



**LILLY FAMILY  
SCHOOL OF PHILANTHROPY**  
INDIANA UNIVERSITY

# **The 2025 Global Philanthropy Environment Index Liechtenstein**

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Edited by the Indiana University Lilly Family School of Philanthropy

## **QUICK FACTS**

**Legal forms of philanthropic organizations included in the law:** Association, Foundation, Trust, Establishment (“*Anstalt*”); Protected Cell Company (“PCC”))

**Five main social issues addressed by these organizations:** Arts and Culture, Health and Medical Research, Human Rights, International Causes, Youth and Family.

**Average time established by law to register a philanthropic organization:** 0-30 days.

**Average cost for registering a philanthropic organization:** USD 450

**Government levels primarily regulating the incorporation of philanthropic organizations:**

Public-benefit foundations are formed through a declaration of establishment, which must be made in writing. An authentication of the signature of the founder(s) is necessary. In order to acquire the right of legal personality, a public-benefit foundation must be entered into the commercial register. The registration fee for public-benefit foundations is USD 750. Associations are formed by virtue of a declaration of establishment made by their members. If an association has an economic purpose which is related to a business running along commercial lines, it is required to be entered into the commercial register. Associations must also be entered in the commercial register if they are subject to auditing. Entry in the commercial register is optional for all other associations (e.g. political, cultural or religious associations). The registration fee for associations is USD 100.

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<sup>1</sup> Authors of the 2025 *GPEI* report are providing updated narratives and scores to the 2022 *GPEI* report.

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## PHILANTHROPIC ENVIRONMENT SCORES

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2025 GPEI	4.9	4.9	4.9	4.9	5.0	4.9	4.92
2022 GPEI	4.9	4.9	4.9	4.9	5.0	4.8	4.91
2018 GPEI	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Source:** Indiana University Lilly Family School of Philanthropy, 2025 *Global Philanthropy Environment Index*

## KEY FINDINGS

### I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

*The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.*

**Question One:** To what extent can individuals form and incorporate the organizations defined?

<b>Score: 5.0</b>
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In Liechtenstein, individuals are unlikely to encounter any obstacles in forming a philanthropic organization. There is a variety of different legal structures to choose from, and little bureaucracy involved. Association law (*Vereinsrecht*) provides a simple and very accessible way for individuals to jointly pursue philanthropic activities. Associations may pursue any political, religious, scientific, artistic, charitable, social or other non-commercial purpose - within the rule of law. As a matter of law and fact, associations have broad discretion in carrying out their activities. Public-benefit foundations and trusts must (predominantly) benefit public-purposes, especially in the fields of charity, religion, science, culture, sport or ecology. However, foundations can also act for private benefit, which widens the potential scope of a foundation even further. Founders, to the extent that they are natural persons, can also reserve the right to amend the foundation purpose over time or to revoke the foundation. There is no government interference during the formation process. The formation process is straightforward and does not involve any disproportionate administrative fees. The list of required documents, e.g. for the formation of a foundation, is clear, reasonable, and short (Art. 552 § 19 PGR). The office of the commercial register is bound by law and acts to act apolitically.

**Question Two:** To what extent are POs free to operate without excessive government interference?

**Score: 5.0**

Structure and Governance: Requirements regarding structure and governance for philanthropic organizations are set out in the respective legal rules governing associations (Arts. 249-251 PGR) and foundations (Art. 552 §§ 24-28 PGR). For example, a foundation must have a foundation board consisting of at least two members, and the assembly of association members is the highest decision-making organ of an association. Beyond these legal bases, philanthropic organizations have options within the boundary of law to design their internal organizational structures. Communication and Cooperation: No restrictions within the rule of law. Reporting requirements: Associations are required to keep books (Art. 251a PGR). Associations that run businesses or business-like entities of a certain size are under an obligation to be audited (Art. 251b PGR). Public-benefit foundations are generally under an obligation to be audited; some exceptions apply (Art. 552 § 29 PGR). The auditor submits an annual report to the Foundation Supervisory Authority and the foundation council stating whether the foundation's assets (including disbursements) are managed in line with the foundation's purpose and the law as well as the foundation documents. Where mismanagement is suspected, the Foundation Supervisory Authority can start investigations

**Question Three:** To what extent is there government discretion in shutting down POs?

**Score: 4.8**

An association can be dissolved according to the terms set out in its statutes, normally by a majority decision of its members' meeting. One core purpose of continental foundation law is to protect declaration of will made by the founder(s) - this implies logically that dissolution cannot be at the discretion of the foundation board. In the case of a (public-benefit) foundation in Liechtenstein, the foundation board's right to dissolve the foundation is restricted - which can be explained by the overriding importance of the declaration of will of the founder(s) as embodied in the foundation statutes. Hence, the right, or rather obligation, for the foundation board to dissolve the foundation is restricted to very precise situations (Art. 552 § 39 para. 2 PGR; Art. 906 para. 1 PGR for trusts): The foundation board must pass a resolution to dissolve the foundation if the purpose of the foundation has been achieved or is no longer achievable, the duration envisaged in the foundation deed has expired, or other grounds for dissolution that are stated in the foundation deed have occurred. Involuntary dissolution both of associations and foundations is exceptional and regulated by law. (Art. 552 § 39 PGR and Art. 258 PGR).

