Magazine Corporate INTL – Issue June 2011

Interview with Roger Frick

Discussing Corporate Tax in the Principality of Liechtenstein

Allgemeines Treuunternehmen (ATU), Vaduz, was established in 1929 and is one of Liechtenstein’s first and leading trust companies. The firm has a long tradition and is proud to be currently serving numerous second- and third-generation clients.

According to Roger Frick, today ATU is an outward-looking and modern company with access to business contacts in important financial centres through its well-established and extended network. ATU owns subsidiaries in Switzerland, Panama, British Virgin Islands and Uruguay. In Asia, ATU is represented by offices in China and Singapore. Mr. Frick, an expert in the field, explained that Liechtenstein’s corporate tax regime has the following provisions:

- Corporate income tax rate with a flat tax rate of 12.5%;
- No withholding tax;
- No capital tax on equity;
- A minimum corporate income tax of CHF 1’200. In the case of taxpayers conducting commercial business, but whose average balance sheet total over the last three years did not exceed CHF 500’000, this minimum tax is not levied;
- Dominiciliary and holding status, which exempted certain entities operating without business ties to the domestic Liechtenstein market from payment of corporate income tax, is not existing (no ring-fencing);
- Exemptions of income tax on dividends, capital gains and liquidation proceeds on participations
- A regime of private Asset Structure exists (confirmed by EFTA Surveillance (ESA)) which will be available for managing the private assets of individuals through a corporate structure;
- Various other features exist ensuring increased tax neutrality of business actions, such as replacement purchase, corporate restructurings, notional interest deduction, deduction for income from intellectual property rights, unlimited loss carry forward, group taxation, etc.
Mr. Frick also pointed out that as Liechtenstein is part of the European Economic Area, the country expressed its willingness in March 2009 to comply with the OECD standards on tax cooperation. “Since then Lichtenstein has continued signing TIEA and Double Tax Treaties to assure the benefits of international investments and the recognition of its structures,” he added. “It is normal that certain relationships will be dissolved out of this - and other new relationships will take the opportunities offered by this new approach.”

Indeed, ATU has a globalised approach to tackling tax problems and, due to its very diversified database of clients, can easily support clients by giving guidance how target countries of domicile, investment or trading may react during certain activities.

Mr. Frick concluded: "We have a broad practical tax experience which we share with our clients. We work swiftly, professionally and are responsive to clients’ needs."