

International Fiscal Association

2019
London Congress

cahiers

de droit fiscal
international

VOLUME 104

B: Investment Funds



1938-2019

Summary and conclusions

The Principality of Liechtenstein is unique in many respects. With its direct democracy and its constitutional hereditary monarchy, Liechtenstein has stable political framework conditions and political consensus, including when it comes to financial policy. Liechtenstein's expertise and know-how in wealth management are well known, the country is politically and economically very stable with a high level of legal certainty and pro-business company and fiscal laws. Liechtenstein is located at the very heart of Europe – not only geographically, but also businesswise. Due to the membership of Liechtenstein in the EEA, EU fund regulations such as the UCITS Directive are fully integrated into Liechtenstein law. Domestic undertakings for collective investments in transferable securities (UCITS) are regulated in the Liechtenstein UCITS Act. UCITS and their management companies can access the European market (by means of the so-called EU passport).

UCITS and AIFs registered in Liechtenstein can be marketed in other EU/EAA member states based on the EU passporting notification process. The passporting notification process is harmonised with European law. The approach for the marketing of UCITS and AIFs throughout Europe is basically identical. In addition, Liechtenstein's geographical and cultural proximity to Switzerland provides further marketing opportunities also for the Swiss market. Through its close relationship with Switzerland and its European Economic Area (EEA) membership, it is the ideal gateway to Europe for funds.

Furthermore, Liechtenstein provides for a very attractive tax system. Liechtenstein funds are generally subject to income taxation in Liechtenstein based on the respective provisions applicable to legal persons. This means, that the corporate income tax rate amounts to 12.5% on the taxable net income. However, the income from the managed assets does not constitute part of the taxable net income. The tax burden is furthermore reduced by an adequate return on the modified equity in the amount of the projected income, i.e. so-called notional interest deduction. The rate of interest deduction on equity currently amounts to 4%.

Liechtenstein does not levy any withholding taxes on dividend distributions, capital gains, interest payments or license fees. Hence, Liechtenstein companies, e.g. a holding company in a private equity structure, do not levy withholding taxes on the distributions to a Liechtenstein investment fund. The same holds true for the Liechtenstein investment fund itself for any distributions to its investors.

Due to the Customs Union with Switzerland, the Swiss VAT system is also applicable in Liechtenstein. The general VAT rate is 7.7%. Certain services in the asset management area are VAT exempt. Reverse charge is applicable for services and certain deliveries from an entity

¹ Attorney at Law (Switzerland) and Swiss-certified tax expert, is Head Tax/Products of LGT Group, Vaduz.

² Head of the Tax and Legal practice of PwC in Liechtenstein, a Liechtenstein and Swiss-certified tax expert and holds a licence as Liechtenstein trustee.

domiciled abroad. Turnovers deriving from the distribution of units in and the management of funds are tax exempt.

As a consequence of Liechtenstein's internationally recognised regulatory framework, the access to key financial markets such as the EU and Switzerland as well as the attractive and compliant tax system, Liechtenstein is chosen by many fund management companies as the location to start or relocate their business.

Part One: Taxation of investment funds

1. Widely held investment funds

1.1. Domestic widely held mutual funds / UCITS (EU)

1.1.1. Summary of the regulatory provisions applying to domestic widely held mutual funds / UCITS (EU)

Liechtenstein is unique in many respects. With its direct democracy and its constitutional hereditary monarchy, Liechtenstein has stable political framework conditions and political consensus, including when it comes to financial policy. Liechtenstein's expertise and know-how in wealth management are well known, the country is politically and economically very stable with a high level of legal certainty and pro-business company and fiscal laws. Liechtenstein is located at the very heart of Europe – not only geographically, but also businesswise. Liechtenstein is a member of the European Economic Area (EEA), which merges the 27 Member States of the European Union (EU) with the three EEA States (Liechtenstein, Iceland and Norway) into a single market. The same basic rules apply to all participating states. Like all EU members, Liechtenstein is required to implement EU directives, transpose them into national law and apply them. Its close relationship with Switzerland and its EEA membership, make it the ideal gateway to Europe for funds.

Due to the Principality of Liechtenstein's membership in the EEA, EU fund regulations such as the UCITS Directive are fully integrated into Liechtenstein law. Domestic undertakings for collective investments in transferable securities (UCITS) are regulated in the Liechtenstein UCITS Act. UCITS and their management companies can access the European market (by means of the so-called EU passport).

