

LIECHTENSTEIN – A TAX HAVEN NO MORE

We wish to alert you to new legislation proposed by the Minister for Finance and Development to address the issue of tax havens, drafts of which (called *regulations on specification of countries and territories applying harmful tax competition in corporate income tax or personal income tax*, in short "Draft Tax Haven Regulations") were published on 29 April 2017.

The new proposals come in the wake of Finance Ministry's decision to implement a pilot program for the purpose of striking off certain tax jurisdictions from the tax havens list.

As was intimated in the explanatory memorandums for the Draft Tax Haven Regulations, the following test must be met for a jurisdiction to be removed from the list:

- there is a relevant basis authorising the exchange of tax information; and
- the jurisdiction has been positively assessed in accordance with the OECD peer review process relating to periodic assessments of information exchange policies; and
- the jurisdiction co-operatively exchanges tax information with Poland and the Polish Finance Ministry has an affirmative opinion of this co-operation.

In accordance with the Draft Tax Haven Regulations, the following jurisdictions will no longer be treated as tax havens: the Principality of Liechtenstein, Barbados, Federation of Saint Kitts and Nevis, Saint Vincent and the Grenadines, and the Commonwealth of the Bahamas.

The decision to remove those jurisdictions from the tax havens list was made even though they meet only the first two prongs of the test. Compliance with the third prong will be periodically verified and if at the end of the pilot program any of the jurisdictions turns out not to comply with all the three requirements, it will have its tax haven status restored.

The drafts are now being consulted and the law is expected to become effective one day after it is published in its ultimate wording.

If this issue pertains to your business and you are interested in our assistance, please contact your WTS&SAJA consultant or our office.

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