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Law of 23 September 2010 on National and Municipal Taxes (Tax Act)

I hereby grant My consent to the following Resolution adopted by Parliament:¹

I. General provisions

Article 1

Object

This Act governs the levy of:

- a) the wealth tax and personal income tax;
- b) the tax based on expenditure;
- c) the real estate capital gains tax;
- d) the corporate income tax;
- e) the formation tax and the tax on insurance premiums.

¹ Report and Application and Statement of the Government No. 48/2010 and 83/2010

Article 2

Definitions and terminology

1) For purposes of this Act:

- a) "permanent establishment" means any fixed place of business through which the economic activity of an undertaking or a liberal profession is wholly or partly carried out. In particular, permanent establishments include:
1. the effective place of management;
 2. a branch;
 3. an office;
 4. a factory;
 5. a purchasing or sales office;
 6. a workshop;
 7. a place of extraction of natural resources;
 8. a site for the conversion of water power;
 9. a building site, construction, assembly or installation project with a duration of more than six months.

An insurance undertaking shall be deemed to have a domestic permanent establishment if it generates premium receipts in Liechtenstein;

- b) "residence" means the place where a person abides with the intent of staying permanently;
- c) "habitual abode" means the place or the area in which a person dwells not only temporarily. A temporally contiguous abode of more than six months shall always and from the beginning be considered a habitual abode; short-term interruptions shall not be taken into account. An abode for the purpose of attending an educational institution and placement in a reform school, public assistance institution, or sanatorium as well as therapeutic and holiday stays for up to 12 months do not constitute a habitual abode or residence;
- d) "effective place of management" means the place where the centre of the undertaking's supreme management is located;
- e) "domicile" means, in the case of legal persons, the place determined by law, company contract, articles, or the like. Where no such provision exists, the effective place of management shall be considered the domicile.

2) The designations used in this Act to denote persons include persons of male and female gender alike.

Article 3

Abuse of structuring options

1) Legal or actual structures that appear inappropriate to the economic circumstances and whose sole economic purpose consists in attaining tax advantages shall be considered abusive if:

- a) the granting of this tax advantage would violate the object and purpose of this Act; and
- b) the taxpayer is unable to present any economic or other substantial reasons for the choice of this structure and if the structure does not yield any independent economic consequences.

2) Where an abuse within the meaning of paragraph 1 exists, the taxes shall be levied in the way they would be if the legal structure were appropriate to the economic processes, facts, and circumstances.

II. National taxes

A. General provisions

Article 4

Exemptions from tax liability

1) The following shall be exempt from tax liability:

- a) the Reigning Prince, the Hereditary Prince, the Princely Domain and the foundations which, according to the purpose set out in their articles, serve the Reigning Prince in fulfilling his obligations;
- b) the State, the municipalities, the funds of the State and the municipalities, the joint bodies of the municipalities, the citizen cooperatives, and the public enterprises not engaged in economic activities in accordance with the Law on the Management of Public Enterprises;
- c) persons who, pursuant to international law, enjoy exemption from taxation;
- d) institutions for occupational retirement provision.

2) Upon application, the Fiscal Authority shall exempt legal persons and special asset dedications without legal personality from tax liability, if such

entities exclusively and irrevocably pursue common-benefit purposes as defined in article 107, paragraph 4a of the Law on Persons and Companies (PGR) without the intention of making a profit. The Fiscal Authority shall decide on the application. The tax exemption shall not apply to net corporate income generated by economic business operations maintained by such entities, provided that these operations generate income in the total amount of more than 300,000 francs. Tax exemption shall not already be excluded by the fact that:

- a) the person in part allocates its resources, labour, or assets for the use of another, likewise tax-exempt person for tax-privileged purposes as referred to in sentence 1;
- b) the person assigns resources in whole or in part to a provision, to the extent necessary to fulfil the tax-privileged purposes set out in its articles on a sustained basis.

3) By ordinance, the Government shall govern the exchange of data and records between the Foundation Supervisory Authority and the Fiscal Authority as well as the review of compliance with the preconditions for tax exemption by the Fiscal Authority and the audit offices.

Article 5

Standardized income on wealth

The amount of the interest rate for determining the standardized income on wealth (notional income) shall be determined annually in the Finance Act.

B. Wealth tax and personal income tax

1. Joint provisions

Article 6

Personal tax liability

1) Natural persons along with their entire wealth and entire income shall be taxable without restrictions if:

- a) their residence or habitual abode is in Liechtenstein; or

b) their residence or habitual abode is in a foreign country and, due to an employment relationship with the State, are exempt from taxes in that foreign country pursuant to a treaty or international law (diplomats).

2) Natural persons whose residence and habitual abode is not in Liechtenstein shall, along with their domestic wealth and domestic income, be taxable with restrictions.

3) Probate estates shall be treated equally to natural persons.

4) Domestic wealth as referred to in paragraph 2 shall encompass real estate situated in Liechtenstein and permanent establishments situated in Liechtenstein.

5) Domestic income as referred to in paragraph 2 shall encompass:

- a) income from the cultivation of real estate used for agriculture or forestry in Liechtenstein and from any other agricultural or forestry production in Liechtenstein;
- b) income from permanent establishments situated in Liechtenstein;
- c) income from employed work pursued in Liechtenstein as referred to in article 14, paragraph 2(d) and compensatory proceeds as referred to in article 14, paragraph 2(f) related to a domestic employment relationship and paid by a domestic insurance. Employed work shall also be considered pursued in Liechtenstein if it is carried out on board a seagoing vessel or aircraft operated in international traffic or on board an inland water navigation vessel, if the effective place of management of the operating undertaking is in Liechtenstein;
- d) attendance fees, fixed compensation, emoluments, and other inducements paid to members of the board of directors or management of legal persons and special asset dedications whose domicile or effective place of management is situated in Liechtenstein;
- e) benefits from Old Age, Survivors' and Disability Insurance, an institution for occupational retirement provision or a pension fund pursuant to an earlier domestic employment relationship under public or private law;
- f) benefits from the dissolution of a vested benefits policy or a blocked account set up for the use of vested benefits arising from occupational retirement provision in Liechtenstein;
- g) the nominal income as referred to in paragraph 5 arising from domestic, taxable wealth as referred to in paragraph 4.

Article 7

Temporal limitation of tax liability

- 1) Tax liability shall begin on the day on which the taxpayer:
 - a) takes up residence or habitual abode in Liechtenstein (unrestricted tax liability); or
 - b) has domestic wealth or generates domestic income (restricted tax liability).
- 2) Tax liability shall end:
 - a) upon the death of the taxpayer or when the taxpayer moves abroad (unrestricted tax liability);
 - b) at the time when domestic wealth or domestic income is discontinued (restricted tax liability).
- 3) Until transfer of ownership of the estate, probate estates shall assume the previous tax liability of the decedent.

Article 8

Aggregation

- 1) The wealth and income of married couples who are not legally or actually separated shall be aggregated and assessed jointly, regardless of the matrimonial wealth regime.
- 2) The wealth and income of minor children living in the same household as their parents shall – subject to paragraph 4 – be attributed to the parents. The parents shall declare the wealth and income of their minor children on their tax return.
- 3) If the parents are separated or divorced, or if a parent is deceased, then – subject to paragraph 4 – wealth and income of minor children shall be allocated to the parent in whose household the child lives. This parent shall declare the wealth and income of the minor children on his or her tax return. If the children do not live in the same household as a parent or if both parents are deceased, then the children shall be assessed separately for their wealth and income.
- 4) With respect to income from work, minor children living in the same household as their parents or a parent shall in any case be assessed separately, provided that the income exceeds the amount set out in article 15, paragraph 2(i).

5) Notwithstanding paragraph 1, married couples may, upon joint application, be assessed separately. Paragraph 2 shall be applied with the proviso that one half of the wealth and income shall be attributed to each parent. Unless provided otherwise, each of the parents shall be entitled to one half of the deductions granted to jointly assessed married couples.

2. Wealth tax

Article 9

Objective tax liability

1) The object of the wealth tax shall be the entire movable and immovable wealth of the taxpayer.

2) The wealth of companies without legal personality shall be attributed to the participating partners, and tax on that wealth shall be paid by the partners together with the tax on their other wealth.

3) Upon application of a beneficiary or several beneficiaries and with the consent of the organ responsible for distributions, the wealth of irrevocable foundations, special asset dedications, and establishments with a foundation-like structure shall be separately liable to pay wealth tax. In this case, the irrevocable foundation, special asset dedication, or establishment with a foundation-like structure must meet the wealth tax or personal income tax liability in lieu of the beneficiaries.

4) The wealth of revocable foundations, special asset dedications, and establishments with a foundation-like structure shall be attributed to the founder, and the associated tax shall be paid by the founder. Paragraph 3 shall apply *mutatis mutandis* with the proviso that the tax shall be paid in accordance with the tax rate applicable to the entire wealth and the entire income of the founder, including the wealth taxed separately in accordance with paragraph 3.

Article 10

Tax-exempt wealth

The following shall be exempt from the wealth tax and shall not be taken into account when determining the taxable wealth:

a) household effects and personal articles of daily use as well as privately used motor vehicles of the taxpayer, to the extent that their total value

does not exceed 25,000 francs or, in the case of jointly assessed married couples, 50,000 francs;

- b) the devices and tools required to engage in agricultural or commercial work or otherwise required to engage in a profession, to the extent that their total value does not exceed 2,000 francs;
- c) collections of artistic, historic or similar significance which, without the intention of making a profit for the owner, are made available for regular public viewing and which serve the education of the public or are likely to promote tourism;
- d) wealth in the form of agricultural products such as hay, cereals, and fruits, in accordance with proof furnished by the taxpayer;
- e) real estate situated abroad;
- f) permanent establishments situated abroad.

Article 11

Deduction of debt

1) When determining taxable wealth, assets may be reduced by debt and other liabilities for which the taxpayer is liable as the principal debtor. If the taxpayer is jointly liable for the debt with other persons, only the share attributable to the taxpayer may be deducted.

2) Full deduction of debt shall only be permissible if the taxpayer pays domestic taxes on his or her entire wealth. If taxes are paid in Liechtenstein on only part of the wealth, deduction of debt shall only be permissible according to the ratio of the taxable share of wealth to the total wealth. Deduction of debt shall be impermissible to the extent this results in a negative amount of taxable wealth.

Article 12

Determination of taxable wealth

1) The market value of the assets at the beginning of the tax year or at the beginning of the period of tax liability shall be used in determining the taxable wealth. The following valuation principles shall be applied, as for the valuation of debt and other liabilities:

- a) Livestock shall be estimated according to the market value.
- b) Water powers shall be valued according to market value, taking account of all relevant factors such as the size and continuity of the conceded

- power, the location of the plant, costs, and difficulties associated with its facilities and its operations.
- c) Securities with a quotation shall be valued according to the quotation.
 - d) Securities without a quotation, as well as non-securitized rights and claims, including privileges whose value can be determined, to the extent they do not fall within the scope of subparagraph (e), shall be assessed according to market value, which as a rule shall not be set lower than nominal value, unless the taxpayer demonstrates that the nominal value does not correspond to the market value; the valuation of contested or demonstrably uncertain claims shall take account of the degree of probability that the claims can be realized.
 - e) Rights to recurring benefits, especially ongoing annuities, pledges, rights of abode, privileges and usufructs shall be valued at the amount at which an equivalent benefit could be acquired by persons without a close personal relationship; if the recurring benefit has not been granted for life, then the valuation of the wealth shall aggregate the values of the individual yearly benefits, up to a maximum of fifteen times the yearly benefit; pensions paid on the basis of a previously held office or employment shall not be taken into account when valuing the wealth.
 - f) Rights arising from life insurance with a surrender value shall, up to the date of maturity, be valued according to the surrender value including shared profits; the obligation to take this surrender value into account shall not be cancelled by the designation of a third party as beneficiary.
- 2) Buildings and real estate shall in principle be valued according to the capitalized value, but at least according to the tax assessment value.
 - 3) Business wealth shall be valued according to the acquisition or manufacturing costs, reduced by write-downs and value adjustments.

Article 13

Taxation of dedications

- 1) To the extent that, due to the transfer of wealth to a legal person or special asset dedication not exempted from tax liability pursuant to article 4, paragraph 2, this wealth is no longer subject to the wealth tax and privileges or shares do not become liable to the wealth tax, the transferor shall pay a tax in the amount of 2.5% of the wealth-tax value of the contribution.
- 2) Paragraph 1 shall apply *mutatis mutandis* if circumstances later change, leading to discontinuation of an otherwise applicable wealth tax

liability relating to privileges or shares, as well as if the application referred to article 9, paragraph 3 is revoked.

3. Personal income tax

Article 14

Objective tax liability

- 1) The object of the personal income tax shall be all income in money and money's worth.
- 2) Income shall encompass especially:
 - a) income from the cultivation of real estate used for agriculture or forestry and from any other agricultural or forestry production;
 - b) any income from self-employment in commerce, trade and industry;
 - c) any income from self-employment other than the sources mentioned in subparagraphs (a) and (b);
 - d) all income from an employment relationship under private or public law (employed work), including ancillary income such as compensation for special services, commissions, bonuses, gifts for length of service or anniversaries, gratuities, tips, emoluments and other payments in kind. If the owner of a legal person taxable pursuant to article 44 works for that legal person, the owner shall declare an appropriate salary. For that purpose, the scope of work, the position and associated responsibility, professional skills, the size of the business and other pay arrangements in the business shall be taken into account. This rule shall also apply to persons working for such businesses who participate substantially in the capital of the legal person and thus are able to exercise controlling influence on its management;
 - e) proceeds (pensions and lump-sum benefits) from Old Age, Survivors' and Disability Insurance, compulsory accident insurance, institutions for occupational retirement provision, pension funds, and one-time and recurring payments upon death or for permanent physical or health handicaps;
 - f) all other proceeds replacing income from work, such as daily allowances from unemployment, accident, life and health insurance, after deducting extraordinary expenses not covered by other insurance benefits;
 - g) proceeds from gambling, unless a gambling tax pursuant to the Gambling Act or a foreign tax has been paid on such proceeds;

- h) compensation for the surrender, severance or non-performance of an activity or right;
- i) support payments received by a taxpayer upon divorce or legal or actual separation for himself or herself, as well as support payments received by a parent for children in his or her care;
- k) contributions received by a taxpayer as a beneficiary, to the extent the privilege is not subject to wealth tax pursuant to article 12, paragraph 1(d) or (e) or article 9, paragraph 3;
- l) nominal income as referred to in paragraph 5 arising from taxable wealth as referred to in article 6, paragraph 1.

3) Receipts in kind shall be considered income in the same way as monetary receipts.

4) The income of companies without legal personality shall be attributed to the participating partners, and tax on that income shall be paid by the partners together with the tax on their other income.

5) The personal income tax shall be an annual tax. The basis for assessing the personal income tax shall be determined for each calendar year (tax year). If unrestricted or restricted tax liability does not extend to an entire calendar year, then the period of actual tax liability shall be used instead of the calendar year. Taxpayers with income according to article 14, paragraph 2(b) and (c) who do not settle their invoices at the end of the calendar year shall declare the taxable income according to the results of the past business year.

Article 15

Tax-exempt income

1) Due to taxation of wealth, the following shall not be subject to personal income tax:

- a) income on wealth for which the taxpayer pays wealth tax;
- b) recurring benefits received by the taxpayer which are taken into account in the determination of taxable wealth pursuant to article 12, paragraph 1(e).

2) The following shall likewise not be subject to personal income tax:

- a) income from the cultivation of foreign real estate used for agriculture or forestry and from any other agricultural or forestry production abroad;
- b) income from permanent establishments situated abroad;

- c) one-time accruals of wealth in the form of inheritances, bequests and gifts as well as division of matrimonial wealth;
- d) accruals of wealth from the surrender of private capital insurances, except for vested benefits policies and blocked accounts;
- e) payments of compensation for damages suffered as well as reparation payments;
- f) receipts from the Family Compensation Fund and other receipts that are tax-exempt by law;
- g) receipts by the taxpayer from a health or accident insurance to the extent they serve to cover doctor and hospital costs, medicine, and other costs incurred due to the sickness or accident;
- h) receipts from public resources or from the resources of a public foundation providing support in the case of need of help or care or for the purpose of upbringing or education;
- i) income as defined in article 14 of unrestricted taxpayers to the extent the income does not exceed the subsistence minimum. The subsistence minimum shall be determined by the Government by ordinance, based on the income level exempt from execution. If only part of the income is taxable in Liechtenstein, the total income amount shall be considered. If tax liability extends to a period of less than one year, the total income shall be converted to a full year;
- k) capital payments made by an institution for occupational retirement provision, to the extent the payments remain in a vested benefits account or are used to buy into an institution for occupational retirement provision;
- l) domestic real estate capital gains on business wealth, to the extent these gains are subject to the real estate capital gains tax, as well as capital gains from the sale of foreign real estate;
- m) capital gains from the sale of components of movable and immovable private wealth;
- n) dividends arising from participations in domestic or foreign legal persons;
- o) capital gains from the sale or liquidation of participations in domestic or foreign legal persons;
- p) compensation for honorary and volunteer activities. The Government shall determine the activities and the tax-exempt compensation limits by ordinance;
- q) 30% of the income from the sale or relinquishment of a business. As a precondition, the taxpayer must sell or relinquish the business entirely

and terminate his or her gainful occupation permanently with respect to that business.

Article 16

Determination of taxable income

- 1) Taxable income shall be determined as follows:
 - a) in the case of income from agriculture and forestry as referred to in article 14, paragraph 2(a), on the basis of yield units; the Government shall set out the details by ordinance. Taxpayers who keep proper books of account in accordance with article 17 may demand that taxation be based on the income determined in accordance with the annual accounts;
 - b) in the case of income according to article 14, paragraph 2(b) and (c), on the basis of proper bookkeeping or other suitable records in accordance with article 17. Transfers from business wealth to private wealth and vice-versa shall be valued according to market value;
 - c) in the case of income according to article 14, paragraph 2(d), by deducting professional expenses from receipts.
- 2) For the determination of taxable income, the following may be deducted:
 - a) from agricultural income as referred to in article 14, paragraph 2(a), 600 francs up to an income level of 6,000 francs, 10% in the case of income exceeding 6,000 francs;
 - b) from income according to article 14, paragraph 2(b) and (c):
 1. all professional expenses, such as costs for material and goods, wages and social security expenses for employees, patent and licence fees, commercially justified write-downs, and all other expenses due to the business;
 2. adequate interest that would be paid on the own capital employed in the business in the amount of the nominal income as referred to in article 5; article 12, paragraph 3 and article 54, paragraph 2 shall apply *mutatis mutandis*.
 3. proven business losses, those of years preceding the business year in question to the extent they could not be taken into account in the calculation of the taxable income of those years;
 4. losses from a foreign permanent establishment, to the extent these losses have not already been taken into account in the country where

the permanent establishment is situated. If this permanent establishment records profits in the following years, then these profits shall be allocated to taxable income at most to the extent of the losses previously offset with domestic income; the taxpayer must demonstrate each year that the preconditions for supplementary taxation are not met. The losses not yet compensated in that way shall be allocated to taxable income at the latest upon termination of unrestricted tax liability.

