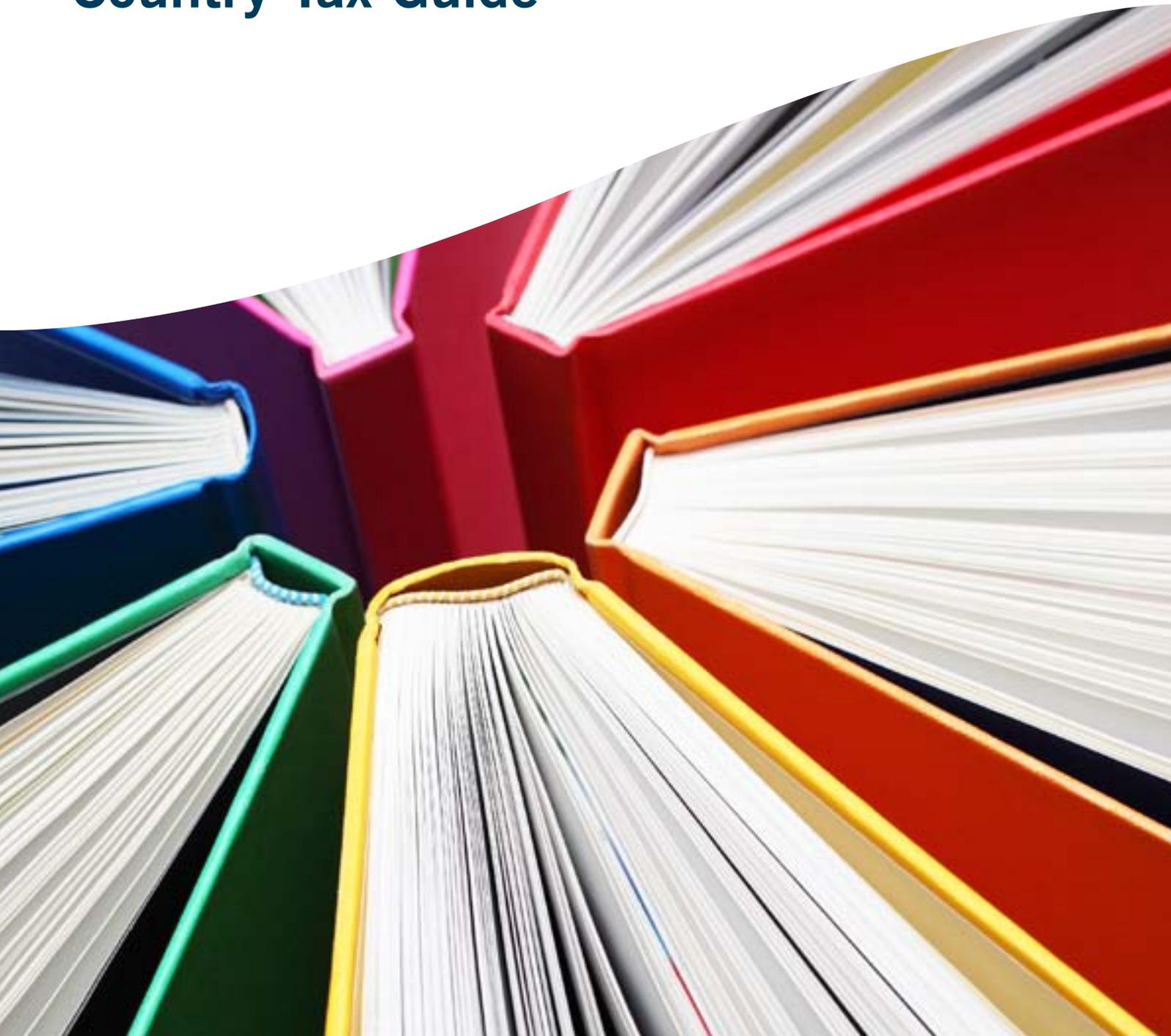


Country Tax Guide





Liechtenstein

International Tax Contact

Baker Tilly Kaiser Establishment
www.fiduciana.com

Peter Kaiser
info@fiduciana.com

T: +423 388 02 02
F: +423 388 02 19

Facts and figures as presented are correct as at 5 August 2015.

Corporate Income Taxes

Resident legal entities, which are legal entities established in Liechtenstein or whose place of effective management is in Liechtenstein, are generally subject to tax on their worldwide income (unlimited tax liability). Certain categories of income are not subject to tax for the purposes of unlimited tax liability, including rental and lease income from immovable property located abroad, income from foreign permanent establishments, and capital gains from the disposal of investments in domestic or foreign legal persons.

Non-resident legal entities are generally subject to tax on their Liechtenstein source income (limited tax liability), subject to the terms of any relevant tax treaty.

The standard corporate income tax rate is 12.5%. A minimum tax of CHF1,200 generally applies. Taxpayers who undertake commercial activities are not subject to the minimum tax if their average balance sheet total over the previous three fiscal years does not exceed CHF500,000.

Capital gains tax generally applies at varying rates to gains from the disposal of real estate located in Liechtenstein, subject to exemptions.

Unutilised losses can generally be carried forward and offset against up to 70% of the following year's taxable income. There are no provisions for the carry back of losses.

Group tax consolidation is permitted in Liechtenstein if ownership requirements and other conditions are met; consequently qualifying losses can be offset against the profits of another company in the same group.

The tax year is the calendar year or the taxpayer's financial year.

Tax returns are generally due for filing by the deadline set annually by the Tax Administration. Corporate income tax is generally payable within thirty days of the due date.

