

GLOBAL HIRING GUIDE

Liechtenstein





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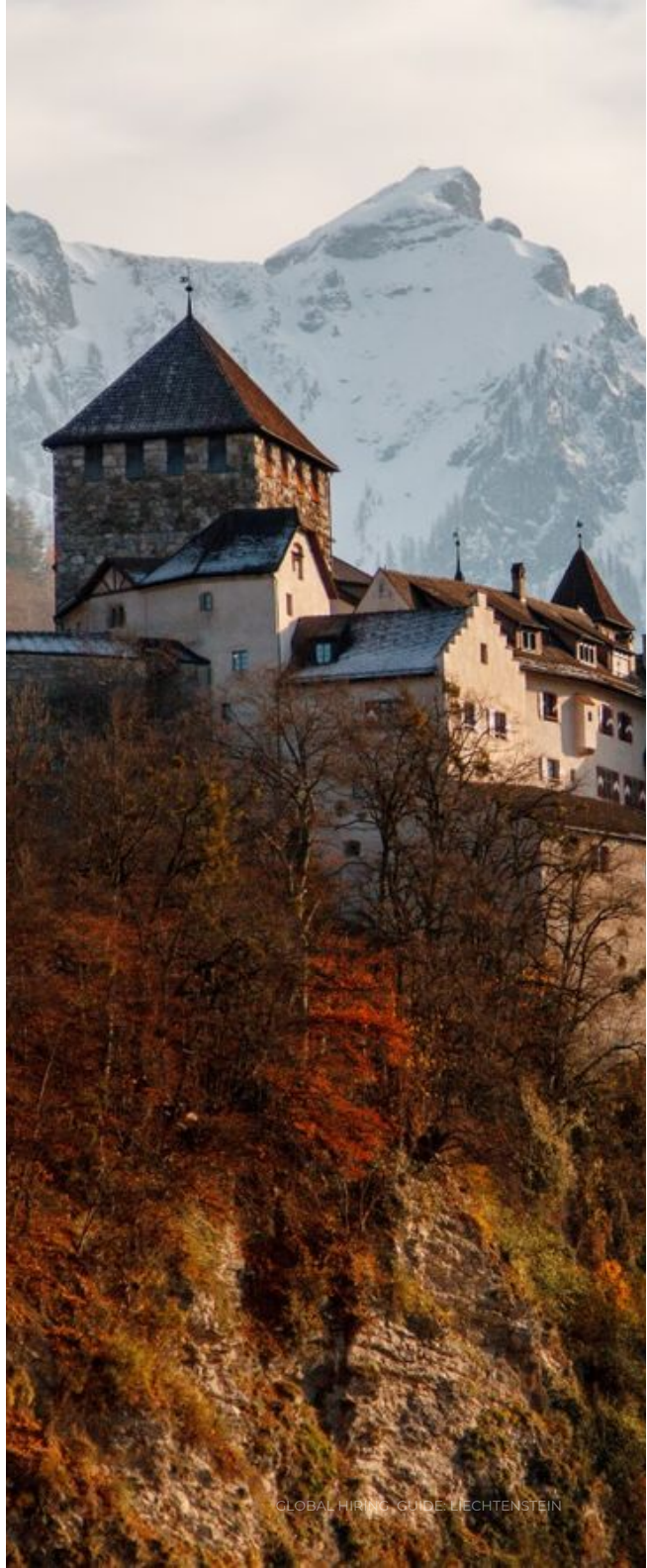
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01

BASIC COUNTRY FACTS

- **Full Name**
Principality of Liechtenstein
- **Capital**
Vaduz
- **Main Languages**
German
- **Population**
39,039
- **Monetary Unit**
Swiss franc
- **Internet Domain**
.li
- **International Dialing Code**
+423
- **Currency**
Swiss franc



02

STATUTORY LABOR REQUIREMENTS

Probation Period

- Probationary period is typically between 1 and 3 months.

Annual Leave

- Swiss law provides all employees with annual holiday paid leave.
- The minimum amount required by law is four weeks per year.

