FELDER+PARTNER
TRUST COMPANY

WEALTH PLANNING WITH LIECHTENSTEIN STRUCTURES
FOR FAMILIES AND ADVISORS WITH US CONNECTIONS

The increasing internationalization of entrepreneurial families, private wealth and investment structures has fundamentally changed the requirements for modern wealth planning. Families are no longer anchored to a single jurisdiction. Assets, beneficiaries, businesses and residences are frequently spread across several countries – often including the United States.

Against this background, internationally coordinated governance and succession structures have become significantly more important. Situations involving US persons, US-sited assets or internationally mobile families require careful structuring and close co-ordination between legal, tax and fiduciary advisers across multiple jurisdictions.

This brochure is addressed to US tax attorneys, estate planning counsel, wealth advisors and trust officers who advise high-net-worth individuals (HNWIs) and families with such international connections. Its purpose is to provide a concise, professionally grounded orientation on the role that Liechtenstein wealth structures, in particular trusts, foundations and holding companies, may play in cross-border planning involving US persons or US-sited assets.

This publication does not constitute legal or tax advice, and it does not address the specific circumstances of any individual client. All cross-border structures involving US persons require the involvement of qualified US tax counsel. FS+P brings its Liechtenstein expertise in tax, fiduciary and structuring matters and works closely with a network of specialized US attorneys, tax advisers, and regulated financial institutions. US legal and tax matters remain the responsibility of the relevant qualified US advisers.

I. LIECHTENSTEIN: THE JURISDICTION

The Principality of Liechtenstein – one of Europe's smallest yet most prosperous states – occupies a singular position in international wealth structuring. As a member of the European Economic Area (EEA) and party to a customs and monetary union with Switzerland, it combines the regulatory alignment of a European financial center with the legislative autonomy of a sovereign principality. Standard & Poor's (S&P) Global Ratings confirms Liechtenstein's AAA rating with stable outlook.

Liechtenstein's legal framework for trusts and foundations is among the world's most developed. As the first civil-law jurisdiction to codify the trust in domestic law under the Persons and Companies Act (Personen- und Gesellschaftsrecht, PGR) in 1926, Liechtenstein now commands nearly one hundred years of largely unchanged trust legislation. Foundation law, likewise, originated in 1926 and was comprehensively modernized through a major reform that entered into force in 2009.

Unlike many jurisdictions that have sought to attract international wealth through aggressive tax incentives or deregulation, Liechtenstein's appeal rests primarily on legal certainty, political stability and the professional quality of its regulated fiduciary sector. The Financial Market Authority (FMA) supervises more than 300 licensed trust companies as well as professional trustees operating under strict conduct standards.

KEY CHARACTERISTICS OF LIECHTENSTEIN

- **Member of the European Economic Area (EEA)** with full access to the European single market
- **Swiss franc as official currency;** monetary policy effectively aligned with Switzerland
- **AAA credit rating** (S&P Global, stable outlook)
- **No rule against perpetuities;** structures may endure across unlimited generations
- **Foreign judgments are not automatically recognized or enforceable**

- **Ranked #1 globally for philanthropy** environment according to the 2025 Global Philanthropy Environment Index
- **Full compliance with the Foreign Account Tax Compliance Act (FATCA)** under a Model 1 Intergovernmental Agreement (IGA) with the United States; full participation in the Organization for Economic Co-operation and Development (OECD) Common Reporting Standard (CRS)

II. LIECHTENSTEIN LEGAL STRUCTURES

Liechtenstein law offers several distinct vehicles relevant to cross-border wealth structuring involving US connections. The three most commonly used are the trust, the foundation and the holding company.

The Liechtenstein Trust
The Liechtenstein trust is a contractual arrangement, and not a separate legal entity, by which a settlor transfers assets to a trustee, who holds and administers them for the benefit of designated beneficiaries in accordance with the trust deed. It is governed by the Liechtenstein provisions on trusts under Art. 897 et seq. PGR.

Unlike trusts in common-law jurisdictions, the Liechtenstein trust is grounded in civil law, making it particularly accessible for clients from continental European, Latin American or Middle Eastern backgrounds who may be unfamiliar with common-law trust concepts. Its structural flexibility encompasses discretionary trusts, purpose trusts, protective trusts and dynasty arrangements, allowing for highly bespoke solutions.

The Liechtenstein Foundation (Stiftung)
The Liechtenstein private foundation is an independent legal entity with its own legal personality, established by a founder who transfers assets to the foundation to serve defined purposes in favour of designated beneficiaries. It is particularly suited for long-term family governance, succession planning across multiple generations and philanthropic objectives.

For US tax purposes, a Liechtenstein foundation is typically classified as a foreign trust under US entity-classification rules (Treas. Reg. §§ 301.7701-2 and -4) if its primary purpose is the protection or conservation of property for beneficiaries rather than carrying on commercial activities. This classification was confirmed by Internal Revenue Service (IRS) Chief Counsel Advice Memorandum CCA 200912001.