## II. Domestic Tax and Fiscal Issues

*The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.*

**Question Four:** To what extent is the tax system favorable to making charitable donations?

<b>Score: 4.8</b>
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Private individuals and business companies can deduct from taxes voluntary payments to charitable foundations that pursue exclusively and irrevocably charitable purposes in accordance with Art. 4 para. 2 of the Tax Act and that are therefore tax-exempt. The deductible amount is limited to 10% of the taxable income for individuals (Art. 16 para. 3 lit. h Tax Act) and to 10 % of the taxable profits for legal entities (Art. 47 para. 3 lit. h Tax Act) before taking into account the respective voluntary payments and before offsetting business losses from previous financial years. The same applies to all other donations to tax-exempt charitable non-profit organizations – up to a limit of 10% of the taxable income for individuals (Art. 16 para. 3 lit. h Tax Act) and to 10% of the taxable profits for legal entities (Art. 47 para. 3 lit. h Tax Act) before taking into account voluntary payments and before offsetting business losses from previous financial years. This enables a high level of donations due to Liechtenstein's stable economic and political system. The maximum tax rate is currently 22.4% regarding income tax of individuals and 12.5% regarding corporate income tax of legal entities. The procedure for claiming the above-mentioned tax deductions is user-friendly; the Liechtenstein Tax Authority has issued information brochures that provide a clear and consistent guidance on the process of claiming the respective tax deduction. Tax-deductible donations from individuals that exceed a total amount of CHF 300 must be substantiated by appropriate receipts; legal entities must substantiate all donations by receipts.

**Question Five:** To what extent is the tax system favorable to POs in receiving charitable donations?

<b>Score: 5.0</b>
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Organizations that serve exclusively charitable purposes can apply for tax exemption (Art. 4 para. 2 of the Tax Act). It is a prerequisite for the tax exemption that an organization's public-benefit character is irrevocable. The irrevocability can be specified in the foundation deed or, in the case of an association, by a majority vote of the general assembly. There is no gift, inheritance or estate tax in the Principality of Liechtenstein since 2011.

### III. Cross-Border Philanthropic Flows

*The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.*

**Question Six:** To what extent is the legal regulatory environment favorable to sending cross-border donations?

<b>Score: 4.8</b>
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There are no official fees or taxes for transferring donations (philanthropic money) from Liechtenstein abroad. There is no gift, inheritance or estate tax in the Principality of Liechtenstein since 2011. Similar to domestic donations, according to Liechtenstein tax law, a tax deduction of up to 10% of the taxable income for individuals (Art. 16 para. 3 lit. h Tax Act) and of the taxable profits for legal entities (Art. 47 para. 3 lit. h Tax Act) is possible for donations within the European Economic Area and Switzerland before taking the respective donations into account and before offsetting business losses from previous financial years. Charitable foundations and associations with legal domicile and residence in Liechtenstein may support international charitable purposes – and donations to them are tax deductible to the extent described above. Donations to charitable POs based outside the EEA/Switzerland are not deductible.

**Question Seven:** To what extent is the legal regulatory environment favorable to receiving cross-border donations?

<b>Score: 5.0</b>
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For tax-exempt charitable organizations, there are no costs or fees for receiving and accepting cross-border donations and no approval is required. No distinction is made depending on whether donations have a domestic or an international source. The general regulations to combat money laundering must of course be strictly observed. See answer to question 5: "Organizations that serve exclusively charitable purposes can apply for tax exemption (Art. 4 para. 2 Tax Act). It is a prerequisite for the tax exemption that an organization's public-benefit character is irrevocable. The irrevocability can be specified in the foundation deed or, in the case of an association, by a majority vote of the general assembly. There is no gift, inheritance or estate tax in the Principality of Liechtenstein since 2011

#### IV. Political Environment

*The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.*

**Question Eight:** To what extent is the political environment favorable for philanthropy?

<b>Score: 5.0</b>
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Liechtenstein continues to enjoy a very high degree of political stability. The government is very supportive of creating a favorable environment for the philanthropic sector. Philanthropic organizations have a great deal of discretion in carrying out their activities. There are no reservations on the part of the government towards philanthropic organizations. Philanthropy is seen as an expression of personal freedom, supported and protected by individual philanthropists (individual donations; charitable foundations) or by groups of people (associations). There are numerous examples of fruitful dialog and cooperation between the philanthropic sector and the government/public. Liechtenstein is also committed to philanthropy at the international level. For example, the Head of State put a discussion on the future of philanthropy in 2022 on the agenda of a two-day exchange with his counterparts from Germany, Belgium, Luxembourg and Switzerland. The politicians discussed the opportunities and challenges of philanthropy together with representatives from academia and the foundation sector. A meeting is held annually between the Association of Liechtenstein Charitable Foundations and Trusts (VLGST) and the government authorities. An outstanding example of cooperation between several foundations and government agencies is the Finance Against Slavery and Trafficking (FAST) initiative.

