

Liechtenstein

Transfer Pricing Country Profile

February 2022

		SUMMARY	REFERENCE
The Arm's Length Principle			
1	Does your domestic legislation or regulation make reference to the Arm's Length Principle?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Article 49 of the Tax Act in connection with Article 31b of the Tax Ordinance create the necessary legal basis for the application of the arm's length principle.	The Liechtenstein Tax Act of 23. September 2010, National Gazette 2010 No. 340 (Tax Act) An unofficial English translation of the Liechtenstein Tax Act The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437 Unofficial English translation of the Liechtenstein Tax Ordinance
2	What is the role of the OECD Transfer Pricing Guidelines under your domestic legislation?	Liechtenstein relies on the OECD Transfer Pricing Guidelines (TPG) as a source for the interpretation of the arm's length principle. Pursuant to Article 31b paragraph 1 of the Tax Ordinance, taxpayers are required to apply the current version of the OECD TPG when determining the transfer prices for transactions with closely related persons and permanent establishments.	The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437 Unofficial English translation of the Liechtenstein Tax Ordinance
3	Does your domestic legislation or regulation provide a definition of related parties? If so, please provide the definition contained under your domestic law or regulation.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Article 31a of the Tax Ordinance provides the definition of related parties. Under Article 31a of the Tax Ordinance, the following natural and legal persons in particular shall be deemed to be closely related: a) Persons who have a direct or indirect interest in the taxpayer; b) Persons who currently, or will in future, directly or indirectly benefit from the taxpayer;	The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437 Unofficial English translation of the Liechtenstein Tax Ordinance

		<p>c) Persons in whom the taxpayer has a direct or indirect interest, or from whom the taxpayer directly or indirectly benefits;</p> <p>d) Executive bodies of the taxpayer;</p> <p>e) Persons with whom the taxpayer is in a close personal relationship, in particular through a family connection or as a friend;</p> <p>f) Persons in a close relationship with closely related persons as referred to in a) to d) in the way referred to in e);</p> <p>Persons in whom closely related persons referred to in a) to c) have a direct or indirect interest or from whom they directly or indirectly benefit.</p> <p>For TP purposes there is a documentation requirement for transactions with related parties, provided that their direct or indirect shareholding or beneficial interest amounts to at least 25% (Article 31b paragraph 7 of the Tax Ordinance).</p>	
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Transfer Pricing Methods

4	<p>Does your domestic legislation provide for transfer pricing methods to be used in respect of transactions between related parties?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">CUP</th> <th style="text-align: center;">Resale Price</th> <th style="text-align: center;">Cost Plus</th> <th style="text-align: center;">TNMM</th> <th style="text-align: center;">Profit Split</th> <th style="text-align: center;">Other (<i>If so, please describe</i>)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </tbody> </table> <p>Liechtenstein relies on the transfer pricing methods suggested in the OECD TPG. Article 31b paragraph 1 of the Tax Ordinance provides the legal basis. According to Article 31 paragraph 1 (f) of the Tax Ordinance, the tax administration accepts any other suitable method, if the methods enumerated in the ordinance (CUP, RPM, CPM, TNMM, PSM) are not suitable to reflect the arm's length principle appropriately.</p> <p>In practice, no other method is used.</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (<i>If so, please describe</i>)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<p>The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437</p> <p>Unofficial English translation of the Liechtenstein Tax Ordinance</p>
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (<i>If so, please describe</i>)										
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>										
5	<p>Which criterion is used in your jurisdiction for the application of transfer pricing methods?</p>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p>	<p>The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437</p>												

		<input type="checkbox"/> Other (<i>if so, please explain</i>)	Unofficial English translation of the Liechtenstein Tax Ordinance
		As defined in Article 31b paragraph 1 of the Tax Ordinance, Liechtenstein relies on the most appropriate transfer pricing method as recommended by the OECD TPG.	
6	If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.	<input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed. <input type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>) <input type="checkbox"/> Other (<i>if so, please explain</i>)	The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437 Unofficial English translation of the Liechtenstein Tax Ordinance
		Liechtenstein domestic legislation does not contain specific guidance on commodity transactions, but relies on the guidance in the OECD TPG as defined in Article 31b paragraph 1 of the Tax Ordinance.	
Comparability Analysis			
7	Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437 Unofficial English translation of the Liechtenstein Tax Ordinance
		Pursuant to Article 31b paragraph 1 of the Tax Ordinance, Liechtenstein follows the OECD TPG, which include the guidance on comparability analysis in Chapter III of the TPG.	
8	Is there a preference in your jurisdiction for domestic comparables over foreign comparables?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9	Does your tax administration use secret comparables for transfer pricing assessment purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
10	Does your legislation allow or require the use of an arm's length range and/or statistical measure for determining arm's length remuneration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		In practice, statistical tools are used (different interquartiles).	

