



Liechtenstein Tax Law – Overview 2023

August 2023

LEGAL PERSONS

Tax liability – unlimited on the basis of Liechtenstein domicile or effective place of management or limited on the basis domestic income (from real estate, permanent establishments or board remuneration).

Tax base of corporate income – The tax base is the annual corporate income based on the annual financial statement pursuant to the Persons and Companies Act [PGR] or the principles of the Tax Ordinance (inventory of assets, liabilities, profits and losses), where commercially justified expenses are tax-deductible. Profits and losses must be defined in the same way as would be the case for a relationship between independent third parties (dealing at arm's length principle). Tax expenses are not tax-deductible. The taxable net income is calculated as follows:

	Balance of profit and loss statement
+	losses on participations in legal entities
+/-	tax corrections
-	tax-exempt income
-	notional interest deduction
-	losses from foreign permanent establishments
-	losses from group taxation
-	loss carryforward
=	taxable net income

Losses from participations – realized and unrealized losses from participations in legal entities are treated as tax-neutral from the tax year 2019 and are no longer tax deductible, i.e. belong to taxable corporate income.¹

Tax-exempt income – Dividends, capital gains and unrealized increases of value from participations in legal persons, distributions of foundations, establishments similar to foundations and trusts with personality under

consideration of anti-avoidance provisions;² income from foreign permanent establishments, rental income and capital gains from foreign real estate, capital gains on Liechtenstein real estate subject to real estate capital gains tax. Capital brought in by shareholders/settlers/beneficiaries are not included in the taxable net corporate income.

The anti-avoidance provisions cover dividends and capital gains from participations with more than 50% passive income and low taxation (< 6.25% or < 50% of the effective Liechtenstein taxes), hence these income are taxable (switch-over). There is a transitional period with the first application in 2022 for participations acquired before the end of 2018. In addition, dividends which are tax deductible at the paying entity are not tax exempt (hybrid-mismatch).

Notional interest deduction – a deduction of 4% on the modified equity poses a commercially justified expense. The modified equity is calculated as follows:

	equity at the beginning of the tax year
+	equity increases
-	equity decreases
-	own shares
-	participations in legal entities
-	assets not required for business operations
-	6% of the assets that have not already been deducted
=	modified equity

The corrections of equity as at the beginning of the tax year (see above) are weighted and deducted pro rata temporis, aggregated per quarter and considered to have occurred in the middle of the quarter.

If the modified equity is negative, the notional interest deduction is CHF 0. The notional interest deduction

¹ For further information see CONFIDA Info: "[Reversal of Impairment Losses on Participations](#)".

² For further information see CONFIDA Info: "[Amendments to the Tax Act in Liechtenstein](#)".

must not lead to a loss or increase an existing loss. A double-dip through interest expenses at the parent company and notional interest deduction at the subsidiary is not possible (see anti-avoidance provisions).²

Losses from foreign permanent establishments – can be offset in Liechtenstein, if they have not already been taken into account abroad. As soon as the foreign permanent establishment makes profits again, the foreign losses previously offset are taxed retrospectively. After 5 years, tax is recovered retrospectively irrespective of profits in the foreign permanent establishment.

Group taxation – on application, connected companies may, under certain conditions, form a group and compensate losses within the group with profits in the same year. Losses are allocated on a pro-rata basis according to the participation held. The allocated losses are taxed retrospectively, inter alia, when the loss-making company makes profits again or leaves the group. After 5 years, tax is recovered retrospectively irrespective of profits in the group company. This is only a temporary tax suspension.

Losses – can be carried forward without restriction. On a yearly basis, however, losses from previous years may only be offset up to a maximum of 70% of the taxable net income.

Transfer prices – Transfer prices for transactions with related parties and permanent establishments must be documented.³

Tax rate – 12.5% of taxable net income.

Minimum income tax – CHF 1'800 per year and irrespective of the duration of the tax year.

