

Amendments relating to the Liechtenstein Company Law with effect from 1 January 2001

This is a brief presentation of some of the main changes in Liechtenstein law. The individual amendments will be covered in detail in one of the next ATU Bulletins.

1. Amendments to Liechtenstein's Law on Persons and Companies (PGR) (General)

- **Due presentation of accounts**

The wording of the general provisions on the presentation of accounts has been revised. In addition, the «gross principle» is applied (i.e. no set-off of income and expenditure).

- **Annual accounts**

Apart from the balance sheet and profit and loss account, the annual accounts must now also include the notes on the accounts. The notes must present information which was previously given below the line (e.g. fire insurance valuation of tangible assets, sureties, guarantees).

- **Capital loss, over-indebtedness and insolvency**

If, according to the last balance sheet, liabilities exceed half of the share capital, the supreme governing body of the company must be notified immediately, indicating what remedial measures are needed. Where there is a well-founded concern of over-indebtedness and insolvency, interim balance sheets must be drawn up immediately, with one at going concern and the other at liquidation values. These must be audited by chartered accountants. Should the interim balance sheets show that the legal entity is over-indebted or insolvent, the court must be notified unless creditors waive their priority or defer their claims, or unless there is a real prospect that the over-indebtedness or insolvency will be overcome within two months of the drawing up of the interim balance sheets or the determination of the insolvency.

- **Supplementary provisions with regard to due presentation of accounts**

With regard to the Company Limited by Shares, Limited Partnership with a Share Capital, Private Company Limited and other corporate forms relevant to the EU, supplementary provisions have been newly introduced to harmonise the PGR with the EU directives.

- **Auditors**

The term «auditors» or «firm of auditors» now replaces the old term «control office» (Kontrollstelle).

- **Declaration of Signature by the Board of Directors**

The full details of the Board of Directors must comprise: surname, forename, domicile (address of private domicile including post code) and nationality.

2. Amendments to the PGR (Company Limited by Shares)

- **Additional information on letterheads and order forms**

In addition to the company's registered office, these documents must now indicate the name of the Trade Register and the company's number in it.

- **Statutes (Articles of association)**

The statutes must now also indicate the approximate formation costs to be borne by the Company Limited by Shares.

- **Resolutions of the General Meeting**

The PGR no longer stipulates that the General Meeting must grant discharge to the Auditors.

- **Conditional and authorised capital**

The provisions of Swiss law in this regard have been incorporated into Liechtenstein law.

- **Number of founder members**

The minimum number of founder members is now 2.

- **Purchase of own shares**

Significant additions have been made to the legal provisions in this regard.

3. Changes in the value-added tax law

- The new legal rates applying are 7.6 %, 3.6 % and 2.4 %.
- The fees payable to the Board of domiciliary companies remain subject to VAT in Liechtenstein. However, no additional charges are due in respect of pensions and invalidity insurance (AHV / IV).

4. Changes in law on due diligence

- Whenever a Liechtenstein financial intermediary enters into a commercial relationship, he must draw up a *business profile*, containing at least the following information :
 - contracting partner and beneficial owner
 - mandataries
 - economic background and origin of the assets received or invested
 - occupation and business activity of the beneficial owner
 - purpose for which assets are used
- In addition, the Liechtenstein financial intermediary must notify the Liechtenstein bank of the beneficial owner, in accordance with the «Know Your Customer» rules applied by the Liechtenstein banks since 1 October 2000.

5. Land and Public Registry

- The Liechtenstein Public Register has been renamed the «Land and Public Registry». It has introduced more rigorous criteria for the acceptance of the wording of corporate objectives stated in the statutes.