- c) from income according to article 14, paragraph 2(d), 1,500 francs, subject to extraordinary professional expenses claimed. The Government shall by ordinance issue relevant provisions concerning the type, scope, and amount of permissible expenses. With respect to travel to work, the Government shall by ordinance determine bulk deductions, taking account of the distance and irrespective of the means of transport;
 - d) from income according to article 14, paragraph 2(e):
 - 1. 40%, if the payments (deposits, contributions, premium payments) on which the periodic receipts are based have been made exclusively by the taxpayer;
 - 2. 35%, if more than half of the payments on which the periodic receipts are based have been made by the taxpayer;
 - 3. 70%, if the income consists of pensions from Old Age, Survivors' and Disability Insurance or of disability pensions from an accident insurance;
 - 4. 30%, if half of the payments on which the periodic receipts are based have been made by the taxpayer;
 - 5. 25%, if less than half but at least a quarter of the payments on which the periodic receipts are based have been made by the taxpayer;
 - 6. 20% in all other cases.
- 3) Of the taxable income determined in accordance with paragraph 1, the following may be deducted:
- a) for every minor child in the care of the taxpayer and for every child of full age who is still in school or professional training, if the taxpayer pays for most of the child's maintenance and no deduction under the following subparagraph (b) is available, an amount of 9,000 francs; in the case of actual joint care by parents assessed separately, one half of the deduction shall be granted to each parent;
 - b) support paid to a spouse from whom the taxpayer is divorced or legally or actually separated, as well as support paid to a parent for children in that parent's care as well as for every person whom the taxpayer supports pursuant to a legal obligation;

- c) own contributions made by the taxpayer to Old Age, Survivors' and Disability Insurance, to the Family Compensation Fund, to Unemployment Insurance, and to compulsory accident insurance;
 - d) contributions and premiums to private life insurances, health insurances, and accident insurances not falling within the scope of subparagraph (c), up to an amount of at most 3,500 for all taxpayers, at most 7,000 francs for jointly assessed married couples, and at most 2,100 francs per child for whom the taxpayer is entitled to a deduction pursuant to subparagraph (a);
 - e) contributions and premiums to recognized pension schemes, pension funds, and similar institutions for occupational retirement provision: the full amount in the case of one-time contributions and premiums; up to at most 12% of taxable earned income of the taxpayer or the jointly assessed married couple in the case of ongoing contributions and premiums;
 - f) education expenses for children, except expenses for primary, secondary, and domestic music schools, up to an amount of 12,000 francs per child each year. Education expenses for children working on a permanent basis may not be deducted. The total amount of the education expenses shall be reduced by stipends granted by public and private institutions. The education expenses must be substantiated;
 - g) medical, accident, and dental expenses not covered by insurance benefits and borne by the taxpayer for himself or herself and for the persons referred to in subparagraph (d), up to an amount of 6,000 francs per person. The expenses exceeding a total amount of 300 francs per person must be substantiated with receipts;
 - h) voluntary monetary payments to legal persons and special asset dedications with domicile in Liechtenstein which are exempt from tax liability in light of exclusively and irrevocably common-benefit purposes in accordance with article 4, paragraph 2, in the amount of at most 10% of the taxable income prior to application of paragraph 2(b)(3); donations exceeding a total amount of 300 francs must be substantiated with receipts. This shall apply *mutatis mutandis* with respect to legal persons and special asset dedications with domicile in another member country of the European Economic Area or in Switzerland which are exempt from tax liability in light of exclusively and irrevocably common-benefit purposes in the country of domicile and to that extent meet the conditions for an application under article 4, paragraph 2.
- 4) If the tax liability of a taxpayer extends to a period of less than one year, then only a fraction corresponding to the duration of the period of tax liability of the deductions in francs according to paragraph 3 shall be applied.
- 5) The following may in particular not be deducted from taxable income:

- a) expenses for the livelihood of the taxpayer and his or her family;
 - b) expenses incurred by the taxpayer in light of his or her professional standing;
 - c) contributions and premiums paid to private non-life insurances;
 - d) all direct and indirect taxes.
- 6) Article 47, paragraph 3(i) and (k) as well as articles 49 to 53, 55, 56 and 60 shall apply *mutatis mutandis*.

Article 17

Bookkeeping obligation and obligation to preserve records

- 1) Taxpayers with income according to article 14, paragraph 2(b) and (c) shall be required to keep regular proper books of account or other appropriate records. The Government shall provide further details by ordinance.
- 2) The books and receipts shall be kept for ten years.

4. Tax calculation

Article 18

Basic principles of tax calculation

- 1) To the extent wealth amounts prior to application of article 14, paragraph 2(l) are not divisible by one hundred francs and to the extent income amounts are not divisible by ten francs, the amounts shall be rounded down to the next hundred or ten francs, respectively.
- 2) In the case of taxpayers whose tax liability extends to a period of less than one year, the calculation shall be carried out on the basis of the income generated during the period of their tax liability.
- 3) In the case of marriage, married couples shall be taxed jointly for the entire tax year, unless separate assessment in accordance with article 8, paragraph 5 applies.
- 4) In the case of divorce or legal or actual separation of marriage, the spouses shall be taxed separately for the entire tax year. The deductions according to article 16, paragraph 3(a) and (d) may be claimed proportionately by each spouse; the other deductions may be claimed by the spouse who has actually made the respective payments.

5) In the case of death of a spouse, the married couple shall be taxed jointly until the day of death. Death shall be considered the termination of the tax liability of the married couple and the beginning of the tax liability of the surviving spouse; article 21, paragraph 2 shall apply *mutatis mutandis*.

6) Lump-sum benefits according to article 14, paragraph 2(e) shall, taking account of the deduction according to article 16, paragraph 2(d), be subject to taxation separately from the rest of the taxable income. The rate set out in article 19 shall apply in this regard that would result for a pension calculated on the basis of the beneficiary's life expectancy.

Article 19

Tax rate schedule

The national tax shall be calculated according to the taxable income including the wealth converted into income in accordance with article 14, paragraph 2(l). Subject to article 15, paragraph 2(i), article 21 and article 22, it shall amount to the following for taxable incomes x:

- a) for all taxpayers, subject to subparagraphs (b) and (c):
- up to 15,000 francs (basic exemption): 0
 - from 15,001 francs to 25,000 francs: $0.01 \bullet x - 150$
 - from 25,001 francs to 50,000 francs: $0.03 \bullet x - 650$
 - from 50,001 francs to 80,000 francs: $0.04 \bullet x - 1,150$
 - from 80,001 francs to 110,000 francs: $0.05 \bullet x - 1,950$
 - from 110,001 francs to 140,000 francs: $0.06 \bullet x - 3,050$
 - from 140,001 francs to 170,000 francs: $0.065 \bullet x - 3,750$
 - more than 170,000 francs: $0.07 \bullet x - 4,600$;
- b) for single parents as defined in the Family Allowance Act:
- up to 30,000 francs (basic exemption): 0
 - from 30,001 francs to 37,500 francs: $0.01 \bullet x - 300$
 - from 37,501 francs to 75,000 francs: $0.03 \bullet x - 1,050$
 - from 75,001 francs to 120,000 francs: $0.04 \bullet x - 1,800$
 - from 120,001 francs to 165,000 francs: $0.05 \bullet x - 3,000$
 - from 165,001 francs to 210,000 francs: $0.06 \bullet x - 4,650$
 - from 210,001 francs to 255,000 francs: $0.065 \bullet x - 5,700$
 - more than 255,000 francs: $0.07 \bullet x - 6,975$;

- c) for jointly assessed married couples:
- up to 30,000 francs (basic exemption): 0
 - from 30,001 francs to 50,000 francs: $0.01 \bullet x - 300$
 - from 50,001 francs to 100,000 francs: $0.03 \bullet x - 1,300$
 - from 100,001 francs to 160,000 francs: $0.04 \bullet x - 2,300$
 - from 160,001 francs to 220,000 francs: $0.05 \bullet x - 3,900$
 - from 220,001 francs to 280,000 francs: $0.06 \bullet x - 6,100$
 - from 280,001 francs to 340,000 francs: $0.065 \bullet x - 7,500$
 - more than 340,000 francs: $0.07 \bullet x - 9,200$;

Article 20

Compensation for bracket creep

- 1) If the national index of consumer prices has risen by 8% since the last adjustment for bracket creep, the Government shall inform Parliament thereof. The index level prior to the beginning of the tax year shall be used.
- 2) The Government shall also apply to Parliament for full or partial compensation for bracket creep. Parliament shall decide on the compensation for bracket creep.
- 3) Full or partial compensation for bracket creep shall consist of adjustment of the tax rate schedule set out in article 19 and adjustment of the limits and deductions in francs set out in article 16.

Article 21

Proviso of progressive taxation

- 1) The tax shall be paid according to the tax rate applicable to the entire wealth and the entire income if an unrestricted taxpayer:
 - a) has wealth which, pursuant to article 10(e) and (f) or an agreement for the avoidance of double taxation, is tax-exempt;
 - b) has received income which, pursuant to article 15, paragraph 2(a) and (b) or an agreement for the avoidance of double taxation, is tax-exempt;
- 2) If the tax liability of a taxpayer extends to a period of less than one year, then the taxable income shall be taxed at the tax rate that results when the taxable income is multiplied by the ratio of one full year to the period of tax liability.

Article 22

Avoidance of double taxation

1) If the wealth is situated in a country or if the income has been generated in a country with which an agreement for the avoidance of double taxation has been concluded, where such agreement provides for tax exemption with respect to that wealth or income, or in cases where reciprocity is granted, that wealth or income shall be exempted; article 21, paragraph 1 shall not be affected.

2) If the wealth is situated in a country or if the income has been generated in a country with which an agreement for the avoidance of double taxation has been concluded, where such agreement provides that a foreign tax applicable to that wealth and income shall be allowable against domestic taxes, or in cases where reciprocity is granted, then the tax of that country corresponding to the wealth tax and personal income tax shall be allowed against the national and municipal tax applicable to that wealth and income.

Article 23

Special provisions applicable to restricted tax liability

1) In the case of restricted taxpayers, the personal income tax shall:

- a) with respect to income as referred to in article 6, paragraph 5(a), (b) and (g), be assessed in a simplified manner with a tax rate of 4% plus the applicable municipal surcharge in accordance with paragraph 5, taking account of article 16, paragraph 1(a) and (b). Paragraph 4 shall apply *mutatis mutandis*;
- b) with respect to income as referred to in article 6, paragraph 5(c) to (f), be satisfied by the tax deduction.

2) in the case of domestic income as referred to in article 6, paragraph 5(c) and (d), restricted taxpayers shall, upon application, be entitled to claim extraordinary professional expenses (simplified assessment); paragraph 4 shall apply *mutatis mutandis*.

3) Upon application and notwithstanding paragraphs 1 and 2, the tax rate schedule set out in article 19 shall apply to the domestic income of restricted taxpayers (regular assessment). In this case, the deductions ruled out by paragraph 4 may be deducted in the same proportion as the domestic income to the total income of the taxpayer. In this case, the tax rate shall apply to the domestic income that would be applicable to the entire wealth and the entire income, taking account of the total deductions ruled out by paragraph 4.

4) Restricted taxpayers may claim deductions referred to in paragraph 16, paragraph 2 only to the extent that the deductions are economically attributable to domestic income according to article 6, paragraph 5(a) to (e). Other deductions referred to in article 16 shall not be permissible.

5) The municipal surcharge shall be levied:

- a) in the case of income according to article 6, paragraph 5(a), (b) and (g), the municipal surcharge of the municipality is levied in which the real estate or permanent establishment is situated;
- b) in the case of income according to article 6, paragraph 5(c), the municipal surcharge of the municipality in which the activity is carried out;
- c) in the case of income according to article 6, paragraph 5(d), the municipal surcharge of the municipality in which the legal person or special asset dedication has its domicile or effective place of management;
- d) in other cases, in the form of a bulk surcharge of 200%.

5. Tax deducted at source

Article 24

Income subject to the tax deduction

1) In the case of unrestricted taxpayers, income from employed work (article 14, paragraph 2(d)) and compensatory proceeds replacing income from employed work (article 14, paragraph 2(f)) shall be subject to tax deducted at source.

2) In the case of restricted taxpayers, the following shall be subject to tax deducted at source:

- a) income from employed work and compensatory proceeds replacing income from employed work (article 6, paragraph 5(c));
- b) attendance fees, fixed compensation, emoluments, and other inducements paid to members of the board of directors or management of legal persons and special asset dedications whose domicile or effective place of management is situated in Liechtenstein (article 6, paragraph 5(d));
- c) benefits from Old Age, Survivors' and Disability Insurance, an institution for occupational retirement provision or a pension fund pursuant to an earlier domestic employment relationship under public or private law (article 6, paragraph 5(e));

- d) benefits from the dissolution of a vested benefits policy or a blocked account set up for the use of vested benefits arising from occupational retirement provision in Liechtenstein (article 6, paragraph 5(f)).

Article 25

Amount of the tax deduction

1) The basis for calculating the tax deduction shall be the domestic gross income, and in the case of income subject to the tax deduction according to article 24, paragraph 2(c) and (d) the domestic gross income taking account of article 16, paragraph 2(d).

2) In the case of income subject to the tax deduction according to article 24, paragraph 1 and 2(a), the tax deduction shall be determined by the Fiscal Authority. The determination of the tax deduction shall take account of the amount of the expected yearly income, bulk amounts for deductions, and family circumstances.

3) In the case of income subject to the tax deduction according to article 24, paragraph 2(b) to (d), the tax deduction shall amount to 12% of the income.

4) If the taxpayer or the payment debtor objects to the tax deduction, then the taxpayer or the payment debtor may demand that the Fiscal Authority issue a decree concerning the existence and scope of the tax liability. Until a legally binding decision has been made, the payment debtor shall be required to deduct the tax.

Article 26

Double taxation agreements

1) If, pursuant to an agreement for the avoidance of double taxation, the right to tax the income referred to in article 24 lies exclusively with the foreign country of residence of the taxpayer, then the Fiscal Authority shall, upon application, confirm tax exemption to the payment creditor. In this case, the payment debtor may refrain from deducting the tax.

2) If an agreement for the avoidance of double taxation limits the permissible domestic deducted tax to a specific rate, then the Fiscal Authority shall, upon application, confirm the permissible maximum source tax rate to the payment creditor. In this case, the payment debtor may carry out the tax deduction at a reduced rate.

3) If, according to an agreement for the avoidance of double taxation, too much deducted tax has been retained, then the Fiscal Authority shall, upon application, reimburse the proven excess of the retained amounts to the payment creditor. The deadline for submitting the application shall be two year from the time the tax deduction amounts become due.

Article 27

Obligations of the payment debtor

1) The payment debtor shall take all measures necessary to levy the full tax. In particular, the payment debtor shall be required:

- a) to retain the tax owed when monetary payments become due and, in the case of other payments (especially payments in kind) to collect the tax owed by the taxpayer;
- b) to notify the Fiscal Authority of all persons to whom the payment debtor makes payments subject to the tax deduction;
- c) to deliver the periodic tax deduction amounts to the Fiscal Authority, to submit a statement in accordance with article 28, paragraph 3, and to pay any difference.
- d) to furnish the taxpayer with an itemization or confirmation of the tax deduction amounts.

2) The payment debtor shall be liable for payment of the tax deduction amounts. If the payment debtor has not carried out the tax deduction or has carried it out only insufficiently, then the Fiscal Authority shall issue a decree demanding back payment. In this case, the payment creditor shall be furnished with a corrected itemization or confirmation. Should the payment debtor have deducted too much tax, the payment creditor may demand the difference back from the Fiscal Authority, if the difference has been certified to the payment creditor.

3) The payment debtor shall not be liable for tax deduction amounts that the payment debtor did not retain because of presentation of a certification as referred to in paragraph 26, paragraph 1 or 2, on the correctness of which the payment debtor relied. This shall not apply if the payment debtor knew, or did not know due to gross negligence, that the certification was incorrect.

Article 28

Partial and final payments

1) In the case of income according to article 24, paragraph 1 and paragraph 2(a), employers serving as payment debtors shall deliver the sum of the retained tax deduction amounts to the Fiscal Authority on a quarterly basis.

2) In the case of income according to article 24, paragraph 2(b) to (d), payment debtors shall deliver the sum of the retained tax deduction amounts to the Fiscal Authority on a semi-annual basis.

3) After the end of the calendar year, the payment debtor shall submit to the Fiscal Authority the statement on the deducted tax deductions and shall pay any difference.

4) The deadline for paying the amounts referred to in paragraphs 1 to 3 and for submitting the statement shall be determined each year by the Fiscal Authority. If the difference referred to in paragraph 3 is paid late, default interest shall be charged.

Article 29

Allowability and refund

1) In the case of regular and simplified assessment of the taxpayer, the taxable income upon which the tax deduction is based shall be declared irrespective of the tax deduction.

2) The certified tax deduction shall be subject to interest. The Government shall specify the amount of the interest rate by ordinance.

3) The tax deduction amounts referred to in paragraph 2 shall be allowed against the national and municipal taxes owed. If the tax deduction amounts plus interest exceed the national and municipal taxes owed, the difference shall be refunded to the taxpayer.

C. Tax based on expenditure

Article 30

Tax liability and object of the tax

1) In the case of persons who, for the first time or after at least ten years away from the country, take up residence or habitual abode in Liechtenstein, are not Liechtenstein citizens, do not work in Liechtenstein, and live off of the income from their wealth or other receipts from abroad, a tax based on expenditure may, upon application, be levied in lieu of the wealth tax and personal income tax.

2) The application referred to in paragraph 1 must be submitted to the Fiscal Authority. The application must contain detailed information on expenditure.

3) Real estate situated in Liechtenstein shall be subject to the wealth tax. Articles 10 and 11 shall not apply.

4) The Government shall provide further details by ordinance.

Article 31

Review of the application

The Fiscal Authority shall review the application and decide whether the taxpayer shall be made subject to taxation based on expenditure or whether the wealth tax and personal income tax under the regular tax procedure shall apply.

Article 32

Determination of tax

The tax based on expenditure shall be determined in accordance with the total expenditure of the taxpayer.

Article 33

Tax rate

The tax based on expenditure shall amount to 5% of the expenditure referred to in article 32 plus the municipal surcharge according to article 75.

Article 34

Tax notice

If the Fiscal Authority accepts the taxpayer's application, it shall notify the taxpayer of the tax amount and communicate any changes. The tax based on expenditure may be set for several tax years, provided the expenditure amount can be assumed to be regular.

D. Real estate capital gains tax

Article 35

Taxpayers

1) Anyone who, under the law of property, sells real estate or parts thereof situated in Liechtenstein at a gain, must pay real estate capital gains tax thereon.

2) The seller shall be liable for the tax.

3) The following shall be equivalent to a sale:

- a) transfer of real estate through foreclosure or expropriation;
- b) economic change of ownership of real estate, especially by way of
 - 1. legal transactions which have the same effect economically as a sale in terms of power of disposal of the real estate;
 - 2. imposition of an easement under private law or ownership restrictions under public law on the real estate, if this permanently and significantly interferes with the unlimited cultivation or the sales value of the real estate and compensation is paid therefor;
 - 3. transfer of rights of participation in legal persons whose main purpose is the purchase, possession, management and sale of real estate.