Public Holidays

1. New Year's Day
2. Epiphany
3. Candlemas
4. Saint Joseph's Day
5. Easter Monday
6. Labor Day
7. Ascension Day
8. Whit Monday
9. Corpus Christi
10. Liechtenstein National Day
11. Nativity of Mary
12. All Saints' Day
13. Feast of the Immaculate Conception
14. Christmas Day
15. St. Stephen's Day

Maternity Leave

- The maternity leave encompasses the claim to a paid 20-week maternity leave.
- All benefits provided by the funds in the event of illness are also granted during maternity. Accordingly, obligatory sickness benefits are granted to all employees with income-related benefits.
- This amounts to at least 80 % of the lost wage, including regular fringe benefits. Women who were members of a health insurance fund for a period of at least 270 days before giving birth may claim sickness benefit for 20 weeks.
- At least 16 of these weeks must be claimed after the birth.

Paternity Leave

- There is currently no statutory paternity leave.

Sick Leave

- Sick pay is generally paid from the second day of illness until the employee is able to work again.
- However, sick pay (daily allowance) is paid out for a maximum of 720 days within a period of 900 consecutive days.

- In the case of a complete inability to work, sick pay amounts to at least 80 % of the pay lost.

Work Hours

- Work hours are as follows:
 - 45 hours for employees in industrial enterprises, for office personnel, for technical, and other employees including sales personnel in major retail businesses (retail sector)
 - 40 hours for those aged between 15 and 18
 - 48 hours for all other employees

Overtime

- Overtime is defined as the hours exceeding the agreed upon amount of working hours agreed to in the employment contract.
- Overtime is typically paid at 125% of the normal rate or time off in lieu.

Notice Period

- At the end of the probationary period, the statutory notice periods are one month in the first year of service, two months in the second and up to and including the ninth year of service and three months thereafter.
- The parties may freely determine the duration of the period of notice in writing, whereby the period of notice may not be shorter than one month (special provisions for employees with a collective bargaining agreement apply).

Severance

- In the event of termination of the employment relationship within a calendar year (e.g. to May 31), the employee has a pro-rata entitlement to holidays and other benefits, such as bonus payments or share-based compensation, provided that these payments qualify as a part of the salary.
- There is no severance pay required by law.
- However, the employment contract may provide for a severance payment, for compensation with respect to a noncompetition clause or other indemnification.

13th Month

- 13th month pay is not mandatory.

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INCOME TAX

- All resident or domiciled individuals are subject to income tax on worldwide income, with the exception of income from real estate located abroad and income from either a fixed place of business or a permanent establishment located abroad.
- In addition, all resident or domiciled individuals are subject to income tax based on the standardized return level of worldwide net assets other than real estate and business premises located abroad.
- Nonresidents are subject to tax if they are employed in Liechtenstein, if they own real property in Liechtenstein or if they have business premises in Liechtenstein.
- Nonresidents are subject to tax on income derived from Liechtenstein sources including Liechtenstein real estate, owned or leased, and business premises.
- In addition, nonresidents are taxed on income from self-employment and business activities carried out in Liechtenstein.
- The progressive income tax rates for 2019 range from 2.5% to 22.4%
- Income from foreign assets, including real property and business premises, and other foreign income is considered in calculating the progressive tax rate.
- The tax levied by the state consists of income tax and the surcharge.
- Communities levy a surcharge of between 150% and 250%.
- The surcharges are fixed annually by the local governments.
- Consequently, the tax rate consists of the national tax rate combined with the surcharges, which results in tax rates from 2.5% to 22.4%.

INCOME TAX

- Progressive tax rates between 2.5% to 22.4%.

04

SOCIAL SECURITY

- Employers deduct 4.7% from their employees' wages for social security, pay 4.9% themselves and give the whole 9.6% to the administration.
- In addition, employers have to pay 1.9% of the relevant salary to the FAK and 0.391% of the relevant salary as administrative costs on the entire AHV-IV-FAK.

