its statutes (PGR: Article 113; gesetze.li).
- According to the Ministry of Finance of Liechtenstein "Companies incorporated in Liechtenstein have to have their legal seat in Liechtenstein, otherwise, they will not be registered in the Liechtenstein corporate register which is generally necessary to have legal personality" (TJN-Survey 2020a). The Ministry further indicates that "[f]or most entities the registration with the companies' register has constitutive effect, i.e., without registration the company does legally not exist in the first place. A few entities do not require the registration with the companies' register in order to have legal personality, i.e., the registration with the companies' register has only declaratory effect (e.g., non-commercial associations). Hence, registration with the company register is 'generally' necessary to have legal personality" (ibid.). These indications could be corroborated with Article 114 of the PGR, which provides that public authorities of the place of the registered office have jurisdiction over corporate associates, and the law of the place where a legal entity has its registered office is where creditors and other claimants can exercise their rights. In Article 118, it is stated that "Insofar as an entry in the Commercial Register is required to obtain personality or such entry is voluntarily requested, it shall be made at the registered office of the association, enclosing the articles of association for retention with the register files and stating the facts or circumstances eligible for entry." (PGR).
- Therefore, we conclude that in order to incorporate a company in Liechtenstein (and for legal personality to be recognised under Liechtenstein law by being entered in the Commercial Register), the company must choose to have its registered office (i.e., legal seat) in Liechtenstein. Because locally incorporated companies need to have the registered office (or legal seat) in Liechtenstein, and companies with legal seat in Liechtenstein are considered tax residents therein, we consider that all locally incorporated companies are considered tax residents in Liechtenstein. In addition, foreign companies with effective management in Liechtenstein are also considered tax residents. Thus we consider that both locally incorporated and locally managed companies are considered tax residents.

Sources:

- IBFD 2020d; Deloitte 2020a; GF 2019
- https://www.gesetze.li/konso/2010.340
- https://www.gesetze.li/konso/1926.004
- https://read.oecd-ilibrary.org/taxation/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-liechtenstein-2019-second-round_299793c5-en#page12

LOOPHOLES AND GAPS

Haven Indicator 2: Foreign Investment Income ▲ 100

This indicator assesses whether a country includes worldwide capital income in its corporate income tax base and if its domestic law grants unilateral tax credits for foreign tax paid on certain foreign capital income.

ID 555 — Double taxation relief, dividends, related parties ▲

Question: *Legal Person, Resident, Related Party: Dividends

Answer: Exemption.

Notes:

- In principle, Liechtenstein implements the exemption method for unilateral relief (IBFD 2020d; 6.1.4.). Dividends received from participations are exempt (see Art. 48/1.e, Tax Act). Furthermore, the distributions by private foundations and similarly structured anstalts are exempt, too (see Art. 48/1.e-bis, Tax Act). Because tax exempt private foundations abound, these provisions result in an indirect de facto exemption of passive income for Liechtenstein companies if they chose to interpose a private foundation.
- According to the Ministry for General Government Affairs and Finance of Liechtenstein, the country applies a Switch-over rule (see Art. 48/3 Tax Act) in accordance with EU Code of Conduct (Business Taxation) principles (TJN-Survey 2020). Yet our analysis of the tax law suggests that the switch over rules apply only to specific circumstances. The 'switchover' rule "[...] was introduced to ensure that taxable income resulting from a shareholding in a foreign entity, which has predominantly passive income and is subject to low (or no) taxation in its home state, will be additionally taxed in Liechtenstein [...]" (thelawreviews.co.uk/).
- These provisions' scope is very narrow and would not apply in situations where, for example, controlled companies' passive income share is less than 50% of their total income (Art. 48/3.b), nor in any case if the distributions are made from Liechtenstein foundations or anstalts (ibid.). According to the weakest link principle, we conclude that the applicable unilateral relief method in Liechtenstein's tax treatment of foreign dividend income is exemption.

Sources:

- IBFD 2020d.
- TJN-Survey 2020
- https://thelawreviews.co.uk/edition/the-private-wealth-and-private-client-review-edition-9/1230384/liechtenstein
- https://www.gesetze.li/konso/2010.340
- TJN-Suver 2020a

ID 554 — Double taxation relief, royalties ▲

Question: Legal Person, Resident: Royalties

Answer: Exemption.

Notes:

- In principle, Liechtenstein implements exemption method for unilateral relief (IBFD 2020d; 6.1.4.). However, according to the Ministry for General Government Affairs and Finance of Liechtenstein, royalties are subject to CIT in Liechtenstein (Art. 47/1 and Art. 47/3/a Tax Act). Liechtenstein grants a credit for foreign WHT in case of a DTC or reciprocity (Art. 22 Tax Act).(TJN-Survey 2020). Nonetheless, because the exemption method of art. 48, 3/b) and 4/a) of the tax act does include royalties, we consider the answer is Exemption.

Sources:

- IBFD 2020d
- TJN-Survey 2020
- https://www.gesetze.li/konso/2010.340

ID 553 — Double taxation relief, interest

Question: *Legal Person, Resident: Interest

Answer: Exemption.

