



AMT FÜR JUSTIZ  
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Direct contact  
info.hr.aju@llv.li

# Factsheet concerning rendering of accounts (Art. 1045 et seq. of the Liechtenstein Persons and Companies Act (“PGR”)), bookkeeping (Art. 1045 Para. 3 PGR) and disclosure of annual financial statements (Art. 1122 et seq. PGR)

## 1. Rendering of accounts and bookkeeping obligation

### 1.1 Rendering of accounts

Legal entities that are obliged to be entered in the Commercial Register and that engage in activities of a commercial nature are obliged to render proper accounts.<sup>1</sup> Companies limited by shares, partnerships limited by shares, companies with limited liability and European companies (SE) are obliged to render proper accounts even if they do not engage in activities of a commercial nature.<sup>2</sup>

### 1.2 Bookkeeping obligation

Legal entities, general partnerships and limited partnerships, that are not obliged to render proper accounts must, taking into account the principles of proper accounting, keep records appropriate to their financial circumstances and retain documents from which the course of business and the development of the assets can be traced.<sup>3</sup>

## 2. Annual financial statements

### 2.1 Basic principle

Legal entities that are obliged to render proper accounts must prepare an opening balance sheet at the time of registration in the Commercial Register and then annual financial statements as at the end of each financial year.<sup>4</sup>

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<sup>1</sup> Art. 1045 Para. 1 PGR

<sup>2</sup> Art. 1045 Para. 2 PGR; general partnerships and limited partnerships are subject to disclosure obligations, insofar as all of their unlimited liability members are companies within the meaning of Art. 1063 Para. 1 PGR or companies that are not governed by the law of an EEA member state, whose legal form is however comparable to the legal forms pursuant to Art. 1063 Para. 1 PGR. The same applies to companies whose members with unlimited liability are companies within the meaning of Sentence 1. The supplementary regulations are also applicable to general partnerships and limited partnerships, insofar as all of their members with unlimited liability are general partnerships or partnerships limited by shares within the meaning of Sentence 1 (Art. 1063 Para. 2 PGR in conjunction with Art. 1045 Para. 2 PGR).

<sup>3</sup> Art. 1045 Para. 3 PGR

<sup>4</sup> Art. 1048 Para. 1 PGR

The annual financial statements consist of:<sup>5</sup>

- Balance sheet;
- Income statement, and
- Notes (if necessary).

## 2.2 Form of the annual financial statements

The annual financial statements must be prepared in accordance with the principles of proper account rendering. They must be clear, well-structured and complete and must contain all assets, liabilities, provisions, accruals and deferrals, expenses and income. Offsetting of assets against liabilities and vice versa is not permitted.<sup>6</sup>

The annual financial statements and the annual report (if provided by law) must be prepared in the German or English language and in CHF, EUR or USD.<sup>7</sup> Legal entities that are obliged to render accounts and that do not engage in activities of a commercial nature may also prepare the annual financial statements and the annual report exclusively in French, Italian, Spanish or Portuguese and in any freely convertible foreign currency.<sup>8</sup>

The annual financial statements must provide a true and fair view of the assets, financial and earnings circumstances of the company.<sup>9</sup> The statements must be made in the form, structure and order required by law.<sup>10</sup>

The annual financial statements and the consolidated financial statements must be presented in such a way that they comply with the regulations governing their preparation; they must be complete and correct within this context.<sup>11</sup> The annual financial statements must contain the company name, legal form, registered domicile and Commercial Register number of the company (with liquidation suffix if necessary).<sup>12</sup>

## 2.3 Notes<sup>13</sup>

If notes are required, they must contain the total amounts of guarantees, warranties and pledges and any other contingent liabilities.<sup>14</sup> In addition, they contain information that must be disclosed for individual items in the balance sheet or income statement because they were not included in the balance sheet or income statement due to the exercise of a corresponding option by the legal entity.