UCITS registered in Liechtenstein can be marketed in other EU/EEA member states based on the EU passporting notification process. The passport notification process is harmonised with European law. The approach for the marketing of UCITS throughout Europe is basically identical. In addition, Liechtenstein's geographical and cultural proximity to Switzerland provides further marketing opportunities also for the Swiss market.

1.1.2. Taxation of widely held mutual funds / UCITS (EU), including the question of tax transparency, tax exemption (US: pass-through treatment) or semi-opaque taxation

Income taxation

According to article 44 paragraph 1 of the Liechtenstein Law of 23 September 2010 on National and Municipal Taxes (Tax Act; SteG), legal persons shall be liable to taxation without restriction on their total income, if their registered office or their effective place of management is in Liechtenstein. According to article 44 paragraph 1 lit. b Tax Act such legal persons include in particular undertakings for collective investment in transferable securities pursuant to the Act regarding Undertakings for the Collective Investment of Transferable Securities (UCITSG), investment undertakings pursuant to the Investment Undertakings Act (IUG) and alternative investment funds pursuant to the Act regarding Alternative Investment Fund Managers (AIFMG) or comparable undertakings for collective investment established under the law of another state, with the exception of the limited partnership and partnership of limited partners without legal personality, or comparable undertakings for collective investment established under the law of another state.

According to article 61 Tax Act, the rate of corporate income tax is 12.5% of the taxable net income. Income from the managed assets of undertakings for collective investment in transferable securities pursuant to the UCITSG, of investment undertakings pursuant to the IUG, of alternative investment funds pursuant to the AIFMG, or similar undertakings for collective investment established under the law of another state shall not be counted as taxable net income for taxpayers with unlimited tax liability according to article 48 paragraph 1 lit. g Tax Act.

The tax burden is reduced by an adequate return on the modified equity in the amount of the projected income as referred to in article 5 Tax Act (interest deduction on equity) according to article 54 Tax Act. The rate of interest deduction on equity is currently 4% and corresponds to the standardised return on assets according to article 5 Tax Act which is fixed each year in the Finance Act. The starting value on which the determination of the modified equity capital is based is the amount of equity capital determined in accordance with article 18 and/or 21 Liechtenstein Ordinance of 21 December 2010 on National and Municipal Taxes (Tax Ordinance; SteV), taking into account taxed added value and impairments. According to article 32 paragraph 3 Tax Ordinance in connection with article 54 paragraph 2 Tax Act the following are to be deducted from this amount: a) own shares; b) holdings in legal persons; c) assets that are not essential to business operations and d) a deduction of 6% of all assets, excluding the assets referred to in a) to c). Liechtenstein adopted the standard EU anti-avoidance rules for the tax exemption on dividend income and capital gains on participations as well as for the notional interest deduction system in local law coming into effect 1 January 2019.

In addition, in the case of UCITS, investment undertakings IUG and AIFs, only equity capital that is not allocated to managed assets pursuant to the UCITSG, IUG and AIFMG is to be applied according to article 32 Tax Ordinance.

Stamp duty

Stamp taxes are levied on the issuance and the transfer of taxable securities. Whilst the issuance of securities is subject to issuance stamp tax, the transfer of securities is taxed with securities transfer tax.

Although these stamp taxes are Swiss taxes levied based on the Swiss Stamp Tax Act (STA), the STA is also applicable in the Principality of Liechtenstein according to the Treaty of 29 March 1923 regarding the inclusion of the Principality of Liechtenstein in the Swiss Customs Union. The Liechtenstein formation tax, according to article 66 Tax Act, only applies in areas not explicitly regulated by the STA.

According to the Swiss Federal Tax Administration, Liechtenstein investment funds are equivalent to Swiss collective investment schemes for stamp tax purposes; see circular no. 12 issued by the Swiss Federal Tax Administration (FTA) on securities transfer tax.

Issuance stamp tax

According to article 6 paragraph 1 lit. i STA, the creation of units in Liechtenstein investment funds is tax exempt for issuance stamp tax purposes. As the exemption for issuance stamp tax purposes is explicitly provided for in the STA, there is no room for an application of the Liechtenstein formation tax according to article 66 Tax Act.