Notes:

- In principle, Liechtenstein implements the exemption method for unilateral relief (IBFD 2020d; 6.1.4.). While interest and royalty income is usually included in the corporate tax base and no unilateral relief for these payments appears to be available, the distributions by private foundations and similarly structured anstalts are exempt (see Art. 48/1.e-bis, Tax Act). Because tax exempt private foundations and anstalts abound in Liechtenstein, and these legal entities can receive royalties and interest payments free of corporate income tax (thus implying exemption of this income), this provision results in an indirect de facto exemption of interest and royalty income for Liechtenstein companies if they chose to interpose a Liechtenstein private foundation or anstalt. The switch over rules (see Art. 48/3 Tax Act) aimed at mitigating double non-taxation do not apply to any distributions made by Liechtenstein foundations or anstalts (or other Liechtenstein legal entities). According to the weakest link principle, we conclude that the applicable unilateral relief method in Liechtenstein's tax treatment of foreign interest and royalty income is thus exemption (via foundation distributions) or no unilateral relief, both mechanisms of which are treated in the same way for the scoring purposes of the haven and secrecy indicators.

Sources:

- IBFD 2020d
- TJN-Survey 2020
- https://www.gesetze.li/konso/2010.340
- TJN-Suvey 2020a

ID 552 — Double taxation relief, dividends, independent parties

Question: *Legal Person, Resident, Independent Party: Dividends

Answer: Exemption.

Notes:

- In principle, Liechtenstein implements the exemption method for unilateral relief (IBFD 2020d; 6.1.4.). Dividends received from participations are exempt (see Art. 48/1.e, Tax Act). Furthermore, the distributions by private foundations and similarly structured anstalts are exempt, too (see Art. 48/1.e-bis, Tax Act). Because tax exempt private foundations abound, these provisions result in an indirect de facto exemption of passive income for Liechtenstein companies if they chose to interpose a private foundation.
- According to the Ministry for General Government Affairs and Finance of Liechtenstein, the country applies a Switch-over rule (see Art. 48/3 Tax Act) in accordance with EU Code of Conduct (Business Taxation) principles (TJN-Survey 2020). Yet our analysis of the tax law suggests that the switch over rules apply only to specific circumstances. The 'switchover' rule "[...] was introduced to ensure that taxable income resulting from a shareholding in a foreign entity, which has predominantly passive income and is subject to low (or no) taxation in its home state, will be additionally taxed in Liechtenstein [...]" (thelawreviews.co.uk/).
- These provisions' scope is very narrow and would not apply in situations where, for example, controlled companies' passive income share is less than 50% of their total income (Art. 48/3.b), nor in any case if the distributions are made from Liechtenstein foundations or anstalts (ibid.). According to the weakest link principle, we conclude that the applicable unilateral relief method in Liechtenstein's tax treatment of foreign dividend income is exemption.

Sources:

- IBFD 2020d.
- TJN-Survey 2020
- https://thelawreviews.co.uk/edition/the-private-wealth-and-private-client-review-edition-9/1230384/liechtenstein
- https://www.gesetze.li/konso/2010.340
- TJN-Suvey 2020a

Haven Indicator 3: Loss Utilisation 38

This indicator measures whether a jurisdiction provides loss carry backward and/or unrestricted loss carry forward for ordinary and trading losses. Capital losses fall outside the scope of this indicator.

ID 509 — Loss carry backward

Question: Loss Carry Backward: Does the jurisdiction allow loss carry backward?

Answer: No

Notes:

- In Liechtenstein, loss carry-backward is not allowed (IBFD 2020d; Deloitte 2020a). While the country responded the TJN-Survey 2020, they didn't comment on this indicator (TJN-Survey 2020).

Sources:

- IBFD 2020d
- TJN-Survey 2020
- Deloitte 2020a

ID 510 — Loss carry forward

Question: Loss Carry Forward: Does the jurisdiction restrict loss carry forward independent of change of ownership?

Answer: Yes, loss carry forward is limited only by annual ceiling (minimum tax).

Notes:

- In Liechtenstein, losses may be carried forward indefinitely. However, there is an annual ceiling. A maximum 70 percent of taxable earnings of subsequent years can be offset against incurred loss (IBFD 2020b: 1.5.1). While the country responded the TJN-Survey 2020, they didn't comment on this indicator.

Sources:

- IBFD 2020d
- TJN-Survey 2020

Haven Indicator 4: Capital Gains Taxation 100

This indicator measures the extent to which a jurisdiction taxes corporate capital gains arising from the disposal of domestic and/or foreign securities (i.e. shares and bonds). As such, it assesses the lowest available tax levied on corporate capital gains, applicable for large for-profit corporations which are tax resident in the jurisdiction, irrespective of whether the capital gains are taxed as part of corporate income tax or as part of another type of tax, such as wealth tax or an independent capital gains tax.

ID 513 — Domestic securities capital gains taxation

Question: Domestic Securities Capital Gains Taxation: What is the lowest available capital gains tax rate arising from disposal of domestic securities applicable for large "for profit" companies which are tax resident in the jurisdiction?

