

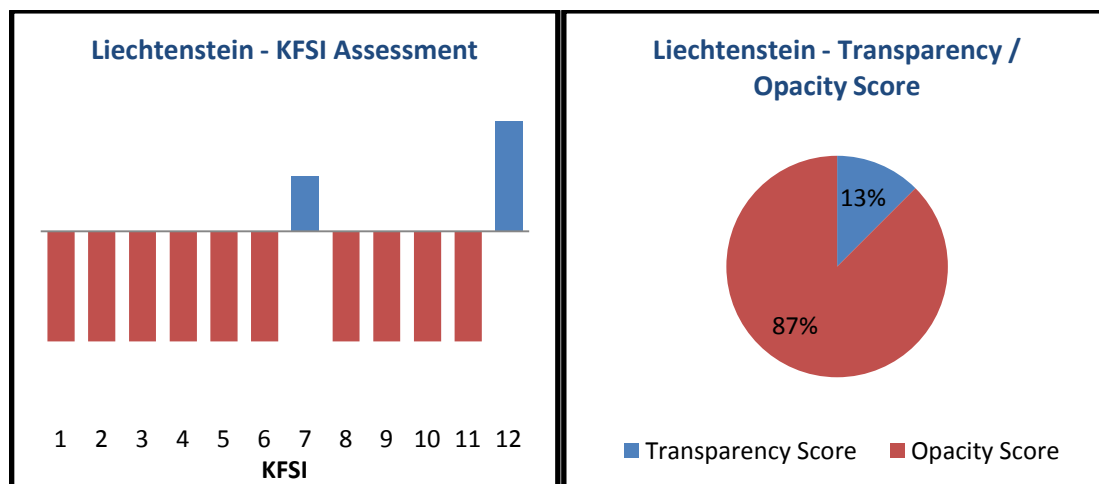
## Jurisdiction Report - Liechtenstein

### Purpose of this paper

This paper draws on key data collected on the secrecy jurisdiction of Liechtenstein. The full data set is available [here](#)<sup>1</sup>. Background information about Liechtenstein is available from a number of sources<sup>2</sup>. The assessment provided in this paper relates to 12 indicators reflecting the legal and financial arrangements of this jurisdiction (Key Financial Secrecy Indicators, KFSI). Details of these indicators are noted at the end of this report. The detailed data that supports this analysis is available on the Mapping the Faultlines web site<sup>3</sup>. This survey was based on regulatory reports, legislation and regulation in force at 31.12.2008<sup>4</sup>.

### Key findings

Liechtenstein achieved a positive result for less than two of the questions we asked. A transparency score of 13 per cent has been awarded for the positive assessment of indicator number 12 and for the partial positive assessment of indicator number 7. The negative assessment of all other indicators yields an opacity score of 87 per cent overall.



The numbers on the bottom axis of the left graph refer to the Key Financial Secrecy Indicators (KFSI) listed at the end of this report. The presence of a blue bar indicates a positive answer as does blue highlighted text in the analysis, below. The presence of a half-bar above indicates only a partial response to our request for information. The presence of a red bar indicates a negative answer as does red highlighted text below.

This weak opacity score arises because Liechtenstein:

1. Provides **banking secrecy**;
2. Does not put **details of trusts on public record**;
3. Does not comply sufficiently with **international regulatory requirements**

4. Does not require that **company accounts be available on public record**;
5. Does not require that **beneficial ownership of companies is recorded on public record**;
6. Does not maintain **company ownership details in official records**;
7. **Did respond to one of Tax Justice Network's requests for information**;
8. Does not participate in the **European Union Savings Tax Directive**;
9. Has **few tax information agreements**;
10. Does not have **adequate access to banking information**;
11. Allows **company redomiciliation**;
12. **Does not allow protected cell companies**.

