



Public Finance

Liechtenstein's public authority budgets comprise in total the national budget and the budgets of the eleven communities. For 2008, total tax receipts amount to around CHF 900 million. In addition, there are receipts from property investment incomes and fees. On the expenditure side, the national budget is particularly affected by expenses for social welfare and education.

National budget

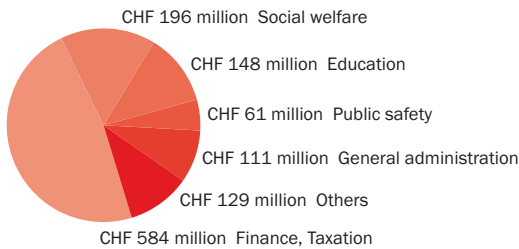
Current account, 1995 - 2008

| in million CHF | 1995 | 2000 | 2007 | 2008 |
|--------------------------------|-----------|------------|------------|-------------|
| Current expenditure | 466 | 598 | 853 | 1 158 |
| Current revenue | 546 | 1 116 | 992 | 1 103 |
| Cash flow | 80 | 518 | 139 | -55 |
| Depreciation on fixed capital | 51 | 61 | 70 | 71 |
| Surplus current account | 29 | 457 | 70 | -127 |

Current expenditures by subject category, 1995 - 2008

| in million CHF | 1995 | 2000 | 2007 | 2008 |
|--------------------------------------|--------------|--------------|--------------|----------------|
| Personnel costs | 93.9 | 107.9 | 187.5 | 196.2 |
| Expenditures on materials | 80.7 | 73.0 | 85.4 | 98.9 |
| Regular contributions | 150.3 | 245.7 | 323.9 | 350.9 |
| Financial allocations | 84.2 | 159.8 | 175.8 | 171.4 |
| Asset management costs | 5.5 | 8.2 | 6.2 | 6.9 |
| Allocations to special funds | 53.2 | 0.5 | 0.3 | 0.3 |
| Depreciation on portfolio securities | -2.1 | 2.9 | 73.8 | 333.6 |
| Liquidity expenditure | 465.7 | 597.9 | 853.0 | 1 158.3 |
| Depreciation on fixed capital | 51.3 | 60.9 | 69.8 | 71.3 |
| Total | 517.0 | 658.8 | 922.8 | 1 229.6 |

Current expenditures 2008 by purpose of expenditure



Current revenues by type, 1995 - 2008

| in million CHF | 1995 | 2000 | 2007 | 2008 |
|--------------------------------|--------------|----------------|--------------|----------------|
| Total | 546.1 | 1 115.9 | 992.3 | 1 103.0 |
| Taxes and duties | 363.3 | 666.7 | 764.8 | 814.1 |
| Revenues from assets | 45.1 | 391.9 | 167.4 | 227.8 |
| Fees | 101.3 | 43.0 | 40.1 | 40.6 |
| Repayments from municipalities | 10.2 | 14.0 | 19.7 | 19.9 |
| Withdrawals from special funds | 26.2 | 0.3 | 0.3 | 0.7 |

Capital account, 1995 - 2008

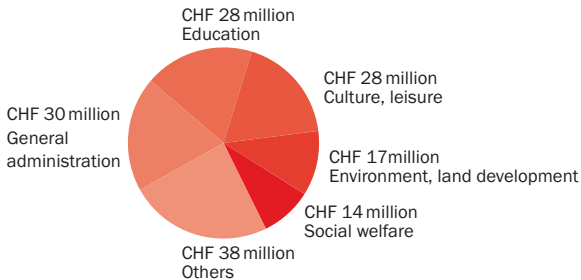
| in million CHF | 1995 | 2000 | 2007 | 2008 |
|---------------------------------------|-------------|--------------|-------------|---------------|
| Gross investment | 80.0 | 89.4 | 106.4 | 109.8 |
| Investment income | 8.0 | 13.7 | 18.0 | 37.0 |
| Net investments | 72.0 | 75.7 | 88.4 | 72.8 |
| Cash flow | 80.4 | 518.0 | 139.3 | -55.2 |
| Financing surplus/ deficit (-) | 8.3 | 442.3 | 50.9 | -128.0 |

Local budgets - Municipalities

Current accounts, 2000 - 2008

| in million CHF | 2000 | 2005 | 2007 | 2008 |
|---------------------------------|--------------|--------------|--------------|--------------|
| Current expenditure | 139.2 | 144.5 | 144.9 | 155.1 |
| Current revenue | 287.9 | 266.6 | 327.8 | 317.7 |
| Cash flow | 148.7 | 122.1 | 182.9 | 162.7 |
| Depreciation on fixed capital | 64.8 | 73.1 | 91.0 | 91.3 |
| Surplus current accounts | 83.9 | 49.0 | 91.9 | 71.3 |

Current expenditures 2008 by subject category



Current revenues by type, 2000 - 2008

| in million CHF | 2000 | 2005 | 2007 | 2008 |
|----------------------|--------------|--------------|--------------|--------------|
| Total | 287.9 | 266.6 | 327.8 | 317.7 |
| Taxes | 151.1 | 160.4 | 200.9 | 192.8 |
| Charges, fees | 1.4 | 1.6 | 1.5 | 2.4 |
| Revenues from assets | 16.3 | 13.3 | 22.0 | 15.3 |
| Service charges | 27.8 | 19.0 | 22.1 | 22.3 |
| Fiscal equalisation | 80.1 | 63.9 | 73.2 | 77.7 |
| Other revenues | 6.7 | 3.2 | 2.8 | 1.5 |
| Internal transfers | 4.4 | 5.3 | 5.4 | 5.7 |