Anti-avoidance provisions – There is a general anti-avoidance provision regarding inadequate legal constructions, but no minimum capitalization rules and no Controlled Foreign Company (CFC) rules. Specific anti-avoidance provisions exist in connection with the tax exemption of dividends, capital gains and distributions, as well as the notional interest deduction.²

Administration – The tax year is the accounting year. The tax return must be filed within 6 months after the closing date. Extensions of the deadline up to 12 months after the closing date are generally possible. Tax rulings can be obtained.

Withholding taxes – No withholding taxes on dividends, licenses and interests are levied. Remunerations to members of foundation boards/boards of directors of Liechtenstein foundations/companies may be subject to a withholding tax.

Foreign tax credit – is given up to the maximum of the Liechtenstein income tax on the income affected by foreign taxes.

Privileged tax status – Taxation as a Private Asset Structure (PAS) is possible on application. The tax burden corresponds to the minimum corporate income tax

of CHF 1'800 per year irrespective of the annual results. Crucial requirement: no economic activity.

Trusts – From the tax perspective trusts are considered to be transparent and capital and income are attributed either to the settlor or the beneficiary. As a result, trusts are subject to the minimum corporate income tax of CHF 1'800 per year.

Issuance stamp tax – corporations, limited liability companies and establishments with divided capital are subject to the Swiss issuance stamp tax. Issuance stamp tax of 1% is due in the case of capital increases, with a tax allowance of CHF 1 million. Deposits without capital increase cannot benefit from the CHF 1 million tax allowance.

Formation tax – Legal entities that are not subject to Swiss stamp law are subject to the formation tax of 1% of the statutory capital (not applicable to contributions to the reserves). The formation tax is reduced to 0.5% above CHF 5 million and to 0.3% above CHF 10 million. Foundations and trusts pay 0.2% of the statutory capital, but at least CHF 200.

Securities Transfer Tax – corporations, limited liability companies and establishments with divided capital are subject to the Swiss transfer tax. The transfer of securities by securities dealers is subject to a tax of 0.15% (domestic securities) and 0.3% (foreign securities). All other Liechtenstein legal entities cannot be subject to the Swiss transfer tax as securities dealers. However, these companies may be subject to VAT as agent/broker. The abolition of the securities transfer tax has been initiated (09.503).

NATURAL PERSONS

Personal tax liability – unlimited on the basis of residence or habitual abode in Liechtenstein or limited on the basis of Liechtenstein real estate ownership or permanent establishment.

Residence – the place where a person is permanently resident.

Habitual abode – the place where a person does not stay just temporarily. A stay for more than 6 months is deemed to be a habitual abode.

Material tax liability – unlimited with income and assets attributed to Liechtenstein at the tax rate of the world-wide income and assets or limited to Liechtenstein income and assets.

Taxable income – total income, in particular, income from self-employed/employed activity, institution fees, annuities and capital contributions, replacement income as well as nominal income from assets (see wealth tax).

Tax-exempt income – all effective income from assets subject to wealth tax. In particular, dividends and capital gains from participations in legal entities and rental income are tax-exempt. For participations in business assets, anti-avoidance provisions must be observed.¹

³ For further information see CONFIDA Info: "[Transfer Pricing Documentation - Implementation in Liechtenstein](#)".

Wealth tax – total assets at the beginning of the tax year (movable and immovable; less debts) is the base of wealth tax. However, foreign immovable assets and assets of foreign permanent establishments (less pro-rata debts) are to be taken into account only with regard to the tax rate. The assets are included in the taxable income with a nominal yield of 4% and subject to income tax.

Tax deductions – work-related costs and social insurance fees, lump sums for private personal insurance (e.g. health insurance), other personal deductions (for example, contributions to subsistence, child allowance, donations) are deductible. A tax allowance of 70% is granted for pensions arising from old age, survivors' and disability insurance [AHV/IV]. Contributions to the occupational pension scheme can be deducted up to a maximum of 18% of the income (among others without nominal yield).

