

## Liechtenstein – An attractive location for asset protection

# Effective instruments for the protection of assets

Protection and security of private assets is a basic human need which, as a result of globalization, has taken on a new accent. There are various legal and company forms available on the Liechtenstein financial marketplace (foundations, trusts, stock companies), which provide asset protection. Liechtenstein, because of its stability, its reform of company law and the application of global standards, has remained an attractive asset protection location.



*By Dr. Norbert Seeger  
CEO Seeger Advokatur  
and ArComm Trust & Family Office*

Security is one of the fundamental human needs. There is a desire to secure one's assets – not only in unsettled times. There are numerous conceivable motives to maintain one's assets for the future: for one's family, successors, the protection against claims by third parties or the preservation of a company beyond the death of its founder. For decades, Liechtenstein has been one of the safest places for the protection of wealth. Asset protection was a focal point in the drafting of personal and company law, way back in 1926, and has been systematically developed throughout the decades of experience gained in the administration of assets.

Experience and international contacts make the financial marketplace Liechtenstein a location for asset protection, offering various legal forms which can be tailored to meet the individual requirements of clients for the

protection of assets. Liechtenstein has at its disposal the necessary expertise to competently and reliably advise clients: Banks, insurance and trust companies together with lawyers are a pillar of trust, reliability and privacy. In addition, over recent years, Liechtenstein has adopted the global standards on the reception and administration of assets and has become a leader in the international community.

### **Political stability and international standards**

Historical and current events are the reason why Liechtenstein has become particularly suitable for asset protection. Political stability and a liberal economic policy have allowed the development of a strong business location which is characterized by an international financial services sector and innovative workplaces with numerous high-tech companies. Liechtenstein has been a member of the European Economic Area (EEA) since 1995 and has also been able to maintain its Economic and Customs' Union with Switzerland since 1923.

Membership of two economic areas and the Swiss franc as a stable currency have facilitated Liechtenstein's excellent position in a global context. The adoption of international standards on tax matters and the fight against money laundering, while maintaining the protection of privacy for the customer, has placed Liechtenstein, globally, in a positive position.

Liechtenstein also cooperates internationally on tax matters. As early as 2009, the government made a commitment to the OECD standards on transparency and information exchange and offered interested states bilateral tax agreements on the cooperation to prevent tax evasion and tax fraud. Based

on this, by the end of 2014, corresponding Tax Information Exchange Agreements (TIEAs) and Double Taxation Agreements (DTAs) had been reached with over 30 states.

In a further declaration in 2013, the government reiterated Liechtenstein's commitment to the recognized OECD standards. At the same time, the government, in cooperation with trade associations and market participants, developed an integrated financial sector strategy. Based on these declarations and the traditional orientation of the financial services sector with regard to asset protection, Liechtenstein's financial sector has actively focused on asset structuring and asset management.

### **Excellent framework for asset protection and estate planning**

Decades ago, Liechtenstein laid the foundations for an attractive framework for asset protection. A series of legal forms, incorporated in the 1926 person and company law, have been recently adapted to meet the current international climate and are admirably suited for the safety and protection of private assets.

The foundation and the trust, taken from Anglo-Saxon law, are particularly suitable for the protection of assets of private individuals after their demise. The Liechtenstein lawmakers have, when reforming the foundation law, succeeded in creating a balance between the legitimate interests of the founder for the protection of private assets and potential claims by third parties.

### **Asset protection for the conservation of a company**

The focus of interest is the separation of the fate of the owner from that of the company. The private assets of the company gain independence through asset protection. There are various motives

behind the justified desire to safeguard and secure private assets:

- *Asset protection for the conservation of a company:* The protection of assets, especially those of family companies, is essential when securing the continuity of the company. Companies today are subjected to the growing risk of liability claims. Therefore it is understandable that an entrepreneur wishes to safeguard certain assets for his family, especially when the entrepreneur has invested his private wealth in the company. An entrepreneur can, by placing his wealth in a foundation, secure it for future generations. This can also be achieved by transferring a part of the company into a foundation. A company foundation also holds a company intact for generations to come.