## 2.4 Signing the annual financial statements

The (consolidated) annual financial statements must be signed by all personally liable members in the case of partnerships and by the persons entrusted with the management in the case of legal entities and fiduciary companies.<sup>15</sup>

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<sup>5</sup> Art. 1048 Para. 2 PGR

<sup>6</sup> Art. 1050 PGR

<sup>7</sup> Art. 1049 Para. 1 PGR

<sup>8</sup> Art. 1049 Para. 2 PGR

<sup>9</sup> Art. 1066 Para. 1 PGR

<sup>10</sup> Art. 1067 Para. 1 PGR

<sup>11</sup> Art. 1129 Para. 1 Fig. 1 PGR

<sup>12</sup> Art. 1129 Para. 1 Fig. 4 PGR

<sup>13</sup> Art. 1091 et seq. PGR

<sup>14</sup> Art. 1055 PGR

<sup>15</sup> Art. 1056 PGR

## 2.5 Income statement

The income statement must be prepared in graduated form; it may be prepared using either the nature of expense method or the cost of sales method.<sup>16</sup>

## 3. Company report

The company report comprises the annual financial statements (see further details under Fig. 2) and the annual report.<sup>17</sup> Each company limited by shares (“AG”), partnership limited by shares (“KAG”), company with limited liability (“GmbH”) and European company (“SE”) must prepare a company report of this nature, insofar as it is not a small company or micro company.<sup>18</sup>

## 4. Consolidation obligation<sup>19</sup>

A company (parent company) within the meaning of Art. 1063 PGR<sup>20</sup> with registered office in Liechtenstein pursuant to its articles is, under certain circumstances, obliged to prepare a consolidated company report consisting of consolidated financial statements and a consolidated annual report. Subject to certain conditions, a parent company (intermediate company) that is also a subsidiary of a parent company having its registered domicile in an EEA member state or a third country is not required to prepare a consolidated company report.<sup>21</sup>

The law makes provision for further exemptions.<sup>22</sup>

## 5. Audit and review obligations<sup>23</sup>

### 5.1 Auditing obligation

The (consolidated) annual financial statements of medium-sized and large enterprises must be audited by an audit authority or audit company (audit of annual financial statements).

### 5.2 Review obligation

With regard to the annual financial statements of small companies and micro companies, a review must be carried out by an audit authority or auditing company.

### 5.3 Waiver of the review<sup>24</sup>

Companies that fulfil the criteria of a micro company within the meaning of Art. 1064 Para. 1a PGR and are engaged in activities of a commercial nature may waive the review. Excluded from this are protected cell companies<sup>25</sup> and companies limited by shares with bearer shares;<sup>26</sup> these may not waive the review (for further details, see *Guidelines on the Waiver of the Review for Micro Companies (Art. 1058a PGR)*).

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<sup>16</sup> Art. 1078 et seq. PGR

<sup>17</sup> Art. 1065 Para. 2 PGR

<sup>18</sup> Art. 1065 Para. 1 PGR

<sup>19</sup> Art. 1097 et seq. PGR

<sup>20</sup> AG, KAG, GmbH and SE as well as general partnership and limited partnership, insofar as the criteria pursuant to Art. 1063 Para. 2 PGR are fulfilled.

<sup>21</sup> Art. 1099 Para. 1 and 2 PGR; Art. 1100 PGR

<sup>22</sup> Art. 1100 et seq. PGR

<sup>23</sup> Art. 1058 PGR

<sup>24</sup> Art. 1058a Para. 1 PGR

<sup>25</sup> Art. 243 et seq. PGR

<sup>26</sup> Art. 323 et seq. PGR

## 6. Declaration obligation<sup>27</sup>

The administration of legal entities entered in the Commercial Register that are not engaged in activities of a commercial nature and whose purpose pursuant to its articles does not permit the operation of such an activity, shall submit to the Commercial Register within six months of the end of the financial year a declaration to be signed or co-signed by the member meeting the requirements of Art. 180a PGR, confirming that:<sup>28</sup>

- the records and documents pursuant to Art. 1045 Para. 3 PGR are presented as at the end of the prior financial year; and
- the legal entity did not engage in any commercial activities in the previous fiscal year.