Tax rate – 0% to 24% on taxable income (depending on income and municipality affiliation). There are different tax rates for single parents, married couples and other taxpayers.

Foreign tax credit – is given up to the maximum of the Liechtenstein income tax on the income affected by foreign taxes.

Inheritance/gift tax – none. In special situations, endowment tax of 3.5% plus municipal surcharge may apply.

Lump sum taxation – possible instead of wealth and income tax for persons who reside or habitually abode in Liechtenstein for the first time or after at least 10 years of absence from Liechtenstein, are not Liechtenstein citizens and do not work in Liechtenstein. For EU/EEA citizens the minimum tax per year is CHF 300'000 and for non-EU/EEA citizens it is CHF 350'000.

Administration – Regarding domestic income, tax is usually deducted directly on disbursement. If the domestic gross income exceeds CHF 200'000, persons with limited tax liability have to file a tax return; the domestic income is taxed at the rate of the worldwide assets and income. Generally, unlimited taxpayers have to file a tax return, which is used to assess the tax on capital and income. The tax year corresponds to the calendar year. Spouses are generally taxed jointly, but can be taxed separately on application (until 31 December of the respective tax year).

REAL ESTATE CAPITAL GAINS TAX

The seller of a property located in Liechtenstein has to pay a tax on real estate capital gains. The real estate capital gains correspond to the difference between the sales proceeds and the investment costs (purchase price and value increasing expenses). The tax rate is 0% - 24%. In the case of legal entities, the reinvested depreciation is subject to corporate income tax.

VALUE ADDED TAX

Basis – Liechtenstein and Switzerland form a customs union, which is why the Swiss Value Added Tax Act generally applies.

Taxable transactions – The supply of goods and the provision of services in Liechtenstein and the import of goods and services to Liechtenstein are subject to VAT. Exports of goods and services are not subject to VAT.

Tax rates – standard 7.7% (as of 2024: 8.1%), certain goods (e.g. food) 2.5% (as of 2024: 2.6%), accommodation 3.7% (as of 2024: 3.8%) and various VAT-free transactions (e.g. banking and insurance).

Reverse charge - If a foreign company, which is not entered in the VAT register in Switzerland, provides services for persons who are subject to VAT in Liechtenstein as recipients, the respective reverse charge is to be settled by them. This includes:

- services if the place of service is located in Liechtenstein (recipient location principle),
- the import of data carriers without market value in accordance with VAT Ordinance (e.g. plans and drawings by architects or engineers, legal documents from lawyers, expert opinions etc.),
- repair, maintenance and construction work on buildings in Liechtenstein by foreign, unregistered companies

In addition, the reverse charge is also to be settled by Liechtenstein residents who are not subject to VAT if such services are received annually for over CHF 10,000. For these, the reverse charge represents a definitive tax burden, an input tax deduction is not possible.

Registration – Companies with worldwide turnovers from taxable services of more than CHF 100,000 are compulsorily subject to VAT in Liechtenstein starting with the first Swiss franc turnover. An exception to the VAT requirement applies to Liechtenstein companies that provide services abroad only. As of 1 January 2019, foreign online retailers with an annual Liechtenstein turnover of CHF 100'000 or more are also subject to compulsory taxation.

Administration – In general VAT returns must be filed per quarter and paid within two months after the end of the quarter. For service imports billing and payment must occur within 2 months after the end of the year.

INTERNATIONAL TAX AGREEMENTS

Double Taxation Agreements (DTAs) – Liechtenstein has a growing network of double taxation agreements (see overview).

Multilateral Instrument (MLI) – The MLI is used to adjust certain double taxation agreements to international standards. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion

and Profit Shifting came into force for Liechtenstein on April 1, 2020. The date of application of the Convention to the DTAs covered (for withholding taxes (W) and all other taxes) depends on its entry into force in the contracting states.⁴

Convention on Mutual Administrative Assistance in Tax Matters (CMAA) – The Convention on Mutual Administrative Assistance in Tax Matters is a comprehensive instrument of multilateral tax cooperation. The agreement mandatorily stipulates the exchange of information on request and the spontaneous exchange of information and also provides the basis for the implementation of the automatic exchange of information, CbC reporting and other forms of administrative assistance. The agreement is applicable in Liechtenstein from January 1, 2017.