Answer: 0 %

Notes:

- An exemption is granted to capital gains derived from the sale of shares in the domestic or foreign legal entities (IBFD 2020d: 1.3.2. and 1.4.). While the Ministry of Finance of Liechtenstein does not question the 0% rate, it indicates that "Liechtenstein applies a Switch-over rule (see Art. 48/6 Tax Act) on the gain from the sale of shares in accordance with EU Code of Conduct (Business Taxation) principles" (TJN-Survey 2020). Thus, we conclude that capital gains are effectively tax exempt.

Sources:

- IBFD 2020d; TJN-Survey 2020

ID 514 — Foreign securities capital gains taxation

Question: Foreign Securities Capital Gains Taxation: What is the lowest available capital gains tax rate arising from disposal of foreign securities applicable for large "for profit" companies which are tax resident in the jurisdiction?

Answer: 0 %

Notes:

- See note above.

Sources:

- IBFD 2020d

Haven Indicator 5: Broad Exemptions 38

This indicator measures the availability of broad exemptions from corporate income tax (CIT). It covers exemptions applicable to companies engaged in specific activities or sectors.

ID 524 — Real estate investment sector tax exemption (passive)

Question: Real Estate Investment (passive): Are there any (partial) tax exemptions applicable to collective investment companies investing in real estate?

Answer: Full: Yes, there are full tax exemptions.

Notes:

- Income from holdings in foreign real estate is exempt from tax. (IBFD 2020b : 1.4.)
- The Ministry of Finance of Liechtenstein, in the answers provided for the TJN-Survey 2020, did not contradict or comment on the availability of this exemptions (TJN-Survey 2020).

Sources:

- IBFD 2020d; Deloitte 2020a; TJN-Survey 2020

ID 525 — Financial investment sector tax exemption (passive)

Question: Other Investment (passive): Are there any (partial) tax exemptions applicable to collective investment companies investing in assets other than real estate?

Answer: Partial: Yes, there are partial tax exemptions.

Notes:

- In Liechtenstein, capital gains on the sale of shares are generally exempt from tax. (IBFD 2020b: 1.4) Furthermore, foreign and domestic dividends are tax-exempt under certain conditions. (IBFD 2020b: 1.3.2) Thus, because in practice, only interest income may be subject to tax, we consider that investment funds are partially exempt.
- The Ministry of Finance of Liechtenstein, in the answers provided for the TJN-Survey 2020, did not contradict or comment on the availability of this exemptions (TJN-Survey 2020).

Sources:

- IBFD 2020d; Deloitte 2020a; TJN-Survey 2021
- https://thelawreviews.co.uk/chapter/1147726/liechtenstein

ID 526 — Extractive sector tax exemption

Question: Extractives (active): Are there any (partial) tax exemptions applicable to companies active in the extractives sector (oil, gas, mining)?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 527 — Agriculture and farming sector tax exemption

Question: Agriculture and farming (active): Are there any (partial) tax exemptions applicable to companies active in the agricultural and farming sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 528 — Manufacturing sector tax exemption

Question: Manufacturing (active): Are there any (partial) tax exemptions applicable to companies active in the manufacturing sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 529 — Construction sector tax exemption

Question: Construction (active): Are there any (partial) tax exemptions applicable to companies active in the construction sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 530 — Infrastructure sector tax exemption

Question: Infrastructures (active): Are there any (partial) tax exemptions applicable to companies active in the infrastructures sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 531 — Transportation and storage sector tax exemption

Question: Transportation and storage (active): Are there any (partial) tax exemptions applicable to companies active in the transportation and storage sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 532 — Distribution sector tax exemption

Question: Distribution (active): Are there any (partial) tax exemptions applicable to companies active in the distribution sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 533 — Accommodation, food and recreation sector tax exemption

Question: Accommodation, food and recreation (active): Are there any (partial) tax exemptions applicable to companies active in the accommodation, food and recreation sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 534 — Information and telecom sector tax exemption

Question: Information and telecom (active): Are there any (partial) tax exemptions applicable to companies active in the information and telecom sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 535 — IT services sector tax exemption

Question: IT services (active): Are there any (partial) tax exemptions applicable to companies active in the IT services sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 536 — Banking and insurance sector tax exemption

Question: Banking and insurance (active): Are there any (partial) tax exemptions applicable to companies active in the banking and insurance sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 537 — Professional and technical services sector tax exemption

Question: Professional and technical services (active): Are there any (partial) tax exemptions applicable to companies active in the professional and technical services sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

ID 538 — Business services sector tax exemption

Question: Business services (active): Are there any (partial) tax exemptions applicable to companies active in the business services sector?

Answer: None: No, there are no specific exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a

Haven Indicator 6: Economic Zones and Tax Holidays 0

This indicator measures whether and to what extent time-bound or geographically confined tax incentives are available in a country. It measures if these incentives offer partial or full exemptions from corporate income tax (CIT) and/or capital gains tax (CGT). This includes temporary tax holidays and special tax incentives (temporary or permanent) given to companies located in designated economic zones.

ID 540 — Tax holidays, non-economic zones, full exemption

Question: NonEZ-Temporary-Full: How many temporary (tax holidays) and full tax exemptions are offered to companies established anywhere in the jurisdiction (except in economic zones or non-autonomous regions)?