Article 36

Tax exemption and tax deferral

- 1) The following shall be exempt from the real estate capital gains tax:
 - a) inconvenience compensation in the expropriation proceedings;
 - b) gains achieved in the resale of real estate acquired by a pledgee or guarantor in foreclosure proceedings, to the extent the gains do not exceed the losses on the pledged or guaranteed claim.
- 2) Taxation shall be deferred in the case of:
 - a) change of ownership due to transfer of wealth by death, advancement of inheritance, or gift;
 - b) merger of property, building land reallocation, or boundary adjustments carried out in accordance with public law.
- 3) Upon application, taxation shall be deferred in the case of:
 - a) restructurings, if they are tax neutral in accordance with article 52;
 - b) change of ownership between spouses, provided the spouses are not legally or actually separated. The application shall be submitted jointly by both spouses;
 - c) change of ownership due to transfer of real estate for settlement of matrimonial wealth or support claims or claims arising from the participation of one spouse in an acquisition by the other. The application shall be submitted jointly by both spouses.
- 4) In the case of tax deferral according to paragraphs 2 and 3, the buyer of the real estate must continue the initial cost of the seller.

Article 37

Real estate capital gains

- 1) Real estate capital gains are the amount by which the proceeds from the sale exceed the initial cost.
- 2) Where pieces of real estate are exchanged, the difference between the market value of the real estate received (real value and premium) and the initial cost of the ceded real estate shall be considered the real estate capital gains. Only the realized gains shall be taxable.

Article 38

Initial cost

The initial cost is the official tax assessment value in accordance with article 12, paragraph 2 at the time of sale, increased by:

- a) the purchase price, to the extent it exceeds the official tax assessment value, and
- b) value-enhancing expenses without the usual maintenance costs.

Article 39

Proceeds from the sale

1) In the case of a sale with a purchase agreement, the purchase price including all other payments by the buyer shall be considered the proceeds from the sale. If the purchase price is incommensurate with the customary market price, then the latter shall be deemed the proceeds from the sale, provided the seller is not related by blood to the buyer in direct line or in the collateral line up to the third degree and is not the buyer's spouse.

2) In the case of transfer of real estate through foreclosure or expropriation, the proceeds from the auction or the compensation payment shall be deemed the proceeds from the sale.

Article 40

Deductions

From the real estate capital gains determined pursuant to articles 37 to 39, losses may be deducted which the taxpayer suffered on the real estate over the past years, to the extent such losses were not covered by insurance benefits.

Article 41

Taxable real estate capital gains

What remains after the deduction referred to in article 40 shall constitute the taxable real estate capital gains.

Article 42

Tax rate

The tax rate schedule set out in article 19(a) shall apply to the taxable real estate capital gains. If, within five years, several parcels of the same real estate, or pieces of real estate which five years before constituted a real estate unit, are sold, then the basic exemption shall only be granted to the same taxpayer once.

Article 43

Surcharges

Instead of the municipal surcharge, a surcharge in the amount of 200% shall be levied on the amount calculated in accordance with article 42.

E. Corporate income tax**1. Tax liability**

Article 44

Personal tax liability

1) Legal persons, along with their entire corporate income, shall be subject to unrestricted tax liability if their domicile or effective place of management is in Liechtenstein; these shall include in particular the following:

- a) corporate bodies (associations, companies limited by shares, partnerships limited by shares, companies limited by parts, private companies limited by shares, cooperative societies, mutual insurance associations), establishments, and foundations;
- b) investment undertakings as referred to in the Investment Undertakings Act;
- c) trust enterprises with legal personality.

2) Legal persons referred to in paragraph 1 who have neither a domicile nor effective place of management in Liechtenstein as well as special asset

dedications without legal personality shall, along with their domestic corporate income, be subject to restricted tax liability.

3) Domestic corporate income under paragraph 2 shall encompass:

- a) corporate income from the cultivation of domestic real estate used for agriculture and forestry;
- b) rental and lease income from real estate situated in Liechtenstein;
- c) the taxable net corporate income of permanent establishments situated in Liechtenstein.

Article 45

Personal tax exemptions

Upon application, the Fiscal Authority shall exempt legal persons referred to in article 44, paragraph 1 from the corporate income tax, if:

- a) they limit the payment of dividends to the notional income set out in article 5 on the capital not received in the form of donations by third parties;
- b) their articles rules out the payment of emoluments;
- c) they serve common-benefit purposes to the exclusion of any economic activity; and
- d) upon dissolution, their articles assign the assets remaining after repayment of the capital not received in the form of donations by third parties to similar purposes.

Article 46

Time limitation on tax liability

1) The tax liability shall commence:

- a) with the formation of the legal person or the relocation of its domicile or effective place of management to Liechtenstein (unrestricted tax liability);
or
- b) at the point in time at which domestic corporate income is generated or the permanent establishment is entered in the Public Registry (restricted tax liability).

2) The tax liability shall end:

- a) upon conclusion of the liquidation or relocation of the domicile or effective place of management abroad (unrestricted tax liability); or
- b) upon discontinuation of domestic corporate income or deletion of the permanent establishment from the Public Registry (restricted tax liability).

2. Determination of taxable net corporate income

Article 47

Object of taxation

1) The corporate income tax shall be determined according to taxable net corporate income. Taxable net corporate income shall be calculated on the basis of the annual accounts prepared in accordance with the Law on Persons and Companies, taking account of the following provisions.

2) Article 14, paragraph 4 shall apply *mutatis mutandis*.

3) Subject to paragraphs 4 and 5, taxable net corporate income shall consist of the totality of corporate income reduced by commercially justified expenses. In particular, taxable net corporate income shall include:

- a) the balance of the profit and loss statement;
- b) all parts of the operating result separated out in the calculation of the balance of the profit and loss statement that are not used to cover commercially justified expenses;
- c) write-downs, value adjustments and provisions, to the extent they are not commercially justified;
- d) allocations to the reserve fund, to the extent they are not commercially justified, subject to any tax-privileged provisions under article 60;
- e) profits distributed to the members or partners of the undertaking or to holders of non-membership dividend rights (participation certificates, founder's shares) or to persons with a close relationship to them as well as hidden profit distributions;
- f) tax expenses;
- g) payments for the transfer of borrowed capital to associated undertakings and partners or persons with a close relationship to them, to the extent the amount of such payments does not at least correspond to the arm's length principle referred to in article 49;

- h) voluntary monetary payments to legal persons and special asset dedications with domicile in Liechtenstein which are exempt from tax liability in light of exclusively and irrevocably common-benefit purposes in accordance with article 4, paragraph 2, to the extent they exceed 10% of the taxable net corporate income prior to application of articles 57 and 58. This shall apply *mutatis mutandis* with respect to legal persons and special asset dedications with domicile in another member country of the European Economic Area or in Switzerland which are exempt from tax liability in light of exclusively and irrevocably common-benefit purposes in the country of domicile and to that extent meet the conditions for an application under article 4, paragraph 2;
 - i) fines, monetary penalties, and comparable legal consequences relating to wealth, provided the penal nature predominates;
 - k) payments pursuant to § 307 of the Criminal Code.
- 4) The following shall not be considered taxable net corporate income:
- a) capital brought in by members of capital companies and cooperatives, including premiums and payments with no hope of a return;
 - b) capital growth due to inheritance, bequest or gift;
- 5) When determining taxable net corporate income, restricted taxpayers may only claim deductions to the extent that they are economically related to domestic corporate income as referred to in article 44, paragraph 3.
- 6) The corporate income tax shall be an annual tax. The basis for assessing the corporate income tax shall be determined for each calendar year (tax year). If unrestricted or restricted tax liability does not extend to an entire calendar year, then the period of actual tax liability shall be used instead of the calendar year. Taxpayers who do not close their accounts at the end of the calendar year shall declare the taxable net corporate income according to the results of the past business year.
- 7) The Government shall provide further details concerning taxable net corporate income by ordinance.

Article 48

Tax-exempt corporate income

- 1) In the case of unrestricted taxpayers, the following shall not be included in the taxable net corporate income:

- a) corporate income from the cultivation of foreign real estate used for agriculture or forestry and from any other agricultural or forestry production abroad;
- b) foreign permanent establishment results;
- c) rental and lease income from real estate situated abroad;
- d) domestic real estate capital gains, to the extent they are subject to the real estate capital gains tax in Liechtenstein, and capital gains from the sale of foreign real estate;
- e) dividends arising from participations in domestic or foreign legal persons;
- f) capital gains from the sale or liquidation of participations in domestic or legal foreign persons;
- g) corporate income from the managed assets of investment undertakings in accordance with the Investment Undertakings Act;
- h) corporate income from the net assets of legal persons subject to the Pension Funds Act, provided these assets are allocated exclusively and irrevocably to occupational retirement provision.

2) In the case of restricted taxpayers, the following shall not be included in the taxable net corporate income:

- a) domestic real estate capital gains, to the extent they are subject to the real estate capital gains tax in Liechtenstein;
- b) dividends arising from participations in domestic or foreign legal persons;
- c) capital gains from the sale or liquidation of shares in domestic or legal foreign persons.

Article 49

Arm's length principle

Where corporate income or expenses of a taxpayer arising from a business relationship with persons with a close relationship are changed in such a way that other conditions are taken as a basis than mutually independent third parties would have agreed under otherwise identical circumstances, the determination of taxable net corporate income shall assume corporate income and expenses as would have applied in a relationship between independent third parties.

Article 50

Replacement purchases

1) If an operational investment asset is removed from the business assets, the hidden reserves may be transferred to an asset (replacement object), if

- a) the asset is a necessary operational investment asset that directly serves the business; in particular, assets shall be excluded that serve the undertaking solely as an investment or solely through the corporate income they generate, as well as participations and real estate, to the extent the profit from the sale of the real estate is subject to the real estate capital gains tax;
- b) replacement of the asset was necessary on economic, legal, technical, or actual grounds; and
- c) the hidden reserves in the replacement object are subject to taxation in Liechtenstein.

2) If the replacement purchase does not take place in the same business year, a provision may be established in the amount of the hidden reserves. This provision must be used within a reasonable period as a write-down on the replacement object or dissolved and included in the taxable net corporate income.

3) Where the taxpayer receives compensation for an operational investment asset that was damaged due to force majeure or official intervention, a provision may be established in the amount of the compensation if the asset is only repaired in a later business year. The provision must be fully dissolved and included in the taxable net corporate income at the time of repair.

Article 51

Delimitation of the right of taxation

1) If the domestic right of taxation with respect to the profit from the sale or use of an asset is excluded or limited by measures taken by the taxpayer, the asset shall be deemed sold or transferred at the arm's length price.

2) If the exclusion or limitation of the domestic right of taxation is due to transfer of an asset to a permanent establishment abroad or due to relocation of the taxpayer or the taxpayer's domicile abroad, the tax shall be deferred without interest until the actual realization, to the extent enforcement of the tax liability is ensured. Any depreciations occurring in the meantime shall be taken into account at most to the extent of the assessment basis set out in

paragraph 1, and only to the extent that the depreciation is not taken into account in another country. The taxpayer must demonstrate each year that the preconditions for deferral under sentence 1 continue to be met; in cases of depreciation upon actual sale, the taxpayer must demonstrate that the loss is not taken into account abroad.

3) If the domestic right of taxation with respect to profit arises from the sale or use of an asset, the asset shall be deemed acquired or used at the arm's length price.

Article 52

Restructurings

1) Hidden reserves of a legal person (undertaking) shall not be taxed in the cases of restructuring referred to below, to the extent that the domestic right of taxation persists and the accepting undertaking continues the values previously relevant to the corporate income tax. For purposes of this article, restructurings shall in particular be deemed to encompass the following:

- a) transformation into another legal person or company without legal personality (change of form);
- b) transfer of assets through division or separation among one or more other legal persons, provided that a branch of business is transferred to each accepting undertaking and, in the case of separation, a branch of business remains with the transferring company;
- c) merger;
- d) contribution of businesses or branches of businesses and participations held in operational business assets of domestic or foreign legal persons.

2) With respect to the valuation rate, the accepting undertaking shall not be bound by the valuation rate used for its commercial profit determination.

3) To the extent the domestic right of taxation does not persist pursuant to a restructuring as referred to in paragraph 1, article 51, paragraph 2 shall apply *mutatis mutandis*.

4) In cases under paragraph 1, subparagraphs (a) to (c), the accepting undertaking shall assume the tax law status of the transferring undertaking; this also shall apply to the taking account of losses under article 57. In cases under paragraph 1, subparagraph (b), a loss carried forward by the transferring undertaking shall be transferred in proportion to the asset items transferred.

5) If, in cases under paragraph 1, subparagraphs (c) and (d), consideration is rendered that does not consist in shares of the accepting undertaking, then the accepting undertaking must assess the economic goods contributed at least at the value of the consideration rendered.

6) For the accepting undertaking, any profit or loss in the amount of the difference between the value of shares in the transferring undertaking previously relevant for the corporate income tax and the takeover value of the transferred assets and liabilities shall not be taken into account. This shall not apply to the extent that a write-down under article 53, paragraph 1 was performed in previous business years on shares of the transferring undertaking that has not yet been recovered under article 53, paragraph 2.

7) If the profit of the accepting undertaking is increased because the transfer of assets results in the expiry of claims and liabilities between the transferring and the accepting undertaking or in the dissolution of provisions, the accepting undertaking may, to that extent, establish a provision that mitigates the taxable profit. In the three business years following its establishment, the provision shall be dissolved at the rate of at least one third each year and included in the taxable net corporate income.

8) For shareholders of the transferring undertaking who become shareholders of the accepting undertaking as part of a restructuring, the shares in the transferring undertaking shall be deemed sold at the value previously relevant for the corporate income tax, and the shares replacing them shall be deemed bought at that value. If a write-down under article 53, paragraph 1 was performed in previous business years on shares of the transferring undertaking that has not yet been recovered under article 53, paragraph 2, the shares shall be deemed sold at their acquisition cost, and the shares replacing them shall be deemed bought at that value; article 53 shall be applied. In cases under paragraph 1, subparagraph (d), the shares received upon contribution shall be valued by the shareholder at the value of the contributed assets previously relevant for the corporate income tax.

9) The corporate income and the assets of the transferring undertaking and of the accepting undertaking shall be determined as if the assets of the transferring undertaking had been transferred in whole or in part to the accepting undertaking upon expiry of the cut-off date of the balance sheet applicable to the transfer. This cut-off date must be at most eight months prior to application for entry of the restructuring in the Public Registry or, if such entry is not required, at most eight months prior to the date the contribution agreement is concluded.

10) Upon sale of a participation acquired in the last five years pursuant to a transaction under paragraph 1, subparagraph (d) at a value lower than the market price at the time, the transferred hidden reserves, reduced by one fifth

for each full year after the transfer date for tax purposes, shall be subsequently taxed. This shall apply *mutatis mutandis* to transactions that, unlike a sale, result from an economic perspective in non-taxability in Liechtenstein of the realization of the hidden reserves inherent in the shares, as well as to procedures referred to in article 51, paragraph 1, to the extent no deferral under article 51, paragraph 2 is to be granted. The shareholder must demonstrate each year that the preconditions set out in this paragraph are not met.

Article 53

Write-downs and value adjustments in case of permanent depreciation of participations

1) Write-downs or value adjustments may be performed on participations in domestic or foreign legal persons if a permanent depreciation is expected or if a depreciation has been realized.

2) If a write-down or value adjustment on a participation has been performed under paragraph 1 and if, in a later business year, it turns out that the grounds for a permanent depreciation no longer apply, then a write-up shall be performed that corresponds to the appreciation, but at most in the amount of the write-downs or value adjustments performed under paragraph 1. This write-up shall lead to an increase of the taxable net corporate income only to the extent that these write-downs or value adjustments were tax-relevant according to paragraph 4.

3) To the extent write-downs or value adjustments performed under paragraph 1 that were tax-relevant according to paragraph 4 have not yet been recovered under paragraph 2, capital gains achieved by the taxpayer or a person with a close relationship to the taxpayer from the sale of this participation shall not be tax-exempt under article 48, paragraph 1(f) or article 48, paragraph 2(c) up to the amount of the write-downs or value adjustments that have not yet been recovered.

4) A write-down or value adjustment under paragraph 1 shall only result in an expense recognized for tax purposes to the extent that the value of the participation is lower than the value derived under this paragraph (depreciation basis). If the participation is not acquired by a person with a close relationship, the acquisition costs shall be deemed the depreciation basis. If the participation is acquired by a person with a close relationship, the depreciation basis of the person with a close relationship shall be assumed, to the extent it does not exceed the acquisition costs.

5) Paragraphs 1 to 4 shall not apply to the trading assets governed by the provisions of banking law.

Article 54

Notional interest deduction

1) Reasonable interest paid on the modified equity capital in the amount of the notional income set out in article 5 (notional interest deduction) shall also be deemed a commercially justified expense. The notional interest deduction may give rise to or increase a current loss.

2) The modified equity capital shall encompass paid-in nominal capital, capital stock or share capital and the reserves constituting own assets. Own shares, participations in legal persons, net assets in foreign real estate and permanent establishments, and assets not operationally necessary shall be deducted. Valuation shall be performed as of the beginning of the business year; accruals and decreases in assets during the current business year shall be taken into account. If the modified equity capital is negative, the notional interest deduction shall be 0 francs.

3) The Government shall provide further details by ordinance.

Article 55

Deduction for income from intellectual property rights

80% of the sum of positive income from intellectual property rights shall also be considered a commercially justified expense. The Government shall provide further details by ordinance.

Article 56

Merchant ships

Upon application, the provisions in this chapter may be deviated from with respect to the determination of taxable net corporate income associated with the operation of merchant ships. The Government shall provide further details by ordinance.

Article 57

Losses

1) Positive taxable net corporate income in a given year shall be reduced by the loss carried forward. The loss carried forward at the end of the year shall be equal to the loss carried forward at the end of the previous year augmented by any loss and reduced by any amount offset under sentence 1.

2) Losses from a foreign permanent establishment may be offset with taxable net corporate income, to the extent these losses are not already taken into account in the country where the permanent establishment is situated or in another country. If that permanent establishment records profits in the following years, these profits shall be added to taxable net corporate income at most in the amount of the losses previously offset with taxable net corporate income; each year, the taxpayer must demonstrate that the preconditions for supplementary taxation are not met. Losses subsequently not yet compensated shall be allocated to taxable net corporate income at the latest upon termination of unrestricted tax liability.

Article 58

Group taxation

1) Upon application, associated legal persons may, in accordance with paragraph 2, form a corporate group and compensate losses arising in a given year within the corporate group with profits generated during the same year. The compensation shall be carried out by attributing the loss from the group members to the group parent or – to the extent a loss remains after offsetting any attributable losses with the taxable net corporate income of the group parent – from the group parent to a group member that is subject to unrestricted tax liability in Liechtenstein. The loss shall be attributed in proportion to the amount of the direct participation, attributable to domestic business assets, of the group parent in the nominal capital, capital stock, or share capital of each group member (participation quota). The losses attributable to a group member shall be limited to the proportion of the taxable net corporate income of that group member corresponding to the participation quota. Any loss carryforward of a group member existing prior to submission of the application may not be attributed to the group parent or a group member, but may only be offset with positive taxable net corporate income of the group member which suffered the losses.

