

THE LIECHTENSTEIN FOUNDATION

With its longstanding tradition, the Liechtenstein foundation law guarantees legal security and offers ideal preconditions for succession and estate planning, including asset protection, as well as the pursuit of charitable purposes to a large international clientele.

DEFINITION

A foundation is a legal entity which comes into being when assets are conferred to it and where those assets are intended to permanently serve the objective stipulated by the founder. The founder endows the clearly defined assets to the foundation and determines the objective of the foundation as well as its beneficiaries. The assets in the foundation are segregated from the private wealth of the founder.

TYPES OF FOUNDATION

The foundation law differentiates between foundations for private and for charitable objectives. A combination is also possible whereby the foundation has elements of both a private and a charitable foundation. For instance, a private foundation may also pursue a charitable objective to a subordinated degree, or a private foundation may become a charitable foundation at a later stage, e.g. after the demise of a certain beneficiary.

ORGANISATION

A foundation has neither members nor partners or shareholders. When the foundation is formed, the founder designates the beneficiaries or the class of beneficiaries, for example natural persons and/or charitable institutions. The type of benefit and the conditions for any distributions out of the foundation assets to the beneficiaries may be determined individually.

If no beneficiaries with a specific claim are designated, the foundation council decides in its discretion when and to what extent members of the class of beneficiaries shall receive distributions. It may be stipulated that the foundation council shall require the approval of another body, for example of a protector, regarding distribution resolutions.

The foundation council is the supreme body of the foundation and is responsible for the proper administration and use of the foundation assets in accordance with the terms laid down by the founder. At least one member of the foundation council must be based in Liechtenstein.

In addition to the foundation council, other bodies may also be appointed, such as an advisory board, protector or auditor.

MONITORING

The founder may reserve certain monitoring rights concerning the administration of the foundation, or else delegate these rights to a third party.

DISSOLUTION AND TERMINATION

The conditions for the dissolution and termination of a foundation are determined by law. The main reasons for dissolving a foundation are the revocation of the foundation by the founder or the fulfilment of the foundation's objective, or when its objective has become unachievable. This is the case when there are no longer any assets in the foundation due to complete distribution to the beneficiaries.