Answer: 0

Notes:

- The Liechtenstein Ministry of Finance confirmed there are no profits-based tax exemptions that are limited in time or only applicable to specific economic zones (TJN-Survey 2020). In our analysis we also found no indication that the jurisdiction offers these types of exemptions.

Sources:

- IBFD 2020d; Deloitte 2020a
- TJN-Survey 2020

ID 539 — Tax holidays, non-economic zones, partial exemption

Question: NonEZ-Temporary-Partial: How many temporary (tax holidays) and partial tax exemptions are offered to companies established anywhere in the jurisdiction (except in economic zones or non-autonomous regions)?

Answer: 0

Notes:

- See note above [ID540].

Sources:

- IBFD 2020d; Deloitte 2020a

ID 504 — Permanent, economic zones, full exemption

Question: EZ-Permanent-Full: How many permanent and full tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

Answer: 0

Notes:

- See note above [ID540].

Sources:

- IBFD 2020d; Deloitte 2020a

ID 503 — Permanent, economic zones, partial exemption

Question: EZ-Permanent-Partial: How many permanent and partial tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

Answer: 0

Notes:

- See note above [ID540].

Sources:

- IBFD 2020d; Deloitte 2020a

ID 502 — Tax holidays, economic zones, full exemption

Question: EZ-Temporary-Full: How many temporary (tax holidays) and full tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

Answer: 0

Notes:

- See note above [ID540].

Sources:

- IBFD 2020d; Deloitte 2020a

ID 501 — Tax holidays, economic zones, partial exemption

Question: EZ-Temporary-Partial: How many temporary (tax holidays) and partial tax exemptions are offered by the jurisdiction to companies established in economic zones or non-autonomous regions?

Answer: 0

Notes:

- See note above [ID540].

Sources:

- IBFD 2020d; Deloitte 2020a

Haven Indicator 7: Patent Boxes 100

This indicator measures whether a jurisdiction offers preferential tax treatment for income related to intellectual property rights (e.g. patent boxes) and whether the Organisation for Economic Co-operation and Development (OECD) nexus approach constraints are applicable to the patent box.

ID 515 — Patent box

Question: Patent Box: Does the jurisdiction offer preferential tax treatment for income related to intellectual property?

Answer: Yes, an exemption or a lower CIT for IP-income is available without OECD nexus constraints.

Notes:

- Even though the OECD or IBFD may consider that the jurisdiction doesn't have an IP tax regime in this country or that the IP tax regime in this country is compliant with nexus approach, the exemption of foreign royalties from the corporate tax base (see Haven Indicator 2, ID 554) is functionally equivalent to a patent box and thus is considered for the purpose of this indicator to amount to a patent box which is non-compliant with the modified nexus approach.
- For contextual purposes, but without any impact on the country's assessment, here is the description of the patent box regime in isolation: Liechtenstein has abolished its patent box regime with a grandfathering provision (OECD HTP 2020) which enables companies that entered the regime earlier to continue benefitting from the old harmful patent box regime until end of 2020 (IBFD 2020d: 1.3.3).
- The Ministry of Finance has confirmed: "The IP box regime is not available since 1 January 2017 (Art. 55 Tax Act has been abolished in 2016, see Legal Gazette No. 524/2016). In practise no new entrants were submitted since June 2016. The grandfathering provision only applies to few companies that were submitted before June 2016. Therefore, Liechtenstein does not offer preferential tax treatment for income related to intellectual property anymore. In addition, since the grandfathering period expires in 2020 (see transitional rules in Legal Gazette No. 524/2016), as of 1 January 2021 there are no companies where the IP box regimes applies anymore" (TJN-Survey 2020).

Sources:

- IBFD 2020d
- OECD HTP 2020
- TJN-Survey 2020

Haven Indicator 8: Fictional Interest Deduction 100

This indicator measures whether a jurisdiction offers fictional interest deduction to lower the corporate income tax. Because the deduction is given even though no actual interest was paid, the interest deduction is referred to as "fictional" or "nominal". Fictional interest deduction allows a company with a capital structure with high equity (i.e. mostly financed by issuing shares instead of borrowing money) to deduct a certain sum of fictitious financial costs from its tax base.

ID 516 — Fictional interest deduction

Question: Fictional Interest Deduction: Does the jurisdiction offer a scheme that allows deducting from the corporate income tax base a notional return on equity?

Answer: Yes

Notes:

- Liechtenstein allows for a notional interest deduction, calculated as a percentage of share capital and reserves (IBFD 2020d : 1.3.3). This deduction was abolished in 2017, but the change is being grandfathered in and the deduction will be applicable up to tax year 2020 and therefore is included in this assessment. The change will be reflected in the next CTHI (Id.).

Sources:

- IBFD 2020d
- IMF 2018
- EU Code of Conduct 2019

TRANSPARENCY

Haven Indicator 9: Public Company Accounts 100

This indicator considers whether a country requires all available types of company with limited liability (except for small companies) to keep accounts according to the international standard and to file their accounts with a government authority and to make them accessible online for free or at a low cost.

ID 188 — Compliance with international standard on keeping accounting records

Question: *Is there an obligation to keep accounting data?