Capital accounts, 2000 - 2008

| in million CHF | 2000 | 2005 | 2007 | 2008 |
|---------------------------------------|--------------|-------------|--------------|--------------|
| Gross investment | 129.6 | 99.0 | 119.3 | 143.5 |
| Investment income | 26.3 | 23.5 | 18.7 | 17.2 |
| Net investments | 103.3 | 75.5 | 100.6 | 126.4 |
| Cash flow | 148.7 | 122.1 | 182.9 | 162.7 |
| Financing surplus/ deficit (-) | 45.4 | 46.6 | 82.3 | 36.3 |

Fiscal income - State and municipalities

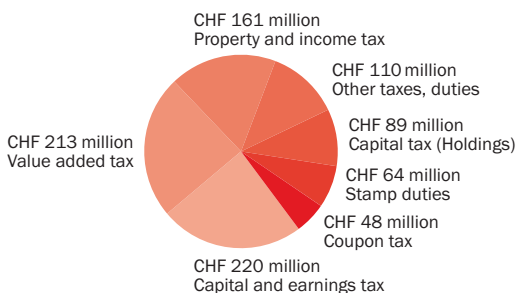
Fiscal income, 2000 - 2008

| in million CHF | 2000 | 2005 | 2007 | 2008 |
|----------------------------|--------------|--------------|----------------|----------------|
| Total fiscal income | 959.1 | 971.3 | 1 154.0 | 1 217.8 |
| Taxes | 739.3 | 713.1 | 856.9 | 904.9 |
| Social contributions | 219.8 | 258.2 | 297.1 | 312.9 |

Tax revenues by type of tax, 2000 - 2008

| in million CHF | 2000 | 2005 | 2007 | 2008 |
|--------------------------|--------------|--------------|--------------|--------------|
| Total | 739.3 | 713.1 | 856.9 | 904.9 |
| Property and income tax | 108.2 | 127.3 | 154.2 | 161.1 |
| Capital and earnings tax | 131.1 | 137.3 | 209.2 | 219.6 |
| Coupon tax | 56.8 | 37.6 | 41.4 | 48.2 |
| Real estate gains tax | 21.2 | 14.5 | 15.8 | 17.5 |
| Commuter tax | 12.0 | 16.7 | 18.3 | 19.3 |
| Capital tax (Holdings) | 90.8 | 93.8 | 89.7 | 89.3 |
| Stamp duties | 106.9 | 50.3 | 66.7 | 64.1 |
| Value added tax | 161.6 | 174.0 | 195.0 | 212.7 |
| Motor vehicle tax | 8.9 | 10.1 | 10.7 | 11.1 |
| Other taxes and duties | 41.8 | 51.5 | 55.9 | 62.0 |

Tax revenues 2008 by type of tax



Taxes in Liechtenstein

1 Taxes on natural persons

Property and income tax

(national tax with 150 to 250% surtax of the communities)

At community surtax of 200%:

- 1.62 to 8.51‰ property tax
- 3.24 to 17.01% income tax

Real estate gains tax

- 3.24 to 34.02% of the real estate profit

Death duty, inheritance tax and gift tax

- Progressive according to degree of relationship and size of assets
- Rate of tax
 - death duty 0.5 to 5%
 - inheritance tax and gift tax 0.5 to 27%

EU savings directive

- Levied on interest payments made to beneficial owners (individuals) who are resident for tax purposes in an EU Member State
- Rate of tax: 20%

2 Company taxes

Capital and earnings tax

- Levied on companies with domestic activities
- Capital tax: 2‰
- Earnings tax: 7.5 to 20%

Coupon tax

- Levied on coupons of shares issued by legal persons, and equal certificates
- Rate of tax: 4%

Stamp duty

- Stamp duty on domestic equities:
1% of the issue value with a tax-free allowance of CHF 1 million.
- Transaction duty on transfers of securities:
1.5 resp. 3‰ of the value
- Fee on insurance premiums:
2.5% on life insurance premiums (single deposits),
5% on other, not exempted insurance premiums

Formation tax (duty)

- Upon formation of company and capital increase if there is no stamp duty imposed
- Rate of tax: 1.0 to 0.3% (degressive) of the company capital with a tax-free allowance of CHF 1 million, resp. 2‰ for foundations, minimum CHF 200.–

Domicile-establishing and holding companies

- Capital tax on capital and reserves of domicile-establishing and holding companies
- Rate of tax: 1‰, minimum CHF 1 000.–

Taxes on foreign insurance companies

- 1% on premium receipts from life and old-age insurance
- 2% on all other premium receipts

Captives

- 1.0 to 0.5‰ (degressive) capital tax on equity capital

Investment companies

- No taxation on managed assets

3 Excise duties

Value-added tax

- 7.6% on supplies of goods and services, some at a reduced rate of 3.6 resp. 2.4%

Motor vehicle tax

- Levied on vehicles registered in Liechtenstein
- CHF 50.– to CHF 2 180.–, depending on weight or capacity

Customs duties

- According to Swiss legislation

4 Other taxes and duties

Dog licence

- CHF 20.– to CHF 200.–

Household charge

- Flat-rate charge for use of local infrastructure: maximum CHF 50.–