- *Asset protection against inheritance claims:* The creation of a foundation can prevent a family-owned company from being broken up or sold as a result of conflicting interests or disagreements amongst the heirs. It is also conceivable that family members should be safeguarded against inheritance claims from other family members.

- *Asset protection for family care:* A foundation provides various options for the future care of the family. If e.g. an entrepreneur dies unexpectedly, the assets held in a private foundation

## Liechtenstein: AAA country rating

Various international financial centers recently adopted measures to increase their attractiveness and remain competitive. Global competition has become increasingly evident in the field of financial services. Independent of ever tightening global regulations, Liechtenstein has to face these challenges. Thereby Liechtenstein's financial marketplace has the best conditions at its disposal. The implementation of international standards and the construction of an international tax agreement network, over a short period, are the result of excellent cooperation between business and governmental authorities. Liechtenstein is one of the few countries in which, during the financial crisis, no state support for banks was necessary. The AAA country rating remains unchanged, emphasizing the stability of the country and its economy. This is complemented by decades of experience in the development of tailored services and products. The Liechtenstein financial marketplace can look to the future with optimism.

remain untouched, irrespective of whether the business is continued or dissolved. Parents can, via a foundation, secure the education and care of their children. The particular needs of individual beneficiaries can be better catered for than in the terms of a will.

For the aforementioned aims of asset protection there is a multitude of possibilities.

### Excellent tools for inheritance planning

Liechtenstein foundations and trusts are excellent tools for planning inheritance. The founder (in the case of a trust the settlor) is free to nominate any beneficiary. Furthermore, the founder is free to dictate the extent and scope of

individual benefits. Contrary to a testament, a foundation can, in accordance with the wishes of the founder, determine the extent of benefits for future generations. The founder can, by means of provisions and conditions, determine e.g. that a beneficiary will, from a certain age, receive benefits and that these benefits are limited to the yield of the foundation's assets, thereby maintaining the substance of the foundation's assets. In as far as the foundation foresees the possibility of amendments, the founder may retrospectively change the provisions of the beneficiaries. After the demise of the founder, the assets of the foundation do not become part of his estate because the assets are owned by the foundation.

### Liechtenstein's unique location advantage

Many arguments – e.g. the experience of the financial sector operatives, political stability, adoption of international standards, close connection to the Swiss and the European economic areas – all favor Liechtenstein as a location. Thereby foundations and trusts are excellent instruments for the protection of assets.

Finally, tax considerations advocate Liechtenstein as the place for asset protection: On January 1, 2011, the new tax law came into force. Foundations which qualify as private asset structures, i.e. do not pursue commercial activities, are taxed at a rate of 1,200 Swiss francs p.a.

*admin@seeger.li*  
*www.seeger.li*

## Stabiq Treasure House

In times of rapid political and social change and increasing uncertainty on the financial markets, there is a growing desire for security, privacy and consistency. The "Stabiq Treasure House" offers long-term and reliable asset protection solutions as well as a safe haven.

Private valuables and collections of precious objects should be preserved in a secure place, which can easily be reached and visited in personal surroundings. "Stabiq Treasure House" fulfills all these conditions – and much more: The Treasure House offers appropriate and individual storage facilities for valuables and cultural objects in a safe which can be designed in accordance with the customer's wishes. Utmost security is coupled with professional and discreet safekeeping, designed in accordance with personal, individual needs and desires.

The "Stabiq Treasure House" also incorporates an Open Customs Warehouse (OCW) which is managed in accordance with the strict guidelines of the Swiss Customs Authorities. In a warehouse of this kind, customs and import duties as well as trade regulations are waived. The STABIQ OCW therefore offers flexible tax opportunities for the acquisition, storage and sale of valuables, particularly in the field of cultural treasures.

*www.stabiq.com*