Holding Companies (AG, Anstalt)
Liechtenstein corporations (Aktiengesellschaft, AG) and establishments (Anstalt) are frequently used as holding vehicles within trust or foundation structures, particularly where US-sited assets are involved. A foreign holding company interposed between the trust and its US assets – commonly referred to as an estate tax blocker – can serve to limit the reach of US estate tax to the settlor's interest in the foreign entity rather than to the underlying US-sited assets directly. This structural element requires careful design and advance agreement with US counsel and must be maintained in substance throughout the life of the structure.

III. US TAX CLASSIFICATION: AN ORIENTATION

From a US tax perspective, a Liechtenstein trust or foundation will be classified as a foreign trust for US tax purposes because it fails to meet both of the tests necessary for classification as a US trust: the court test and the control test. A trust or foundation formed under the laws of Liechtenstein is generally governed by Liechtenstein law. The duties of administration are imposed on the trustee or the foundation board and, as such, a US court should not be able to exercise primary supervision over the administration of the trust or foundation.

Liechtenstein structures should not be viewed primarily as US tax-optimization tools. They are typically established to support international governance, asset protection, succession planning and the long-term coordination of family interests across generations and jurisdictions. US tax considerations remain important, but they are a parameter to be managed rather than the primary objective of the structure.

For foreign trusts, grantor or non-grantor status is central to determining the US income tax consequences for both the structure and its participants.

Foreign Grantor Trust – Non-US Settlor

Where the settlor is not a US person, a trust is treated as a foreign grantor trust for US income tax purposes only if either: (i) the settlor retains an absolute power to revest the trust property in herself, such as through a power to revoke the trust, whether that power is exercised; or (ii) during the settlor's lifetime, the only amounts distributable from the trust are amounts distributable to the settlor and/or the settlor's spouse.

During the non-US settlor's lifetime, income of the foreign grantor trust attributable to non-US sources is generally not subject to US income tax. Distributions to US beneficiaries are typically treated as gifts rather than taxable income, provided that appropriate documentation is maintained.

Upon the settlor's death, the trust will generally cease to be a grantor trust and transition into a foreign non-grantor trust. The US tax treatment of distributions to US beneficiaries at that point changes materially, and the throwback rules under IRC §§ 665–668 may apply to accumulation distributions.

US Person as Settlor

Where a US person funds a foreign trust that has, or may have, US beneficiaries, IRC § 679 deems the US person to be the owner of the trust assets for US income tax purposes, preventing any income tax deferral at the trust level. In these circumstances, a Liechtenstein structure provides no US income tax advantage over a US domestic trust, while adding significant compliance complexity and cost. For US citizens or permanent residents acting as primary settlors, a properly structured US domestic trust, for example in South Dakota or Delaware, can, depending on the circumstances, be a more appropriate vehicle.

The planning opportunity most distinctively offered by Liechtenstein structures arises where the wealth creator is a non-US person and the beneficiaries include US-resident family members, or where significant non-US assets are to be governed alongside a cross-generational succession plan.

IV. LIECHTENSTEIN TRUST VS. US DOMESTIC TRUST: KEY COMPARISON

The table below provides a structured overview of selected planning dimensions. It is intended as a general orientation and not as advice for any specific situation.

Criterion	Liechtenstein Trust / Foundation (Non-US Settlor)	US Domestic Trust (e.g. South Dakota, Delaware)
Income taxation	US-source income only (trust level, during settlor's lifetime)	Worldwide income at trust level
Distributions to US beneficiaries	Generally treated as gifts during the settlor's lifetime – no immediate income tax, subject to proper documentation	Subject to distributable net income (DNI) rules; taxable in year received
US estate tax on US-sited assets	Mitigable via interposed foreign holding company (estate tax blocker)	Assets included in the trust estate
Asset protection	Strong – Liechtenstein civil law; foreign judgments not automatically enforceable	State-dependent; strong in selected states
Compliance complexity (US persons)	Higher; IRS Forms 3520 / 3520-A / Report of Foreign Bank and Financial Accounts (FBAR); requires US co-counsel	Standard US compliance

V. SUITABILITY ANALYSIS

Not every international client benefits from a Liechtenstein structure, and a candid assessment of fit is essential at the outset of any engagement.