2) Legal persons shall be deemed associated provided that a legal person with domicile or effective place of management in Liechtenstein (group parent) has held since the beginning of the business year without interruption,

directly or indirectly, more than 50% of the voting rights and more than 50% of the rights pertaining to the nominal capital, capital stock, or share capital of one or more other domestic or foreign legal persons (group members). A legal person with neither domicile nor effective place of management in Liechtenstein may be the group parent only for purposes of paragraph 4 unless it has a registered branch in Liechtenstein to which the shares are economically attributable; in that case, the rights and duties arising from group taxation shall appertain to the domestic branch. Legal persons which have essentially terminated their activity may neither be the group parent nor a group member.

3) The application to form a corporate group must designate the group parent and all group members to be included. It shall not be necessary for all associated legal persons referred to in paragraph 2 to become group members. The group parent and the group members must have uniform business years.

4) The amount of the attributable loss shall be calculated in accordance with the rules under this Act for determining the taxable net corporate income.

5) If a tax-relevant write-down as referred to in article 53, paragraph 1 is carried out with respect to the participation in a group member, the taxable net corporate income of the company to which losses of that group member have been attributed in a tax-relevant manner in previous business years shall be increased by the amount of the write-down, but at most up to the amount of the losses of that group member attributed to that company in a tax-relevant manner in previous business years. If the participation quota in a group member is reduced, the attributed and not yet compensated losses of that group member shall, in proportion to the reduction of the participation quota, be attributed to the taxable net corporate income of the company with respect to which the attribution of losses has become tax-relevant. This shall apply *mutatis mutandis* to the reduction of the participation quota in a group member to which losses have been attributed.

6) To the extent a group member or the group parent is or would be able to offset losses from previous years with its own taxable net corporate income, then, in accordance with paragraph 1, sentences 3 and 4, the taxable net corporate income of the company to which these losses have been attributed in a tax-relevant manner in previous business years shall be increased up to the amount of these losses, to the extent they have not yet been compensated in accordance with paragraph 5.

7) Attributed losses of a group member which is no longer a group member at the end of the business year of the group parent shall be attributed to the taxable net corporate income of the company with respect to which the

attribution of losses has become tax-relevant, to the extent they have not yet been compensated in accordance with paragraph 5 or 6. At that point in time at which the preconditions of group taxation no longer obtain, all attributed losses of the group members, to the extent they have not yet been compensated in accordance with paragraphs 5 or 6 or sentence 1, shall be attributed to the taxable net corporate income of the company with respect to which the attribution of losses has become tax-relevant.

8) Losses attributed to a group member that have not yet been compensated in accordance with paragraphs 5, 6 or 7 shall be attributed to the taxable net corporate income of that company, provided that company is no longer a group member at the end of the business year of the group parent. The taxable net corporate income of the group parent shall be reduced by that amount.

9) Each year, the group parent shall provide evidence to the Fiscal Authority that the preconditions set out in paragraphs 5 to 8 have not been met.

10) The Government shall provide further details by ordinance.

Article 59

Special accounting rules

1) To the extent required by the tax-neutral application of special accounting rules, the determination of taxable net corporate income may also take account of write-downs, value adjustments, replacement purchases, valuation rates arising from restructurings, and tax-privileged provisions that cannot be booked in the annual accounts prepared in accordance with these accounting rules.

2) By ordinance, the Government shall set out the conditions and the scope of these write-downs, value adjustments, and provisions as well as the obligations of the taxpayers to cooperate.

Article 60

Tax-privileged provisions

1) To the extent demanded by economic circumstances, the Government may by ordinance exempt from the corporate income tax, in whole or in part, tax-privileged provisions earmarked for the purpose of establishing reserves for the provision of employment and research and development funds.

2) By ordinance, the Government shall provide more detailed provisions concerning the purpose, use, administration, and control of tax-privileged provisions and concerning their permissible amount and relationship to corporate income.

3. Calculation of tax

Article 61

Tax rate

The corporate income tax shall be 12.5% of the taxable net corporate income.

Article 62

Minimum corporate income tax

1) Legal persons with unrestricted or restricted tax liability shall be subject to a minimum corporate income tax. This minimum corporate income tax shall be fully allowable against the corporate income tax.

2) The minimum corporate income tax shall be 1,200 francs. The minimum corporate income tax shall be paid within the framework of the tax assessment. In the case of taxpayers who are not assessed, the minimum corporate income tax shall be paid for one year in advance.

3) In the case of taxpayers whose exclusive purpose is to operate a commercially conducted business and whose average balance sheet total over the last three business years did not exceed 500,000 francs, the minimum corporate income tax shall not be levied.

Article 63

Avoidance of double taxation

Article 22 shall apply *mutatis mutandis*.

4. Private asset structures

Article 64

Requirements and taxation

1) Private asset structures are all legal persons:

- a) which do not carry out any economic activity in the pursuit of their purpose, especially if they exclusively acquire, possess, administer and sell financial instruments as referred to in article 4, paragraph 1(g) of the Asset Management Act as well as participations in legal persons, liquid monies and bank account balances;
- b) whose shares or units are not publicly placed and are not traded on an exchange and whose possession is reserved to the investors referred to in paragraph 3 or with respect to which no investors other than those referred to in paragraph 3 are beneficiaries;
- c) which neither solicit shareholders and investors nor receive remunerations or reimbursements for expenses from shareholders, investors, or third parties for their activities referred to in subparagraph (a); and
- d) whose articles entail that they are subject to the restrictions applicable to private asset structures.

2) A private asset structure may hold participations within the meaning of paragraph 1(a) only under the condition that it or its shareholders or beneficiaries do not exert actual control on the management of such companies through direct or indirect influence.

3) An investor for purposes of this article is:

- a) a natural person acting within the context of management of his or her private wealth;
- b) an asset structure acting solely in the interest of the private wealth of one or more natural persons; or
- c) an intermediary person acting for the account of investors referred to in subparagraph (a) or (b).

4) Compliance with the conditions set out in paragraphs 1 to 3 shall be confirmed by the taxpayer to the Fiscal Authority upon formation and subsequently in the case of significant changes. In the case of private asset structures that must have their annual accounts audited by an auditor in accordance with the provisions of the Law on Persons and Companies, this confirmation may be issued by the auditor.

5) Upon presentation of the required confirmations under paragraph 4, the Fiscal Authority shall decide on the status as a private asset structure. The taxpayer may appeal this decision in accordance with article 117 within 30 days.

6) The Fiscal Authority shall be responsible for verifying the status as a private asset structure. In particular, it shall be entitled and required to verify compliance with the conditions set out in paragraphs 1 to 3. The Fiscal Authority may assign the verification of the conditions set out in paragraphs 1 to 3 to third parties.

7) The Government shall provide further details by ordinance, especially the deadlines and the form for submitting the confirmation referred to in paragraph 4, the procedure for carrying out verifications under paragraph 6, and the levy of fees.

8) Private asset structures shall be subject only to the minimum corporate income tax in accordance with article 62, paragraphs 1 and 2 and shall not be assessed.

5. Special asset dedications without legal personality

Article 65

Taxation

1) Special asset dedications without legal personality whose domicile or effective place of management is in Liechtenstein shall, subject to paragraph 2, be subject exclusively to the minimum corporate income tax in accordance with article 62, paragraphs 1 and 2 and shall not be assessed.

2) Special asset dedications without legal personality that are subject to restricted tax liability along with their domestic corporate income in accordance with article 44, paragraph 2 shall be subject to the minimum corporate income tax in accordance with article 62, paragraphs 1 and 2.

F. Formation tax and tax on insurance premiums

1. Formation tax

Article 66

Object and amount

1) When a legal person as referred to in article 44 is formed or when its domicile is relocated to Liechtenstein or its capital increased, and unless Swiss stamp duty law applies, a formation tax in the amount of 1% of the capital shall be levied, with a general exemption limit of 1 million francs. For any capital exceeding five million francs, the formation tax shall be reduced to 0.5%, and for any capital exceeding ten million francs to 0.3%. The capital as specified in the articles shall be determinative. This paragraph is subject to paragraph 3.

2) The formation fee shall also be levied in the case of change of ownership of participation rights in legal persons that have been economically liquidated or made liquid.

3) Foundations and asset dedications without legal personality shall pay a formation tax in the amount of 0.2% of the capital as referred to in paragraph 1, but at least 200 francs.

2. Tax on insurance premiums

Article 67

Principle

Unless Swiss stamp duty law applies, a tax in accordance with the following provisions shall be levied on insurance premiums.

Article 68

Object of the tax

The object of the tax shall be the premium payments pursuant to a contract or an insurance relationship established by other means, provided the insured risk is situated in Liechtenstein.

Article 69

Exceptions

Premium payments for the following shall be exempt from the tax:

- a) life insurance that cannot be surrendered, as well as life insurance that can be surrendered with periodic premium payments. The Government shall determine the necessary delimitations by ordinance.
- b) life insurance, to the extent it serves occupational retirement provision as defined by the Law on Occupational Pension Provision;
- c) health and disability insurance;
- d) accident insurance;
- e) transport insurance for goods;
- f) insurance for damage to cropland and crops caused by natural hazards;
- g) unemployment insurance;
- h) hail insurance;
- i) livestock insurance;
- k) reinsurance.

Article 70

Tax liability

Insurance undertakings engaged in insurance business (insurers) in Liechtenstein shall be subject to the tax.

Article 71

Tax rates and basis for calculation

- 1) The tax shall be 5% of the cash premium; for life insurance, it shall be 2.5% of the cash premium.
- 2) If the amount relevant to calculation of the tax is stated in a foreign currency, it shall be converted to francs at the time the tax claim arises.

Article 72

Refund

If the levy of the tax on insurance premiums violates article 46, paragraph 2 of Council Directive 92/49/EEC of 18 June 1992 on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance (EEA Compendium of Laws; Annex IX – 7a.01) or article 50, paragraph 1 of Directive 2002/83/EC of the European Parliament and of the Council of 5 November 2002 concerning life assurance (EEA Compendium of Laws; Annex IX – 11.01), then the tax levied to that extent shall be refunded to the insurer.

III. Municipal taxes**A. Share of municipalities in the national taxes**

Article 73

Real estate capital gains tax

The municipality in which the real estate giving rise to the real estate capital gains tax is located shall receive two thirds of the real estate capital gains tax.

Article 74

Corporate income tax

1) To the extent the corporate income tax exceeds the minimum corporate income tax, the municipality where the legal person has its domicile or permanent establishment shall receive a share of 40% of the corporate income tax.

2) If the share of a municipality exceeds 40% of the sum of the shares of all municipalities, then the share of the municipality shall be reduced accordingly.

3) If the domicile and permanent establishment are situated in different municipalities, then the share shall be distributed among these municipalities; the municipality in which the domicile is situated shall, in addition to any

share pursuant to paragraph 4, antecedently receive a share of 20%. If, however, the legal person does not develop any activities or any significant activities at its domicile, then the share of the municipality of domicile may be reduced, or allocation of a share may be omitted.

4) If permanent establishments of the same legal person are situated in several municipalities, then the permanent establishment share shall be calculated taking account of the assets or employed persons situated in the individual municipalities or on the basis of a quantity relevant to the line of business in question.

5) The Fiscal Authority shall determine the distribution among the municipalities in the cases referred to in paragraphs 3 and 4. Upon enquiry by a municipality affected by the distribution, the Fiscal Authority shall provide information on the percentage amount of the share of the municipality of domicile according to paragraph 3 and on the percentage distribution of the municipal share among the affected municipalities according to paragraph 4.

B. Municipal surcharge on wealth tax and personal income tax

Article 75

Principle

1) Subject to paragraph 2, a surcharge shall be levied as a municipal tax in addition to the national wealth tax and personal income tax, including the tax on dedications according to article 13; this shall also apply to taxation based on expenditure according to article 33.

2) No surcharge shall be levied on the tax deducted at source in accordance with article 25.

3) The rate of this surcharge shall be determined by the municipal council each year as a percentage of the national tax, but it may be neither lower than 150% nor higher than 250%.

4) The surcharge shall be levied along with the national tax.

Article 76

Place of taxation

The collection of the municipal surcharge shall be the responsibility of the municipality which, pursuant to article 101, is responsible for participating in assessment and collection of the national tax.

Article 77

Division of tax amount

1) The municipal surcharge shall be divided among several municipalities if:

- a) the taxpayer changes residence during the tax year, in which case the affected municipalities shall participate in the surcharge proportionately to the duration of residence in the respective municipality; residence of less than three months in a municipality shall be ignored;
- b) the taxpayer's residence and business operations (place of work) are not in the same municipality, in which case the surcharge shall be divided in the proportion of the income according to article 14, paragraph 2(1) to the rest of the income. The part of the surcharge corresponding to the share of income according to article 14, paragraph 2(1) shall be allocated to the municipality of residence, and the part corresponding to the share of the rest of the income to the municipality in which the business operations or place of work is situated;
- c) the business operations of a taxpayer are situated on the territory of several municipalities, in which case the surcharge shall be divided among the participating municipalities in proportion to the extent of the business operations in the individual municipalities;
- d) a taxpayer has real estate in a municipality other than his or her municipality of residence, in which case the municipality in which the pieces of real estate are situated shall be entitled to the part of the surcharge that results from the ratio between the income arising from these pieces of real estate according to article 14, paragraph 2(1) and the entire income of the taxpayer.

2) If, according to the provisions above, several municipalities have a share in the municipal surcharge of a taxpayer, then the surcharge shall be collected by the municipalities responsible for collecting the national tax and distributed among the entitled municipalities. The surcharge rates of the entitled municipalities shall apply for the calculation of the surcharges.

3) The Fiscal Authority shall decide disputes among entitled municipalities concerning division of the tax amount, subject to the right of appeal to the National Tax Commission.

IV. Organization and implementation

A. Organization

Article 78

Tax authorities and supervision

- 1) The tax authorities for purposes of this Act shall be:
 - a) the Fiscal Authority;
 - b) the municipal tax offices;
 - c) the National Tax Commission.
- 2) The Government shall exercise supervision over the tax system.

Article 79

Fiscal Authority

The Fiscal Authority shall be responsible for execution of this Act, unless specific tasks have been assigned to special authorities.

Article 80

Municipal tax office

- 1) For purposes of participating in the execution of the provisions on wealth tax and personal income tax, each municipality shall maintain a municipal tax office, the administration of which shall be integrated into the organization of the municipality.
- 2) It shall be the responsibility of the municipal tax office to prepare assessment of the taxpayers subject to wealth tax and personal income tax. For this purpose, it shall in particular maintain a tax register and shall register

all facts significant for assessment and shall verify self-reported data in the tax returns.

3) The municipal tax office shall participate in the assessment of taxpayers subject to wealth tax and personal income tax by preparing recommendations for assessment.

4) Within the framework of this article, the Fiscal Authority shall issue the required instructions and directives.

Article 81

National Tax Commission

1) The National Tax Commission shall be the appeals body in tax matters and shall decide on appeals against decisions and decrees of the Fiscal Authority and the municipal tax offices.

2) The National Tax Commission shall be elected by Parliament for a term of four years. The members of the National Tax Commission shall be sworn in by the Government.

3) The National Tax Commission shall be composed of five members and three substitute members. The president and vice-president must be versed in the law and shall be appointed by Parliament. The National Tax Commission shall issue its own rules of procedure.

4) Government Ministers and employees of the Fiscal Authority and the municipal tax offices shall be excluded from appointment to the National Tax Commission.

5) The provisions of the National Public Administration Act concerning recusal and accountability shall apply to the members of the National Tax Commission.

Article 82

Costs

1) The costs of the Fiscal Authority and the National Tax Commission shall be borne by the State.

2) The costs of the participation of municipal bodies in the execution of the Tax Act shall be borne by the respective municipality.

B. General procedural principles

1. Official duties

Article 83

Official secrecy

1) Persons entrusted with execution of this Act or consulted for that purpose shall maintain secrecy concerning taxpayers' professional and private circumstances of which they gain knowledge in the course of their official activities and concerning deliberations within the tax authorities, and they shall deny third parties access to official records.

2) Breaches of official secrecy shall be permissible within the framework of administrative assistance (article 84) or the duty of disclosure (article 85).

Article 84

Administrative assistance

1) The tax authorities shall be required to provide information to each other at no charge.

2) Courts, administrative authorities of the State and the municipalities as well as domestic insurance institutions under public law shall be required to provide information necessary to execute this Act to the Fiscal Authority upon request at no charge.

3) The tax authorities shall be required to provide information to the Government, the courts, and the domestic insurance institutions under public law concerning the circumstances of taxpayers, to the extent necessary for official purposes of the requesting bodies.

4) The Fiscal Authority shall be required to provide information to other administrative authorities only to the extent governed by special legislation and to the extent this information is necessary for official purposes of the requesting bodies.

Article 85

Duty of disclosure

1) Courts, administrative authorities of the State and the municipalities, as well as domestic insurance institutions under public law shall be required to immediately notify the Fiscal Authority of violations of the provisions of this Act of which they learn in the performance of official functions and which may lead or have led to incomplete assessment. Legally protected professional secrecy shall be maintained.

2) The Fiscal Authority shall be required to immediately notify domestic insurance institutions under public law as well as administrative authorities of the State and the municipalities of violations of legal provisions of which they learn in the performance of official functions and that may lead or have led to an impermissible State benefit.

Article 86

Data processing

1) The tax authorities shall be authorized to process personal data, including personality profiles and especially sensitive personal data concerning administrative or penal prosecutions and sanctions, which they require to fulfil the responsibilities assigned to them by this Act. For this purpose, they may operate an information system.

2) The disclosure of personal data pursuant to article 84 or 85 shall be orally or in writing. If regular transmission is necessary, personal data may also be made available using a computerized access procedure.

3) The Government shall provide further details by ordinance.

2. Procedural status of spouses

Article 87

Spouses

1) Spouses who are assessed jointly shall be entitled to the following procedural status:

a) They shall jointly exercise the procedural rights and duties granted to taxpayers by this Act.

- b) They must submit a joint tax return and sign it jointly.
- c) Legal remedies and other submissions shall be considered submitted in a timely manner if one spouse meets the deadline.
- d) Notices by the Fiscal Authority shall be addressed to the spouses jointly.

2) Spouses who are assessed separately shall exercise the rights and duties set out in paragraph 1(a) to (c) separately; notices shall be sent to both spouses.

3. Procedural rights of taxpayers

Article 88

Inspection of records

1) Taxpayers shall be entitled to inspect the documents submitted or signed by them. Jointly assessed spouses shall be entitled to inspect each other's documents.

2) The other documents concerning them shall be made available to taxpayers for inspection provided that determination of the facts has been concluded and to the extent no public or private interests are opposed.

3) If a taxpayer is not permitted to inspect a document, then it may not be used to the detriment of the taxpayer, unless the authority has communicated the contents essential to the matter orally or in writing to the taxpayer and has given the taxpayer the opportunity to comment or to designate evidence to the contrary.

Article 89

Gathering of evidence

The evidence offered by the taxpayer shall be gathered, to the extent it is suitable to determine the facts relevant to assessment.