The declaration obligation shall not apply if other legal provisions require the annual financial statements to be submitted annually to the Tax Administration.<sup>29</sup> Annual financial statements must be submitted by those legal entities that are subject to ordinary income tax in accordance with Art. 44 et seq. of the Liechtenstein Tax Act. (“SteG”).

## 7. Special simplified procedures relating to the size of companies

### 7.1 Size categories<sup>30</sup>

Categorisation according to size is of relevance in particular in conjunction with accountancy requirements, audit obligations, the annual financial statements and disclosure obligations.

<b>Company size/criteria</b>	<b>Micro companies</b>	<b>Small companies</b>	<b>Medium-sized companies</b>	<b>Large companies</b>
<b>Balance sheet total</b>	up to CHF 450,000	up to CHF 7.4 million	up to CHF 25.9 million	Over CHF 25.9 million
<b>Net sales proceeds</b>	up to CHF 900,000	up to CHF 14.8 million	up to CHF 51.8 million	Over CHF 51.8 million
<b>Number of employees</b>	average 10	average 50	average 250	average 250

A company is classified as a micro company, a small company, medium-sized or large company if two of the three criteria (threshold values) are exceeded or undercut during two consecutive financial years (in respect of the balance sheet reporting date).

In the initial assessment, the threshold values on the first balance sheet reporting date are relevant.<sup>31</sup>

<sup>27</sup> 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.

<sup>28</sup> Art. 182b Para. 1 PGR

<sup>29</sup> Art. 182b Para. 2 PGR

<sup>30</sup> Art. 1064 PGR

<sup>31</sup> Art. 1064 Para. 4 PGR

## 7.2 Overview of simplified procedures

Size	Micro companies	Small companies <sup>32</sup>	Medium-sized companies <sup>33</sup>	Large companies
<b>Balance sheet</b>	abridged <sup>34</sup>	abridged <sup>35</sup>	complete	complete
<b>Income statement</b>	abridged <sup>36</sup>	simplified procedures <sup>37</sup>	simplified procedures <sup>38</sup>	complete
<b>Notes</b>	limited details <sup>39</sup>	simplified procedures <sup>40</sup>	simplified procedures <sup>41</sup>	complete
<b>Annual report</b>	does not need to be prepared <sup>42</sup>	does not need to be prepared <sup>43</sup>	limited <sup>44</sup>	complete
<b>Audit report</b>	report on review <sup>45</sup>	report on review <sup>46</sup>	audit report	audit report

## 8. Disclosure

### 8.1 Disclosure obligation

The legal representatives of companies subject to disclosure requirements must submit the duly approved annual financial statements and, unless a review has been waived, the audit report to the Office of Justice before the end of the twelfth month following the balance sheet reporting date.<sup>47</sup>

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<sup>32</sup> Small companies whose securities are admitted to trading on a regulated market in an EEA member state may not make use of the simplified procedures (abridged balance sheet and abridged notes) (Art. 1126 Para. 3 PGR).

<sup>33</sup> Medium-sized companies whose securities are admitted to trading on a regulated market in an EEA member state may not make use of the simplified procedures (abridged balance sheet and abridged notes) (Art. 1127 Para. 2 PGR).

<sup>34</sup> Art. 1068 Para. 4 PGR

<sup>35</sup> Art. 1068 Para. 4 PGR

<sup>36</sup> Art. 1083 PGR

<sup>37</sup> Art. 1079 Paras. 1 and 2 PGR; Art. 1080 Para. 1 and 2 PGR

<sup>38</sup> Art. 1079 Para. 2 PGR; Art. 1080 Para. 2 PGR

<sup>39</sup> Art. 1065 Para. 3 in conjunction with Art. 1064 PGR; Art. 1095a PGR; the information must be provided under the balance sheet total.