Answer: Yes

Notes:

- The Global Forum reported that "All legal entities obliged to be registered in the Commercial Register and which operate according to commercial principles must undertake proper accounting (Art. 1045 PGR). Additionally, all joint stock companies (AG), limited partnerships with share capital (KG), companies with limited liability (GmbH), European companies, unlimited partnerships (Kollektivgesellschaften) and limited partnerships (Kommanditgesellschaften) which have companies as limited partners are obliged to keep proper accounting records, even if they do not undertake commercial activities." (GF 2015: 61-62). In 2019 the Global Forum confirmed: "joint stock companies, private limited liability companies, limited partnerships and SEs [European companies] carrying out commercial activities are obliged to file their annual financial statements with the Commercial Register (Arts. 1063 and 1122 PGR)" (GF 2019: 61;[TJN's note]). The Global Forum indicated however that: "availability of accounting information of entities and arrangements which do not carry out commercial activities and qualify as special asset dedications or entities subject to Private Asset Structure regime relies on AML supervision. Although AML supervision in Liechtenstein is adequate, concerns arise regarding the scope of accounting information checked during AML inspections" (ibid.: 59).

Sources:

- GF 2012: 18-20, 22; GF 2015:61-65; GF 2019: 58-63
- https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-liechtensteinhighlights-2020.pdf

ID 189 — Submission of annual accounts to a government authority

Question: *Are annual accounts submitted to a public authority?

Answer: No, annual accounts are not always required to be submitted to a public authority.

Notes:

- Not all companies are required to file accounts. In 2015, the Global Forum reported that "All legal entities and arrangements assessed by the Fiscal Authority have to submit their financial statements. […] Joint stock companies, private limited liability companies, limited partnerships and SEs [European companies] are obliged to file their annual financial statements also with the Commercial Register." (GF 2015: 69; [TJN's note]). However, in 2019 the Global Forum mentions that: "persons covered under 1045(3) PGR [Law on Persons and Companies] do not carry out commercial activities and therefore qualify for PAS [Private Asset Structure] regime and, if the PAS is granted, are not required to file annual accounting records with the Commercial Register" (GF 2019: 62; [TJN's note]). These entities are not obliged to file accounts under the tax law either: "tax accounting rules are of limited relevance for entities subject to PAS regime (i.e. entities not engaged in economic activities such as foundations) or special asset dedications without legal personality (i.e. trusts and trust enterprises) as they pay a minimum tax fee of CHF 1 800 (EUR 1 506) and are not subject to tax assessment or tax filing requirements" (Id.: 61).
- Regarding the Private Asset Structure (PAS) regime, the Global Forum mentions: "The Tax Act provides for a “Private Asset Structure” (PAS) regime which can be applied for by legal persons which are allowed to acquire, hold, administer or sell any kind of asset but must not engage in economic activities or have a direct or indirect influence on the management of companies" (GF 2019: 20). According to thelawreviews.co.uk: "A private asset structure (PAS) is only subject to the minimum corporate income tax of 1,800 Swiss francs annually without having to file any tax returns" (thelawreviews.co.uk).

Sources:

- GF 2015: 65-69; 2019: 48-62
- http://documents.ocra.com/Jurisdiction/europe/Liechtenstein_Information.pdf
- https://gooffshorenow.com/liechtenstein-anstalt-company%E2%80%8B/
- https://thelawreviews.co.uk/chapter/1147726/liechtenstein

ID 201 — Online availability of annual accounts / financial statements

Question: *Are annual accounts available on a public online record (up to 10 €/US$/GBP)?

Answer: Not applicable

Notes:

- Not all companies are required to file accounts (see note on [ID189]). Apart from the registration number, address and the date of creation, there is no information freely available online (www.oera.li). Moreover, according to the Ministry of Finance: "It is correct that annual accounts are not always online. However, they can be ordered electronically [...]; A fee of CHF 50 [equivalent to approximately USD 55 as of 14.08.2020] applies for annual accounts (additional fees apply in cases of official certification)" (TJN-Survey 2020; [TJN's note])

Sources:

- https://www.liechtenstein-business.li/en/service-for-entrepreneurs/after-founding-the-company/rendering-of-accounts/annual-financial-statements/
- TJN-Survey 2020
- https://www.oera.li/cr-portal/suche/suche.xhtml

Haven Indicator 10: Public Country By Country Reporting (CBCR) 100

This indicator measures whether the companies listed on the stock exchanges or involved in certain sectors (eg extractives) or incorporated in a given jurisdiction are required to publish publicly worldwide financial reporting data on a country-by-country reporting basis.

ID 318 — Public country-by-country reporting standard

Question: *CBCR: Are companies listed on the national stock exchange or incorporated in the jurisdiction required to comply with a worldwide country-by-country reporting standard?

Answer: No public country-by-country reporting at all.

Notes:

- Liechtenstein's Ministry of Finance confirmed that Liechtenstein does not apply public country-by-country reporting (TJN-Survey 2020).

