

New legal obligations for domestic legal entities: register of beneficial owners



In order to combat money laundering and terrorist financing, it was decided – in implementation of the Fourth EU Anti-Money Laundering Directive – that a register should be established in Liechtenstein in which legal entities must enter their beneficial owners. The Act on the Register of Beneficial Owners of Domestic Legal Entities (VwEG) entered into force on 1 August 2019. Existing legal entities must report the required data to the Office of Justice (Amt für Justiz) by the end of January 2020 at the latest. New legal entities must have the data entered in the register within 30 days of their registration in the Commercial Register.

1. Who is affected?

Affected are all legal entities (in particular: AG (Company Limited by Shares), GmbH (Limited Liability Company), Anstalt (establishment), Stiftung (foundation), Verein (association)) that have their registered office in Liechtenstein. In addition, trusts are included if they are managed in Liechtenstein.

The VwEG obliges the executive bodies of companies on the one hand and the persons responsible for due diligence of trusts and foundations on the other to enter information on the beneficial owners of domestic legal entities in the register.

2. What information is entered in the register?

A general clause defines a beneficial owner as any natural person who ultimately owns or controls a legal entity. For example, beneficial owners of companies include natural persons who:

- hold or control a share or voting rights amounting to 25% or more,
- have a share of 25% or more in the profits, or
- exercise control over the management.

If no beneficial owner can be identified (e.g. because no natural person holds an interest of more than 25%), the members of the executive body are considered to be beneficial owners.

3. Who may inspect the register?

From February 2020, the Financial Market Authority (FMA), the Financial Intelligence Unit (FIU) and the Public Prosecutor's Office will be able to inspect the register in the context of combating money laundering, predicate offences to money laundering or terrorist financing. The Office of Justice will grant banks the right to inspect the register in respect of legal entities when performing their due diligence obligations. Upon furnishing proof of having a legitimate interest, third parties may apply for information to be disclosed on legal entities. The VwEG Commission decides on such an application after weighing the interests of the persons involved.

4. What are the penalties for non-compliance with the registration obligation?

If the Office of Justice is not notified of the beneficial owners by 31 January 2020 at the latest, it may impose a fine of up to CHF 200,000 (unless the act constitutes a criminal offence and is subject to the jurisdiction of the courts).

5. All Liechtenstein legal entities (in particular AG, GmbH, Anstalt, Stiftung, Verein) and trusts must now do the following:

- Clarify whether the legal entity is subject to the notification obligation under the VwEG.
- Identify the beneficial owners.
- Existing legal entities must notify the Office of Justice of their beneficial owner(s) for the first time by 31 January 2020 at the latest.
- For legal entities set up between August 2019 and the end of January 2020: notify the Office of Justice by 31 January 2020 at the latest.
- For new legal entities set up as of February 2020: notify the Office of Justice within 30 days as of registration of the new legal entity in the Commercial Register.
- Check at regular intervals whether the information provided for the register is still up-to-date.
- Notify the Office of Justice if there is any change in the information to be notified (within 30 days of gaining knowledge of such information).

We would be happy to support you in implementing the VwEG individually tailored to your needs. Please do not hesitate to contact us if you have any questions.

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