<sup>40</sup> Art. 1095 Para. 1 PGR, Art. 1096 Para. 5 PGR

<sup>41</sup> Art. 1095 Para. 2 PGR

<sup>42</sup> Art. 1065 Para. 3 PGR

<sup>43</sup> Art. 1065 Para. 3 PGR

<sup>44</sup> Art. 1096 Para. 6 PGR

<sup>45</sup> Art. 1058 Para. 1 and 2 PGR

<sup>46</sup> Art. 1058 Para. 1 and 2 PGR

<sup>47</sup> Art. 1122 Para. 1 and Art. 1124 Para. 1 PGR

## 8.2 Companies subject to disclosure obligations<sup>48</sup>

- Companies limited by shares (“AG”);
- Partnerships limited by shares (“KAG”);
- Companies with limited liability (“GmbH”);
- European companies (“SE”).

## 8.3 General partnerships and limited partnerships

General partnerships and limited partnerships are also subject to disclosure obligations, under certain conditions.<sup>49</sup>

General partnerships and limited partnerships subject to disclosure requirements may, under certain conditions, make the documents to be disclosed available for inspection by anyone at the registered domicile of the company instead of submitting them to the Office of Justice and making them public.<sup>50</sup> In this case, however, a copy of the annual financial statements must be made available in response to a simple request.<sup>51</sup>

## 8.4 Branch offices of companies domiciled abroad

In the case of a domestic branch of a company having its registered domicile abroad that is comparable to a company within the meaning of Art. 1063 PGR, its legal representatives must submit to the Office of Justice their annual and consolidated annual report and the audit reports prepared, audited and disclosed in accordance with the law applicable to them.<sup>52</sup>

If these documents have not been prepared in German, they must be submitted to the Office of Justice in a copy certified by the registration office of the main branch. A certified translation into German of the certificate of the registration office must be submitted.<sup>53</sup>

## 8.5 Banks and investment companies<sup>54</sup>

Banks and investment firms must submit to the Office of Justice the duly approved annual financial statements and the audit report under company law, as well as the proposal for the appropriation of the profit and the resolution on its appropriation, together with information about the annual profit or loss, if such information is not contained in the annual financial statements, at the latest before the end of the fifth month of the financial year following the balance sheet reporting date.

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<sup>48</sup> Art. 1063 Para. 1 PGR

<sup>49</sup> General partnerships and limited partnerships are subject to disclosure obligations, insofar as all of their unlimited liability members are companies within the meaning of Art. 1063 Para. 1 PGR or companies that are not governed by the law of an EEA member state, whose legal form is however comparable to the legal forms pursuant to Art. 1063 Para. 1 PGR. The same applies to companies whose members with unlimited liability are companies within the meaning of Sentence 1. The supplementary regulations are also applicable to general partnerships and limited partnerships, insofar as all of their members with unlimited liability are general partnerships or limited partnerships within the meaning of Sentence 1 (Art. 1045 Para. 2 PGR).

<sup>50</sup> The documents may be kept available for everyone at the registered domicile of the company if all partners with unlimited liability are companies within the meaning of Art. 1063 Para. 1 PGR that are subject to the law of an EEA member state other than the Principality of Liechtenstein and none of these companies publishes the designated documents of the company concerned with its own documents or all partners with unlimited liability are companies that are not subject to the law of an EEA member state but whose legal form is comparable to the legal forms pursuant to Art. 1063 Para. 1 PGR (Art. 1122 Para. 3 PGR).

<sup>51</sup> Art. 1122 Para. 4 PGR

<sup>52</sup> Art. 1128 Para. 1 PGR

<sup>53</sup> Art. 1128 Para. 2 PGR

<sup>54</sup> Art. 1131 Para. 1 and 2 PGR, Art. 10 Para. 5 of the Liechtenstein Banking Act (“BankG”) and Art. 24m Para. 3 and 5 of the Liechtenstein Banking Ordinance (“BankV”)

While the annual report and the consolidated annual report do not have to be submitted to the Office of Justice, these documents do need to be available at the registered domicile for inspection by any interested party.

## 9. Required documents<sup>55</sup>

The following documents must be submitted to the Commercial Register:<sup>56</sup>

- The duly approved (consolidated) annual financial statements, consisting of the balance sheet and, if applicable, the income statement and notes;<sup>57</sup> as well as
- if necessary, the audit report: The annual financial statements and the consolidated financial statements must be audited by an audit authority or an audit company (annual audit) or a review must be carried out by such party or parties. The audit report must be submitted. A report on the review does not have to be submitted.