Under certain circumstances the creation of units in investment funds with fixed capital (i.e. SICAF) is not tax exempt. Such units are subject to an issuance stamp tax of 1%, if the total issuance amount exceeds 1 million Swiss Francs.

Securities transfer tax

The issuance of units in Liechtenstein investment funds (so-called primary market transaction) is tax exempt for securities transfer tax purposes (art. 14 para. 1 lit. a STA).

In contrast, the so-called secondary market transactions, i.e. the transfer of units in a Liechtenstein investment fund against consideration (for example purchase or sale) is subject to securities transfer taxes. Because these units are taxable securities, trading in them is generally subject to securities transfer tax of 1.5 ‰ (if a securities dealer is involved as a party or intermediary), which is levied on the amount paid for the units. The securities dealer involved in the transaction is liable for this tax. If both parties (buyer and seller) qualify as securities dealers, then both have to pay half of the tax, i.e. 0.75 ‰. That is different if only one party qualifies as a securities dealer. In this case the participating securities dealer has to pay the full tax of 1.5 ‰, i.e. a half for itself and a half for the non-securities dealer involved in the transaction. However, if the counterparty of the securities dealer qualifies as an exempt investor, for such exempt investor no securities transfer tax has to be levied. Therefore, the securities dealer has to pay only half a tax (0.75 ‰) for himself. No securities transfer tax is payable if no securities dealer is involved in the transaction or both counterparties qualify as exempt investors and the securities dealer acts as intermediary only. The redemption of units in Liechtenstein investment undertakings for cancellation is, in accordance with article 14 paragraph 1 lit. e STA, excluded from the securities transfer tax as an exempt transaction.

In addition, Liechtenstein investment funds qualify as tax exempt investors for securities transfer tax purposes (cf. art. 17a para. 1 lit. b STA), which is why transactions related to the investment portfolio of the Liechtenstein investment funds are not subject to securities transfer tax at level of the investment fund.

Formation tax

The formation tax is the Liechtenstein counterpart to the Swiss issuance stamp tax.

According to article 66 Tax Act, the formation tax shall be levied on the foundation, establishment or increase in the capital of legal persons pursuant to article 44 Tax Act, or relocation of their registered office to Liechtenstein, provided that Swiss stamp duty

legislation does not apply. The formation tax rate is 1% levied on the capital contributed, applying a general exemption threshold of 1 million Swiss Francs. For capital in excess of five million Swiss Francs, the rate shall be reduced to 0.5%, and to 0.3% for capital in excess of ten million Swiss Francs. In each case, the capital established in the articles of incorporation shall be used as a basis.

According to current practice, the Liechtenstein formation tax applies if a type of company is not covered by the Swiss Stamp Duty Act. The Liechtenstein formation tax does not apply if an exemption applies based on Swiss stamp duty law resulting in nil tax liability.

Finally, it has to be noted that the Liechtenstein tax law does not provide for any other stamp duties or securities transfer taxes.

Withholding taxes

Liechtenstein does not levy any withholding taxes on dividend distributions, capital gains, interest payments or license fees. Hence, Liechtenstein companies, e.g. a holding company in a private equity structure, do not levy withholding taxes on the distributions to a Liechtenstein investment fund. The same holds true for the Liechtenstein investment fund itself for any distributions to its investors.

Foreign Account Tax Compliance Act (FATCA)

Liechtenstein investment funds are subject to the provisions of the Liechtenstein FATCA Agreement and the related implementing regulations as provided for under the Liechtenstein FATCA Act, as amended from time to time. With regard to deemed-compliant investment entities and other special rules, please refer to annex II, section IV of the FATCA Agreement between the United States of America and the Principality of Liechtenstein.

Common Reporting Standard (CRS)

Liechtenstein investment funds are subject to the provisions of the Liechtenstein Law of 5 November 2015 on International Automatic Exchange of Information in Tax Matters (AEOI-Act) and the related implementing regulations as provided for under the Liechtenstein AEOI-Act, as amended from time to time. With regard to “Exempt Collective Investment Vehicles”, please refer to article 1 paragraph 14 lid. s AEOI-Act. According to article 3 lit. b Liechtenstein Ordinance of 15 December 2015 on International Automatic Exchange of Information in Tax Matters (AEOI-Ordinance) Liechtenstein investment undertakings which are regulated as a collective investment vehicle qualify as non-reporting financial institutions, provided that all of the interests in the collective investment vehicle and the physical shares issued in bearer form fulfil all the conditions of the applicable agreement.