#### Other data<sup>5</sup>

	Number	Ranking <sup>6</sup>
Financial services as a percentage of GDP	30%	5
Number of multinational company subsidiaries in the jurisdiction	32	30
Number of Big 4 firms in the jurisdiction	4	-
Number of lawyers in the jurisdiction	160	4
Number of accountants in the jurisdiction	75	11

#### This data shows:

1. That Liechtenstein does have a significant dependence<sup>7</sup> upon financial services;
2. That Liechtenstein is not widely used<sup>8</sup> by multinational companies from the jurisdictions that we surveyed<sup>9</sup>, suggesting that it is not considered significantly attractive by those corporations which are usually associated with low or no tax jurisdictions exhibiting political stability;
3. That the Big Four accounting firms do have a significant presence<sup>10</sup> in Liechtenstein, suggesting that it does host significant international activity;
4. That Liechtenstein does exhibit a significant number<sup>11</sup> of lawyers when compared to other secrecy jurisdictions, suggesting the relative significance of its activities.

#### Particular points to note

Regarding redomiciliation clauses for companies, the Ministry of Finance explains that the relevant legal provisions are in place since 1962 ("Section 14, letter b Tax Act; Section 33, paragraph 3 Tax Act; Section 88e, paragraph 2 Tax Act"; TJN-Survey 2009). These clauses were reported by the same source to have been used approximately 15 times in 2007, 30 times in 2006, and 35 times in 2005 (ibid.).

### Next steps for Liechtenstein

Liechtenstein is a long way from offering financial transparency<sup>12</sup>. If it is to play a full part in the modern financial community and wishes to impede and deter illicit financial flows, including flows originating from tax evasion, aggressive tax avoidance practices, corrupt practices and criminal activities it should take action on the points noted where it falls short of acceptable international standards.

### The indicators we used (KFSI)

1	Is legal banking secrecy banned (i.e. Is there no legal right to banking secrecy)?
2	Is there a Public Trust and Foundations Registry?
3	Does the FATF rate 90% largely compliant and with no non-compliant ratings?
4	Are company accounts available for inspection by anyone for a fee of less than US\$10?
5	Are details of the beneficial ownership of companies available on public record online for less than US\$10?
6	Are details of the beneficial ownership of companies submitted to and kept updated by a competent authority?
7	Did the jurisdiction participate in the TJN Survey in 2009 (1=both questionnaires; 0.5 one questionnaire)?
8	Does the jurisdiction fully participate in Automatic Information Exchange (the European Savings Tax Directive)?
9	Has the jurisdiction at least 60 bilateral treaties providing for broad information exchange clauses covering all tax matters (either DTA or TIEA)?
10	Has the jurisdiction's authority effective access to bank information for information exchange purposes?
11	Does the jurisdiction prevent company redomiciliation?
12	Does the jurisdiction prevent protected cell companies from being created in its territory?

<sup>1</sup> That data is available here: [http://www.secrecyjurisdictions.com/sj\\_database/menu.xml](http://www.secrecyjurisdictions.com/sj_database/menu.xml).

<sup>2</sup> CIA World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/index.html>; 28-8-09; Wikipedia: <http://en.wikipedia.org/wiki/Liechtenstein>; 11-9-09.

<sup>3</sup> <http://www.secrecyjurisdictions.com>.

<sup>4</sup> With the exception of KFSI 9 for which the cut-off date is 30-6-2009.

<sup>5</sup> Based on the jurisdiction database on this site or TJN research.

<sup>6</sup> The number of ranked jurisdictions varies for each indicator mainly because of differing data availability. For the ranking of the ratio of Financial Services in GDP this number is 29; for the number of multinational companies' subsidiaries this number is 54; for lawyers the number is 25 and for accountants 26.

<sup>7</sup> We defined significant dependence as a ratio of more than 5% of financial services in GDP.

<sup>8</sup> We defined “widely used” and “significant attraction” as being indicated by the presence of 50 or more subsidiaries of multinational companies.

<sup>9</sup> France, Germany, Netherlands, Switzerland, UK, USA.

<sup>10</sup> We defined that the presence of the Big Four Accounting Firm is significant if there is more than one firm present.

<sup>11</sup> For defining a “significant” number of lawyers and accountants we used the ratio of lawyers and accountants per head of population, computed the average and defined the numbers above average to indicate relative significance in the secrecy jurisdictions’ activity.

<sup>12</sup> Our definition of financial transparency can be found here:

<http://www.secrecyjurisdictions.com/PDF/Glossary.pdf>.