



# The Trust Enterprise

## What is a Trust Enterprise, and what is its purpose?

A trust enterprise (trust reg.; Treuunternehmen, Geschäftstreuhand) is a legally independent and organized entity that is set up for economic or other purposes and managed by one or more trustees under its own name or company name in accordance with the Trust Articles and is endowed with its own assets.

The trust enterprise may be formed with legal personality (nonauthentic trust reg.), or without legal personality (authentic trust reg.). The trust enterprise without legal personality is irrelevant in reality. The trust enterprise with legal personality can be structured similarly to a corporation or as a trust settlement with foundation character.

The trust enterprise is based on the US business trust.

The trust enterprise may be used for the following:

- Succession planning
- Safeguarding and maintaining assets for generations (asset protection)
- Providing care and support to family members or other persons
- Public benefit
- Holding and managing participating interests
- International tax planning
- Operation of a commercial trade (company)

## How Is a Trust Enterprise Created?

The trust enterprise is established with the preparation of Trust Articles, the contribution of the trust assets (trust fund) of at least CHF 30,000.00 (or EUR/USD 30,000.00), and the entry of the trust enterprise in the commercial register.

## What purposes may a Trust Enterprise pursue?

A trust enterprise may be established for any purpose, including, but not limited to, the investment of assets, distribution of proceeds, consolidation of companies, for family welfare, charitable, philanthropic, other personal, impersonal, or similar purposes.

It must be clear from the purpose whether the trust enterprise is engaged in commercial trading or not. Commercial trading is an independent activity aimed at generating profit on an ongoing basis, which requires a commercial operation and proper accounting according to the type and scope of the business.

## Who are the parties involved in the Trust Enterprise?

A settlor may be one or more natural or legal persons who provides the trust fund with assets, or who warrants them. The settlor may reserve certain powers in the Trust Articles.

One or more trustees manage the business of the trust enterprise and represent it in dealings with third parties. Several trustees together form the Board of Trustees. Individual trustees may be excluded from management, or the management of the business may be transferred to third parties. If the trust enterprise does not carry on any commercial activity within Liechtenstein, at least one member of the Board of Trustees must be a citizen of a contracting party to the Agreement on the European Economic Area, an equivalent person under an international treaty, or a legal entity, and holds a license under the Liechtenstein Professional Trustees Act (Treuhandergesetz).

Other parties involved are the beneficiaries. A beneficiary is that person who receives any current or future benefit from the trust enterprise, whether as a share of the trust assets, income from it, or both. Primarily, beneficiaries are divided into entitled beneficiaries and discretionary beneficiaries. Entitled beneficiaries receive a legal claim to a benefit from the trust assets that is specified or specifiable in terms of time and amount. In contrast, discretionary beneficiaries do not have any enforceable claim to a beneficial interest. Rather, the decision about the choice of beneficiaries, the time and/or amount of the beneficial interest is at the discretion of the trustee or Board of Trustees or another party involved. If a relevant reservation is made in the Trust Articles, securities may be issued via the beneficial interest.

Another party involved in the trust enterprise may be a protectorate. It consists of one or more protectors who the settlor considers trusted third parties. Depending on the wishes of the settlor, the protectors may supervise the trustee and/or Board of Trustees and/or be available to them for advice and/or amend the Trust Articles and/or decide as to the management and/or use of the trust property.

It is mandatory to appoint an auditor if the trust enterprise is engaged in commercial trading.



## What documents does the Trust Enterprise have, and what is regulated in them?

The Trust Articles include all major provisions of the trust enterprise. Regulations on the beneficial interest are usually contained in a separate document (By-Laws).

The settlor is free to compose a letter of wishes in which he sets out his wishes with respect to the decisions of the trustee or Board of Trustees. This is basically not binding. However, the will of the settlor laid down in the letter of wishes is to be taken into consideration in any decision-making by the trustee or Board of Trustees.

## Which assets may be transferred to the Trust Enterprise?

Movable and/or immovable property and/or rights, including equity participations, may be transferred to the trust enterprise.

Additional assets may be endowed to the trust enterprise at any time.

## How long does the Trust Enterprise exist?

The trust enterprise may be established for a fixed or indefinite period.

## When is the Trust Enterprise terminated?

Any fixed-period trust relationship exists until the reason for termination specified in the Trust Articles occurs. The trust relationship will be terminated by law, in particular, in the event of bankruptcy due to insolvency or overindebtedness, as soon as the purpose has been achieved, or if the trust enterprise can no longer perform its tasks due to insufficient assets.

The trust enterprise will be wound up in accordance with the legal provisions governing the liquidation of legal entities. In particular, a notice to creditors must be made three times. The trust enterprise may only be deregistered six months after the third notice to creditors.

## How is the Trust Enterprise taxed?

Trust enterprises are subject to income tax of 12.5%. A minimum income tax of CHF 1.800.00 p.a. must be paid.

Trust enterprises that do not engage in any economic activity, i.e. basically generate income only from the assets held by them, may acquire the status of a private asset structure (PAS; Privatvermögensstruktur, PVS). They are then only subject to the minimum income tax of CHF 1.800.00 p. a.

The transfer of assets to the trust enterprise and distributions from the trust enterprise are exempt from taxation in Liechtenstein, but they may trigger tax consequences abroad.

## What are the obligations if the Trust Enterprise is engaged in commercial trading?

If the trust enterprise is engaged in commercial trading, the following obligations apply to the trust enterprise:

- Appointment of an auditor
- Proper accounting
- Obtaining a business license if an activity is carried out in Liechtenstein

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