



# Factsheet concerning the association (Art. 246 to Art. 260 PGR)

## 1. Terminology and legal nature

Associations dedicated to a political, religious, scientific, artistic, common benefit, social or other non-economic purpose acquire personality as soon as the determination to exist as a corporation is evidenced by the articles.<sup>1</sup>

## 2. Setting up the association

Associations become established as soon as the determination to exist as a corporation is evidenced by the articles.

The association is **obliged to register with the Commercial Register** if its purpose is to engage in an activity of a commercial nature or if it is obliged to appoint an audit authority.<sup>2</sup> All other associations may arrange for themselves to be entered in the Commercial Register on a voluntary basis.<sup>3</sup>

## 3. Organisation of the association

### 3.1 The association meeting

The **supreme body** of the association is the meeting of members. This is convened by the board of directors. Meetings shall be convened in accordance with the provisions of the articles or by law if one fifth of the members request such a meeting.<sup>4</sup>

The association meeting decides on the admission and exclusion of members, elects the board of directors and takes decisions on all matters that are not assigned to other managing bodies of the association. It also supervises the activities of the managing bodies, and can dismiss these at any time.<sup>5</sup>

### 3.2 The board of directors

As a rule, **management and representation** is entrusted to the board of directors. The board of directors may comprise one or more members or non-members and is entitled and obliged, in

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<sup>1</sup> Art. 246 Para. 1 PGR

<sup>2</sup> Art. 247 Para. 2 PGR

<sup>3</sup> Art. 247 Para. 1 PGR

<sup>4</sup> Art. 249 PGR

<sup>5</sup> Art. 249a Para. 1 and 2 PGR

accordance with the provisions of the articles, to manage the affairs of the association, such as accounting, treasury and similar matters, and to represent the association.<sup>6</sup>

Unless the articles provide otherwise, the board of directors may, under its responsibility, entrust the management and representation of the association to other individual persons.<sup>7</sup>

### 3.3 The audit authority

An audit authority must be elected by the association meeting if two of the following criteria are exceeded in two consecutive financial years:

- balance sheet total of 6 million Swiss francs;
- sales proceeds of 12 million Swiss francs;
- 50 full-time positions on an annual average;

or if a member of the association, who is subject to personal liability or an obligation to make additional contributions, requests this.

In addition, an audit authority must be appointed if the association engages in activities of a commercial nature, unless a review is waived.<sup>8</sup>

### 3.4 The representative

In addition, a representative must also be appointed, insofar as no domestic service address is designated.<sup>9</sup> 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 association

The articles of the association must be submitted in written form and must provide information about the purpose of the association, its funds and its organisation.<sup>10</sup> The articles may not diverge from the mandatory statutory provisions of the Liechtenstein Persons and Companies Act (Personen- und Gesellschaftsrecht – “PGR”).<sup>11</sup>

## 5. Registered domicile of the association

Unless the articles stipulate otherwise, the registered domicile of the association shall be at the place where the association has the centre of its administrative activities. Provisions concerning registered domiciles within an international context remain reserved.<sup>12</sup>

## 6. Purpose of the association

Associations may be dedicated only to political, religious, scientific, artistic, common benefit, social or other non-economic tasks.<sup>13</sup>

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<sup>6</sup> Art. 251 Para. 1 and Para. 2 PGR

<sup>7</sup> Art. 251 Para. 3 PGR

<sup>8</sup> Art. 1058a PGR

<sup>9</sup> Art. 239 PGR

<sup>10</sup> Art. 246 Para. 2 PGR

<sup>11</sup> Art. 246 Para. 4 PGR

<sup>12</sup> Art. 113 Para. 1 PGR, Art. 232 Para. 1 PGR

<sup>13</sup> Art. 246 Para. 1 PGR

The association may only engage in an activity of a commercial nature in order to pursue its non-economic purpose, i.e. the operation of the activity of a commercial nature may not be the purpose of the association, but may only serve to fulfil the non-economic purpose.<sup>14</sup>

With the approval of the government, associations may also be set up with the main purpose of engaging in an activity of a commercial nature by registering in the Commercial Register.<sup>15</sup>

## 7. Capital of the association

An association does not have to have a minimum level of capital.

## 8. Membership<sup>16</sup>

Members may join at any time.

Members may resign, provided that the periods of notice stipulated by law or the articles are observed.

Membership rules apply to honorary, passive and similar members only if the articles make provision for this.

Contributions may be demanded from members only if provision is made for this in the articles.<sup>17</sup>

## 9. Liability and responsibility

Only the assets of the association are liable for the liabilities of the association.<sup>18</sup>

The articles may, however, introduce limited liability or a limited obligation to make additional contributions for all members or for specific groups.<sup>19</sup>

The managing bodies of the association are liable in accordance with the general liability provisions.<sup>20</sup>

## 10. Rendering of accounts and bookkeeping obligations

Associations that engage in activities of a commercial nature are obliged to keep **proper accounts**.<sup>21</sup>

The board of directors of an association that does not engage in activities of a commercial nature must **keep records** of the income and expenditure as well as of the financial situation of the association.<sup>22</sup>

Associations that are recorded in the Commercial Register and 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

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<sup>14</sup> Art. 247 Para. 2 Fig. 1 PGR

<sup>15</sup> Art. 259 Para. 1 PGR

<sup>16</sup> Art. 252 PGR

<sup>17</sup> Art. 254 PGR

<sup>18</sup> Art. 253 Para. 1 PGR

<sup>19</sup> Art. 253 Para. 2 PGR

<sup>20</sup> Art. 218 et seq. PGR

<sup>21</sup> Art. 1045 Para. 1 PGR

<sup>22</sup> Cf. Art. 251a in conjunction with Art. 1045 Para. 3 PGR

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.<sup>23</sup>

## 11. 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); Liechtenstein Law Gazette (“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>23</sup> Art. 182b 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.