Value added tax

Due to the Customs Union with Switzerland, the Swiss VAT system is also applicable in Liechtenstein. Although Liechtenstein has formally enacted its own VAT law and has its own VAT administration, it materially adopts the provisions of the Swiss VAT law.

Any person who, irrespective of legal form, carries on a business is liable for VAT. Any person liable for VAT that is involved in domestic entrepreneurial activity with a taxable turnover that is less than 100,000 Swiss Francs within a financial year can be exempted from taxation.

The general VAT rate is one of the lowest VAT rates globally and has even been reduced going forward from 1 January 2018 from 8.0% to 7.7%. Reduced rates are applicable to deliveries of various goods and for accommodation. Certain services in the asset management area are VAT exempt. Reverse charge is applicable for services and certain deliveries from an entity domiciled abroad.

According to article 21 paragraph 2 ciph. 19 lit. f of the Liechtenstein Value Added Tax Act (VAT Act), turnovers deriving from the distribution of units in and the management of undertakings for collective investment in transferable securities according to the UCITSG, investment undertakings pursuant to IUG and alternative investment funds pursuant to the AIFMG by persons, who manage or hold them in safekeeping, asset management companies and managers, respectively AIFM, depositories and their agents, are tax exempt. Agents are all individuals and legal entities, to whom the undertakings for collective investment in transferable securities, investment undertakings or alternative investment funds may delegate tasks. The distribution of units in and the management of investment companies with fixed capital is subject to article 21 paragraph 2 ciph. 19 lit. e VAT Act. According to this provision, turnovers (spot and forward transactions), including brokerage of securities, rights and derivatives and of interests in companies and other forms of association are tax exempt. However, the safekeeping and the management of securities, rights and derivatives and of interests (especially security deposits) including fiduciary investments are taxable.

1.2. Foreign widely held mutual funds / UCITS (EU)

The tax provisions governing foreign widely held mutual funds / UCITS are being determined by the laws prevailing in their country of domicile. Foreign widely held mutual funds / UCITS are not subject to taxation in Liechtenstein if there is no registered office, place of effective management or permanent establishment in Liechtenstein.

1.3. Domestically listed exchange-traded funds (ETFs)

Liechtenstein does not have its own stock exchange.

1.4. Foreign listed exchange-traded funds (ETFs)

The tax provisions governing foreign listed exchange-traded funds (ETFs) are determined by the laws prevailing in their country of domicile. If there is no registered office, place of effective management or permanent establishment in Liechtenstein, foreign listed exchange-traded funds (ETFs) are not subject to taxation in Liechtenstein.

2. Privately placed investment funds

2.1. Domestic privately placed hedge funds / alternative investment funds (AIFs)

Due to the membership of the Principality of Liechtenstein in the EEA, EU fund regulations such as the AIF Directive are fully integrated into Liechtenstein law. Domestic alternative investment funds (AIFs) are regulated in the Liechtenstein AIFM Act. AIFs and their management companies can access the European market (by means of the so-called EU passport).

AIFs registered in Liechtenstein can be marketed in other EEA member states to professional investors based on the EU passporting notification process. The passport notification process is harmonised with European law. The approach for the marketing of AIFs throughout Europe is basically identical.

Domestic privately placed hedge funds / AIFs will be taxed in the same manner as domestic widely held mutual funds / UCITS.

2.2. Foreign privately placed hedge funds / alternative investment funds (AIFs)

The tax provisions governing foreign privately placed hedge funds / alternative investment funds (AIFs) are determined by the laws prevailing in their country of domicile. If there is no registered office, place of effective management or permanent establishment in Liechtenstein, foreign privately placed hedge funds / alternative investment funds (AIFs) are not subject to taxation in Liechtenstein.

2.3. Domestic privately placed private equity funds and venture capital funds

Domestic privately placed private equity funds and venture capital funds will be taxed in the same manner as domestic widely held mutual funds / UCITS.

2.4. Foreign privately placed private equity funds and venture capital funds

The tax provisions governing foreign privately placed private equity funds and venture capital funds are determined by the laws prevailing in their country of domicile. If there is no registered office, place of effective management or permanent establishment in Liechtenstein, foreign privately placed private equity funds and venture capital funds are not subject to taxation in Liechtenstein.

