

## The Liechtenstein Foundation

THE LIECHTENSTEIN FAMILY FOUNDATION (STIFTUNG) WAS FIRST INTRODUCED IN 1926. A FORM OF PRIVATE FOUNDATION, STIFTUNGS ARE LEGAL ENTITIES SET UP BY AN INDIVIDUAL, A FAMILY OR A GROUP OF INDIVIDUALS, FOR A SPECIFIC PURPOSE SUCH AS PHILANTHROPY.

### INTRODUCTION

The foundation is an independent legal entity which carries many of the characteristics of both a company limited by guarantee and a trust.

Established by the donation or endowment of assets for a specific purpose, the assets of a foundation effectively acquire independent status and no longer form part of the estate of the donor. Foundations cannot be used for commercial purposes but are often used to hold or segregate assets particularly in family wealth planning and inheritance arrangements.

A deed is created establishing the foundation and contains information such as the name, purpose and duration of the foundation together nomination of the foundation board (council) and the beneficiaries and provisions concerning the application of the assets. The beneficial interest in the foundation is determined in the by-laws. This document is issued by the Board of Foundation and for internal use exclusively.

The formation documents, ("Articles") have to be deposited with the Public Registry. Deposited Articles are not available for public inspection unlike registered Articles, and for this reason the deposited foundation is the most commonly used giving a high degree of confidentiality. The foundation may be formed by a trustee providing additional confidentiality to the donor.

The minimum initial fund for a foundation is CHF 30,000.00.

### SUMMARY TERMS

The following provides a summary of terms associated with the creation of a Liechtenstein Foundation:-

- **Name**  
Any name in any language in combination with the legal form of "Foundation" or "Fondation" or "Stiftung" may be chosen. Approval from the Public Registry must be obtained, though, before filing (name free or already chosen by some other company).
- **Capital**  
Before a foundation can apply for deposition with the Liechtenstein Public Registry, the minimum foundation fund of CHF 30,000.00 must be paid into a blocked account with a bank (usually a Liechtenstein or Swiss bank). The bank subsequently issues an evidence of paid-up capital which forms part of the incorporation documents that have to be filed with the application. Once the foundation is deposited, the foundation fund is liberated and at the disposal of the foundation.
- **Purpose**  
The foundation's purpose may be chosen freely within the bounds of law and morality with the restriction, though, that it may not pursue any commercial activities. Foundations are best suited for the investment and administration of (family) assets.

- **Foundation Council**

The Board of Foundation/Foundation Council is constituted by one or several members of whom at least one must be a person holding the Liechtenstein licence to act as foundation council.

- **Legal Representative**

Each company established in Liechtenstein must have a legal representative in the country. The legal representative may be a natural person or legal entity with Liechtenstein residence who represents the company towards any authorities and who is the addressee upon whom legal documents shall be served.

- **Beneficial Interest**

The beneficiaries are designated in the so-called "by-laws" or "regulations" which shall be deposited with the trustee. The by-laws contain the directives regarding the distributions of beneficial interest.

- **Taxes**

Assets endowed by persons domiciled abroad are not subject to the Liechtenstein gift tax. In Liechtenstein, the distribution of beneficial interest to recipients living abroad is not taxed. Basically, the capital tax of 0.1% of the foundation fund and the visible reserves (net assets), but at least CHF 1,000.00 per annum, must be observed. Net assets of CHF 2 million and above are taxed at the rate of 0.075 % and net assets of CHF 10 million and above are taxed at the rate of 0.05 %.

## FOR MORE INFORMATION PLEASE CONTACT:

Geoff Trebert at [geoff.trebert@louvregroup.com](mailto:geoff.trebert@louvregroup.com) telephone +44 (0)1481 727249

or visit [www.louvregroup.com](http://www.louvregroup.com)