## 10. Form and content of the documents that need to be submitted

### 10.1 Annual financial statements

The annual financial statements must contain the name, registered domicile and Commercial Register number of the company (with the possible suffix that it is in liquidation) and must be reproduced in such a way that they comply with the legal requirements in respect of form and content; they must be complete and correct.<sup>58</sup> The use of simplified procedures and the corresponding partial disclosure must be indicated if the audit report refers to the full annual financial statements.

### 10.2 Audit report

In case of full or partial disclosure of the annual financial statements and the consolidated annual financial statements, and in case of publications or replications in any other form due to the articles of incorporation, the full wording of the audit report issued by an audit authority or an audit company must be reproduced. If the annual financial statements are only partially disclosed due to the use of simplified procedures and the audit report refers to the full annual financial statements, this must be stated.<sup>59</sup>

If the annual financial statements or the consolidated financial statements are not reproduced in the above-mentioned form i.e. in publications or replications that are not required by law or by the articles of incorporation, the audit report itself may not be enclosed.<sup>60</sup> However, it must be stated whether the audit report has been issued without reservation or with reservation or whether the (consolidated) annual financial statements have been rejected where an audit opinion could not be given. In addition, it must also be stated whether any special circumstances were mentioned in the audit report.<sup>61</sup>

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<sup>55</sup> Art. 1122 and Art. 1124 PGR

<sup>56</sup> Art. 1122 Para. 1 PGR

<sup>57</sup> Art. 1048 Para. 2 PGR

<sup>58</sup> Art. 1129 Para. 1 Fig. 1 and 4 PGR

<sup>59</sup> Art. 1129 Para. 1 Fig. 2 and 3 PGR

<sup>60</sup> Art. 1129 Para. 2 PGR

<sup>61</sup> Art. 1129 Para. 2 PGR

## 11. Simplified disclosure obligation procedures, depending on the size of the company

Art. 1123 PGR and 1126 et seq. PGR also provide for simplified procedures, including in respect of the disclosure of the annual financial statements and the audit report.

Size	Micro companies	Small companies <sup>62</sup>	Medium-sized companies <sup>63</sup>	Large companies and consolidated companies
<b>Balance sheet</b>	submit <sup>64</sup>	submit <sup>65</sup>	submit <sup>66</sup>	submit
<b>Income statement</b>	--- <sup>67</sup>	--- <sup>68</sup>	submit <sup>69</sup>	submit
<b>Notes</b>	--- <sup>70</sup>	submit <sup>71</sup>	submit <sup>72</sup>	submit
<b>Provision of audit report</b>	---	---	submit	submit

## 12. Submission of the documents

The annual financial statements (including balance sheet, income statement, if applicable, and notes) and any audit report must be submitted in electronic form. In this conjunction, an electronic signature<sup>73</sup> must be used.<sup>74</sup> Submission of the annual financial statements in paper form remains admissible.

## 13. Checks conducted by the Office of Justice

The Office of Justice checks whether the documents that are to be disclosed have been submitted in due time and in full and have been signed by the competent persons, i.e. in the case of partnerships by all personally liable partners and in the case of legal entities by the persons entrusted with the management. If documents are missing or if their signature is inadequate, the

<sup>62</sup> Small companies whose securities are admitted to trading on a regulated market in an EEA member state may not make use of the simplified procedures (abridged balance sheet and abridged notes) (Art. 1126 Para. 3 PGR).

<sup>63</sup> Medium-sized companies whose securities are admitted to trading on a regulated market in an EEA member state may not make use of the simplified procedures (abridged balance sheet and abridged notes) (Art. 1127 Para. 2 PGR).

<sup>64</sup> Art. 1126 Para. 2 PGR; abridgements pursuant to Art. 1068 Para. 4 2nd Sentence PGR.

