ADVOKATURBÜRO
Dr. iur. et lic. oec. Norbert Seeger · Rechtsanwalt
Vaduz · Fürstentum Liechtenstein

PUBLIC LIMITED COMPANY

(Joint Stock Company)

Internationally the Best-Known Type of Company

Internationally, the Public Limited Company (AG) is one of the best-known types of company. After Liechtenstein's entry into the European Economic Area (EEA) the regulations governing AGs were adjusted to conform with EU Law. The minimum capital for an AG is 50'000 Swiss Francs which must be fully paid up on founding the company. According to Liechtenstein Law AGs must keep proper accounts and appoint an auditor. Capital Tax was abolished when the new tax laws came into force on 1st January 2011. Since then commercial enterprises are subject to a tax on income of 12.5%. Liechtenstein Law also adopted the Societas Europaea (S.E.), the European form of the Public Limited Company.

The AG is a company operating under its own name whose capital is divided into stocks or shares. The minimum capital which is entered into the Public Register, when founding an AG, is 50'000 Swiss Francs. Founders of an AG can be, independent of their place of residency, nationals or foreigners. AGs can be founded by natural or legal persons. At least two founders are required to found an AG but thereonafter all the shares may be transferred into the hands of one single shareholder. If the AG is founded in Euros or US Dollars, the minimum paid-up capital is € 50'000 or $ 50'000.

Bearer Stock and Registered Shares

In most cases the purpose of an AG is trade or production or another type of commercial operation. Other purposes could be financial, property or international trade. The governing body of an AG is the General Assembly of shareholders who have the right to profits and to the residue after liquidation. The AG must keep proper accounts and appoint an auditor.

The capital of the AG is divided into shares which, as a rule, are either bearer stock or registered shares. It is also possible to divide the capital into different forms of stocks and shares. Bearer stock is a share whereby the bearer remains anonymous. A registered share is issued in a specific name, in this case, the name of the owner of the registered share is entered into the shareholders' register.

Abolition of Capital and Coupon Tax

Since the implementation of the new tax laws on 1st January 2011, active Liechtenstein companies are only subject to a tax on income of 12.5%. Capital and coupon tax on legal entities has been abolished.

An exception to the abolition of coupon tax are current old reserves created before 31st December 2010, which will mature in the first two years after the introduction of the new tax laws and will be issued subject to a reduced tax of 2%. After this transitional period the tax levied on old remaining reserves will be 4%. If there are no old reserves, after the new tax laws came into force, then of course the coupon tax will no longer apply to dividends. In order to avoid double taxation, dividend and capital gains stemming from participation as well as profits from foreign businesses will remain tax-free. Unequal treatment of own and borrowed capital has been offset by the deduction of 4% interest from own capital.

Necessary economical reorganisation should not be hampered by taxes. Hidden reserves are not taxable, providing that, a tax obligation in Liechtenstein remains after reorganisation. Transformation of companies involving a change of legal entity, transfer of capital, fusion or the integration of other companies, are regarded as “restructuring” for which a tax deferral will be granted. The new tax laws have introduced a form of modern group taxation. This allows companies within a concern to balance off their losses, over the same period, either nationally or internationally. With this new form of taxation, Liechtenstein regains its attractiveness, which had suffered through tax reductions in other countries, for commercially operating companies.

Postfach 1618 • FL-9490 Vaduz • ☏ +423/232 08 08 • 🖷 +423/232 06 30 • admin@seeger.li • www.seeger.li