Sources:

- TJN-Survey 2020
- Email communication with PWYP International, 19.02.2019 & 05.08.2019
- Meinzer & Trautvetter 2018
- Freymeyer 2019
- Email communication with Eurodad, 09.09.2020

Haven Indicator 11: Robust Local Filing of Country By Country Reporting (CBCR) 100

This indicator assesses whether a jurisdiction, going beyond the OECD standard, ensures its own access to the country-by-country reports of any relevant foreign multinational enterprises with domestic operations. Access is ensured if the jurisdiction requires country-by-country reports to be filed locally by the local subsidiary or branch of a foreign multinational enterprise whenever the jurisdiction does not obtain these reports through the automatic exchange of information for whatever reason.

ID 419 — Robust local filing of country-by-country reporting

Question: *CBCR: Is there a local filing requirement of a global country-by-country reporting file (according to OECD's BEPS Action 13) by large corporate groups (with a worldwide turnover higher than 750 million Euro) and local subsidiaries of foreign groups?

Answer: OECD Legislation: Secondary mechanism is subject to restrictions imposed by OECD model legislation; or no secondary mechanism at all (only the domestic ultimate parent entity has to file the CbCR)

Notes:

- While it appears that Liechtenstein's legislation goes beyond the OECD, the OECD seems to be satisfied that Liechtenstein will apply it in compliance with the OECD. Liechtenstein legislation goes beyond the OECD because it triggers local filing in case the country of residence of the ultimate parent entity isn't a 'partnered jurisdiction' (understood as a country or territory with which Liechtenstein has agreed to automatically exchange CbC reports). This means that if Liechtenstein doesn't have an international agreement with one country, it wouldn't be a partnered jurisdiction and thus it could request local filing. Nevertheless, it appears that Liechtenstein will interpret its legislation in compliance with the OECD: "Liechtenstein indicates... [that] if there is a current International Agreement to which Liechtenstein is a Party but if there is no Qualifying Competent Authority Agreement in effect with Liechtenstein the Fiscal Authority may request the local filing of CbC reports." (OECD CBCR 2018). It appears that the OECD accepted this interpretation because since 2018 it considered that Liechtenstein had no recommendations for improvement (OECD CBCR 2019: 309; OECD CBCR 2020: 242). In 2020, Liechtenstein didn't refer to this issue in their response to the TJN Survey.

Sources:

- OECD CBCR 2018
- OECD CBCR 2019
- OECD CBCR 2020
- TJN-Survey 2020

Haven Indicator 12: Unilateral Cross-Border Tax Rulings 100

This indicator measures whether and to what extent a country publishes online unilateral cross-border tax rulings; and for countries with extractive industries, whether extractive industries contracts are published.

ID 363 — Tax rulings availability

Question: *Tax Rulings: Are unilateral cross-border tax rulings (e.g. advance tax rulings, advance tax decisions) available in laws or regulation, or in administrative practice?

Answer: Yes

Notes:

- Liechtenstein can issue unilateral cross-border tax rulings. According to the OECD, these include "(i) cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles; (ii) rulings providing for unilateral downward adjustments; (iii) permanent establishment rulings; and (iv) related party conduit rulings" (OECD UTR 2019: 254). The ruling system took effect from 1 January 2017 (IBFD 2020d).

Sources:

- OECD UTR 2018: 278
- IBFD 2020d
- OECD UTR 2019: 254

ID 421 — Tax rulings disclosure

Question: *Tax Rulings: Are all unilateral crossborder tax rulings (e.g. advance tax rulings, advance tax decisions) published online for free, either anonymised or not?

Answer: NONE OR SOME: None or only some of the unilateral crossborder tax rulings are published online.

Notes:

- According to the OECD: "Since 2012 the Legal Department of the FA has maintained a central list in form of an XLS Schema of all rulings and was responsible for updating this list every time a ruling was issued. [...]. In order to identify potential exchange jurisdictions with respect to the past rulings, the taxpayers' files were manually reviewed. The files usually contained all information necessary to identify the potential exchange jurisdictions. In two cases the taxpayer was consulted directly to identify the potential exchange jurisdictions" (OECD UTR 2018: 278). Liechtenstein confirmed that advance tax rulings are not published online in their response to our 2020 Survey, as "according to the Inclusive Framework Peer Review Liechtenstein has met all aspects of the terms of reference," and "the BEPS Action 5 standard on ETR, as has been agreed by the OECD/G20 and adopted by most of the Inclusive Framework members, does not contain disclosure of tax rulings" (TJN-Survey 2020).

Sources:

- OECD UTR 2018: 278
- TJN-Survey 2020
- OECD UTR 2019

ID 561 — Mining contracts disclosure in law

Question: *Mining contracts in law: Are all extractive industries mining contracts required by law to be disclosed?

Answer: Not Applicable

Notes:

- Liechtenstein's Ministry of Finance confirms that "[t]here are no mining contracts in the law" (TJN-Survey 2020).

Sources:

- Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020
- https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=4
- TJN-Survey 2020

ID 562 — Mining contracts disclosure in practice

Question: *Mining contracts in practice: Are all extractive industries mining contracts published online in practice?

Answer: Not applicable

Notes:

- Liechtenstein's Ministry of Finance confirms that "[t]here are no mining contracts in practice" (TJN-Survey 2020).