Spontaneous Exchange of Information – exchange of information and tax rulings which may be relevant to the competent foreign authority without special request. The transmission will take place from 2018 regarding tax periods from 2017. Tax rulings which are no longer applied from 2017, will not be affected by the spontaneous exchange of information.⁵

Automatic Exchange of Information (AEOI) – Liechtenstein financial institutions are obliged to report information on financial accounts to the Liechtenstein Tax Administration, which forwards this information to the competent authorities of the partner states. The reports to the Tax Authority must be made within six months (until June 30) after the expiry of the respective reporting period.

Country-by-Country-Reporting (CbCR) – automatic exchange of country-specific information from multinational corporations with an annual consolidated turnover of more than CHF 900 mio.⁶

Global Minimum Taxation (GloBE) – Introduction and application of an IIR supplementary tax from 1.1.2024 at the earliest and a UTPR supplementary tax from 1.1.2025) for multinational and purely domestic groups with an annual consolidated turnover of more than EUR 750 million (in two out of four years). The implementation will be accompanied by the introduction of a national supplementary tax (QDMTT) to ensure an effective tax burden of 15% from 1.1.2024.⁷

Please directly contact our experts for further information:



Dr Florian Kloster, LL.M.
Tax Advisor (Germany)
Mail: florian.kloster@confida.li
Tel: +423 235 84 01



Elia Sozzi
Swiss Certified Fiduciary
Mail: elia.sozzi@confida.li
Phone: +423 235 84 14



Mag. Iryna Gartlacher, M.Sc., LL.M.
Mail: iryna.gartlacher@confida.li
Phone: +423 235 84 49

You can subscribe to our newsletter on tax issues at [Newsletter | CONFIDA](#).

Disclaimer

This overview was only prepared for information purposes and does not constitute legal or tax advice. We assume no liability or responsibility for any ambiguity, incorrectness or inaccuracy of this overview and recommend analyzing each case with your tax adviser under consideration of all circumstances.

⁴ For further information see CONFIDA Info: "[Liechtenstein Ratifies the MLI](#)".

⁵ For further information see CONFIDA Info: "[Implementation of the Spontaneous Exchange of Information in Liechtenstein](#)".

⁶ For further information see CONFIDA Info: "[Country-by-Country Reporting \(CbCR\) - Implementation in Liechtenstein](#)" and "[Country-by-Country Reporting \(CbCR\) – Clarification of the Term "Group"](#)".

⁷ For further information see CONFIDA Info: "[Introduction of a Global Minimum Tax in Liechtenstein – In scope: Operating Companies and Asset Structures –](#)".

