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Factsheet concerning the cooperative society (Art. 428 to Art. 495 of the Liechtenstein Persons and Companies Act (“PGR”))

1. Terminology and legal nature

A cooperative society is an entity that is organised as a corporation, comprising an open number of persons or commercial companies whose main purpose is to promote or safeguard certain economic interests of its members through mutual self-support.¹

It is mandatory for the cooperative society to be entered in the Commercial Register.

Special provisions are applicable to small cooperative societies, such as for example alpine cooperative societies.² Small cooperative societies are not entered in the Commercial Register.

2. Setting up the cooperative society

The cooperative society may be set up by at least two natural persons or legal entities or commercial companies.

To set up a cooperative society, it is necessary to have written articles as well as to appoint the managing bodies and, if the signatures of all founders are not available on the articles, the acceptance of the articles by the constituting general meeting.³

The cooperative society acquires legal personality once it has been entered in the Commercial Register.

3. Organisation of the cooperative society

3.1 The general meeting

The supreme managing body of the cooperative society is the general meeting. The general meeting passes the appropriate resolutions for the best possible achievement of the purpose of the cooperative society, monitors the cooperative society operations and the overall management.⁴ Unless otherwise stipulated in the articles, it has the following powers:⁵

¹ Art. 428 Para. 1 PGR

² Art. 483 et seq. PGR

³ Art. 429 PGR

⁴ Art. 471 Para. 2 PGR

⁵ Art. 471 Para. 2 PGR

- the election of the board of directors and, if necessary, the appointment of the audit authority;
- the acceptance of the annual report and of the consolidated annual report, if necessary passing resolutions on the utilisation of the net profit and the discharge of the management and audit authority;
- amending the articles;
- establishing the guiding principles for the management and for the terms and conditions of employment for auxiliary staff and approving the general operating regulations;
- the passing of resolutions concerning dissolution.

3.2 The management (board of directors)

The management (board of directors) is responsible for the **management and representation** of the cooperative society. If the management consists of several individuals, the majority of these must be members of the cooperative society.⁶ The management may also be entrusted to one or more administrators or managers appointed by the administration or the general meeting, who need not be members of the cooperative society.⁷

In the case of cooperative societies that do not engage in activities of a commercial nature, one member of the management must fulfil the criteria pursuant to Art. 180a Para. 1 or 2 of the Liechtenstein Persons and Companies Act (“PGR”). Excluded from this obligation are cooperative societies that are either required by the Liechtenstein Trade Act or another special statutory provision to have a managing director or that are supervised by the government, a municipality or another public authority.⁸

3.3 The audit authority

An audit authority must be appointed for the cooperative society, insofar as exemptions are not applicable.⁹ The audit authority shall be elected by the general meeting.¹⁰

If a cooperative society engages in activities of a commercial nature or if its articles permit the conduct of such a business, an audit authority must be appointed, unless a review is waived (details see below under Fig. 11).

3.4 The representative

In addition, a representative must also be appointed, insofar as no domestic service address is designated.¹¹ The representative is authorised to receive declarations, communications and notifications and to represent the legal entity in dealings with public authorities.

4. Articles of the cooperative

The articles of the cooperative society must contain the information and provisions required by law (for further details, see *Guidelines for the New Registration of a Cooperative Society – (“Wegleitung zur Neueintragung einer Genossenschaft”)*).¹²

⁶ Art. 474 Para. 1 PGR

⁷ Art. 474 Para. 2 PGR

⁸ Art. 180a Para. 3 PGR

⁹ Art. 477 Para. 1 PGR

¹⁰ Art. 471 Para. 2 Letter a PGR

¹¹ Art. 239 PGR

Certain other provisions and information are only binding if they are provided for in the articles.¹³ These include, for example, provisions on the creation of cooperative capital through cooperative shares (share certificates), provisions on personal liability and the obligation of the members to make additional contributions, etc.

5. Registered domicile of the cooperative society

Unless the articles stipulate otherwise, the registered domicile of the cooperative society shall be at the place where the cooperative society has the centre of its administrative activities. Provisions concerning registered domiciles within an international context remain reserved.¹⁴

6. Purpose of the cooperative society

The principal purpose of the cooperative society is to promote and secure certain economic interests of its members in common self-help.¹⁵

The scope of business of a cooperative society can extend to members as well as to non-members.¹⁶

The purpose of the cooperative society must clearly state whether or not it is engaged in activities of a commercial nature.¹⁷ The investment and management of assets or the holding of participations or other rights does not constitute an activity of a commercial nature, unless the nature and size of the enterprise requires commercial operations and orderly accounts.¹⁸

7. Capital of the cooperative society

The nominal capital may not be stipulated in advance.¹⁹

Share certificates are often issued to raise the necessary funds through membership of a cooperative society where only the cooperative society is exclusively liable or where there is only limited liability or obligation to make additional contributions. The regulations concerning registered shares shall apply to such share certificates or, where share certificates are issued in connection with a limited liability, an obligation to make additional contributions or an obligation to provide other non-cash contributions, those pertaining to ancillary contribution shares.²⁰