Sources:

- Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020
- https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=41
- TJN-Survey 2020

ID 563 — Petroleum contracts disclosure in law

Question: *Petroleum contracts in law: Are all extractive industries petroleum contracts required by law to be disclosed?

Answer: Not Applicable

Notes:

- Liechtenstein's Ministry of Finance confirms that "[t]here are no petroleum contracts in the law" (TJN-Survey 2020).

Sources:

- Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020
- https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=0
- TJN-Survey 2020

ID 564 — Petroleum contracts disclosure in practice

Question: *Petroleum contracts in practice: Are all extractive industries petroleum contracts published online in practice?

Answer: Not applicable

Notes:

- Liechtenstein's Ministry of Finance confirms that "[t]here are no petroleum contracts in practice" (TJN-Survey 2020).

Sources:

- Contract Disclosure Policy and Practice Tracker, Natural Resource Governance Institute 28.07.2020
- https://docs.google.com/spreadsheets/d/1FXEeD43jw6VYHV8yS-8KJ5-rR5l0XtKxVQZBWzr-ohY/edit#gid=9
- TJN-Survey 2020

Haven Indicator 13: Reporting of Tax Avoidance Schemes — 100

This indicator assesses two components of mandatory reporting to tackle tax avoidance schemes: (i) the reporting of tax avoidance schemes, in which we assess whether a country requires both taxpayers and tax advisers to report tax avoidance schemes they have used; and (ii) the reporting of uncertain tax positions, in which we assess whether a country requires taxpayers and tax advisers to report uncertain tax positions for which reserves have been created in annual corporate accounts.

ID 403 — Taxpayers' mandatory reporting of tax avoidance schemes

Question: *Taxpayers reporting schemes: Are taxpayers required to report at least annually on certain tax avoidance schemes they have used?

Answer: No.

Sources:

- IBFD 2020d
- TJN-Survey 2020

ID 404 — Tax advisers' mandatory reporting of tax avoidance schemes

Question: *Tax advisers reporting schemes: Are tax advisers (who help companies and individuals to prepare tax returns) required to report at least annually on certain tax avoidance schemes they have sold/marketed (if applicable)?

Answer: No.

Sources:

- IBFD 2020d
- TJN-Survey 2020

ID 405 — Taxpayers' mandatory reporting of uncertain tax positions

Question: *Taxpayers reporting uncertain tax positions: Are taxpayers required to report at least annually on details of uncertain tax positions for which reserves have been created in the annual accounts?

Answer: No.

Sources:

- IBFD 2020d
- TJN-Survey 2020

ID 406 — Tax advisers' mandatory reporting of uncertain tax positions

Question: *Tax advisers reporting uncertain tax positions: Are tax advisers required to report at least annually on details of uncertain tax positions for which reserves have been created in the annual accounts of the companies they advised?

Answer: No.

Sources:

- IBFD 2020d
- TJN-Survey 2020

Haven Indicator 14: Tax Court Transparency — 100

This indicator assesses the openness of a jurisdiction's judicial system in tax matters by analysing the public online availability of verdicts, judgements, and sentences.

ID 409 — Criminal tax courts' publication of decisions

Question: *Is the full text of judgements / verdicts issued by criminal tax courts published online for free, or for a cost of up to 10 €/US$/GBP??

Answer: No, full text of verdicts is not always online (up to 10€/US$/GBP)?

Notes:

- Only selected decisions are published online (www.gerichtsentscheidungen.li). Moreover, according to the Liechtenstein's courts website: "The courts can not guarantee the accuracy, completeness and quality of the data provided. The courts also reserve the right to change, amend or delete the entire offer or individual pages without prior notice" (www.gerichtsentscheidungen.li).

Sources:

- https://www.gerichtsentscheidungen.li/default.aspx

ID 410 — Civil tax courts' publication of decisions

Question: *Is the full text of judgements / verdicts issued by civil tax courts published online for free, or for a cost of up to 10 €/US$/GBP?

Answer: No, full text of verdicts is not always online (up to 10€/US$/GBP)?

Notes:

- Only selected decisions are published online (www.gerichtsentscheidungen.li). Moreover, according to the Liechtenstein's courts website: "The courts can not guarantee the accuracy, completeness and quality of the data provided. The courts also reserve the right to change, amend or delete the entire offer or individual pages without prior notice" (www.gerichtsentscheidungen.li).

Sources:

- https://www.gerichtsentscheidungen.li/default.aspx

ANTI-AVOIDANCE

Haven Indicator 15: Deduction Limitation of Interest Payments 100

This indicator assesses a country's limitations on the deduction of interest expenses from the corporate income tax base. It focuses on limits placed on interest paid to non-resident group affiliates ("intra-group interest payments"), including by means of a fixed ratio rule.

ID 517 — Outbound intra-group interest deduction limitation

Question: Outbound intra-group interest deduction limitation: Does the jurisdiction restrict or disallow deducting from the corporate income tax base interest paid to non-resident group affiliates?

Answer: NO: No deduction limitation for intra-group interest payments.

Notes:

- In Liechtenstein, there is no fix-ratio rule for intra-group interest payments (IBFD 2020d: 7.3). Liechtenstein didn't refer to this issue in their response to the TJN-Survey 2020.