Article 90

Contractual representation

Taxpayers may arrange representation before the tax authorities, to the extent personal participation is not necessary. The representative must identify himself or herself to the authority by written power of attorney.

Article 91

Required representation

1) The tax authorities may require a taxpayer with residence or domicile abroad to designate a representative in Liechtenstein.

2) If the taxpayer does not designate a representative, then the taxpayer may be served by way of public notice as set out in the Service of Documents Act. The same shall apply if the whereabouts of a taxpayer are unknown.

Article 92

Representation of children, wards, and persons for whom a custodian has been appointed

Children in their parents care shall be represented by their parental guardian, wards by their guardian, and persons for whom a custodian has been appointed by their custodian, to the extent his or her scope of responsibility includes representation in tax matters.

C. Regular assessment procedure

1. Procedural duties

a) Responsibilities of the tax authorities

Article 93

Determination of facts

1) Together with the taxpayer, the tax authorities shall determine the actual and legal circumstances relevant to full and correct taxation.

2) To determine the facts relevant to taxation, they may consult experts, conduct inspections, demand oral or written information or certifications from taxpayers, and inspect the taxpayer's account books and records. This provision is subject to article 97, paragraph 3.

b) Responsibilities of the taxpayers

Article 94

Tax return

1) Taxpayers subject to wealth tax and personal income tax or corporate income tax shall, by means of public announcement and delivery of a tax form, be called upon to submit their tax return. Non-delivery of the form neither releases the taxpayer from tax liability nor from the duty to submit a tax return. Taxpayers who do not receive forms must demand them from the competent tax authority.

2) The taxpayer must complete the tax return truthfully and fully, sign it personally, and submit it before the deadline to the competent tax authority along with the accompanying documents required by ordinance.

3) The documents to be submitted pursuant to paragraph 2 must be in German. If the tax authorities demand additional documents, and if such documents are in a language other than German, the tax authorities may demand translations or have translations made at the taxpayer's expense.

4) Taxpayers failing to submit the tax return or failing to submit it satisfactorily shall be required to remedy the deficits by a reasonable deadline.

Article 95

Submission of tax return

1) The deadline for submitting the tax return shall be determined each year by the Fiscal Authority.

2) Taxable persons moving abroad must submit the tax return before they leave the country.

3) The competent tax authority may, upon written request, extend the submission deadline of individual taxpayers.

4) By ordinance, the Government shall set out the conditions under which deadline extensions are granted.

Article 96

Duty of disclosure

1) Donors and recipients of gifts shall indicate on their tax returns what gifts they have donated or received during the tax year.

2) Recipients of inheritances or bequests from abroad must also indicate these on the tax return of the tax year in which they have received the inheritance or bequest.

3) The Government shall set out the minimum amount from which gifts, inheritances, and bequests must be declared.

Article 97

Other obligations to cooperate

1) Taxpayers must take all reasonable actions to ensure full and correct assessment.

2) When requested by the tax authority, they must in particular provide oral or written information and present account books, receipts and other certifications as well as documents relating to their business transactions.

3) The powers granted to the tax authorities may be exercised in relation to persons required to maintain secrecy concerning the matters of third parties pursuant to official or professional secrecy (attorney-client secrecy, medical secrecy, banking secrecy, fiduciary secrecy, insurance secrecy and the like) only to the extent the documents concerned are connected with their regular business transactions. Personal data subject to professional secrecy may be rendered unrecognizable on these documents or replaced by codes. In cases of doubt and upon application of the Fiscal Authority or the taxpayer, the president of the National Tax Commission may appoint neutral auditors to serve as inspection bodies; the Government shall provide details concerning the assumption of costs by ordinance.

4) In the case of taxable legal persons, the members of their organs shall be required to cooperate in the assessment of those legal persons in accordance with the paragraphs above.

Article 98

Electronic data exchange

1) By ordinance, the Government shall set out the preconditions for electronic data exchange between the taxpayer and the tax authorities.

2) A different form of signature may be permitted in lieu of personal signature.

c) Certification and reporting obligation of third parties

Article 99

Certification obligation

- 1) The following shall be required to issue certifications to taxpayers:
- a) employers concerning their payments to employees (wage statement);
 - b) legal persons, companies without legal personality, and special asset dedications concerning their payments to domestic and foreign members of the board of directors, other organs, and beneficiaries;
 - c) creditors and borrowers concerning the existence and amount of claims and interest paid thereon;

- d) insurers concerning the surrender value of insurance policies and concerning the payments paid or owed arising from the insurance relationship;
- e) companies without legal personality and special asset dedications concerning all circumstances significant to the assessment of partners, founders, or beneficiaries, especially concerning their share in the income and wealth of the companies without legal personality or special asset dedications.

2) If, despite a reminder, the taxpayer does not submit a certification, the tax authority may obtain the certification from the third party, subject to legally protected professional secrecy.

Article 100

Reporting obligation

- 1) The following shall be submitted to the Fiscal Authority each year:
 - a) by institutions for occupational retirement provision and pension funds, a report on the payments made to insured persons or beneficiaries;
 - b) by insurance institutions and banks, a report on the payments to beneficiaries arising from dissolution of vested benefits policies and blocked accounts established for the use of vested benefits arising from occupational retirement provision.
- 2) The institutions subject to the reporting obligation shall send the taxpayer a copy of the report referred to in paragraph 1.
- 3) Within 30 days of the preparation of a registration of death or of the inventory carried out under the Non-Contentious Proceedings Act, the municipalities shall transmit a copy of the registration of death or the inventory to the Fiscal Authority.
- 4) Within 30 days of entry into effect, the Court of Justice shall transmit a copy of the deed transferring an estate.

2. Assessment procedure

Article 101

Competence

1) The Fiscal Authority shall carry out the assessment. The following shall participate in the assessment:

- a) in the case of taxable natural persons whose residence or habitual abode is in Liechtenstein, the municipal tax office of the municipality of residence or the municipality of the taxpayer's habitual abode;
- b) in the case of taxable natural persons with neither residence nor habitual abode in Liechtenstein, the municipal tax office of the municipality in which the person generates domestic income or in which the person's domestic wealth is located;
- c) in the case of natural persons with unrestricted tax liability as referred to in article 6, paragraph 1(b), the municipal tax office of the home municipality.

2) If the place of the assessment procedure cannot be determined in accordance with paragraph 1, especially if the taxpayer's residence and business operations are not in the same municipality or if the taxpayer's business operations are carried out in several municipalities, then the Fiscal Authority shall designate the municipality in which the assessment procedure shall take place.

Article 102

Execution of the assessment

1) The tax authorities shall review the tax return and carry out the necessary investigations.

2) If the taxpayer has not submitted a tax return, or if the tax assessment basis cannot be determined properly for lack of reliable and complete records, then the Fiscal Authority shall carry out the assessment according to its due discretion. For this purpose, it may take account of the historical data, development of wealth, and living expenses of the taxpayer.

Article 103

Assessment decree

1) In the assessment decree, the tax authorities shall specify the tax assessment basis, the tax rate, and the tax amount.

2) At the latest upon service of the assessment decree, the Fiscal Authority shall provide notice of deviations from the tax return.

D. Other assessment procedures

1. Real estate capital gains tax

Article 104

Assessment

1) The real estate transaction authorities shall transmit contracts they receive concerning the acquisition of domestic real estate to the Fiscal Authority.

2) Economic changes of ownership that need not be presented to the real estate transaction authorities shall be notified in writing to the Fiscal Authority by the transferor within 30 days of the transfer.

3) By way of delivery of a tax form, the Fiscal Authority shall call upon the taxpayers to submit a tax return.

4) The Fiscal Authority shall assess the real estate capital gains tax.

5) The provisions on the general procedural principles and the regular assessment procedure shall apply *mutatis mutandis*.

2. Taxation of dedications

Article 105

Assessment

- 1) Asset contributions as referred to in article 13 shall be notified in writing to the Fiscal Authority by the transferor within 30 days of the contribution.
- 2) The Fiscal Authority shall assess the tax on dedications.
- 3) The provisions on the general procedural principles and the regular assessment procedure shall apply *mutatis mutandis*.

3. Formation tax

Article 106

Assessment

- 1) Formations, relocations of domicile, capital increases, and changes of ownership as referred to in article 66 shall be notified to the Fiscal Authority.
- 2) The formation tax shall be assessed by the Fiscal Authority.
- 3) The Office of Land and Public Registration may publish the registry entry or issue the confirmation of deposit only after evidence of payment of the formation tax has been furnished.

4. Tax on insurance premiums

Article 107

Fiscal representative

- 1) Insurers without a permanent establishment as defined in article 2, paragraph 1(a), sentence 1 shall be required to appoint an authorized representative (fiscal representative) who must also be authorized to receive service of documents. The fiscal representative must fulfil the tax-law obligations incumbent on the represented insurer. The fiscal representative shall be entitled to exercise the rights granted to the represented insurer.

2) Only professional trustees, auditors, and lawyers whose residence or domicile is in Liechtenstein as well as domestic insurance undertakings may be appointed as fiscal representatives.

3) The fiscal representative shall be liable for payment of the tax.

Article 108

Information obligation

1) Insurers, policyholders, and fiscal representatives must provide information to the Fiscal Authority on all facts that may be significant with regard to tax liability or the calculation of tax.

2) The insurer shall be required to immediately notify the fiscal representative of the conclusion of insurance contracts, indicating all circumstances relevant to the levy of the tax on insurance premiums.

Article 109

Payment of tax

1) The insurer shall, without being requested to do so, pay the tax to the Fiscal Authority on the basis of the statement using the official form within 30 days of the end of the half-year for the premiums received in that period, broken down by class of insurance.

2) To avoid disproportionate inconvenience, the Fiscal Authority may permit payment procedures deviating from paragraph 1.

Article 110

Instructions, decrees and decisions

The Fiscal Authority shall issue all instructions, decrees and decisions necessary for the levy of the tax on insurance premiums.

E. Tax demand

Article 111

Joint liability

1) Spouses assessed jointly shall be jointly liable for payment of the wealth tax and personal income tax for themselves and for the minor children living in the same household. However, each spouse must pay only taxes for his or her share of the total tax if one of the two is unable to pay.

2) In the case of spouses assessed separately, the joint obligation shall also not apply to any outstanding tax debts.

3) The following persons shall be jointly liable with the taxpayer in the following cases:

- a) for the tax debt of a legally or actually liquidated legal person: the persons entrusted with administration and liquidation, up to the amount of the net assets or the liquidation result. There shall be no liability if the affected person demonstrates that all due care under the circumstances has been taken;
- b) for the tax debt of a legal person relocating its domicile without liquidation into territories outside the European Economic Area or Switzerland: the organs of the legal person or the persons acting on their behalf, up to the amount of the net assets of the legal person. There shall be no liability if the affected person demonstrates that all due care under the circumstances has been taken;
- c) for the tax debt of the decedent: the persons entrusted with distribution of the estate, up to the amount of the net estate assets;
- d) for the tax debt of restricted taxpayers: the persons entrusted with liquidation of the objects giving rise to the tax liability, up to the amount of the net assets;
- e) the minor children in the care of the taxpayer up to the amount of the share of the total tax attributable to them.

4) Every jointly liable person shall be personally liable for the entire tax amount. Payment by such a person shall release the other jointly liable persons from liability.

Article 112

Tax succession

Upon the death of the decedent, the successors shall assume the tax rights and duties of the decedent.

Article 113

Time at which the tax demand arises and becomes due

- 1) The tax demand shall arise at the time at which the taxable facts arise.
- 2) Subject to the following provisions, the tax shall become due upon service of the assessment decree.
- 3) At the time determined by the Fiscal Authority, the following shall become due (general due date):
 - a) the wealth tax and personal income tax for self-employed persons;
 - b) the corporate income tax for legal persons, subject to paragraph 4(a).
- 4) In all cases, the tax shall become due:
 - a) on the foundation date as well as each year thereafter on the same due date in the case of the minimum corporate income tax, provided the tax is not assessed (article 64, paragraph 8 and article 65);
 - b) on the day on which the taxpayer leaves the country;
 - c) at the time specified in the tax assessment notice as referred to in article 34 in the case of tax based on expenditure;
 - d) upon deletion of a taxable legal person from the Public Registry;
 - e) at the time at which the restricted taxpayer gives up the taxpayer's permanent establishments situated in Liechtenstein or pieces of real estate situated in Liechtenstein;
 - f) when bankruptcy proceedings are initiated with respect to the taxpayer.
- 5) The due date shall remain unchanged, even if objections or appeals have been raised against an assessment.
- 6) The tax demand on the insurance premium shall become due 30 days after the end of the half-year in which it arose. It shall arise upon payment of the premium.

Article 114

Payment of tax demand and default interest

1) Unless otherwise specified by this Act, the tax must be paid within 30 days of its due date. This provision is subject to approved payment accommodations in accordance with article 131.

2) If the taxpayer leaves the country, the tax shall be paid at the latest on the date of the move.

3) Default interest shall be paid on tax amounts not paid on time. The interest obligation shall begin upon expiry of the grace period set out in paragraph 1. The Government shall specify the amount of the interest rate by ordinance.

4) If, for reasons beyond the payer's control, the payer has not yet received an assessment decree or a provisional invoice at the time the tax becomes due, the interest obligation shall begin 30 days after the assessment decree or provisional invoice has been served.

Article 115

Prescription of the assessment

1) The right to assess a tax shall be prescribed after five years. In the case of periodically owed taxes, the period of prescription shall begin after the end of the tax year to which it applies, and in the case of non-periodically owed taxes, it shall begin after the end of the tax year in which the taxable event occurred.

2) The period of prescription shall not begin or shall not be estopped:

- a) during a legal remedy procedure;
- b) as long as the tax demand is secured or deferred;
- c) as long as the taxable person does not have a residence or habitual abode in Liechtenstein;
- d) as long as no execution may be carried out against the taxpayer in Liechtenstein;
- e) as long as criminal tax proceedings are being carried out with respect to the tax demand.

3) The period of prescription shall be interrupted and the period of prescription shall begin anew upon:

- a) recognition of the tax demand by the taxpayer;

- b) any action of the tax authorities performed with the knowledge of the taxpayer aimed at determining tax liability or asserting the tax demand; or
- c) submission of an application for tax relief.

4) The right to assess a tax shall in any case be prescribed after ten years; paragraph 1, sentence 2 shall apply *mutatis mutandis*.

F. Legal remedies

Article 116

Objection submitted to the Fiscal Authority

1) The taxpayer may submit an objection to the Fiscal Authority against assessment decrees and other decrees within 30 days of service.

2) The objection must be submitted in writing; it must contain the applications, the justification thereof with reference to the evidence, and the signature of the objector or the objector's representative. If the objector is represented by a third party, the third party must present a written power of attorney. The evidence must be designated in the objection letter and enclosed.

3) By means of the objection, the taxpayer may assert any and all deficits. In the case of a discretionary assessment, the taxpayer may object only to obvious incorrectness.

4) If the formal requirements set out in paragraph 2 are met, the Fiscal Authority shall re-evaluate the matter and may amend the decree in whole or in part. The taxpayer shall have the right to represent the objection in person before the Fiscal Authority. If the objection is directed against a decree justified in detail, then, upon application or with the consent of the objector, it must be forwarded to the National Tax Commission as an appeal.

5) The costs of a negative objection decision shall be borne by the objector. If the objector's applications are partially successful, the costs shall be reduced proportionally. Costs may be imposed in whole or in part on a prevailing objector if the objector unnecessarily caused the objection procedure.

6) Under no circumstances shall procedural costs and costs of representation be awarded.

Article 117

Appeal to the National Tax Commission

1) The taxpayer may appeal an objection decision of the Fiscal Authority to the National Tax Commission within 30 days of service.

2) The appeal must be submitted in writing; it must contain the applications, the justification thereof with reference to the evidence, and the signature of the complainant or the complainant's representative. If the complainant is represented by a third party, the third party must present a written power of attorney. The evidence must be designated in the notice of appeal and enclosed.

3) By means of the appeal, the taxpayer may assert any and all deficits. In the case of a discretionary assessment or discretionary decision, the taxpayer may appeal only on grounds of obvious incorrectness. Evidence withheld in the assessment or objection procedure may no longer be submitted or accepted.

4) The taxpayer's appeal against an objection decision shall be presented to the Fiscal Authority so that the Fiscal Authority may respond. The taxpayer and the Fiscal Authority shall have the right to represent the appeal in person before the National Tax Commission. If the National Tax Commission makes use of its powers under article 93 and if the taxpayer refuses to honour a request for information or the presentation of account books or other documentary information for the purpose of determining significant facts, then the appeal submitted by the taxpayer shall be denied as unfounded, without prejudice to any penal consequences.

5) Upon conclusion of the investigation, the National Tax Commission shall render its decision and communicate it to the parties.

6) The costs of a negative decision shall be borne by the complainant. If the complainant's applications are partially successful, the costs shall be reduced proportionally. Costs may be imposed in whole or in part on a prevailing complainant if the complainant unnecessarily caused the objection procedure.

7) Under no circumstances shall procedural costs and costs of representation be awarded.

8) The provisions of the National Public Administration Act shall apply to the appeals procedure *mutatis mutandis*, unless otherwise specified by this Act.

Article 118

Appeal to the Administrative Court

1) A decision of the National Tax Commission may be appealed to the Administrative Court within 30 days of service.

2) The taxpayer and the Fiscal Authority shall have the right to appeal. The appeal of the taxpayer shall be presented to the Fiscal Authority so that the Fiscal Authority may respond.

3) By means of the appeal, the complainant may assert violations of law and claim that the contested decision was based on facts that contradict the records or that were determined incompletely.

4) The provisions of the National Public Administration Act shall apply to the appeals procedure *mutatis mutandis*, unless otherwise specified by this Act.

G. Changes to final assessments

Article 119

Principle

Final assessments may be changed in accordance with this section; changes to such assessments in accordance with the National Public Administration Act shall be excluded.

Supplementary tax

Article 120

a) Precondition

1) If, on the basis of facts or evidence that were unknown to the Fiscal Authority, it turns out that an assessment was wrongfully omitted or a final assessment is incomplete, the tax not levied plus interest shall be demanded as a supplementary tax. The amount of interest shall be determined in accordance with article 114, paragraph 3.

2) If the taxpayer completely and accurately declared the components of taxable transactions and values in the tax return and if the valuation of the

individual components was recognized by the tax authorities, then no supplementary tax may be levied, even if the valuation was insufficient.

Article 121

b) Forfeiture

1) The right to initiate supplementary tax proceedings shall expire after five years. In the case of periodically owed taxes, the period shall begin at the end of the tax year for which an assessment was wrongfully omitted or a final assessment is incomplete, and in the case of non-periodically owed taxes, at the end of the tax year in which the taxable event occurred.

2) Self-accusation and initiation of penal proceedings shall simultaneously be considered initiation of the supplementary tax proceedings.

3) The right to determine a supplementary tax shall in any event expire after ten years; paragraph 1, sentence 2 shall apply *mutatis mutandis*.

Article 122

c) Procedure upon death of the taxpayer

Supplementary tax proceedings that have not yet been initiated or not yet been concluded upon the death of the taxpayer shall be initiated or continued with respect to the probate estate or the successors.

