



Factsheet concerning the foundation (Art. 552 to Art. 41 of the Liechtenstein Persons and Companies Act (“PGR”))

1. Terminology and legal nature

A foundation is a legally and economically independent special purpose entity, which is established as a legal entity by the unilateral declaration of intent of the founder. The founder dedicates the specifically designated foundation assets and determines the purpose of the foundation, and the beneficiaries.¹

The foundation may be private-benefit or public-benefit. Pure or mixed family foundations are particularly suitable as private-benefit foundations. Public-benefit foundations are subject to the supervision of the Foundation Supervisory Authority. The same applies to private-benefit foundations that are subjected to supervision by a provision in the foundation deed. The Foundation Supervisory Authority is the Office of Justice.²

A sample of the notification for the obligation of disclosure can be found on the website of the Foundation Supervisory Authority at www.stifa.li.

Public-benefit foundations must be registered in the Commercial Register; private-benefit foundations may be registered voluntarily in the Commercial Register, but they must be registered in the Commercial Register if they engage in activities of a commercial nature on a special statutory basis.

2. Setting up the foundation

The foundation may be set up by one or more natural persons or legal entities.³ The foundation is set up by means of a written foundation declaration.⁴

Public-benefit foundations and private-benefit foundations that engage in activities of a commercial nature on a special statutory basis must arrange to be entered in the Commercial Register and acquire legal personality only once they have been registered.⁵

¹ Art. 552 §1 Para. 1 PGR

² Art. 552 § 29 Para. 1 and 2 PGR

³ Art. 552 § 4 Para. 1 PGR

⁴ Art. 552 § 14 Para. 1 PGR

⁵ Art. 552 § 14 Para. 4 PGR

Other private-benefit foundations may arrange to be entered in the Commercial Register on a voluntary basis; there is, however, no legal obligation to do this.⁶ They become established once the foundation declaration has been effectively executed and the foundation assets have been transferred.

If the foundation is not subject to an obligation to register, a notice of formation must be filed with the Office of Justice within 30 days of the setting up of the foundation.⁷

Samples regarding filing a notification of formation can be found on the website of the Foundation Supervisory Authority at www.stifa.li.

3. Organisation of the foundation

3.1 The foundation council

The foundation council shall administer the foundation and represent this externally. It is responsible for fulfilling the purpose of the foundation in accordance with the provisions set out in the foundation documents.⁸ The foundation council also manages the assets of the foundation in accordance with the purpose of the foundation and the principles of good management, taking into account the intention of the founder.⁹

The foundation council must consist of at least two members. Members of the foundation council may be either natural persons or legal entities.¹⁰

A factsheet on the constitution of the foundation council can be found on the website of the Foundation Supervisory Authority at www.stifa.li.

3.2 Further managing bodies

The founder may make provision for further managing bodies (e.g. protectors, advisory boards etc.). The further managing bodies may be given not only supporting and controlling functions, but also decision-making powers. These managing bodies do not, however, have the power of representation.¹¹

3.3 The audit office

The Princely Court of Justice shall appoint an audit office for public-benefit foundations and for foundations that have voluntarily placed themselves under the supervision of the Foundation Supervisory Authority.¹²

The founder may submit two proposals for the audit office, stating his preference. If the founder has not exercised this right, the foundation council may submit such a proposal to the Princely Court of Justice. As a rule, the Princely Court of Justice shall appoint the preferred proposed audit office.¹³

⁶ Art. 552 § 14 Para. 5 PGR

⁷ Art. 552 § 20 Para. 1 PGR

⁸ Art. 552 § 24 Para. 1 PGR

⁹ Art. 552 § 25 and § 26 PGR

¹⁰ Art. 552 § 24 Para. 2 PGR

¹¹ Art. 552 § 28 PGR

¹² Art. 552 § 27 PGR

¹³ Art. 552 § 27 Para. 3 PGR

A factsheet concerning the procedure for appointing an audit office as well as a factsheet concerning the exemption from the obligation for an audit office of a public-benefit foundation can be found on the website of the Foundation Supervisory Authority at www.stifa.li.

If certain conditions are met, the Foundation Supervisory Authority may, upon application, exempt a public-benefit foundation from the obligation to have an audit office.¹⁴

3.4 The representative

In addition, a representative must also be appointed, insofar as no domestic service address is designated.¹⁵ The representative is authorised to receive declarations, communications and notifications and to represent the legal entity in dealings with public authorities.

4. Articles, bylaws and regulations of the foundation

The foundation deed (articles) of the foundation must contain the information and provisions that are required by law.¹⁶ Certain other provisions and details are only valid if they are provided for in the articles¹⁷ (for further details, see *Guidelines on the New Registration or Deposition of a Foundation Notice of a Foundation (Wegleitung zur Neueintragung bzw. Hinterlegung der Gründungsanzeige einer Stiftung)*).

The founder may also draw up a supplementary foundation deed if he has reserved this right in the articles. The supplementary foundation deed (bylaws) may contain those parts of the foundation declaration that do not necessarily have to be included in the foundation deed.¹⁸

Both the foundation deed and the supplementary foundation deed must be prepared in writing and the signatures of the founders must be certified in order to be valid.