8. Membership of the cooperative society

In order to become a member of the cooperative society, an unconditional written declaration by the member is required.²¹ Unless the articles provide otherwise, new members may be admitted to an existing cooperative society at any time.²²

¹² Art. 430 PGR

¹³ Art. 430a PGR

¹⁴ Art. 113 Para. 1 PGR, Art. 232 Para. 1 PGR

¹⁵ Art. 428 Para. 1 PGR

¹⁶ Art. 428 Para. 3 PGR

¹⁷ Art. 3 Persons and Companies Ordinance of 19 December 2000 (Verordnung vom 19. Dezember 2000 zum Personen- und Gesellschaftsrecht); (LGBl. 2000 No. 281)

¹⁸ Art. 107 Para. 3 PGR

¹⁹ Art. 428 Para. 4 PGR

²⁰ Art. 447 Para. 2 PGR

²¹ Art. 436 Para. 1 PGR

²² Art. 438 Para. 1 PGR

Every member of the cooperative society is free to leave the cooperative society as long as the dissolution of the cooperative society has not been resolved and no securities-based share certificates have been issued.²³

The articles may specify reasons for which a member may be excluded from the cooperative society. Exclusion for good grounds is always admissible, however.²⁴

Under certain conditions, cooperative society membership rights may be assigned.²⁵

All members of the cooperative society have the same rights and obligations, such as the right to use the cooperative facilities or the duty to protect the interests of the cooperative society. The rights to which the members of the cooperative society are entitled in matters concerning the cooperative society are exercised by participating in the general meeting. The cooperative society members also have a right of control over the management.²⁶

9. Liability and responsibility

Only the **assets of the cooperative society** are liable for liabilities of the cooperative society, insofar as the articles do not stipulate otherwise.²⁷

Each member of the cooperative society is only obliged to take over his share of the cooperative society or to pay his membership fee, as stipulated by the articles.²⁸

The articles may provide for different types of liability, scope of liability or obligations to make additional contributions for individual cooperative society members or groups of cooperative society members, or exclude these completely (mixed cooperative societies).²⁹

A liability of the cooperative society without liability of the cooperative society members or an unlimited or limited liability of the cooperative society members is also possible.³⁰

The managing bodies of the cooperative society are liable in accordance with the general liability provisions.³¹

10. Rendering of accounts and bookkeeping obligations

Cooperative societies that engage in activities of a commercial nature are obliged to keep **proper accounts**.³²

Cooperative societies that do not engage in activities of a commercial nature must, taking into account the principles of proper accounting, keep records appropriate to the financial circumstances and retain documents from which the course of business and the development of the assets can be traced.³³

²³ Art. 439 Para. 1 PGR

²⁴ Art. 443 Para. 1 PGR

²⁵ Art. 446 Para. 1 PGR

²⁶ Art. 451 PGR

²⁷ Art. 459 Para. 1 PGR

²⁸ Art. 459 Para. 2 PGR

²⁹ Art. 459 Para. 3 PGR

³⁰ Art. 460 et seq. PGR

³¹ Art. 218 et seq. PGR

³² Art. 1045 Para. 1 PGR

³³ Art. 1045 Para. 3 PGR

Cooperative societies that do not engage in activities of a commercial nature and whose statutory purpose does not permit this either must submit a declaration pursuant to Art. 182b PGR to the Commercial Register within six months of the end of the financial year. This obligation shall not apply if other legal provisions require the annual financial statements to be submitted annually to the Tax Administration.³⁴

11. Audit and review obligations

Insofar as annual financial statements have to be prepared for cooperative societies, they must be reviewed by an auditor or audit company.³⁵

Cooperative societies that engage in activities of a commercial nature and are classified as micro-companies may waive the audit review³⁶ (for further details, see *Guidelines for the New Registration of a Cooperative Society*).

12. Legal principles

- *Persons and Companies Act (Personen- und Gesellschaftsrecht – “PGR”) of 20 January 1926 (Liechtenstein Law Gazette (“LGBI”) (1926 No. 4))*
- *Commercial Register Ordinance (Handelsregisterverordnung – “HRV”) of 11 February 2003 (LGBI. 2003 No. 66)*
- *Persons and Companies Ordinance of 19 December 2000 (Verordnung vom 19. Dezember 2000 zum Personen- und Gesellschaftsrecht); (LGBI. 2000 No. 281)*
- *Ordinance of 11 February 2003 concerning Land Register and Commercial Register Fees (Verordnung vom 11. Februar 2003 über die Grundbuch- und Handelsregistergebühren) (LGBI. 2003 No. 67)*

³⁴ Art. 182b Para. 2 PGR; the declaration obligation pursuant to Art. 182b PGR was repealed on 1 August 2022. Similar declaration obligations must now be fulfilled to the Tax Administration instead (Art. 64 Para. 4 SteG). This will apply for the first time to financial years beginning as of 31 December 2022.

³⁵ Art. 1058 Para. 2 PGR

³⁶ Art. 1058a PGR