Article 123

Revision

1) A final decree or decision may, upon application or *ex officio*, be revised in favour of the taxpayer, if:

- a) significant facts or decisive evidence have been discovered; or
- b) the acting authority ignored significant facts or decisive evidence that it knew of or should have known of, or it in other ways violated significant procedural principles.

2) Revision shall be excluded if the applicant puts forward a ground for revision that the applicant should with reasonable care already have asserted in the regular procedure.

3) The request for revision must be submitted within 90 days after discovery of the ground for revision, but at the latest within ten years after service of the decree or decision.

4) The request for revision must be submitted in writing to the authority which issued the earlier decree or decision. The request for revision must contain the following:

- a) an exact designation of the individual grounds for revision; and
- b) an application indicating the extent to which the earlier decree or decision should be voided and how it should be newly decided.

5) The evidence for the grounds for revision shall be enclosed with the request for revision.

6) The same legal remedies shall be available against denial of a request for revision and against the new decree or decision as against the earlier decree or decision. The procedure shall be governed by the rules applicable to the competent authority.

Article 124

Mutual agreement and arbitration verdict

An assessment decree shall be issued, voided, or amended to the extent called for in order to implement a mutual agreement or arbitration verdict pursuant to an agreement for the avoidance of double taxation.

Article 125

Correction of invoice errors and typographical errors

1) Invoice errors and typographical errors in final decrees and decisions may be corrected within five years after service, upon application of the taxpayer or *ex officio* by the authority that made them.

2) The same legal remedies shall be available against the correction or denial thereof as against the earlier decree or decision.

H. Tax collection and safeguarding of tax

Article 126

General provisions

- 1) The wealth tax and personal income tax shall be collected by the municipal tax offices, the other taxes by the Fiscal Authority. The Fiscal Authority shall specify annually up to what amount insignificant taxes and default interest shall not be collected.
- 2) The authority entrusted with tax collection shall ensure collection of taxes, supplementary taxes, fines, interest, and costs by way of invoices, reminders, and execution.

Article 127

Provisional and final collection

- 1) The national taxes shall be collected according to the assessment, subject to paragraph 2.
- 2) The wealth tax and personal income tax for self-employed persons and the corporate income tax for legal persons – with the exception of the minimum corporate income tax according to article 64, paragraph 8 and article 65 – shall initially be collected on a provisional basis. The basis therefor shall be the tax return, the last final assessment, or the expected tax amount owed. After inspection of the tax return, the taxes shall be assessed and collected on a final basis.
- 3) The provisional invoice shall be deemed a claim to execution for purposes of the Execution Code.
- 4) Provisionally collected taxes shall be allowed against the taxes owed according to the (final) assessment. Underpaid taxes shall be demanded subsequently; overpaid taxes shall be refunded.
- 5) The procedure concerning provisional collection and the extent to which interest shall be paid on amounts referred to in paragraph 4 shall be set out by the Government by ordinance.

Prescription of collections

Article 128

a) Principle

- 1) Tax claims shall be prescribed five years after the assessment has become final.
- 2) Estoppel and interruption of the period of prescription shall be governed by article 115.
- 3) The tax claims shall in any case be prescribed ten years after the end of the year in which the taxes have been assessed on a final basis.

Article 129

b) Tax on insurance premiums

- 1) Tax claims on insurance premiums shall be prescribed five years after the end of the calendar year in which the premium payment was made.
- 2) Estoppel and interruption of the period of prescription shall be governed by article 115.
- 3) Estoppel and interruption shall be effective vis-à-vis all payers.
- 4) Tax claims on insurance premiums shall in any case be prescribed ten years after the end of the year in which the taxes have been assessed on a final basis.

Article 130

Reclamation of paid taxes

- 1) The taxpayer may reclaim a paid tax amount if the taxpayer erroneously paid a tax that was not owed in whole or in part.
- 2) Interest shall be paid from the time of payment on tax amounts to be refunded if more than 30 days have passed since the payment. The Government shall specify the amount of the interest rate by ordinance.
- 3) The claim for a refund must be asserted within five years after the end of the calendar year in which the payment was made.

Article 131

Payment accommodations

1) If the timely payment of taxes, supplementary taxes, interest, costs, or fines entails considerable hardship, then the collecting authority may, upon application, approve deferral, instalment payments, or other payment accommodations.

2) Payment accommodations granted shall be revoked if the preconditions no longer obtain or the conditions to which the accommodations were attached are not met.

Article 132

Tax relief

1) Taxes, supplementary taxes, interest, costs, or fines owed may be waived in whole or in part if the payment thereof would entail unreasonable hardship for the payer.

2) The application for tax relief shall be addressed to the Fiscal Authority. Before taking a decision, the Fiscal Authority shall obtain a statement by the municipalities whose interests are affected by the application.

3) If the application is denied in whole or in part, the applicant may appeal to the Government within 30 days of service of the decision.

Article 133

Safeguarding of tax

1) The provisions of the Execution Code governing the safeguarding of rights shall apply to the safeguarding of tax, unless otherwise specified in the following paragraphs.

2) In urgent cases, the tax authorities may order and carry out temporary safeguarding measures. A confirmation of the imposed safeguarding measures shall be issued to the party against which the measures are directed.

3) If a tax authority has ordered temporary safeguarding measures in an urgent case, it must apply for the Court of Justice to issue an injunction within eight days of carrying out the temporary safeguarding measures, otherwise the temporary safeguarding measures shall become void.

4) No *prima facie* evidence for the claim and the threat need be provided for an injunction to be approved. The approval of the injunction may not be made contingent on payment of a security.

Article 134

Entry in the Land Registry

1) A transfer of ownership of real estate may only be entered in the Land Registry once payment of the taxes arising from the transfer has been demonstrated.

2) If sufficient other securities have been made for the payment of these taxes, the Fiscal Authority may grant exceptions.

3) If the transfer of ownership takes place within the framework of a foreclosure or a public or voluntary auction procedure, the taxes arising from the transfer shall be paid beforehand from the highest bid or proceeds of the auction.

V. Penal provisions

A. Infractions

1. Violation of procedural duties and tax endangerment

Article 135

Violation of procedural duties

Anyone who, despite a reminder, wilfully or negligently fails to comply with or incorrectly complies with an obligation pursuant to the provisions of this Act or the associated ordinances or pursuant to an order imposed on the basis of this Act by the competent tax authority shall be punished for an infraction with a fine of up to 1,000 francs, and in serious or repeated cases of up to 10,000 francs.

Article 136

Tax endangerment

Anyone who, without meeting the elements of the offences set out in article 137 or 140, wilfully or negligently endangers the lawful levy of the formation tax or the tax on insurance premiums by:

- a) failing to meet the obligation to submit tax returns, itemizations and statements, to provide responses to enquiries, and to present account books, registers, and receipts;
- b) on a tax return, itemization, or statement, providing untrue information or concealing significant facts or presenting untrue receipts or significant facts for that purpose;
- c) providing incorrect responses to enquiries;
- d) impeding or making it more difficult or impossible to properly carry out an inspection;

shall be punished for an infraction with a fine of up to 20,000 francs.

2. Tax evasion

Article 137

Tax evasion

1) Anyone shall be punished for an infraction with a fine who:

- a) as a taxpayer, by providing incorrect or incomplete information on the tax return or tax statement or by providing incorrect or incomplete responses to enquiries, wilfully or negligently prevents the demand for payment of a tax to be paid by the taxpayer or otherwise culpably withholds taxes;
- b) as a person required to deduct tax at source, wilfully or negligently fails to carry out a tax deduction or fails to carry it out fully;
- c) wilfully or negligently, for the benefit of self or other, withholds formation taxes or taxes on insurance premiums;
- d) as a taxpayer or as a person required to deduct tax at source, wilfully or negligently brings about an improper refund or unjustified abatement.

2) The fine shall as a rule be in the same amount as the evaded tax. In the case of minor fault, the fine may be reduced by up to two thirds, and in the case of major fault may be increased up to three times.

Article 138

Attempt

- 1) Attempted tax evasion shall be punishable.
- 2) The fine shall be two thirds of the fine that would be imposed if the tax evasion had been successful and wilful.

Article 139

Involved persons

- 1) Anyone who wilfully directs another to commit tax evasion or who otherwise wilfully contributes to the commission thereof shall, without regard to the punishability of the taxpayer, be punished with a fine.
- 2) The fine shall amount to up to 10,000 francs, and in serious or repeated cases up to 50,000 francs.

B. Misdemeanours

Article 140

Tax fraud

Anyone who commits tax evasion by wilfully using account books or other records that are false, falsified, or with untrue content shall be punished for a misdemeanour with imprisonment of up to six months or a monetary penalty of up to 360 daily rates.

Article 141

Misappropriation of taxes to be deducted at source

Anyone who is required to deduct taxes at source and uses deducted taxes for the benefit of self or others shall be punished for a misdemeanour with imprisonment of up to six months or a monetary penalty of up to 360 daily rates.

C. Joint provisions

Article 142

Self-accusation

1) Anyone who of own accord reports a punishable act as referred to in articles 135 to 137, 140 or 141 committed by himself or herself, without having been induced to do so in light of imminent danger of discovery, shall be exempt from punishment and must pay only the supplementary tax plus a 10% surcharge.

2) If an involved person (article 139) of own accord reports a punishable act as referred to in articles 135 to 137, 140 or 141, without having been induced to do so in light of imminent danger of discovery, shall be exempt from punishment.

3) Where successors have of their own accord done everything reasonable to enable the tax authorities to determine a punishable act as referred to in articles 135 to 137, 140 or 141, they must pay only the supplementary tax.

Article 143

Responsibility of legal persons

1) If punishable acts as referred to in articles 135 to 137 are committed or if an attempt has been made to commit a punishable act as referred to in article 137 with effect for a legal person, then the legal person shall be fined.

2) If, in the business operations of a legal person, participatory acts (article 139) relating to tax evasion (article 137) by third parties have been committed, then article 139 shall be applicable to the legal person.

3) The acting organs shall be liable for the fines imposed, unless the legal person pays the fine.

4) In the case of misdemeanours as referred to in articles 140 and 141, the acting organ shall be punished.

Article 144

Liability in cases of representation

If, in cases of representation, a legal, official or contractual representative commits a punishable act as defined by this Act in the course of activities on behalf of the represented party, then the represented party shall be required to pay the fine or monetary penalty. The represented party may be released from this obligation only by demonstrating that the represented party was unable to prevent the acts of the representative and the effects thereof. The representative shall be subject to the provisions set out in articles 135 to 141.

Article 145

Prescription

1) Prosecution and execution of sentences shall be prescribed:

- a) in one year in the case of violation of procedural duties and tax endangerment;
- b) in five years in the case of tax evasion, tax fraud, and misappropriation of tax deducted at source;

2) The period of prescription for prosecutions shall begin after the end of the year in which the violation of the law last took place. The period of prescription shall be estopped as long as the perpetrator is abroad. The period of prescription shall be interrupted by any investigative act directed against the perpetrator by the competent authority. After every interruption, the period of prescription shall begin anew. The original period of prescription may not be more than doubled.

3) The period of prescription for execution of sentences shall begin with the legally binding completion of the penal proceedings. The period of prescription shall be estopped as long as the sentence cannot be executed in Liechtenstein. The period of prescription for the execution of sentences shall be interrupted by any act of execution directed against the sentenced person by the competent authority. After every interruption, the period of prescription shall begin anew. The original period of prescription may not be more than doubled.

Article 146

Conditional penalties

Conditional penalties shall be excluded in the case of fines.

Article 147

Distribution of fines and monetary penalties

- 1) The fines imposed by the competent municipal tax office shall accrue to the affected municipality and be collected by that municipality.
- 2) All other fines and monetary penalties shall accrue to the State.

D. Penal proceedings

Article 148

Competence

- 1) Violations of procedural duties shall be prosecuted by the tax authority in relation to which the violation occurred.
- 2) Tax endangerment or tax evasion shall be prosecuted by the Fiscal Authority.
- 3) Prosecution of tax fraud or misappropriation of taxes to be deducted at source shall fall within the competence of the Court of Justice.

Article 149

Proceedings for violations of procedural duties and tax endangerment

- 1) In proceedings for violations of procedural duties and tax endangerment, the Fiscal Authority and the municipal tax office may, if the facts and law are clear, act by way of an administrative penalty order. To the extent not otherwise provided by this Act, articles 147 to 149 of the National Public Administration Act shall apply *mutatis mutandis*.
- 2) In other cases, the proceedings shall, to the extent not otherwise provided by this Act, be governed *mutatis mutandis* by articles 152 to 159 of the National Public Administration Act.

Article 150

Proceedings for tax evasion

1) In proceedings for tax evasion, articles 152 to 159 of the National Public Administration Act shall apply *mutatis mutandis*, to the extent not otherwise provided by this Act.

2) The person affected by the proceedings shall be given the opportunity to comment on the accusations; the person shall be informed of the right to refuse to testify and participate.

3) Evidence from supplementary tax proceedings may be used in penal proceedings only if the evidence has been obtained without threat of assessment in accordance with due discretion and reversal of burden of proof in accordance with article 102 or threat of a fine for violation of procedural duties.

4) Professional secrecy shall be maintained.

Article 151

Legal remedy proceedings

1) Administrative penalty decisions by the Fiscal Authority may be contested by way of appeal to the National Tax Commission within 14 days of service.

2) An objection may be submitted to the Fiscal Authority against administrative penalty orders by the Fiscal Authority or municipal tax office within 14 days of service (article 149 of the National Public Administration Act). If an administrative penalty order includes a fine of up to 2,000 francs, then only an appeal pursuant to paragraph 1 shall be permissible instead of an objection.

3) Appeals decisions of the National Tax Commission may be contested by way of Administrative Court appeal to the Administrative Court within 14 days of service.

Article 152

Criminal court provisions

Proceedings for tax fraud or misappropriation of taxes to be deducted at source shall be governed by the provisions on criminal court proceedings.

VI. Transitional and final provisions

Article 153

Implementing ordinances

The Government shall issue the ordinances required to implement this Act.

Article 154

Pending proceedings

Supplementary tax and penal proceedings already pending upon entry into force of this Act shall be carried out according to the provisions of the law previously in force. If the application of the new law would lead to milder punishment, then the new law shall apply.

Article 155

National Tax Commission

The previous members of the National Tax Commission shall remain in office also after entry into force of this Act until expiry of their term of office.

Article 156

Time-limited self-accusation

Anyone who, within one year after entry into force of this Act, of own accord reports a punishable act as referred to in the provisions of this Act or the previous Act committed by himself or herself, without having been induced to do so in light of imminent danger of discovery, must pay only the supplementary tax for the preceding five years. Neither penalty or surcharge pursuant to article 142 nor default interest pursuant to article 120 shall be levied.

Article 157

Repeal of law previously in force

The following shall be repealed:

1. Law of 30 January 1961 on National and Municipal Taxes (Tax Act), Liechtenstein Law Gazette LGBI. 1961 No. 7;
2. Law of 30 January 1962 amending article 118 of the Tax Act, LGBI. 1962 No. 5;
3. Law of 4 June 1963 amending the Tax Act, LGBI. 1963 No. 19;
4. Law of 10 December 1965 amending the Tax Act, LGBI. 1966 No. 4;
5. Law of 29 December 1966 amending and supplementing the Tax Act (introduction of a coupon tax), LGBI. 1966 No. 31;
6. Law of 21 December 1968 amending the Tax Act, LGBI. 1969 No. 7;
7. Law of 22 December 1969 amending the Tax Act, LGBI. 1970 No. 5;
8. Law of 1 March 1970 supplementing the Law on National and Municipal Taxes, LGBI. 1970 No. 18;
9. Law of 17 December 1970 amending the Tax Act, LGBI. 1971 No. 9;
10. Law of 13 December 1973 amending the Tax Act, LGBI. 1974 No. 10;
11. Promulgation of 5 October 1999 of the correction of Liechtenstein Law Gazette 1974 No. 10, LGBI. 1999 No. 191;
12. Law of 22 December 1975 amending the Tax Act, LGBI. 1976 No. 8;
13. Law of 20 December 1976 amending the Tax Act, LGBI. 1977 No. 12;
14. Law of 4 April 1979 amending the Tax Act, LGBI. 1979 No. 23;
15. Law of 15 April 1980 amending the Law on National and Municipal Taxes (Tax Act), LGBI. 1980 No. 41;
16. Law of 18 December 1980 amending the Tax Act, LGBI. 1981 No. 10;
17. Law of 12 June 1985 creating a Law amending the Tax Act, LGBI. 1985 No. 47;
18. Law of 3 July 1985 amending the Tax Act, LGBI. 1985 No. 51;

19. Law of 24 June 1987 amending the Law on National and Municipal Taxes (Tax Act), LGBI. 1987 No. 34;
20. Law of 24 June 1987 amending the Tax Act, LGBI. 1987 No. 39;
21. Law of 11 November 1987 amending the Law on National and Municipal Taxes (Tax Act), LGBI. 1987 No. 66;
22. Law of 11 November 1987 amending the Law on National and Municipal Taxes (Tax Act), LGBI. 1987 No. 67;
23. Law of 27 June 1990 amending the Tax Act, LGBI. 1990 No. 50;
24. Law of 12 September 1990 amending the Tax Act, LGBI. 1990 No. 54;
25. Promulgation of 12 July 1994 of the repeal of article 16, paragraph 1 and article 34, paragraph 1 of the Tax Act by the decision of the Liechtenstein Constitutional Court of 26 May 1994 (StGH 1994/6), LGBI. 1994 No. 60;
26. Law of 22 March 1995 amending the Tax Act, LGBI. 1995 No. 103;
27. Law of 13 September 1995 amending the Tax Act, LGBI. 1995 No. 205;
28. Law of 3 May 1996 amending the Tax Act, LGBI. 1996 No. 88;
29. Law of 30 October 1996 amending the Tax Act, LGBI. 1997 No. 17;
30. Law of 30 October 1996 amending the Tax Act, LGBI. 1997 No. 20;
31. Law of 30 October 1996 amending the Tax Act, LGBI. 1997 No. 22;
32. Law of 18 December 1997 amending the Tax Act, LGBI. 1998 No. 36;
33. Promulgation of 6 October 1998 of the repeal of provisions of the Constitutional Court Act and the Tax Act by the decision of the Liechtenstein Constitutional Court of 30 January 1998 (StGH 1997/25), LGBI. 1998 No. 166;
34. Law of 22 October 1998 amending the Tax Act, LGBI. 1998 No. 218;
35. Law of 12 May 2004 amending the Tax Act, LGBI. 2004 No. 142;
36. Law of 19 October 2005 amending the Law on National and Municipal Taxes (Tax Act), LGBI. 2005 No. 247;
37. Promulgation of 10 January 2006 of the repeal of article 37, paragraph 1, sentence 2 and paragraph 2, sentence 2 of the Tax Act by the decision of the Liechtenstein Constitutional Court of 28 November 2005 (StGH 2004/74), LGBI. 2006 No. 1;

38. Law of 17 May 2006 amending the Law on National and Municipal Taxes (Tax Act), LGBl. 2006 No. 130;
39. Law of 22 June 2006 amending the Law on National and Municipal Taxes (Tax Act), LGBl. 2006 No. 279;
40. Law of 24 October 2007 amending the Law on National and Municipal Taxes (Tax Act), LGBl. 2007 No. 332;
41. Law of 24 October 2007 amending the Tax Act, LGBl. 2007 No. 338;
42. Law of 24 April 2008 amending the Law on National and Municipal Taxes (Tax Act), LGBl. 2008 No. 149;
43. Law of 16 March 2010 amending the Tax Act, LGBl. 2010 No. 139;
44. Law of 30 June 2010 amending the Tax Act, LGBl. 2010 No. 239.