For the further execution of the foundation deed or the supplementary foundation deed, the founder, the foundation council or another foundation body may issue internal directives in the form of regulations, if provision for this was made in the foundation deed. In this conjunction, regulations issued by the founder have priority over those issued by the foundation council or by another foundation body.¹⁹

5. Registered domicile of the foundation

Unless the articles stipulate otherwise, the registered domicile of the foundation shall be at the place where the foundation has the centre of its administrative activities. Provisions concerning registered domiciles within an international context remain reserved.²⁰

6. Purpose of the foundation

Public-benefit or private-benefit purposes may be considered for the purpose of the foundation.²¹

¹⁴ Art. 552 § 27 Para. 5 PGR

¹⁵ Art. 239 PGR

¹⁶ Art. 552 § 16 Para. 1 PGR

¹⁷ Art. 552 § 16 Para. 2 PGR

¹⁸ Art. 552 § 17 PGR

¹⁹ Art. 552 § 18 PGR

²⁰ Art. 113 Para. 1 PGR, Art. 232 Para. 1 PGR

²¹ Art. 552 § 2 PGR

A public-benefit foundation is a foundation that is dedicated to serve wholly or largely public-benefit purposes pursuant to Art. 107 Para. 4a PGR.

A private-benefit foundation, by contrast, is one that is dedicated to serve wholly or largely private or personal purposes. Family foundations and mixed family foundations are private-benefit foundations.²² In the case of the private-benefit foundation, the purpose to be defined by the founder in the foundation deed must also include the designation of the specific beneficiaries or of the group of beneficiaries that can be individualised according to objective characteristics, unless an express reference is instead made to a supplementary foundation deed regulating this matter.²³

Public-benefit foundations may engage in activities of a commercial nature only if these directly serve the achievement of their public-benefit purpose or if this is permitted under a special law. In the case of private-benefit foundations, the establishment of a commercial operation is permissible insofar as this is required by the proper investment and management of the assets of the foundation.²⁴

The purpose of the foundation must clearly state whether or not it is **engaged in activities of a commercial nature**.²⁵ The investment and management of assets or the holding of participations or other rights does not constitute an activity of a commercial nature, unless the nature and size of the enterprise requires commercial operations and orderly accounts.²⁶

7. Capital of the foundation²⁷

The minimum capital of the foundation is **CHF 30,000.00**. If the capital is registered in euros or US dollars, the minimum capital requirement is either EUR 30,000.00 or USD 30,000.00. The minimum capital must be fully paid up or contributed at the time of foundation.

8. Liability and responsibility

Only the **foundation assets** are liable for the liabilities of the foundation. There is no obligation to make subsequent contributions.²⁸

The managing bodies of the foundation are liable in accordance with the general liability provisions.²⁹

9. Rendering of accounts and accountancy regulations³⁰

Foundations that engage in activities of a commercial nature are obliged to keep **proper accounts**.

Foundations that do not engage in activities of a commercial nature must, taking into account the principles of proper accounting, keep records of the administration and utilisation of the foundation assets appropriate to the financial circumstances of the foundation and retain documents from which the course of business and the development of the foundation assets can

²² Art. 552 § 2 Para. 4 PGR

²³ Art. 552 § 16 Par. 1 Fig. 4 PGR

²⁴ Art. 552 § 1 Para. 2 PGR

²⁵ Art. 3 Persons and Companies Ordinance of 19 December 2000 (Verordnung vom 19. Dezember 2000 zum Personen- und Gesellschaftsrecht); (LGBl. 2000 No. 281)

²⁶ Art. 107 Para. 3 PGR

²⁷ 552 § 13 Para. 1 PGR

²⁸ 552 § 37 Para. 1 PGR

²⁹ Art. 218 et seq. PGR

³⁰ Art. 552 § 26 PGR

be traced. Furthermore, the foundation council must maintain a list of assets, showing the status and investment of the assets of the foundation.

Foundations entered in the commercial register that do not engage in activities of a commercial nature and whose purpose pursuant to their articles moreover does not permit this must submit a declaration to the Commercial Register in accordance with Art. 182b PGR within six months of the end of the financial year. This obligation shall not apply if other legal provisions require the annual financial statements to be submitted annually to the Tax Administration.³¹

10. Auditing obligation

In its capacity as a managing body of a public-benefit foundation, the audit office is obliged each year to examine whether the foundation assets are being managed and used in accordance with the purpose of the foundation. It must submit a report on the findings of this audit to the foundation council and to the Foundation Supervisory Authority. If there are no grounds for objection, confirmation that management and use of the assets of the foundation has been carried out in accordance with the purpose of the foundation and in compliance with the statutory provisions and the foundation documents is sufficient. If, during the performance of their duties, the audit office discovers facts that jeopardise the continued existence of the foundation, it must also report these facts to the Foundation Supervisory Authority. The Foundation Supervisory Authority may demand information from the audit office about all facts that come into its cognisance during the course of the audit.³²

11. Legal principles

- *Persons and Companies Act (Personen- und Gesellschaftsrecht – “PGR”) of 20 January 1926 (Liechtenstein Law Gazette (“LGBl”) (1926 No. 4))*
- *Commercial Register Ordinance (Handelsregisterverordnung – “HRV”) of 11 February 2003 (LGBl. 2003 No. 66)*
- *Persons and Companies Ordinance of 19 December 2000 (Verordnung vom 19. Dezember 2000 zum Personen- und Gesellschaftsrecht); (LGBl. 2000 No. 281)*
- *Ordinance of 11 February 2003 concerning Land Register and Commercial Register Fees (Verordnung vom 11. Februar 2003 über die Grundbuch- und Handelsregistergebühren) (LGBl. 2003 No. 67)*

³¹ Art. 182b Para. 2 PGR; the declaration obligation pursuant to Art. 182b PGR was repealed on 1 August 2022; Similar declaration obligations must now be fulfilled to the Tax Administration instead (Art. 64 Para. 4 SteG). This will apply for the first time to financial years beginning as of 31 December 2022.

³² Art. 552 § 27 Para. 4 PGR