



Register of Beneficial Owners of Domestic Legal Entities

August 2019

The recently introduced requirement to enter beneficial owners of Liechtenstein legal entities in an electronic register should serve to combat money laundering in accordance with the 4th EU Money Laundering Directive¹. The Act on the Register of Beneficial Owners of Domestic Legal Entities (RBO Act; VwEG)² entered into force on 1 August 2019 and provides for a deadline about reporting required information by the end of January 2020.

Who is required to report?

Liechtenstein legal entities or their bodies as well as persons subject to due diligence who manage Liechtenstein legal entities (trustees, lawyers or members of governing bodies such as the foundation council, board of directors or fiduciary council) are required to obtain certain information about beneficial owners and report this to the Office of Justice.

What legal entities are affected?

The RBO Act covers only domestic legal entities. Foreign legal entities³ are not affected by the reporting requirement, even if they are managed in Liechtenstein. Domestic legal entities subject to the reporting requirement include, in particular, companies limited by shares, partnerships limited by shares, limited liability companies, establishments, if structured like corporations, as well as trust enterprises, if structured like corporations.

Legal entities managed by persons subject to due diligence are trusteeships (trusts), establishments structured like foundations and establishments whose bene-

ficiaries are third parties, foundations and trust companies structured like foundations.

Who is deemed a beneficial owner?

All beneficial owners of Liechtenstein legal entities are to be included in the register. Only natural persons are considered as beneficial owners. In the case of legal entities structured like corporations, they are above all owners of shares and recipients of profits as well as persons who control the legal entity. With legal entities structured like foundations trustees, trustees, protectors and beneficiaries may qualify as beneficial owners.

The term "beneficial owner" ("wirtschaftlicher Eigentümer") according to the RBO Act basically corresponds to the term "economic beneficiary" ("wirtschaftlich berechtigte Person") according to the Due Diligence Act. Apart from a few differences, the owner and control functions are crucial with regard to both terms.

Beneficial owners of legal entities structured like corporations shall include those natural persons who have the following characteristics:

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| 1. shares or voting rights > 25%
(ultimately, in a direct or indirect manner); |
| 2. profit sharing > 25%
(ultimately, in a direct or indirect manner); |
| 3. control in any other way
(through the legal entity or the management); |
| 4. members of the governing body, if no persons according to item 1 to 3 can be determined. |

¹ EU Directive 2015/849 of 20 May 2015.

² Act of 6 December 2018 on the Register of Beneficial Owners of Domestic Legal Entities (RBO Act; VwEG), Law Gazette No. 2019.008, Liechtenstein Law System No. 952.8; see also the Government's Report and Motion No. 70/2018 as well as the Government's Comments No. 101/2018.

³ Foreign legal entities (such as trusts) deposited with the Office of Justice are considered to be domestic entities.

In the case of legal entities structured like foundations, **beneficial owners** are those natural persons, who ultimately own or control the legal entity, including:

1. trustor (founder/settlor);
2. trustees;
3. protectors, if available;
4. beneficiaries as individuals or as a group of persons in whose interest the legal entity is primarily established or operated.

When determining beneficial owners, the control concept is of crucial importance. The control concept encompasses not only legal but also factual control. Persons who exercise no control (neither legally nor factually) are not deemed beneficial owners. If there are no controlling founders or trustors, beneficiaries and, if available, protectors in a legal entity structured like a foundation (for example, a discretionary structure with discretionary beneficiaries), only the members of the governing body of the legal entity are registered as beneficial owners.

In multi-level structures, natural persons standing at the end of the chain should be considered as beneficial owners. If a domestic legal entity is held by another (domestic or foreign) legal entity, one must "look through" the latter legal entity and determine its beneficial owners, taking into account the ownership and control conditions. If there are several legal entities in the chain, the check shall continue until natural persons are the beneficial owners. The identification of such ultimately beneficial owners must be appropriately documented (for example, with an organizational chart).

What information shall be reported?

In addition to basic information on domestic legal entities, the register also includes personal data (first name, last name, birthdate, state of residence and nationality) of beneficial owners. In the case of entities structured like corporations, information on the economic interests of the beneficial owners (shares or voting rights > 25%, profit sharing > 25%, effective control by other means or members of the governing body) shall be reported additionally.

How is a report submitted?

The required information is to be collected electronically by means of the C-VwEG or T-VwEG forms. This requires a prior registration on <https://vweg.llv.li>.

What deadlines must be obeyed?

For existing legal entities (as of 1 August 2019), the information must be entered within six months (until 31 January 2020). For legal entities established from 1 August 2019, a reporting period of 30 days applies. Changes to the information provided are to be reported, without special request, within 30 days of becoming aware.

Are penalties provided?

In case of late, wrong or missed reports, penalties may be imposed up to CHF 200'000.

Who may access the register?

Under certain conditions, selected authorities, persons subject to due diligence and third parties, but not the general public, may access the register.

How can CONFIDA help?

We are happy to assist you with questions about the entry in the register of beneficial owners and the assessment of which persons are to be registered as beneficial owners.

For further information please contact:



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