<sup>65</sup> Art. 1126 Para. 1 in conjunction with Art. 1068 Para. 4 Sentence 1 PGR

<sup>66</sup> Art. 1127 Para. 1 Fig. 1 PGR

<sup>67</sup> Can be derived from Art. 1126 Para. 2 PGR

<sup>68</sup> Art. 1126 Para. 1 PGR

<sup>69</sup> Art. 1079 Paras. 1 and 2 PGR; Art. 1080 Para. 1 and 2 PGR

<sup>70</sup> Art. 1126 Para. 2 PGR

<sup>71</sup> Art. 1095 PGR; Art. 1126 Para. 1 PGR

<sup>72</sup> Art. 1095 PGR; Art. 1127 Para. 1 Fig. 2 PGR

<sup>73</sup> Pursuant to the Signature and Trust Services Act (Signatur- und Vertrauensdienstegesetz - "SigVG")

<sup>74</sup> Art. 1122 Para. 6 PGR



Office of Justice issues an improvement order and sets a deadline of no more than four weeks for this.<sup>75</sup>

The assessment by the Office of Justice does not relate to the accuracy of the content of the documents submitted, but only to their timely and complete submission and compliance with the formal requirements. The date of the submission of the documents that are to be disclosed is recorded in the Commercial Register.<sup>76</sup>

If the assessment suggests that simplified procedures pertaining to the size of the company should not have been asserted, the Office of Justice may, within a reasonable time, require the company to provide information on net sales and the average number of employees. If the company fails to provide this information in good time, the simplified procedures are deemed to have been improperly applied.<sup>77</sup>

## 14. Publication

Once the documents have been submitted, the Office of Justice will publish these in the electronic gazette and at the company's expense, under which the registration number of the documents have been filed with the Office of Justice.<sup>78</sup>

Under certain circumstances, general partnerships and limited partnerships are exempted from the disclosure obligation, although they are required to make these documents available for inspection by any interested party at the registered domicile of the company.<sup>79</sup>

Companies whose bonds or shares are listed on a stock exchange must also publish their (consolidated) annual financial statements in printed form, and must make these available to the media and to any interested party on request.<sup>80</sup>

## 15. Sanctions

Any party who fails to comply with their obligation to render proper accounts and to carry out an audit or a review of the annual financial statements shall be fined up to CHF 10,000.00 by the Court of Justice on application or ex officio in non-contentious proceedings. In the case of negligence, the administrative fine shall be up to CHF 5,000.00.<sup>81</sup>

If the disclosure obligation or other obligations under the provisions of Art. 1122 to 1130 PGR are not complied with, the legal entity shall be punished ex officio by the Office of Justice in administrative proceedings with an administrative fine of CHF 1,000.00 or, in the case of micro companies, with an administrative fine of CHF 500.00.<sup>82</sup>

Administrative fines shall continue to be imposed until either accounting, auditing and disclosure obligations are met or it is demonstrated that such obligations do not exist.<sup>83</sup> Penalties for failure to comply with the obligation to maintain accounts and to conduct audits shall apply to directors,

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<sup>75</sup> Art. 1130 Para. 1 PGR in the version amended with Liechtenstein Law Gazette ("LGBI.") 2019 No. 258 is applicable to financial year beginning after 31 December 2018.

<sup>76</sup> Art. 1130 Para. 3 PGR

<sup>77</sup> Art. 1130 Para. 2 PGR

<sup>78</sup> Art. 1122 Para. 1 PGR

<sup>79</sup> Art. 1122 Para. 3 PGR

<sup>80</sup> Art. 1122 Para. 2 and Art. 1124 Para. 2 PGR

<sup>81</sup> § 66 Para. 1 SchITPGR

<sup>82</sup> § 66 Para. 2 SchITPGR in the version amended under LGBI. 2019 No. 258 is applicable to financial years beginning after 31 December 2018.

<sup>83</sup> § 66 Para. 3 SchITPGR

authorised representatives, liquidators or members of the board of directors who have failed to comply with the obligation.<sup>84</sup>

The administrative fine for violation of the disclosure obligation shall be imposed directly upon the legal entity itself.<sup>85</sup>

## 16. 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)*

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<sup>84</sup> § 66 Abs. 4 SchITPGR

<sup>85</sup> § 66 Para. 2 SchITPGR is applicable to financial years beginning after 31 December 2018.