Overview of selected international tax agreements in Liechtenstein

	DTA applicable from	MLI applicable from	CMAA ⁸ in force from	AEoI applicable from	CbCR applicable from		DTA applicable from	MLI applicable from	CMAA ⁸ in force from	AEoI applicable from	CbCR applicable from
Albania			01.12.2013	2019		Gabon					2019
Andorra	2017	FL: 07/2022 AD: 2023 W: 2022	01.12.2016	2017	2018	Georgia	2017	10/2020 W: 2021	01.06.2011	2023	2017
Anguilla			01.03.2014	2017 ⁹	2020 ¹⁰	Germany	2013	n/a	01.12.2015	2016	2017
Antigua und Barbuda			01.12.2019	2019		Ghana			01.09.2013	2018	
Argentina			01.01.2013	2017	2017	Gibraltar			01.03.2014	2016	2021
Armenia			01.06.2020			Greece			01.09.2013	2016	2017
Aruba			01.09.2013	2018	2021	Greenland			01.06.2011	2017	
Australia			01.12.2012	2018	2017	Grenada			01.09.2018	2019	
Austria	1969	n/a	01.12.2014	2016 ¹¹	2017	Guatemala			01.10.2017		
Azerbaijan			01.09.2015	2019	2022	Guernsey	2016	10/2020 W: 2021	01.08.2014	2017	2017
Bahamas			01.08.2018	2019 ⁹	2020 ¹⁰	Haiti					2019
Bahrain	initialed		01.09.2018	2019 ⁹	2021 ¹⁰	Hong Kong (China)	2012	03/2023	01.09.2018	2019	2019
Barbados			01.11.2016	2018	2023	Hungary	2016	2022	01.03.2015	2016	2017
Belgium			01.04.2015	2016	2017	Iceland	2017	n/a	01.02.2012	2017	2017
Belize			01.09.2013	2017	2018	India			01.06.2012	2017	2017
Benin			01.05.2023			Indonesia			01.05.2015	2018	2017
Bermuda			01.03.2014	2017 ⁹	2017 ¹⁰	Ireland			01.09.2013	2016	2017
Bosnia and Herzegovina			01.01.2021			Isle of Man			01.03.2014	2017	2017
Botswana			01.10.2021			Israel			01.12.2016	2018	2017
Bonaire				2018		Italy	Est. 2024		01.05.2012	2016	2017
Brazil			01.10.2016	2018	2017	Jamaica			01.03.2019	2022	
British Virgin Islands			01.03.2014	2017 ⁹	2020 ¹⁰	Japan			01.10.2013	2017	2017
Brunei Darussalam			01.07.2019	2019		Jersey	2019	n/a	01.06.2014	2017	2017
Bulgaria			01.07.2016	2016	2017	Jordan			01.12.2021	2022	
Burkina Faso			01.04.2023			Kazakhstan			01.08.2015	2020	2017
Cabo Verde			01.05.2020			Kenya			01.11.2020	2021	
Cameroon			01.10.2015			Korea			01.07.2012	2017	2017
Canada			01.03.2014	2017	2017	Kuwait			01.12.2018	2018 ⁹	
Cayman Islands			01.01.2014	2017 ⁹	2018 ¹⁰	Latvia			01.11.2014	2016	2017
Chile			01.11.2016	2017	2017	Lebanon			01.09.2017	2018	
China			01.02.2016	2017	2017	Liberia			26.08.2021		
Colombia			01.07.2014	2018	2017	Lithuania	2021	n/a	01.06.2014	2016	2017
Cook Islands			01.09.2017	2018		Luxembourg	2011	10/2020 W: 2021	01.11.2014	2016	2017
Costa Rica			01.08.2013	2018	2017	Macau (China)			01.09.2018	2019	2021
Croatia			01.06.2014	2016	2017	Malaysia			01.05.2017	2017	2017
Curaçao			01.09.2013	2018	2017	Maldives			01.01.2022	2021	2023
Cyprus			01.04.2015	2016	2017	Malta	2015	FL: 10/2020 MT: 2021 Q: 2021	01.09.2013	2016	2017
Czech Republik	2016	03/2021 W: 2021	01.02.2014	2016	2017	Marshall Islands			01.04.2017	2018 ⁹	
Denmark			01.06.2011	2016 ¹²	2017	Mauritania			01.08.2022		
Dominica			01.08.2019	2019		Mauritius			01.12.2015	2017	2018
Dominican Republic			01.12.2019			Mexico			01.09.2012	2017	2017
Ecuador			01.12.2019	2020		Moldova			01.03.2012		
El Salvador			01.06.2019			Monaco	2018	n/a	01.04.2017	2017	2019
Estonia			01.11.2014	2016	2017	Mongolia			01.06.2020		
Eswatini			01.07.2021			Montenegro			01.05.2020		
Faroe Islands			01.06.2011	2017		Montserrat			01.10.2013	2018	
Finland			01.06.2011	2016 ¹³	2017	Morocco			01.09.2019	2021	2020
France			01.04.2012	2016 ¹⁴	2017	Namibia			01.04.2021		

⁸ In its version as amended by the 2010 Protocol.

