

Overview of the Liechtenstein Company Limited by Shares (Ltd.) / “Aktiengesellschaft (AG)”

The AG is the preferred legal form of a company in Liechtenstein. The AG is a capital related company, which pursues economic purposes and operates a commercial business. The registered capital is divided into shares. The liability is limited to the amount of the company assets. The general part of a company is regulated in art. 106 – 245 of the Liechtenstein Persons and Companies Act in Liechtenstein (PGR). The provisions regarding the AG can be found in art. 261 – 366 PGR.



The main features of the AG are summarised as follows:

- At least 2 shareholders are necessary for the foundation. Immediately after the foundation, all the shares can come into the ownership of one single person (“one man company”). Founders can be Liechtenstein citizens or foreigners, being either individuals or legal entities.
- In general, there is free choice of the company name. However, the term “Aktiengesellschaft” or “AG” has to be added to the company name.
- The company is formed by means of a formation deed and articles. The AG acquires its legal personality upon its registration in the Commercial Register.
- The registered capital amounts to at least CHF/EUR/USD 50,000. The payment can either be in cash or with a contribution in kind.
- The capital is divided into shares. The shares are in registered or bearer form and are registered in the company’s share register. Bearer shares are freely transferable, whereby it is possible to restrict the transferability of registered shares.
- The commercial purpose of the company can be economic or non-economic.
- The liability of the shareholders is limited to the share capital.
- Each shareholder has an entitlement in respect of the available earnings and liquidation proceeds.
- The mandatory corporate bodies of the AG are: general meeting, board of directors and the auditor.

- The general meeting is the supreme governing body and takes place every year within 6 months of the end of the financial year to approve the annual account and to deal with any other duties as provided by the articles of association or the law.
- The board of directors conducts and manages the company's business, unless it has not delegated the management.
- The auditor controls the annual company accounts and forwards its report to the general meeting. For small businesses an audit by a licenced auditor or trustee is sufficient. The

audit of medium-sized, large or in the EEA listed companies must be carried out by a licenced auditor.

- An AG must keep annual company accounts. Depending on the size of the company these accounts must be more extensive and detailed. A distinction is made between small, medium-size and large companies. The criteria of demarcation are balance sheet, net turnover and number of employees.
- The AG prepares an annual report. This includes an annual financial statement and an annual business report. Small companies must not prepare a

business report. The annual financial statement can be in English, French, Italian, Spanish or Portuguese and in Swiss francs, Euro, US-Dollar or in any free convertible currency. It must be submitted every year to the tax administration and, where required, to the commercial register.

- The AG can be terminated for certain reasons (according to articles of association, judgement, law).

A brief overview of fiscal aspects of an AG:

- An AG is generally subject to unlimited corporate income tax at a flat rate of 12.5%. However, the Liechtenstein tax law provides for several exemptions: Amongst others, dividends and capital gains from the sale of shares are tax exempt, as well as income from real estate and permanent establishments

which are located abroad. Additionally, a notional interest deduction of currently 4% on the company's equity (after adjustments for tax purposes) is granted. Therefore, the effective tax rate is for most companies less than 12.5%.

- If a company does not carry out economic activities and serves the private asset management of an

individual (or a family), it may apply for the status of a Private Asset Structure (PAS). If the Liechtenstein tax authority approves the application, the legal person is only liable to minimum tax, which currently amounts to CHF 1,800.

- The Swiss stamp duty also applies to a Liechtenstein AG. Therefore, the AG's equity exceeding CHF 1 million is liable to emission stamp duty of 1%.

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