Article 158

Continued validity of law previously in force

1) The provisions on the coupon tax set out in articles 88a to 88p, 144a, 146a, 151 paragraph 3, and article 152 paragraph 1 of the law previously in force shall continue to apply to old reserves.

2) Old reserves are the amount of equity capital on the day of entry into force of this Act that does not consist of paid-in nominal capital, capital stock or share capital and to which article 88d or 88e of the law previously in force applied. For open and hidden profit distributions, old reserves shall be deemed used first; the amount of old reserves shall be carried forward accordingly.

3) Upon application of the taxpayer, a coupon tax shall be levied on old reserves even without distribution as referred to in article 4. The amount of old reserves reduced by the amount subject to the requested taxation shall be carried forward.

4) Notwithstanding article 88h of the law previously in force, the tax rate of the coupon tax shall be:

- a) in the case of distribution or application in the first and second year after entry into force of this Act: 2%;
- b) in the case of distribution or application from the third year after entry into force of this Act: 4%;

5) Liquidations of legal persons completed by 30 June 2011, where such legal persons were subject to the tax liability according to articles 73 to 81 of

the law previously in force prior to 1 January 2011, shall be taxed in accordance with the law previously in force.

6) Legal persons and trust enterprises that were subject to tax liability according to article 31, paragraph 1(c) of the law previously in force prior to 1 January 2011 and their beneficiaries shall be taxed in accordance with the law previously in force for the next five years. Upon application, these legal persons shall be taxed in accordance with articles 44 to 65 of this Act already before expiry of that period.

7) Articles 82 to 88 of the law previously in force shall remain applicable for an additional five years to legal persons and special asset dedications which, prior to entry into force of article 64 of this Act, met the preconditions set out in articles 82 to 88 of the law previously in force; the minimum amount under article 88 of the law previously in force shall amount to 1,200 francs. Upon application, these legal persons shall be taxed in accordance with articles 44 to 65 of this Act already before expiry of that period.

8) In the case of legal persons which, prior to entry into force of article 64 of this Act, were subject to tax liability according to article 31, paragraph 1(c) of the law previously in force, or which prior to that time were subject to taxation in accordance with articles 82 to 88 of the law previously in force, article 64, paragraph 1(d) of this Act shall be deemed fulfilled if the articles of that legal person rule out commercial operations and that legal person meets the other preconditions set out in article 64 of this Act.

9) Losses which, on the day before entry into force of this Act, are eligible to be carried forward remain so even after entry into force of this Act. This shall not apply in the case of a change to the type of taxation as referred to in paragraph 6 or 7.

10) Article 101 of the law previously in force shall remain applicable until entry into force of the Non-Contentious Proceedings Act.

Article 159

Taxation of legal persons subject to previous wealth tax and personal income tax

1) If a legal person subject to the wealth tax and personal income tax referred to in article 31, paragraph 1(c) of the law previously in force is taxed in accordance with articles 44 to 65 of this Act, then the legal person shall pay a tax in accordance with article 13 *mutatis mutandis* if:

- a) the beneficiaries of that legal person are indeterminable; and
- b) the option referred to in article 9, paragraph 3 has not been taken.

2) Any gift tax paid when the assets were contributed to the legal person shall be deducted.

Article 160

Entry into force

1) Subject to paragraphs 2 and 3, this Act shall enter into force on 1 January 2011 if no referendum is called before the deadline, and otherwise on the day of its promulgation.

2) The following shall be applied for the first time:

- a) the provisions on the wealth tax and personal income tax to the wealth tax and personal income tax to be assessed for 2011;
- b) the provisions on the tax deductible at source, subject to subparagraph (c), to tax deductions to be retained in 2011;
- c) the provisions on domestic income set out in article 6, paragraph 5(e) and the tax deducted at source set out in article 24, paragraph 2(c) to tax deductions to be retained in 2012;
- d) the provisions on the corporate income tax to the corporate income tax to be assessed for 2011;
- e) the provisions on the real estate capital gains tax to real estate capital gains attained in 2011;
- f) the provisions on the formation tax to formations, relocations of domicile to Liechtenstein, capital increases, and changes of ownership of participations carried out in 2011;
- g) the provisions on taxation based on expenditure to applications submitted from 2011;
- h) the provisions on the tax on insurance premiums to premiums paid in 2011.

3) The provisions on private asset structures set out in article 64 shall enter into force as soon as they have been qualified as in conformity with the provisions on state aid set out in article 61 of the Agreement on the European Economic Area by the EFTA Surveillance Authority (ESA), and at the earliest at the time referred to in paragraph 1. The Government shall announce the time of entry into force in the Liechtenstein Law Gazette.

Liechtenstein Law Gazette

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Ordinance

of 21 December 2010

**on National and Municipal Taxes
(Tax Ordinance)**

Pursuant to article 153 of the Law of 23 September 2010 on National and Municipal Taxes (Tax Act), Liechtenstein Law Gazette LGBl. 2010 No. 340, the Government issues the following Ordinance:

I. General provisions

Article 1

Object and terminology

1) This Ordinance governs the details of execution of the Tax Act, especially in regard to:

- a) the wealth tax and personal income tax;
- b) the corporate income tax;
- c) the regular assessment procedure;
- d) the tax demand, tax collection, and safeguarding of tax.

2) The designations of persons, professions, and functions used in this Ordinance shall apply to persons of male and female gender alike.

II. National taxes

A. General provisions

Article 2

*Submission of application for tax exemption
(Article 4, paragraphs 2 and 3 Tax Act)*

1) The application for tax exemption on grounds of common-benefit purposes as referred to in article 4, paragraph 2 of the Tax Act shall be submitted to the Fiscal Authority. Common-benefit foundations and establishments may submit the application for tax exemption to the Office of Land and Public Registration serving as the Foundation Supervisory Authority; the Office of Land and Public Registration shall forward the application to the Fiscal Authority.

2) In the case of common-benefit foundations and establishments submitting an application for tax exemption, the Office of Land and Public Registration shall transmit to the Fiscal Authority a confirmation that the foundation or establishment in question is subject to its supervision pursuant to article 552 § 29 of the Law on Persons and Companies (PGR).

Article 3

*Review of tax exemption
(Article 4, paragraphs 2 and 3 Tax Act)*

1) The Fiscal Authority shall review each year whether the preconditions for tax exemption continue to be met.

2) The following shall be submitted to the Fiscal Authority each year:

- a) in the case of common-benefit foundations and establishments with an audit office pursuant to article 552 § 27 PGR:
 - 1. the report or confirmation by the audit office pursuant to article 552 § 27 paragraph 4 PGR; and
 - 2. a confirmation by the audit office concerning compliance with the preconditions for tax exemption;
- b) in the case of other legal persons and special asset dedications without legal personality:

1. the annual accounts or the itemization referred to in article 21, paragraph 2; and
 2. a compilation regarding the use of resources.
- 3) Common-benefit foundations and establishments may also submit the documents referred to in paragraph 2(a) to the Office of Land and Public Registration; that Office shall forward the documents to the Fiscal Authority.
- 4) If the documents referred to in paragraph 2 are not submitted, or if a review shows that the legal person or the special asset dedication no longer meets the preconditions for tax exemption, then the legal person or special asset dedication shall be excluded from tax exemption.

Article 4

Tax year

(Article 14, paragraph 5 and article 47, paragraph 6 Tax Act)

In the case of taxpayers that do not close their annual accounts at the end of the calendar year, the year in which accounts are closed shall be used for determining the tax year.

B. Wealth tax and personal income tax

1. Joint provisions

Article 5

Income of minor children

(Article 8, paragraph 4 Tax Act)

The income threshold for minor children, above which they are assessed separately, shall be determined in accordance with the subsistence minimum for single persons as set out in article 8(a).

Article 6

Separate assessment
(Article 8, paragraph 5 Tax Act)

1) The application for separate assessment shall be signed by both spouses and submitted in writing to the competent municipal tax office in accordance with article 101 of the Tax Act.

2) Separate assessment shall apply until revocation of the application, but for at least five years. Revocation shall be signed by both spouses and submitted in writing to the competent municipal tax office.

3) The application and the revocation must be submitted by 31 October of the tax year in question.

2. Wealth tax

Article 7

Payment of wealth or personal income tax in lieu of beneficiaries
(Article 9, paragraphs 3 and 4 Tax Act)

1) The application for payment of the wealth or personal income tax by the foundation, special asset dedication, or foundation-like establishment in lieu of the beneficiaries shall be submitted in writing to the Fiscal Authority.

2) In particular, the application shall include the following information:

- a) in the case of determinable beneficiary rights pertaining to irrevocable foundations, foundation-like establishments, and special asset dedications: the places of residence of the beneficiaries and their share of the benefit;
- b) in the case of beneficiary rights pertaining to revocable foundations, foundation-like establishments, and special asset dedications: the name and place of residence of the founder.

3) Payment in lieu of beneficiaries as referred to in paragraph 1 shall apply until revocation of the application.

3. Personal income tax

Article 8

Amount of subsistence minimum
(Article 15, paragraph 2(i) Tax Act)

The gross subsistence minimum per month shall be:

- a) 2,000 francs for single persons;
- b) 2,500 francs for single parents;
- c) 3,000 francs for married couples assessed jointly;
- d) 1,500 francs for married couples assessed separately who live in the same household as well as for domestic partners;
- e) for each child additionally:
 - 1. 300 francs up to the age of 5;
 - 2. 450 francs from the age of 6 to the age of 11;
 - 3. 600 francs from the age of 12.

Article 9

Honorary and volunteer activities
(Article 15, paragraph 2(p) Tax Act)

Minor compensation for honorary and volunteer activities shall not be subject to personal income tax to the extent such activities:

- a) are performed by the members of organs of legal persons which pursue a non-material purpose, are not profit-oriented, and have a substantial and open circles of members; and
- b) do not exceed the amount of 350 francs monthly or 4,200 francs yearly.

Determination of agricultural income

Article 10

a) On the basis of yield units
(Article 16, paragraph 1(a) Tax Act)

1) When determining agricultural income on the basis of yield units, the income shall be calculated in accordance with the size of the operation, especially the size of the cultivated land and the number of animals. The determination shall be made in livestock units.

2) Annex 1 indicates the number of livestock units to be used for evaluating the cultivated land and the individual animal genera.

Article 11

a) On the basis of annual accounts
(Article 16, paragraph 1(a) Tax Act)

1) If the taxable agricultural income is to be determined on the basis of the annual accounts, the taxpayer shall submit an application to the Fiscal Authority.

2) The application shall be granted if the taxpayer:

- a) keeps proper books of account and prepares annual accounts; and
- b) undertakes to prepare annual accounts in the coming five years as referred to in subparagraph (a) and to use them as the basis for the tax returns during that period.

Article 12

Bulk deductions for professional expenses of employed persons
(Article 16, paragraph 2(c) Tax Act)

1) The professional expenses are in principle compensated by the bulk deduction of 1,500 francs; this deduction includes 1,000 francs for expenses for travel between the place of residence and the place of work as well as 500 francs for continuing education and retraining expenses.

2) If the taxpayer demonstrates professional expenses exceeding the bulk deduction, the amounts in excess shall be granted as extraordinary professional expenses in accordance with articles 13 to 16.

Extraordinary professional expenses of employed persons

Article 13

a) Principle

(Article 16, paragraph 2(c) Tax Act)

The following shall be taken into consideration as extraordinary professional expenses:

- a) expenses for travel between the place of residence and the place of work that exceed 1,000 francs;
- b) expenses for continuing education and retraining expenses relating to the profession or re-entry into the workforce that exceed 500 francs;
- c) additional expenses for meals away from home.

Article 14

b) Travel between place of residence and place of work

(Article 16, paragraph 2(c) Tax Act)

1) Subject to paragraph 4, deductions in accordance with the following criteria may be made as extraordinary professional expenses for travel between the place of residence and the place of work as referred to in article 13(a), irrespective of the means of transport:

- a) The travel shall be recognized once (way to and from work) per allowable workday, using the average distance between place of residence and place of work. The maximum allowable travel per workday shall be 200 kilometres.
- b) A maximum of 220 workdays per year shall be recognized, for teachers a maximum of 200 workdays.
- c) The rate per allowable kilometre shall be:
 1. 50 centimes up to an annual travel distance of 10,000 kilometres;
 2. 40 centimes for travel exceeding 10,000 kilometres.

2) For taxpayers whose place of residence and place of work are in Liechtenstein, bulk deductions in accordance with Annex 2 may be taken, on the basis of 220 workdays. In the case of teachers, the deductions shall be reduced to 200 workdays. The deductions shall likewise be reduced in the case of part-time work or work for only part of the year.

3) If the employer pays for the full cost of travel, no deductions may be claimed. If the employer pays a share of the travel cost, this share shall be considered part of the wages, and the full deduction may be claimed.

4) If the taxpayer receives reimbursement from occasional or habitual passengers, the deduction may be claimed only to the extent the travel costs are not covered by the reimbursement.

Article 15

c) Continuing education and retraining expenses *(Article 16, paragraph 2(c) Tax Act)*

1) "Continuing education expenses" means expenses for maintaining and deepening professional knowledge that is directly related to the current occupation and for which a need is shown.

2) "Retraining expenses" means expenses for learning a new profession other than the original profession; in every case, there must be a necessary professional relationship in terms of preparing for the profession.

3) The continuing education and retraining expenses associated with re-entry into the workforce of unemployed persons may be deducted in the current tax period or in the two following tax periods from the income from work of that person.

4) The expenses must be documented with receipts.

Article 16

d) Meals away from home *(Article 16, paragraph 2(c) Tax Act)*

1) If the place of work of a taxpayer is away from the taxpayer's place of residence, additional expenses for meals away from home as referred to in article 13(c) in the amount of 1,100 francs (220 workdays) or 1,000 for teachers (200 workdays) may be deducted.

2) If there is an option of eating in the cafeteria of the employer or if the employer reimburses meals, the deduction shall not be permissible.

3) The deductions shall be reduced accordingly in the case of part-time work or work for only part of the year.

Article 17

*One-time contribution for purchase of occupational retirement provision
(Article 16, paragraph 3(e) Tax Act)*

1) A one-time contribution for the purchase of occupational retirement provision shall be granted as a deduction up to the full amount of the benefits set out in the regulations. The resulting old-age benefits must be appropriate to the wages received prior to retirement.

2) The purchase must be made at the latest three years before reaching effective retirement.

Article 18

*Bookkeeping obligation of self-employed persons
(Article 17, paragraph 1 Tax Act)*

1) Taxpayers with income from self-employed work need not keep proper books of account, provided that their annual gross turnover does not exceed 10,000 francs. For determining taxable income, they may deduct bulk professional expenses in the amount of 20% of gross turnover.

2) Other taxpayers with income from self-employed work must keep proper books of account. They shall report business assets at acquisition or manufacturing costs – reduced by necessary write-downs and value adjustments – and liabilities at the repayment amount. Articles 22 to 30 shall apply *mutatis mutandis* to write-downs, value adjustments, and provisions.

4. Tax calculation

Article 19

*Tax rate schedule for lump-sum benefits
(Article 18, paragraph 6 Tax Act)*

When applying the tax rate schedule set out in article 19 of the Tax Act for lump-set benefits in accordance with article 14, paragraph 2(e) of the Tax Act, the basic exemption shall not apply. If the calculated pension is less than the exemption amount, the first rate bracket shall apply.

5. Tax deducted at source

Article 20

Interest on tax deduction (Article 29, paragraph 2 Tax Act)

The interest rate on the certified tax deduction shall be 0%.

C. Corporate income tax

1. Determination of taxable net corporate income

a) General provisions

Article 21

Bookkeeping (Article 47, paragraph 1 Tax Act)

1) Legal persons which are subject to proper accounting rules under the Law on Persons and Companies shall use the annual accounts prepared in accordance with the applicable rules to determine taxable net corporate income.

2) Legal persons which are not subject to proper accounting rules under the Law on Persons and Companies and the financial consequences of whose business activity can be presented simply and clearly without proper bookkeeping shall provide itemizations of assets and liabilities as well as of income and expenses. For determining accrual results, expenses and income shall be itemized on an accrual basis. Assets and liabilities shall in principle be valued according to market value or repayment value; investment assets may also be valued at amortized cost. The selected valuation method shall also be applied in the subsequent years.

3) Legal persons which are not subject to proper accounting rules under the Law on Persons and Companies, but which do not meet the preconditions set out in paragraph 2, shall be required to keep proper books of account in

order to determine taxable net corporate income. The accounting shall be in accordance with the general accounting rules (article 1045 et seqq. PGR).

4) Contributions by a foundation, special asset dedication, and foundation-like establishment to its beneficiaries shall not be deemed an expense.

b) Write-downs, value adjustments and provisions recognized for tax purposes

Article 22

Principle

(Article 47, paragraph 3(c) Tax Act)

1) Write-downs, value adjustments and provisions shall be recognized for tax purposes only when they are commercially justified. They shall be deemed commercially justified only when they relate to:

- a) assets necessary for the business activity of the taxpayer; or
- b) incidents directly associated with the business activity.

2) Write-downs and value adjustments shall be deemed taxable income when they are recouped through sale, appreciation or otherwise.

3) The necessity and appropriateness of the value adjustments, provisions, and unscheduled write-downs shall be documented on an annual basis. They shall be dissolved for tax purposes once the reasons for their formation have expired.

Write-downs and value adjustments on fixed assets and intangible assets

Article 23

a) Capitalization requirement

(Article 47, paragraph 3(c) Tax Act)

Assets whose economic use extends beyond the next balance sheet reporting date shall be capitalized. This shall also apply to self-manufactured assets.

Article 24

b) Scheduled and unscheduled write-downs
(Article 47, paragraph 3(c) Tax Act)

- 1) Assets whose use is limited in time shall be written down on a scheduled basis.
- 2) Assets whose use is not limited in time may not be written down on a scheduled basis.
- 3) Where depreciation is expected to be permanent, unscheduled write-downs may be performed.

Article 25

c) Retroactive write-downs
(Article 47, paragraph 3(c) Tax Act)

- 1) Scheduled write-downs may be performed retroactively for the two years preceding the current business year.