3. Special category: funds that can either be widely held or privately placed

3.1. Real estate funds and infrastructure funds

Due to the size of the country, real estate transfers are highly regulated and access to Liechtenstein real estate by funds is limited. Therefore, in practice no pure real estate and infrastructure funds exist.

Nevertheless, there is a legal framework in Liechtenstein for real estate funds and as such Liechtenstein real estate funds may own property directly or indirectly.

In case of Liechtenstein real estate funds with *direct* property ownership, the Liechtenstein real estate fund would be recorded in the land register as the owner. From a tax perspective, Liechtenstein real estate funds with direct property ownership would be deemed to be non-transparent and subject to tax in their own right. Having features of legal entities, Liechtenstein real estate funds with direct property ownership would be subject to ordinary taxation as legal persons according to article 44 ff. Tax Act.

In case of Liechtenstein real estate funds with indirect property ownership, the taxation of the real estate would take place at the level of the direct owner of the property, e.g. the legal entity. Capital gains from the sale of real estate, or equivalent actions with the same result (e.g. economic transfer of ownership), are subject to a separately assessed real estate profit tax. The taxable gain is generally the difference between proceeds of the sale and the original purchase price of the property plus any capital expenditure incurred. The basic tax rate can be up to 24%, depending on the amount of taxable real estate gain. The transfer of the economic ownership of real estate (e.g. via the sale of the majority of the shares in a real estate company) may trigger real estate tax as well.

Part Two: Taxation of investors investing in investment funds

1. Widely held investment funds

1.1. Widely held mutual funds / UCITS (EU)

1.1.1. Taxation of investors investing in domestic widely held mutual funds / UCITS

Private individuals with tax residency in Liechtenstein (private assets)

Private individuals tax resident in Liechtenstein with private assets are subject to the combination of wealth tax and income tax. Due to the integration of wealth tax into the income tax, the income of a natural person will be taxed in accordance with the internationally accepted principle of the one-time taxation of a person's market income.

Privately held units in investment funds are generally subject to wealth tax according to article 9 Tax Act. As already mentioned, the wealth tax is integrated in the income tax pursuant to article 6 paragraph 1 and article 14 paragraph 1 lit. I Tax Act.

Hence, the wealth taxation is not done separately, but rather by adding a standardised

return on the net assets to the income calculation according to article 5 Tax Act. The standardised interest rate to determine the return currently amounts to 4%.

The income tax rate is progressive. Based on a municipal surcharge of 150–200%, the maximal tax rate amounts to 24%.

Article 15 paragraph 1 lit. a Tax Act states that income deriving from units in investment funds is not subject to income taxation, as it is already covered by the standardised return on assets as part of the wealth taxation (see above).

Furthermore, capital gains deriving from a sale of units in investment funds are not subject to income tax (art. 15 para. 2 lit. m Tax Act). The same holds true for dividend distributions and capital gains deriving from a sale or liquidation of holdings in legal persons (art. 15 para. 2 lit. n and o Tax Act).

Profits from the sale of real estate located in Liechtenstein are subject to real estate capital gains tax, see article 35 ff. Tax Act.

Private individuals with tax residency in Liechtenstein (business assets)

If these widely held mutual fund units are allocated to business assets, the income from these fund units are allocated to self-employment income. The taxable income is determined in accordance with the provisions of article 16 paragraph 2 Tax Act. The business assets of the self-employed person are taxable assets (art. 12 para. 3 Tax Act).

Corporate investors with tax residency in Liechtenstein

According to article 44 ff. Tax Act, the annual income less commercially justifiable expenses realised by an investment in undertakings for collective investment in transferable securities pursuant to the UCITSG, by investment undertakings pursuant to the IUG and in alternative investment funds pursuant to the AIFMG or in comparable accumulative undertakings for collective investment established under the law of another state will be attributed to the corporate investor and he has to tax these proportionally and simultaneously as income (article 47 para. 3 lit. l Tax Act). The valuation at the investor takes place at the pro rata realised NAV (net asset value) of the fund and any associated ancillary costs on acquisition are to be activated. The imputation to the investor takes place regardless of whether it is a distributing or accumulating investment fund.

