

Due diligence obligations in Liechtenstein

The new Professional Due Diligence Obligations for Financial Transactions Act [Gesetz über die beruflichen Sorgfaltspflichten bei Finanzgeschäften – "SPG"] came into force in the Principality of Liechtenstein on 01 January 2001.

The SPG is designed to combat money laundering, organised crime and the financing of terrorism. The wording of the law and the associated ordinance were amended most recently on 01 February 2005. The new SPG has not in any way changed statutory banking secrecy or the professional confidentiality obligations of fiduciaries.

When entering into a business relationship, all financial intermediaries – that is to say in particular fiduciaries and banks, but also attorneys-at-law etc. – are obliged inter alia:

- to identify the contracting party;
- to ascertain the beneficial owner of the contributed assets;
- to draw up a profile of the business relationship, i.e. to clarify and to document the economic background and the origin of the assets as well as their intended purpose, and to monitor on an ongoing basis the correspondence of the performed transactions with the profile.

The financial intermediary is essentially required to make a copy of the identification document of the contracting party or beneficial owner (passport, identity card), and to archive this separately and securely together with the due diligence documentation which has been drawn up.

Should any suspicion arise, the financial intermediary is obliged to report this to the Liechtenstein authority created for this specific purpose, the Financial Intelligence Unit (FIU).

In other respects, statutory confidentiality obligations may be breached only within the framework of criminal proceedings or on the basis of a corresponding non-domestic request for judicial assistance approved by the Liechtenstein authorities. It is essentially the case that the Principality of Liechtenstein does not grant any judicial assistance in conjunction with tax evasion.

The complete wording of the law can be accessed here:

<http://www.recht.li/sys/2005005.html>

<http://www.recht.li/sys/2005006.html>