Client Profile / Situation	Assessment
Non-US settlor with US-resident children or grandchildren	**High** — foreign grantor trust is typically a tax-efficient configuration; distributions to US beneficiaries treated as gifts during the settlor›s lifetime
Non-US family with US real estate or listed US securities	**High** — especially if used in combination with a Liechtenstein holding company to mitigate direct US situs exposure; coordination with US counsel on FIRPTA is essential
Ultra-high-net-worth (UHNW) families with assets and family members across Europe and the US	**High** — Liechtenstein as a neutral hub combining EEA access, Swiss franc stability and established fiduciary infrastructure
Pre-immigration planning	**High** — structures established before US tax residency is acquired can preserve favourable tax treatment; timing is critical
US citizen or permanent resident as primary settlor, no non-US family involvement	**Low** — IRC § 679 prevents tax deferral at trust level; US domestic trust is generally preferable
Philanthropic structures with international beneficiaries	**Moderate** — Liechtenstein ranked #1 globally for philanthropy environment (Global Philanthropy Environment Index (GPEI) 2025); US income tax deductibility generally not available
Clients with net assets below approximately USD 5–10 million	**Low** — combined compliance and administration costs typically exceed structural benefits at lower wealth levels

VI. PRACTICAL CONSIDERATIONS

Minimum Asset Threshold
The compliance infrastructure associated with cross-border structures involving US persons – including coordination between Liechtenstein and US counsel, annual trust accounting, FATCA reporting and ongoing governance – makes Liechtenstein structures economically viable in most cases only above a meaningful threshold. As a practical guideline, structures are typically considered from net assets in the range of USD 5–10 million upwards.

Investment Advice and Asset Management
FS+P does not provide investment advice or manage client assets. The selection, instruction and supervision of investment managers, custodian banks and securities accounts is the exclusive responsibility of the client and their appointed US-regulated advisors.

US-Sited Assets: Special Considerations
Structures holding US equities, US real estate or other US-sited assets require particular attention. Direct ownership of US real property by a foreign trust or foreign entity may trigger FIRPTA withholding obligations on disposal, US estate tax exposure at the settlor's death and practical limitations in relation to US custodian accounts. A Liechtenstein holding company interposed between the trust and the US assets may address these concerns if agreed and documented in advance with US counsel and maintained with substance and careful administration.

Compliance and Reporting
FS+P operates in full compliance with applicable international regulatory requirements. The firm holds a Global Intermediary Identification Number (GIIN) issued by the IRS pursuant to the FATCA Model 1 IGA between Liechtenstein and the United States and fulfils FATCA reporting obligations through the Liechtenstein Fiscal Authority. For US persons involved in a foreign trust structure, annual US reporting obligations will typically include IRS Forms 3520 and 3520-A, FBAR filings where applicable and Form 8938 where FATCA thresholds are met.

The Role of US Co-Counsel
For all mandates involving US persons or US-sited assets, FS+P requires the engagement of qualified US tax and legal counsel. US counsel plays an essential and active role in the design of the structure, the preparation and review of US-facing documentation, the annual compliance cycle and the ongoing monitoring of legislative developments.

VII. FS+P AG

FS+P is a fully licensed and regulated trust company (Treuhandgesellschaft) in the Principality of Liechtenstein, established in 2016. The firm holds all licences required and is supervised by the Financial Market Authority Liechtenstein (FMA). FS+P is a member of the Liechtenstein Chamber of Trustees (Liechtensteinische Treuhandkammer).

The firm's practice encompasses the establishment and ongoing administration of trusts, foundations and holding companies; cross-border succession planning and wealth structuring; tax advisory and international coordination; and corporate and foundation governance.

FS+P deliberately maintains a focused practice. Rather than managing a high volume of standardized mandates, the firm concentrates on a carefully selected number of complex, international structures where deep expertise and close personal engagement are required and expected. This approach is reflected in the firm's active participation in leading international tax and trust law conferences, including the annual IFA World Congress, and its ongoing professional engagement with recognized experts and practitioners both domestically and internationally.

In the context of US-connected clients, FS+P works exclusively with established US professional partners. All mandates in this area are accepted only where qualified US counsel is present, engaged and actively involved in the design and administration of the structure.

ABOUT US

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Dr. Marco Felder is the founder and partner of FS+P. Prior to this, he headed the Liechtenstein Tax Administration and was a member of the executive board of PwC Liechtenstein, where he was responsible for the Tax and Legal practice. He holds a doctorate in national and international tax law. In addition, he has completed numerous certification programs in the fields of corporate governance, leadership, mediation, and artificial intelligence at renowned institutions such as Harvard Law School and MIT. He also serves as a lecturer in tax law at the University of Liechtenstein.

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Franz Berger is a member of the Board of Directors and the Executive Management of FS+P. He has many years of experience as a CFO in internationally active companies. In addition, he has served on the governing bodies of renowned cultural and educational institutions in Liechtenstein and Switzerland. Franz Berger holds an Executive MBA from California State University and is co-author of specialist publications on financial management in family-owned businesses.

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Anna Stark is a Senior Tax and Trust Manager at FS+P. Prior to joining the firm, she worked at EY Switzerland and Liechtenstein in the fields of tax and legal services. She is an experienced tax and trust expert and has completed, among others, certification programs with the Society of Trust and Estate Practitioners (STEP). Similar to Dr. Marco Felder, she specializes in the performance of directorship and other board-related functions. She also serves as a lecturer in tax law at the University of Liechtenstein.

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