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Interview with Roger Frick

Company formation process in Liechtenstein

Liechtenstein has a stable political environment, especially as there is no state debt and the banks do not invest in risky state bonds, foreign mortgage or highly leveraged products, noted Roger Frick, partner at Allgemeines Treuunternehmen (ATU). This means that the negative consequences of such actions experienced by many other financial institutions were never an issue in Liechtenstein. Therefore, Liechtenstein is a highly attractive country for investors, offering a high level of corporate governance and asset protection.

Liechtenstein, like many other jurisdictions, is increasing its tax cooperation. This translates into signing Tax Information Exchange Agreements (TIEA) and Double Tax Treaties (DTT). Mr. Frick commented: “The signing of the DTT with Germany on 17 November 2011 should support Liechtenstein as a highly respectable DTT partner. It should open the way to more attractive DTTs within the European Economic Area (EEA) which is essential to providing cross-border services within the EEA.”

Although the international trade and cooperation are increasingly popular, there are also a lot of rapidly changing regulations coming especially from the USA and the European Union. One of the major changes that clients from the EU will face in the near future is the implementation of level 2 of the AIFM (Alternative Investment Fund Manager) directive, which must be integrated into each EEA member’s law, including Liechtenstein’s. The major difference that the directive will bring is that the manager itself and no longer the fund (with one exception) will be regulated.

Mr. Frick added: “I expect that the asset management through mutual funds will be faced with far reaching changes in Europe, and accompanying DTTs will be necessary so that the cross-border services within Europe can continue. The providers of asset management services which will also include the company formation providers will have to adjust to these changes, as most investing companies having two shareholders and more will fall in this category. The directors will then need an AIFM license.”

Allgemeines Treuunternehmen (ATU), Vaduz, was set up in 1929 and is one of Liechtenstein’s first and leading trust companies. Today, it is an outward-looking and modern company with access to business contacts in important financial centres through its well-established and extended network.

The process of company formation in a foreign country requires careful planning and professional knowledge. "Such services," pointed out Mr. Frick, "can only be supplied if there is a network of professional consultants available who are able to work on the increasing complexities. The professionalism and swift response to such legal complexities in Liechtenstein are the major factors why clients choose our jurisdiction."

Mr. Frick claimed also that the company formation has to consider the legal environment of the clients. He said: "Any structure set up should comply with the regulations of the clients' home country, especially if the company or trust formation process includes a bank account outside of the statutory domicile of the structure. This is quite often the case for structures set up by ATU. ATU distinguishes itself in this respect as it considers these effects and highlights together with the clients' alternatives in different jurisdictions."