Article 26

d) Write-down rates
(Article 47, paragraph 3(c) Tax Act)

- 1) Scheduled write-downs may be applied to the book value or acquisition value. Any change to the write-down method must be notified to the Fiscal Authority; the selected write-down method must be maintained for at least five years.
- 2) For scheduled write-downs on the book value, the following normal rates shall be permissible as commercially justified:
 - a) 5% for real property (residential, office, store, hotel, restaurant, manufacturing, workshop and warehouse buildings as well as parking spaces);
 - b) 15% for temporary buildings, technical installations not fixed to a building, investments in third-party real estate, high-rack facilities and aircraft;
 - c) 20% for office and store furnishings as well as workshop and warehouse installations similar to furnishings;

- d) 25% for hotel and restaurant furnishings;
- e) 30% for devices and machines for production purposes, vending machines, telephone systems, and business-specific software solutions;
- f) 35% for machines used in shift operations or under difficult circumstances as well as motor vehicles of all kinds;
- g) 40% for intangible assets (patent, publishing, licensing, and royalty rights, acquired customer base, etc.);
- h) 50% for personal computer hardware and software, office machines, tools, as well as dishes and linen in the restaurant business;
- i) 50% for officially approved installations serving environmental protection as well as energy-saving installations and facilities for using ambient heat.

3) If the write-down is performed on the acquisition value, then the normal rates enumerated in paragraph 2 shall be reduced by half.

4) Real property may be written down only as far as the tax assessment value.

5) The write-down rates enumerated in paragraph 2 are the maximum permissible normal rates for scheduled write-downs. Higher rates shall be recognized if the taxpayer demonstrates that they are necessary.

Article 27

Value adjustments on inventory
(Article 47, paragraph 3(c) Tax Act)

1) A value adjustment of one third is permissible for tax purposes on the maximum value of inventory as determined by commercial law.

2) The Fiscal Authority shall only recognize a value adjustment on inventory if the taxpayer keeps a complete and detailed record of inventory and furnishes the Fiscal Authority upon request with the necessary information concerning valuation at manufacturing costs and market value.

Article 28

Write-downs on claims
(Article 47, paragraph 3(c) Tax Act)

1) Where losses on claims are imminent, value adjustments may be performed and booked on a separate account. If no special circumstances apply, bulk value adjustments of up to 10% on claims from Liechtenstein and Switzerland and up to 15% on claims from all other countries may be undertaken, after performing individual value adjustments in accordance with paragraph 3. No value adjustments shall be permissible on claims vis-à-vis corporations under public law, institutions under public law, banks, and persons and companies with a close relationship.

2) For purposes of taking into account the bank-specific business risk, banks may undertake value adjustments of up to 5% of receivables on claims vis-à-vis other banks (not including banks in the same corporate group).

3) If the taxpayer undertakes individual value adjustments on concrete imminent losses on claims, then the taxpayer must document to the Fiscal Authority that these individual value adjustments are necessary.

Article 29

Write-downs and value adjustments on financial investments
(Article 47, paragraph 3(c) and article 53 Tax Act)

The necessity and appropriateness of write-downs and value adjustments on financial investments shall be documented each year by way of a recognized corporate valuation method or other suitable records.

Article 30

Provisions
(Article 47, paragraph 3(c) Tax Act)

Provisions at the expense of the profit and loss statement shall be permissible for:

- a) obligations during the business year whose amount is not yet determined;
- b) other immediately imminent losses during the business year.

c) Tax-exempt income

Article 31

*Participations**(Article 48, paragraph 1(e) and (f) Tax Act)*

Units in investment undertakings do not constitute participation in a legal person. To the extent that the investment undertaking in turn invests in participations in legal persons, such investments are taxed in accordance with article 48, paragraph 1(e) and (f) of the Tax Act.

d) Notional interest deduction

Article 32

(Article 54, paragraph 2 Tax Act)

1) The starting value for calculating modified equity capital is the equity capital determined in accordance with article 18 or 21, taking account of taxed added and reduced values. In the case of investment undertakings, only the equity capital shall be used which is not attributable to the assets managed in accordance with the Law on Investment Undertakings.

2) In the case of restricted tax liability (article 44, paragraph 2 of the Tax Act), only the share of equity capital shall be taken into account which is attributable to the assets generated by domestic income as referred to in article 44, paragraph 3 of the Tax Act.

3) When calculating modified equity capital, the following shall be deducted from the starting value:

- a) personal participation as referred to in article 151 PGR;
- b) any participation in other domestic and foreign legal persons;
- c) foreign immovable property, after deduction of the debts attributable to that property (net real estate assets);
- d) assets of foreign permanent establishments, after deduction of the debts attributable to that property (net permanent establishment assets);
- e) assets not necessary for business operations, as referred to in paragraph 6.

4) Equity capital increases during the current year by way of open and hidden deposits as well as equity capital decreases during the current year by way of capital reductions and repayments and by way of open or hidden distributions shall be taken into account pro rata temporis when calculating modified equity capital; increases and decreases in a given quarter shall be aggregated and deemed occurred in the middle of the quarter. The modified equity capital shall also be increased or reduced by half of the annual result relevant for tax purposes. The annual result relevant for tax purposes shall correspond to the balance of the values referred to in article 47, paragraph 3(a) to (e) and (g) of the Tax Act.

5) The deductions referred to in paragraph 3 shall each be taken into account according to the average value of the business year when calculating modified equity capital. The average shall be determined on a quarterly basis; increases and decreases in a given quarter shall be aggregated and deemed occurred in the middle of the quarter. If these data are not available, another method may be applied upon application. In special cases – especially in the case of participations in legal persons and assets not necessary for business operations – the Fiscal Authority may demand a more precise determination of the average.

6) "Assets not necessary for business operations" means assets that do not predominantly serve the actual object of the business.

7) If the business year does not extend to twelve months, the notional interest deduction may be claimed pro rata temporis.

e) Deduction for income from intellectual property rights

Article 33

(Article 55 Tax Act)

1) "Intellectual property rights" means patents, trademarks, models, and utility models, provided that they are protected by entry in a domestic, foreign, or international register. The taxpayer must document the existence of the register entry. Other rights, such as copyrights, know-how, or trade names, shall not be considered intellectual property rights for purposes of article 55 of the Tax Act.

2) The basis of assessment for the deduction of 80% shall be the income from the use, realization, or sale of the intellectual property rights, minus the associated, tax-relevant expenses, including write-downs on intellectual property rights, even if the expenses arose over several assessment periods.

3) If the intellectual property rights are used by a legal person or permanent establishment itself in the course of its production or by a third party acting as its contractor, then the deduction shall be applied to the income arising from the intellectual property that would have been generated if the use had been assigned free of charge to a third party.

4) If payments for the intellectual property rights are agreed which exceed the usual market compensation, then the 80% deduction shall be calculated on the basis of the usual market price.

5) Article 55 of the Tax Act shall apply only to intellectual property rights created or acquired from 1 January 2011.

f) Special accounting rules

Article 34

Precondition

(Article 59 Tax Act)

Write-downs, value adjustments and provisions in accordance with articles 22 to 30 not included in the annual accounts pursuant to commercial law as well as different valuation rates for replacement purchases and restructurings may be applied for tax purposes provided that the annual accounts have been prepared in accordance with the international accounting standards of the International Accounting Standards Board (IASB) or accounting rules set out in special legislation.

Article 35

Recognition of write-downs, value adjustments and provisions for tax purposes

(Article 59 Tax Act)

To determine taxable net corporate income, unentered expenses for write-downs, value adjustments and provisions in the amount of at most 15% of the profit reported in accordance with article 34 shall be recognized. In the event of losses, no additional expenses may be claimed.

Article 36

*Obligations of the taxpayer to cooperate
(Article 59 Tax Act)*

Taxpayers desiring to make use of article 35 must, in addition to their annual accounts prepared in accordance with the accounting rules, submit the following records:

- a) the reconciliation from the commercial result to the taxable corporate income; and
- b) meaningful documentation of every position of the reconciliation referred to in subparagraph (a).

2. Private asset structures

Article 37

*Granting of status as private asset structure
(Article 64 Tax Act)*

1) Legal persons meeting the preconditions set out in article 64, paragraphs 1 to 3 of the Tax Act shall upon application be granted the status of private asset structure by the Fiscal Authority.

2) The Fiscal Authority shall in particular review:

- a) the articles;
- b) the annual accounts in accordance with article 21, paragraph 1 of this Ordinance or the itemization of assets in accordance with article 182b, paragraph 1 PGR;
- c) information on the type of income and assets as well as a description of the concrete activity of the applicant;
- d) confirmation by the applicant that:
 1. the applicant does not carry out any economic activity;
 2. the shares or units of the applicant have not been publicly placed and are not traded on an exchange and that such shares or units are held only by investors as referred to in article 64, paragraph 3 of the Tax Act or that only such investors are beneficiaries;

3. the applicant neither solicits shareholders and investors nor receives remunerations or reimbursements for expenses from shareholders, investors, or third parties for the applicant's activities;
4. the applicant or its shareholders or beneficiaries do not exert actual control on the management of the investment company through direct or indirect influence.

3) If compliance with the legal preconditions for private asset structures cannot be assessed sufficiently clearly on the basis of the records referred to in paragraph 2, the Fiscal Authority may inspect the following additional records:

- a) minutes of the meetings of the board of directors, board of trustees, or other governing body of the applicant;
- b) extracts from the Public Registry or corresponding registry extracts:
 1. of the subsidiary companies;
 2. of the shareholders or beneficiaries;
- c) confirmation by the shareholders or beneficiaries that the investor is an investor as referred to in article 64, paragraph 3 of the Tax Act as well as more detailed information concerning their activity;
- d) other suitable records that document compliance with the legal preconditions.

4) The application shall be submitted upon formation of the legal person or three months after the beginning of the new tax year.

5) In the event of significant changes, especially concerning business activity, the legal person shall notify these changes to the Fiscal Authority at the latest six months after conclusion of the tax year and confirm that the preconditions set out in article 64, paragraphs 1 to 3 of the Tax Act continue to be met.

Article 38

Inspection

(Article 64 Tax Act)

1) Upon application of the legal person, the Fiscal Authority may transfer inspection of compliance with the preconditions set out in article 64, paragraphs 1 to 3 of the Tax Act to a neutral auditor. The legal person shall bear the costs for the expenses of the auditor.

2) If the inspection by the Fiscal Authority or the auditors shows that the preconditions set out in article 64, paragraphs 1 to 3 of the Tax Act have not been complied with, the corporate income tax referred to in articles 44 ff. of the Tax Act shall be levied.

III. Organization and implementation

A. Regular assessment procedure

Wealth tax and personal income tax

Article 39

a) Tax return (Article 94 Tax Act)

1) The tax return must contain the information necessary for purposes of taxation, especially concerning the taxpayer, wealth, and income.

2) The tax return must be accompanied by the following documentation, provided that entries are made on the tax return with respect to the following positions:

- a) detailed annual accounts (computer balance sheet and profit and loss statement);
- b) data sheet for tax assessment and economic statistics;
- c) evidence of acquisition value and official value of foreign real estate in accordance with foreign tax assessment;
- d) valuations of domestic and foreign equity securities in accordance with article 12, paragraph 1(c) and (d) of the Tax Act;
- e) certifications in accordance with article 99 of the Tax Act;
- f) evidence of individual deductions claimed;
- g) form for determining agricultural wealth and agricultural income or annual accounts for farmers.

Article 40

*b) Extension of submission deadline
(Article 95, paragraph 4 Tax Act)*

1) The competent municipal tax authority may, upon justified written request, extend the submission deadline by at most five months. The request must be made before expiry of the regular submission deadline.

2) A deadline extension of more than one month requires:

- a) in the case of employed persons, payment of 80% of the previous year's tax;
- b) in the case of self-employed persons, payment of the provisional tax invoice.

Corporate income tax

Article 41

*a) Tax return
(Article 94, paragraph 2 Tax Act)*

1) The tax return must contain the information necessary for purposes of taxation, especially concerning the company, the profit and loss statement, the balance sheet, the appropriation of profits, and the beneficial owners taxable in Liechtenstein.

2) The tax return must be accompanied by the following documentation:

- a) detailed annual accounts (computer balance sheet and profit and loss statement) or itemization in accordance with article 21;
- b) report by the auditor, provided that the taxpayer is subject to audit;
- c) account sheets concerning loans and current accounts of beneficial owners and persons with a close personal relationship;
- d) schedule of provisions and deferred charges to income (accruals and deferrals);
- e) decision by the supreme governing body concerning appropriation of profits.

3) The documentation enumerated in paragraph 2 may also be submitted in English.

4) The amounts in the tax return shall be declared in Swiss francs, euros, or US dollars.

Article 42

*b) Extension of submission deadline
(Article 95, paragraph 4 Tax Act)*

1) The Fiscal Authority may, upon justified written request, extend the submission deadline by six months. The request must be made at the latest 30 days after the general due date (article 113, paragraph 3 of the Tax Act).

2) A deadline extension requires payment of the provisional invoice.

3) In especially justified cases, such as the occurrence of events that cannot be influenced and that delay submission of the tax return on a sustained basis, the submission deadline may be extended again. The request must be made before expiry of the first deadline extension.

Article 43

*Duty of disclosure
(Article 96, paragraph 3 Tax Act)*

Donations, inheritances, or bequests must be declared from an amount of 10,000 francs.

Article 44

*Costs for inspections by auditors
(Article 97, paragraph 3 Tax Act)*

If, upon application of the Fiscal Authority or the taxpayer, a neutral auditor is appointed as an inspection body, then the applicant shall bear the expenses of the auditor.

B. Tax demand

Article 45

*Default interest
(Article 114, paragraph 3 Tax Act)*

The default interest rate shall be 4%.

C. Tax collection and safeguarding of tax

Provisional and final collection

Article 46

a) Wealth tax and personal income tax (Article 127 Tax Act)

1) Self-employed persons who have not been assessed by the general due date (article 113, paragraph 3 of the Tax Act) shall, subject to paragraph 2, receive a provisional invoice by that date.

2) Self-employed persons who have requested a deadline extension of more than one month shall receive the provisional invoice already at an earlier date.

3) The basis for preparation of the provisional invoice shall be:

- a) the submitted tax return;
- b) the expected tax amount owed; or
- c) the most recent final assessment.

Article 47

b) Corporate income tax (Article 127 Tax Act)

1) Taxpayers which have not been assessed by the general due date (article 113, paragraph 3 of the Tax Act) shall receive a provisional invoice by that date.

2) The basis for preparation of the provisional invoice shall be:

- a) the tax return submitted before the submission deadline;
- b) the expected tax amount owed which has been reported before the submission deadline; or
- c) the most recent final assessment.

3) Taxpayers subject to the minimum corporate income tax in accordance with article 62, paragraphs 2 and 3 of the Tax Act shall in any event be invoiced the minimum corporate income tax.

Article 48

Refund interest
(Article 130, paragraph 2 Tax Act)

The refund interest rate shall be 2%.

IV. Transitional and final provisions

Article 49

Transitional provisions

1) In deviation from article 4, the following shall apply to taxpayers in 2011 which do not close their annual accounts at the end of the calendar year:

- a) If the accounts are closed between 1 January and 30 June 2011, taxation shall be determined in accordance with the provisions applicable to tax year 2010.
- b) If the accounts are closed between 1 July and 31 December 2011, taxation shall be determined in accordance with the provisions applicable to tax year 2011.

2) In deviation from article 47, paragraph 2(c), 80% of the most recent final assessment shall be used for preparation of the provisional invoice.

Article 50

Repeal of law previously in force

The following shall be repealed:

- a) Ordinance of 8 June 1961 on Taxation of Agricultural Income, LGBl. 1961 No. 15;
- b) Ordinance of 3 March 1970 amending the Ordinance on Taxation of Agricultural Income, LGBl. 1970 No. 19;

- c) Ordinance of 4 April 1968 on Tax-Exempt Provisions, LGBl. 1968 No. 12/1;
- d) Ordinance of 7 December 2004 amending the Ordinance on Tax-Exempt Provisions, LGBl. 2004 No. 276;
- e) Ordinance of 15 September 2009 on Tax Write-Downs, LGBl. 2009 No. 237;
- f) Ordinance of 4 April 1968 on Valuation of Inventory and Reserves in Warehouses, LGBl. 1968 No. 12/3;
- g) Ordinance of 3 March 1970 on Assessment of Extraordinary Professional Expenses of Employed Persons, LGBl. 1970 No. 17;
- h) Ordinance of 8 January 1974 amending the Ordinance on Assessment of Extraordinary Professional Expenses of Employed Persons, LGBl. 1974 No. 2;
- i) Ordinance of 8 September 1981 amending the Ordinance on Assessment of Extraordinary Professional Expenses of Employed Persons, LGBl. 1981 No. 48;
- k) Ordinance of 4 February 1999 amending the Ordinance on Assessment of Extraordinary Professional Expenses of Employed Persons, LGBl. 1999 No. 54;
- l) Ordinance of 21 December 1999 amending the Ordinance on Assessment of Extraordinary Professional Expenses of Employed Persons, LGBl. 2000 No. 3;
- m) Ordinance of 29 December 1981 on the Law on National and Municipal Taxes, LGBl. 1982 No. 12;
- n) Ordinance of 17 March 1992 on the Tax Treatment of Institutions for Occupational Retirement Provision, LGBl. 1992 No. 31;
- o) Ordinance of 7 December 2004 on the Recognition of Unentered Write-Downs, Value Adjustments and Provisions for Tax Purposes, LGBl. 2004 No. 275.

Article 51

Entry into force

- 1) Subject to paragraph 2, this Ordinance shall enter into force on 1 January 2011.
- 2) The provisions on private asset structures in accordance with articles 37 and 38 shall enter into force at the same time as article 64 of the Tax Act.

The Government
signed *Dr. Klaus Tschütscher*
Prime Minister

Annex 1
(Article 10)

Taxation of agricultural income

A. Valuation of livestock units

The valuation of livestock units for the purpose of determining agricultural income shall be undertaken pursuant to the following conversion key:

1. Animal genus	Livestock unit
<i>Bovine:</i>	
milk cows	1.00
other cows	0.80
<i>other bovine animals:</i>	
more than 730 days old	0.60
between 366 and 730 days old	0.40
between 121 and 365 days old	0.30
up to 120 days old	0.10
<i>Equine:</i>	
nursing and pregnant mares	1.00
other horses older than 30 months	0.70
foals up to 30 months (without foals at foot)	0.50
mules and hinnies	0.40
ponies, small horses, and donkeys	0.25
<i>Sheep and goats:</i>	
milked sheep	0.25
milked goats	0.20
other sheep and goats more than 1 year old	0.17
<i>Pigs:</i>	
nursing breeding sows	0.55
non-nursing breeding sows more than 6 months old	0.26
breeding boar	0.25
<i>Other animal genera:</i>	
breeding hens, breeding cocks, laying hens	0.01
turkeys	0.028
1 bee colony	0.0313

2. Cultivated land and feed sales:

Private forests in connection with a farm, per cubic metre or stere of average annual wood increment	0.10
Arable land, per 80 ares	1.00
Vineyards, per 25 ares	1.00
Pure fruit-growing, per 25 ares	1.00
Vegetable-growing, per 40 ares	1.00
Feed sales, per 7,000 kg	1.00

3. If laying hens or bee colonies are held purely as an agricultural side operation, the holding of up to 10 bee colonies and up to 30 laying hens shall not be counted as agricultural income.

B. Value of a livestock unit

A livestock unit corresponds to income of 1,000 francs in the valley municipalities and 800 francs in the mountain municipalities of Triesenberg, Schellenberg, and Planken.

Annex 2
(Article 14, paragraph 2)

**Bulk deductions for travel between place of residence
and place of work within Liechtenstein**