The substantive income tax exemption of fund income can be determined by the two following methods:

- A) ordinary exemption procedure (actual proof); or
- B) simplified exemption procedure.

If the criteria of these two methods cannot be met, the fund income is considered as realised for tax purposes and is fully taxed. The substantive income tax exemption does not apply to income from funds that are held by an insurance company on account and on behalf of customers.

In loss situations and in case the corporate income tax is lower than 1,800 Swiss Francs, a minimum corporate income tax of 1,800 Swiss Francs per year is levied, irrespective of the duration of the tax liability (article 62 Tax Act).

According to article 48 paragraph 1 lit. e Tax Act, dividends arising from participations in legal persons are tax exempt. The same holds true for capital gains from the sale or liquidation of participations in legal persons (art. 48 para. 1 lit. f Tax Act). Although units in investment

funds are not qualified as participations in legal persons, such assets are taxed pursuant to article 48 paragraph 1 lit. e) and lit. f) Tax Act, insofar as the investment fund has itself invested in holdings in legal persons (cf. article 31 Tax Ordinance). The adopted standard EU anti-avoidance rules for the tax exemption on dividend income and capital gains on participations coming into effect 1 January 2019 are also applicable for funds.

Persons with tax domicile outside Liechtenstein

The taxation of investors domiciled outside of Liechtenstein as well as any other tax implications of the holding, buying or selling of units is based on the tax laws of their relevant countries of domicile and, particularly with regard to final withholding tax, the country of domicile of the paying agent.

Both income and capital gains, whether distributed or accumulated, may be subject in part or in full to “tax withheld by the paying agent” (e.g. final withholding tax, withholding under FATCA) depending on the person holding, directly or indirectly, the units.

Liechtenstein investment funds are not subject to any other withholding tax in Liechtenstein, i.e. they are exempt from capital gains tax in particular. Foreign income and capital gains generated by the investment fund in the legal form of a contractual investment fund or a collective trusteeship or any of their sub-funds may be subject to withholding tax in the country of investment. Double taxation treaties may apply.

1.1.2. Taxation of investors investing in foreign widely held mutual funds / UCITS

In principle, as far as wealth and income tax is concerned, Liechtenstein does not distinguish between investments in a Liechtenstein or foreign widely held mutual funds / UCITS. The same holds true for ETFs.

2. Privately placed investment funds

Privately placed investment funds will be taxed in the same manner as domestic widely held mutual funds.

3. Special category: closed-end funds and real estate funds

3.1. Closed-end funds

Closed-end funds will be taxed in the same manner as domestic widely held mutual funds.

3.2. Real estate funds

Due to the size of the country, real estate transfers are highly regulated and access to Liechtenstein real estate by funds is limited. Therefore, in practice no pure real estate and infrastructure funds exist.

Part Three: Taxation of fund management companies

Liechtenstein has succeeded in the past decade by creating an internationally recognised regulatory framework, combined with an attractive and compliant tax system, and full access to the key financial markets such as the EU and Switzerland.

Income taxation

Management companies usually take the form of a corporation and, as such, are considered as a separate taxpayer in Liechtenstein. No privileged taxation is available.

The main features of the taxation of a fund management company in Liechtenstein are outlined hereafter. According to article 44 Tax Act, legal persons shall be liable to tax without restriction on their total income, if their registered office or their effective place of management is in Liechtenstein. According to article 48 paragraph 1 lit. b and c Tax Act, Liechtenstein exempts unilaterally income from permanent establishments abroad and rental and leasing income from real estate located abroad. According to article 61 Tax Act, the rate of corporate earnings tax shall be 12.5% of the taxable net income (with a minimum tax amount of 1,800 Swiss Francs). Taxes are not deductible in accordance with article 47 paragraph 3 lit. f Tax Act.

The tax burden is reduced by an adequate return on the modified equity in the amount of the projected income as referred to in article 5 Tax Act (interest deduction on equity) according to article 54 Tax Act. This interest deduction on equity may not give rise to or increase a current loss.

The rate of interest deduction on equity is currently 4% and corresponds to the standardised return on assets according to article 5 Tax Act which is fixed each year in the Finance Act. The starting value on which the determination of the modified equity capital is based is the amount of equity capital determined in accordance with article 18 and/or 21 Tax Ordinance, taking into account taxed added value and impairments. According to article 32 paragraph 3 Tax Ordinance in connection with article 54 paragraph 2 Tax Act, the following are to be deducted from this amount: a) own shares; b) holdings in legal persons; c) assets that are not essential to business operations and d) a deduction of 6% of all assets, excluding the assets referred to in a) to c).