Personal Taxes

Resident individuals are generally subject to tax on their worldwide income (unlimited tax liability). Non-resident individuals are generally subject to tax on their Liechtenstein source income, subject to the terms of any relevant tax treaty.

Individuals are generally subject to tax on their income (for example, from employment, self-employment, and pensions) and to a wealth tax on the fair value of their movable and immovable property, subject to exemptions. The tax rates applicable are progressive up to the rate of 8%, increased by a communal surcharge ranging from 150% to 250%.

Capital gains tax generally applies at varying rates to gains from the disposal of real estate located in Liechtenstein, subject to exemptions.

Transfers of movable or immovable property that are not subject to wealth tax, and transfers of movable or immovable property to a non-taxable entity, are generally subject to a transfer (dedication) tax at the rate of 3.5% of the wealth tax value.

Individuals who domicile or reside in Liechtenstein for the first time, or after 10 years of absence, may apply to be subject to an expenditure tax in place of the tax on income and wealth tax. Qualifying conditions include:

- That the individual is not a Liechtenstein national
- That the individual is not in gainful employment in Liechtenstein, and
- That the individual lives off earnings from their income/assets located abroad.

The expenditure tax rate is 25% and applies to the individual's total expenses.

There are no inheritance or gift taxes in Liechtenstein.

Employment Related Costs and Taxes

Fringe benefits

There is no separate fringe benefits tax. The taxable value of taxable benefits-in-kind is taxed as the income of the individual.

Social security costs

Employers and employees are generally required to make the following social security contributions (subject to salary ceilings):

Contribution Category	Employer Rate	Employee Rate
Old age and survivors' insurance	4%	3.8%
Disability insurance	0.75%	0.75%
Family allowance fund	1.9%, plus an administrative contribution of 0.4704%	N/A
Unemployment insurance	0.5%	0.5%

Employers and employees are also generally required to make corporate insurance contributions in respect of pension funds, health insurance and mandatory accident insurance.

Withholding Taxes on Payments Abroad

There are no withholding taxes on dividend, interest, or royalty payments made abroad.

A coupon (withholding) tax has generally been abolished. However, coupon tax may still apply to old reserves arising before 1 January 2011. Old reserves must be taxed by 31 December 2015. The tax rate for 2015 is 2.5%.

Value Added Tax (VAT)

VAT is generally levied on the domestic supply of goods and services and on the importation of goods. The term “domestic” refers to both Liechtenstein and Switzerland.

The standard VAT rate is 8%. A reduced rate of 2.5% applies to certain supplies, including certain foodstuffs, medicines, and newspapers, books and magazines. A special rate of 3.8% applies to accommodation services. Certain supplies are VAT exempt, including healthcare services, social services, educational services, cultural services, insurance and reinsurance, certain financial services, and exports of goods and related services.

Traders whose turnover from taxable domestic supplies is less than CHF100,000 in a year are not subject to VAT. However, such traders may waive their VAT exemption.

Registered traders can generally recover the VAT with which they themselves are charged on their purchases of goods and services, subject to conditions and possible exceptions.

Other Taxes

Stamp duty and security transfer tax

Liechtenstein applies Swiss law with regards to stamp duty and security transfer tax.

Companies formed in Liechtenstein whose capital is divided into shares are subject to stamp duty at the rate of 1% if the share capital exceeds CHF1m, subject to exemptions.

Security transfer tax applies to transfers of qualifying securities at the rate of 0.15% for domestic securities (Switzerland or Liechtenstein) and at the rate of 0.3% for other securities.

Tax on formation and capital increases

A tax applies to the establishment of a registered office in Liechtenstein and to capital increases by legal entities. This tax only applies in circumstances where stamp duty does not apply. The standard tax rate is 1% of capital exceeding CHF1m. The 1% rate is reduced to 0.5% for capital exceeding CHF5m, and to 0.3% for capital exceeding CHF10m. The tax rate for foundations and asset dedications without legal personality is 0.2% of capital, subject to a minimum of CHF200.

Insurance premiums tax

Insurance premium payments relating to risks in Liechtenstein that are not subject to stamp duty are generally subject to insurance premiums tax, subject to exceptions. The tax rate is generally 5% of the cash premium. For life insurance, the rate is 2.5% of the cash premium.

Excise taxes

Excise taxes are imposed on certain goods, including distilled spirits, beer, tobacco, petroleum, Co2, cars, and salt.

Tax Incentives for Businesses

Intellectual property deductions

80% of income from intellectual property in respect of intellectual property rights created or acquired from 1 January 2011 may be deducted from taxable income. Intellectual property rights are defined as:

- Patents, trademarks and designs that are protected by registration in a domestic, foreign or international register, and
- Software, scientific and technical databases.

Private asset structures

Legal entities that qualify as private asset structures are not subject to standard corporate income tax at the rate of 12.5%; only the minimum tax of CHF1,200 applies.

Special asset dedications

Special asset dedications that are not separate legal entities are not subject to standard corporate income tax at the rate of 12.5%; only the minimum tax of CHF1,200 applies.

Country Tax Guides are designed to provide a summary of the taxes which apply to business and individuals, and are for information purposes only. Whilst every effort has been made to ensure accuracy, information contained in these guides may not be comprehensive and is subject to frequent change. Recipients should not act upon it without seeking professional advice. Contacts details for independent members of Baker Tilly International can be found at www.bakertillyinternational.com.

Global Office
Juxon House
100 St Paul's Churchyard
London EC4M 8BU
United Kingdom

T: +44 (0)20 3102 7600
F: +44 (0)20 3102 7601

info@bakertillyinternational.com

www.bakertillyinternational.com

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