11	Are comparability adjustments required under your domestic legislation or regulations?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		In practice, comparability adjustments would be allowed.	
Intangible Property			
12	Does your domestic legislation or regulations contain guidance specific to the pricing of controlled transactions involving intangibles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No However, pursuant to Article 31b paragraph 1 of the Tax Ordinance, Liechtenstein follows the OECD TPG.	The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437 Unofficial English translation of the Liechtenstein Tax Ordinance
13	Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard to value intangibles (HTVI)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No However, pursuant to Article 31b paragraph 1 of the Tax Ordinance, Liechtenstein follows the OECD TPG.	The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437 Unofficial English translation of the Liechtenstein Tax Ordinance
14	Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Intra-Group Services			
15	Does your domestic legislation or regulations provide guidance specific to intra-group services transactions?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No However, pursuant to Article 31b paragraph 1 of the Tax Ordinance, Liechtenstein follows the OECD TPG.	The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437 Unofficial English translation of the Liechtenstein Tax Ordinance
16		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437

	Do you have any simplified approach for low value-adding intra-group services?	Liechtenstein applies the simplified approach for low value-adding intra-group services as described by the OECD. Article 31b paragraph 1 of the Tax Ordinance provides the legal basis.	Unofficial English translation of the Liechtenstein Tax Ordinance
17	Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Financial Transactions			
18	[NEW] Does your domestic legislation or regulations provide guidance specific to financial transactions?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Liechtenstein generally follows the OECD TPG on financial transactions. The Fiscal Authority of Liechtenstein issues a circular containing safe harbour rules with regard to intra-group interest loans in domestic and foreign currency. The circular defines currency-specific interest rates for loan from or to related parties. These are considered a "safe haven". The right to prove deviating interest rates based on a detailed TP-study is possible.	The circular containing safe harbour rules is available under (German only): Onlineschalter → Zinssätze für die Berechnung der geldwerten Leistungen
19	[NEW] Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of financial transactions?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The deduction of interest on equity is limited so that it may not give rise to or increase a loss for the period.	Article 54 of the Liechtenstein Tax Act
Cost Contribution Agreements			
20	Does your jurisdiction have legislation or regulations on cost contribution agreements?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Liechtenstein would follow the guidance in the OECD TPG on CCAs.	

Transfer Pricing Documentation

21	<p>Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG <input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG <input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG <input type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return) <input checked="" type="checkbox"/> Other (specify): <p>Article 31b paragraph 2 of the Tax Ordinance provides the legal basis concerning the filing requirement for Master files and Local files.</p> <p>Article 31b paragraphs 4 and 8 of the Tax Ordinance provide the legal basis for filing requirements for small and smaller entities (see question 24).</p> <p>Smaller entities are the ones with consolidated turnover of less than CHF 900 mio but higher than CHF 51.8 mio.</p> <p>Smaller groups have to prepare a description of the business model, a list of all business relationships with related parties, reasoning and result of the TP method used (Article 31b paragraph 4).</p> <p>The CbC Act in connection with the CbC Ordinance provide the necessary legal basis for CbC Reporting.</p>	<p>The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437</p> <p>Unofficial English translation of the Liechtenstein Tax Ordinance</p> <p>The Law of 4 November 2016 on the International Automatic Exchange of Country-by-Country Reports of Multinational Enterprise Groups (CbC Act), National Gazette 2016 No. 502</p> <p>An unofficial English translation of the Liechtenstein CbC Act</p> <p>The Ordinance of 20 December 2016 on the International Automatic Exchange of Country-by-Country Reports of Multinational Enterprise Groups (CbC Ordinance), National Gazette 2016 No. 510</p> <p>An unofficial English translation of the Liechtenstein CbC Ordinance</p>
22	<p>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e. timing for preparation or submission, languages, etc.)</p>	<p>Pursuant to Article 31b paragraph 6 of the Tax Ordinance, the documentation according to Article 31b paragraphs 2 to 5 of the Tax Ordinance has to be filed upon request with the Fiscal Authority of Liechtenstein within 60 days in German or English.</p> <p>The CbC report shall be filed with the Fiscal Authority within 12 months after the end of the reporting fiscal year in German or English (Article 6 of the CbC Act).</p>	<p>The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437</p> <p>Unofficial English translation of the Liechtenstein Tax Ordinance</p> <p>The Law of 4 November 2016 on the International Automatic Exchange of Country-by-Country Reports of Multinational Enterprise Groups (CbC Act), National Gazette 2016 No. 502</p>