Sources:

- IBFD 2020d
- TJN-Survey 2020

ID 518 — Group ratio rule (as part of fixed ratio interest deduction limitation)

Question: Group ratio rule: Does the jurisdiction apply a group ratio rule opt-in alongside fixed ratio limitations on interest deduction?

Answer: Not applicable

Notes:

- Since there are no fixed ratio rules in force in Liechtenstein (IBFD 2020d: 7.3), a group ratio carve-out or a worldwide debt-to-equity ratio is not applicable.

Sources:

- IBFD 2020d

ID 519 — Financial undertaking exclusion (as part of fixed ratio interest deduction limitation)

Question: Financial undertaking exclusion: Does the jurisdiction apply a financial undertaking exclusion alongside fixed ratio limitations on interest deduction?

Answer: Not applicable

Notes:

- Since there are no fixed ratio rules in force in Liechtenstein (2020d: 7.3), a financial undertaking exclusion is not applicable.

Sources:

- IBFD 2020d

Haven Indicator 16: Deduction Limitation of Royalty Payments 100

This indicator measures whether or to what extent a jurisdiction disallows or restricts the deduction of royalties paid to non-resident group affiliates ("intra-group royalty payments") from the corporate income tax base.

ID 520 — Outbound intra-group royalty deduction limitation

Question: Outbound intra-group royalty deduction limitation: Does the jurisdiction restrict or disallow deducting from the corporate income tax base royalties paid to non-resident group affiliates?

Answer: NO: No deduction limitation for intra-group royalty payments.

Notes:

- In Liechtenstein, there is no deduction limitation for intra-group royalty payments beyond the arm's length principle (IBFD 2020d: 7.2). The Liechtenstein tax administration didn't refer to this issue in their response to the TJN-Survey 2020.

Sources:

- IBFD 2020d
- TJN-Survey 2020.

Haven Indicator 17: Deduction Limitation of Service Payments 100

This indicator measures whether or to what extent a jurisdiction restricts or disallows the deduction of intra-group services payments (management fees, technical fees, consulting services fees) paid to non-resident group affiliates from the corporate income tax base.

ID 521 — Outbound intra-group services deduction limitation

Question: Outbound intra-group services deduction limitation: Does the jurisdiction restrict or disallow deducting from the corporate income tax base payments for management, technical, legal or accounting services paid to non-resident group affiliates?

Answer: No, there is no deduction restriction beyond transfer pricing rules, the arm's length principle or other generic rules.

Notes:

- In Liechtenstein, there is no deduction limitation for intra-group service payments beyond the arm's length principle (IBFD 2020d: 7.2). The Liechtenstein tax administration didn't refer to this issue in their response to the TJN-Survey 2020.

Sources:

- IBFD 2020d
- TJN-Survey 2020.

Haven Indicator 18: Withholding Taxes on Dividend Payments 100

This indicator measures the extent to which a jurisdiction levies withholding taxes on outbound dividends. It assesses the lowest available unilateral withholding tax rate on outbound dividend payments.

ID 508 — Dividend-related party payment

Question: Dividend-Related Party Payment: What is the (lowest) applicable unilateral cross-border withholding tax rate for outgoing dividend payments to a related party?

Answer: 0 %

Notes:

- Liechtenstein does not levy withholding tax on dividends paid to resident and non-residents companies (IBFD 2020d: 6.3.1).

Sources:

- IBFD 2020d

Haven Indicator 19: Controlled Foreign Company Rules 100

This indicator assesses whether countries apply robust non-transactional controlled foreign company (CFC) rules. CFC rules are a type of specific anti-avoidance rules that target particular taxpayers or transactions. Like other types of specific anti-avoidance rules, CFC rules are more effective than general anti-avoidance rules in capturing the specific type of tax avoidance on which they focus.

ID 522 — Controlled Foreign Company (CFC) rules

Question: CFC-Rules: Does the jurisdiction apply robust non-transactional CFC rules?

Answer: NONE: No, there are no CFC rules whatsoever.

Notes:

- There are no CFC rules in Liechtenstein (IBFD 2020d: 10.4).

Sources:

- IBFD 2020d

DOUBLE TAX TREATY AGGRESSIVENESS

Haven Indicator 20: Treaty Aggressiveness 21

This indicator analyses the aggressiveness of a jurisdiction in their double tax agreements with other countries, as revealed by the withholding tax rates that apply to the payment of dividends, interests and royalties.

ID 571 — Aggregate tax treaty aggressiveness

Question: Aggregate-Aggressiveness: What is the scaled value of all negative differentials between the assessed jurisdiction's treaty withholding rates on all three payment types (dividend, interest and royalty) and those of its treaty partner jurisdiction.

Answer: 21.3265055834198

Global Scale Weight breakdown 0.056%

Inward foreign direct investment (US$)

$ 2,431,645,200

Outward foreign direct investment (US$)

$ 50,702,302,710

Sum of inward and outward foreign direct investment (US$)

$ 53,133,947,911

Global total of sum of inward and outward foreign direct investment (US$)

$ 94,690,323,833,261

Global scale weight (share of jurisdiction's inward and outward foreign direct investment on the global total)

0.0561%