**Question Nine:** To what extent are public policies and practices favorable for philanthropy?

<b>Score: 4.8</b>
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The Principality of Liechtenstein actively promotes philanthropic values, e.g. through its education system, which includes moral and religious education (Art. 15 of the Liechtenstein Constitution). The government does not interfere in the choice of philanthropic purposes of donors. The Foundation Supervisory Authority, as the main government agency dealing with charitable organizations, has sufficient capacity and is skilled to supervise and support charitable foundations. Philanthropy is a pillar of Liechtenstein's 2019 Financial Center Strategy, which aims, among other things, to continuously strengthen the comprehensive international recognition of Liechtenstein company law (which also regulates foundations). It is on the Liechtenstein government's agenda to review the progress of the recognition process. The Center for Philanthropy at the University of Liechtenstein launched a website in German and English for the interested public in 2022 to provide comprehensive information on the principles and developments of philanthropy and to motivate people to get involved in philanthropy.

## V. Economic Environment

**Question Ten:** To what extent is the economic context favorable for philanthropy?

<b>Score: 5.0</b>
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The Principality of Liechtenstein is a prosperous country with the second-highest gross national income (GNI) per capita in the world. Unemployment is particularly low: 1.3% in 2022. The economic environment is very stable and business-friendly with clear and fair regulations. Companies recognize their social responsibility and are willing to make a contribution to society. For this reason, charitable corporate foundations are often set up.

## VI. Socio-Cultural Environment

**Question Eleven:** To what extent are socio-cultural values and practices favorable for philanthropy?

<b>Score: 4.9</b>
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Values: The deep-rooted philanthropic commitment of the Princely Family serves as a role model for the people of Liechtenstein. Liechtenstein's foreign policy commitment has traditionally focused on the protection of human rights and the rule of law. Liechtenstein has an extraordinarily large number and diversity of associations. The density of associations is the highest in the entire German-speaking region. Associations in areas such as culture, sport, social affairs, nature conservation and healthcare play a major role in people's everyday lives. Around a third of the population is involved in voluntary work, with volunteering making up a particularly important part of Liechtenstein's philanthropic environment - an aspect that is often overlooked. The philanthropic infrastructure is solid and strong: at state level, there is the Foundation Supervisory Authority. At the University of Liechtenstein, there is the Chair of Corporate, Foundation and Trust Law and the Center for Philanthropy. The VLGST unites Liechtenstein's charitable grant-making foundations and trusts and represents the interests of the philanthropic sector. It promotes Liechtenstein as a location, supports the exchange of experience and advocates standards and professionalism.

## VII. Recommendations for Philanthropy

*These questions are used to provide a general picture of philanthropy in this country as well as recommendations to improve the philanthropic environment.*

### Three key recommendations to improve the environment for philanthropy

- Increase the transparency and visibility of grantmaking activities through systematic data collection in order to further strengthen the image of Liechtenstein's philanthropy sector in the public and international context.
- There is still potential for the financial services industry and other institutions typically involved in the management of charitable foundations to offer more services in the area of professional grant management (as opposed to asset management) and to strive for a philanthropy that supports the role of donors as social investors.



- Expansion of training courses for volunteering activities or the management, strategy and governance of non-profit associations and foundations.

### **Lasting innovation or impacts in the nonprofit sector and philanthropy in response to the COVID-19 pandemic**

- Increased collaboration between POs
- Increased collaboration between the philanthropic/NGO sector and government
- Prioritized support vulnerable populations: Art and culture professionals, socially disadvantaged people
- Virtual or hybrid workplace

### **Issues or trends are emerging as significant to the nonprofit sector and philanthropy**

- Adoption of blockchain
- Climate change/environmental conservation
- Gender equity
- Professionalization of the nonprofit sector
- Social justice and equity

Liechtenstein was included in the *Global Philanthropy Environment Index* for the first time in 2022. The good performance has led to a further significant increase in awareness of philanthropy in the country and further strengthened the culturally deeply rooted awareness of philanthropic values. The Head of State put a discussion on the future of philanthropy in 2022 on the agenda of a two-day exchange with his counterparts from Germany, Switzerland, Belgium and Luxembourg. Representatives from academia and the foundation sector were also invited to this networking meeting. Following Liechtenstein's initiative, the national foundation associations from Germany, Austria, Switzerland and Liechtenstein also exchanged experiences for the first time in order to jointly pursue the mission of creating an optimal environment for charitable foundations in the future and to expand networking between the players. The Center for Philanthropy at the University of Liechtenstein, which was established in 2018, also continued to expand its activities. For the first time ever, all associations active in Liechtenstein were recorded as per 12/31/2023 and their fields of activity were surveyed in order to create more transparency and publicity for this part of the philanthropic sector. The Center also launched a comprehensive digital information platform in German and English to provide the interested public with detailed information on the principles and developments of philanthropy and to motivate them to get involved in philanthropy. In conclusion, it can be said that Liechtenstein's society identifies strongly with philanthropy, that the legal framework is in place for it to have an unrestricted impact beyond the country's borders, and that politicians recognize the importance of philanthropy in the development and positioning of the country, and that it is supported and promoted.



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