In addition, in the case of UCITS, investment undertakings IUG and AIFs, only equity capital that is not allocated to managed assets pursuant to the UCITSG, IUG and AIFMG is to be applied according to article 32 Tax Ordinance.

According to article 48 paragraph 1 lit. e Tax Act, dividends arising from holdings in Liechtenstein or foreign legal persons are tax exempt. Also capital gains from the sale or liquidation of holdings in domestic and foreign legal persons and unrealised increases in value of such holdings are tax exempt according to article 48 paragraph 1 lit. f Tax Act.

Despite the fact that units in undertakings for collective investment in transferable securities (UCITS), investment undertakings IUG or alternative investment funds (AIFs) do not represent a holding in a legal person, such assets are taxed pursuant to article 48 paragraph 1 lit. e and lit. f Tax Act, insofar as the investment fund has itself invested in holdings in legal persons (cf. art. 31 Tax Ordinance).

Withholding tax

There is no withholding tax on dividend distributions under the Tax Act.

Stamp duty / formation tax

Fund management companies of contractual funds (Fund Mancos) are subject to either the Swiss stamp duty or the formation tax in accordance with article 66 Tax Act depending on their legal form. If the fund management company is organised in the form of a company limited by shares, the issuance tax of 1% is due on the issue of shares, whereby a general exemption threshold of 1 million Swiss Francs is applied. However, if the fund management company is organised, for example, as an establishment pursuant to article 534 ff. Persons and Companies Act, the formation tax is applied. It also amounts to 1% using a 1 million Swiss Francs exemption. However, for capital in excess of five million Swiss Francs, the rate shall be reduced to 0.5%, and to 0.3% for capital in excess of ten million Swiss Francs.

A fund management company with domicile in Liechtenstein qualifies as a so-called intermediary since it is acting regularly as intermediary in the purchase and sale of taxable securities. Therefore, fund management companies with domicile in Liechtenstein qualify as securities dealers and are subject to securities transfer tax. Fund management companies that are liable for stamp tax pursuant to the STA shall register with the Federal Tax Administration on their own initiative (art. 19 Stamp Tax Ordinance) and have to maintain a transaction register (art. 21 Stamp Tax Ordinance).

If the Liechtenstein fund management company acts as intermediary for taxable securities, it is in principle possible that it has to pay a securities transfer tax on the transaction for which it acted as intermediary. However, if and to what extent the fund management company ultimately has to pay a securities transfer tax depends on various factors (presence of a taxable security, parties involved in the transaction, etc.).

Value Added Tax

According to article 21 paragraph 2 ciph. 19 lit. f of the Liechtenstein Value Added Tax Act (VAT Act), turnovers deriving from the distribution of units in and the management of undertakings for collective investment in transferable securities according to the UCITSG, investment undertakings pursuant to IUG and alternative investment funds pursuant to the AIFMG by persons, who manage or hold them in safekeeping, asset management companies and managers, respectively AIFM, depositories and their agents, are tax exempt. Agents are all individuals and legal entities, to whom the undertakings for collective investment in transferable securities, investment undertakings or alternative investment funds may delegate tasks. The distribution of units in and the management of investment companies with fixed capital is subject to article 21 paragraph 2 ciph. 19 lit. e VAT Act. According to this provision, turnovers (spot and forward transactions), including brokerage, of securities, rights and derivatives and of interests in companies and other forms of association are tax exempt. However, the safekeeping and the management of securities, rights and derivatives and of interests (especially security deposits) including fiduciary investments are taxable.

Foreign Account Tax Compliance Act (FATCA)

Liechtenstein fund management companies are subject to the provisions of the Liechtenstein FATCA Agreement and the related implementing regulations as provided for under the

Liechtenstein FATCA Act, as amended from time to time. With regard to deemed-compliant investment entities and other special rules, please refer to annex II, section IV of the FATCA Agreement between the United States of America and the Principality of Liechtenstein.

Common Reporting Standard (CRS)

Fund management companies qualify as non-reporting financial institutions if they do not maintain financial accounts according to the AEOI Act.



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