			An unofficial English translation of the Liechtenstein CbC Act
23	Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>The Tax Act provides for penalty provisions under Article 135 et seq. Sanctions may apply if the taxpayer fails to fulfil a duty imposed under the Tax Act or the Tax Ordinance. If a person wilfully or negligently fails to comply with the documentation obligation, he or she shall be liable to financial penalties up to CHF 10 000.</p> <p>The penalty provisions of Article 20 et sqq. of the CbC Act provide for compliance incentives regarding the CbC Reporting. A violation of the filing obligation (this includes failure to file a CbC report, a late filing of a CbC report, and inaccurate filing of a CbC report) is subject to fines of up to CHF 250 000.</p>	<p>The Liechtenstein Tax Act of 23. September 2010, National Gazette 2010 No. 340 (Tax Act)</p> <p>An unofficial English translation of the Liechtenstein Tax Act</p> <p>The Law of 4 November 2016 on the International Automatic Exchange of Country-by-Country Reports of Multinational Enterprise Groups (CbC Act), National Gazette 2016 No. 502</p> <p>An unofficial English translation of the Liechtenstein CbC Act</p>
24	If your legislation provides for exemption from transfer pricing documentation obligations, please explain.	<p>Pursuant to Article 49 paragraph 2 of the Tax Act all taxpayers are obligated to provide, upon request by the Liechtenstein Fiscal Authority, documentation regarding the adequacy of transfer prices of transactions with related persons and permanent establishments. However, the Tax Ordinance provides a simplified approach for small entities.</p> <p>Entities of a group with a turnover of less than CHF 51.8 Mio have to provide evidence upon request for the compliance with the ALP.</p>	<p>The Liechtenstein Tax Act of 23. September 2010, National Gazette 2010 No. 340 (Tax Act)</p> <p>An unofficial English translation of the Liechtenstein Tax Act</p> <p>The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437</p> <p>Unofficial English translation of the Liechtenstein Tax Ordinance</p>
Administrative Approaches to Avoiding and Resolving Disputes			
25	Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?	<p>Please check those that apply:</p> <input checked="" type="checkbox"/> Rulings <input type="checkbox"/> Enhanced engagement programs <input checked="" type="checkbox"/> Advance Pricing Agreements (APA) <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Unilateral APAs <input checked="" type="checkbox"/> Bilateral APAs 	<p>The Liechtenstein Tax Act of 23. September 2010, National Gazette 2010 No. 340 (Tax Act)</p> <p>An unofficial English translation of the Liechtenstein Tax Act</p> <p>The Liechtenstein Tax Ordinance of 21. December 2010, National Gazette 2010 No. 437</p>

		<input checked="" type="checkbox"/> Multilateral APAs <input checked="" type="checkbox"/> Mutual Agreement Procedures <input type="checkbox"/> Other (<i>please specify</i>):	Unofficial English translation of the Liechtenstein Tax Ordinance List of all DTA of Liechtenstein and the fact sheet on MAP Liechtenstein's MAP Profile
		<p>Article 93a of the Tax Act in connection with Article 38a of the Tax Ordinance constitutes the legal basis for Rulings and Advance Pricing Agreements. There is no general time period set for an APA. The application for an APA may include a request for a rollback of the APA to prior tax years, as long as the facts supporting the APA are identical to the facts from the prior years for which the statute of limitation has not expired.</p> <p>The relevant legal provisions concerning Mutual Agreement Procedures can be found in Article 124 of the Tax Act, in the respective Double Taxation Agreement (DTA) and in the fact sheet on international mutual agreement procedures under the double taxation conventions with respect to taxes on income and on capital.</p>	
Safe Harbours and Other Simplification Measures			
26	Does your jurisdiction have rules on safe harbours in respect of certain industries, types of taxpayers, or types of transactions?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>The circular containing safe harbour rules is available under (German only): Onlineschalter → Zinssätze für die Berechnung der geldwerten Leistungen</p>
		<p>The Fiscal Authority of Liechtenstein issues a circular containing safe harbour rules with regard to intra-group interest rates (see question 18).</p>	
27	Does your jurisdiction have any other simplification measures not listed in this questionnaire? If so, please provide a brief explanation.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Other Legislative Aspects or Administrative Procedures			
28	Does your jurisdiction allow/require taxpayers to make year-end adjustments?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		<p>The financial statements of a company can be changed, among other things to make year-end adjustments, until they are formally approved by the competent organ.</p>	

29	Does your jurisdiction make secondary adjustments?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
In practice, secondary adjustments are made. Generally, the approach of the deemed dividend and deemed equity contributions is used by Liechtenstein.			
Attribution of Profits to Permanent Establishments			
30	[NEW] Does your jurisdiction follow the Authorised OECD Approaches for the attribution of profits to PEs (AOA)?	<input checked="" type="checkbox"/> Yes <i>In how many tax treaties?</i> 10 (Andorra, Germany, Guernsey, Iceland, Jersey, Monaco, Netherlands, Switzerland, Hungary, UAE). <i>If yes, how do you implement it in cases, where the old tax treaties do not contain the new version of Article 7 (OECD MTC 2010 and later)</i> Except for the treaty with Austria, Liechtenstein did not conclude any pre-2008 treaties. The 2008 changes of the Commentary to article 7 of the OECD Model Convention by the AOA already existed when the treaties were negotiated. Furthermore, the parts of the AOA that were included in the 2008 Update to the OECD Commentary supposedly apply also retroactively to “old” treaties and therefore, in practice, Liechtenstein applies the AOA also on its tax treaty with Austria.	
		<input type="checkbox"/> No	
31	[NEW] Does your jurisdiction follow also another approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Other Relevant Information			
32	Other legislative aspects or administrative procedures regarding transfer pricing	N/A	
33	Other relevant information (e.g. whether your jurisdiction is preparing new transfer pricing regulations, or other relevant	N/A	

	<i>aspects not addressed in this questionnaire)</i>		
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For more information, please visit: <https://oe.cd/transfer-pricing-country-profiles>