⁹ Non-reciprocal AEoI partner states, i.e. no AEoI reporting to them required.

¹⁰ Non-reciprocal CbC partner states, i.e. no CbC reporting to them required.

¹¹ In the case of Austria, the first relevant AEoI reporting period is 2017.

¹² For AEoI purposes excl. Faroe Islands and Greenland.

¹³ For AEoI purposes incl. Åland.

¹⁴ For AEoI purposes incl. Guadeloupe, Martinique, French Guiana, Mayotte and La Réunion and excl. Saint-Barthélemy and St. Martin.

	DTI applicable from	MLI applicable from	CMAA ⁷ in force from	AEoI applicable from	CbCR applicable from		DTA applicable from	MLI applicable from	CMAA ⁷ in force from	AEoI applicable from	CbCR applicable from
Nauru			01.10.2016	2018 ⁹		Saudi Arabia			01.04.2016	2018	2020
Netherlands	2022	n/a	01.09.2013	2016 ¹⁵	2017	Senegal			01.12.2016		2017
New Caledonia				2021		Seychelles			01.10.2015	2017	2020
New Zealand			01.03.2014	2017	2017	Serbia			01.12.2019		
Nigeria			01.09.2015	2019	2017	Singapore	2015	10/2020 W: 2021	01.05.2016	2018	2017
Niue			01.10.2016	2018		Sint Eustatius				2018	
North Macedonia			01.01.2020			Sint Maarten			01.09.2013	2018	
Norway			01.06.2011	2017	2017	Slovak Republic			01.03.2014	2016	2017
Oman				2020	2021	Slovenia			01.06.2011	2016	2017
Pakistan			01.04.2017	2019	2018	South Africa			01.03.2014	2017	2017
Panama			01.07.2017	2019	2020	Spain			01.01.2013	2016 ¹⁶	2017
Paraguay			01.11.2021			Sweden			01.09.2011	2016	2017
Peru			01.09.2018	2019	2020	Switzerland	2017	n/a	01.01.2017	2018	2018
Poland			01.10.2011	2016	2017	Thailand			01.04.2022	2022	
Portugal			01.03.2015	2016 ¹⁷	2017	Tunisia			01.02.2014	2023	2020
Qatar			01.01.2019	2019	2019	Turkey			01.07.2018	2019	2022
Romania	Signed 2022	n/a	01.11.2014	2016	2017	Turks- und Caicosinseln			01.12.2013	2017 ⁹	2018 ¹⁰
Russia			01.07.2015	2018	2018	Trinidad und Tobago				2019	
Rwanda			01.12.2022	2023		Uganda			01.09.2016	2022	
Saba				2018		Ukraine			01.09.2013	2022	
Saint Kitts and Nevis			01.12.2016	2018		United Arab Emirates	2018	10/2020 W: 2021	01.09.2018	2019 ⁹	2019 ¹⁰
Saint Lucia			01.03.2017	2018		United Kingdom	2013	FL: 10/2020 UK: 04/2021 W: 2021	01.10.2011	2016 ¹⁸	2017
Saint Vincent and the Grena- dines			01.12.2016	2017		United States					2019
Samoa			01.12.2016	2018		Uruguay	2013	FL: 10/2020 UY: 2021 W: 2021	01.12.2016	2018	2017
San Marino	2012	2021	01.12.2015	2017	2019	Vanuatu			01.12.2018	2019	

¹⁵ For AEoI purposes excl. Aruba, Bonaire, Curaçao, Saba, Sint Eustatius and Sint Maarten.

¹⁶ For AEoI purposes incl. Canary Islands.

¹⁷ For AEoI purposes incl. Azores und Madeira.

¹⁸ For AEoI purposes excl. Anguilla, British Virgin Islands, Cayman Islands, Gibraltar, Guernsey, Isle of Man, Jersey, Montserrat, Turks and Caicos Islands.