Compliance issues

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Anti-avoidance and anti-abuse provisions
Anti-money laundering provisions

This article addresses various compliance issues in Liechtenstein, including anti-avoidance, anti-abuse and anti-money laundering provisions in the context of private client wealth management.(1)

**Anti-avoidance and anti-abuse provisions**

The 2019 amendment to the Tax Act introduced specific anti-avoidance provisions regarding the tax exemption on dividends and capital gains from participations, the notional interest deduction and depreciation or value adjustments on participations.

Under these new anti-avoidance rules, dividends from participations of foreign entities will not be tax exempt if the following requirements are met on a cumulative basis:

- more than 50% of the total gross revenue of the foreign legal entity is generated by passive sources; and
- the taxable net profit (ie, before taxes) of the foreign legal entity is directly or indirectly subject to low taxation.

**Anti-money laundering provisions**

As an EEA member, Liechtenstein has implemented the Fourth EU Anti-money Laundering Directive (2015/849/EC) and EU Regulation 2015/847 on information accompanying transfers of funds. Liechtenstein's implementation provisions are contained in the Due Diligence Act and the Due Diligence Ordinance. Further, Liechtenstein must implement the Fifth EU Anti-money Laundering Directive by 2020.

Law 952.8 of 6 December 2018 on the establishment of a central registry of beneficial owners of Liechtenstein entities was published in the Official Gazette on 29 January 2019. The law will enter into force in August 2019.

For further information on this topic please contact Johanna Niegel at Allgemeines Treuunternehmen (ATU) by telephone (+423 237 34 34) or email (office.frick@atu.li). The Allgemeines Treuunternehmen (ATU) website can be accessed at www.atu.li/en.

**Endnotes**

(1) This article is part of a series that examines recent developments in the provision of private client services in Liechtenstein. For the other articles in the series, please see:

- "Recent developments and tax considerations for private clients"; and
- "Private trusts, foundations and charities".

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