CONTRIBUTION	EMPLOYER	EMPLOYEE
AHV	4.15%	3.95%
IV	0.75%	0.75%
FAK	1.9%	0%
VK	0.391%	0%

05

DEDUCTIBLE EXPENSES

Employment Expenses

- Individuals with income from employment are entitled to a deduction, generally CHF 1,500 (CHF 1,000 for travelling/CHF 500 for education), as compensation for outlays relating to employment.
- If effective expenses exceed the amounts mentioned above, these costs can be deducted additionally.

Personal Deductions

- CHF 9,000 for every minor child as well as per full-aged child in education if taxable person is responsible for maintenance.
 - Support paid to a spouse from whom the taxpayer is divorced or legally or actually separated, as well as support paid to a parent for children in that parent's care as well as for every person whom the taxpayer supports pursuant to a legal obligation.
 - Own contributions made by the taxpayer to Old Age, Survivors' and Disability Insurance, Family Compensation Fund, Unemployment Insurance, and to compulsory accident insurance.
 - Deductible expenses include premiums for life, sickness, and accident insurance up to a maximum of CHF 7,000 per married couple, CHF 3,500 per single taxpayer, and CHF 2,100 per child.
- Tax deductibility of single and recurring contributions to pension fund schemes has been capped at 18% per year of the income of employed respectively self-employed individuals or jointly assessed married couples in case of ongoing contributions and premiums.
 - Cost for higher education for children, up to CHF 12,000 per child.
 - Medical expenses, as well as expenses for dentistry borne by taxpayers, up to CHF 6,000 per person.
 - Voluntary donations to Liechtenstein/Swiss or European non-profit organizations, up to 10% of taxable income.

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IMMIGRATION

Immigration

- The government has limited immigration to Liechtenstein, making it difficult for foreign nationals to immigrate to the country.
- Limited exceptions are made for citizens of Switzerland and of EU and European Economic Area member countries.
- EU and EEA citizens who want to work in Liechtenstein or who are employed by a Liechtenstein company must live in a neighboring country and commute across the border each day.
- However, if a person wants to commute for work purposes, they will still need a cross – border commuter permit.
- Swiss citizens are allowed to work in Liechtenstein without having to register for any type of permit, but they must remain resident in Switzerland.
- Non – EU citizens can obtain work or residence permits in Liechtenstein only if they are hired as managers, specialists or qualified workers.

Work Permits

Swiss Nationals: -

- Appointment requires neither foreign police authorization nor an obligation to register.

EEA Nationals:

- Appointment is subject to an obligation to register, the employee is issued with a cross-border confirmation of registration

Non-Member State Nationals:

- Cross-border permit is required. This is valid for one year and is issued by the Migration and Passport Office subject to certain conditions.

Residence Permits

Swiss Nationals And EEA Nationals:

- Every year 28 residence permits (B) are granted to EEA and Swiss nationals who are gainfully employed in Liechtenstein.
- Half of these residence permits (B) are allocated by lottery, for which only EEA nationals are eligible.

Non-Member State Nationals:

- B permits can be Obtained if the applicant is a manager, specialist or another kind of qualified employee with completed professional work or many years of professional experience.

TYPE OF VISA/ PERMIT	DOCUMENTATION	VALIDITY	ELIGIBILITY
<p>B Permit</p>	<ul style="list-style-type: none"> • Completed application form • Two passport photos • Your original passport and copies of previous visas • Two blank passport pages • Proof of Academic Qualifications • Proof of previous work experience 	<p>5 years (renewable)</p>	<ul style="list-style-type: none"> • B permits can be • Obtained if the non-member state applicant is a manager, specialist or another kind of qualified employee with completed professional work or many years of professional experience. • Every year 28 residence permits (B) are granted to EEA and Swiss nationals who are gainfully employed in Liechtenstein.

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VALUE ADD TAX

Value Added Tax

- Liechtenstein has adopted the VAT law of Switzerland, while having its own VAT administration.
- The general VAT rate is 7.7%.
- A reduced rate of 2.5% is applicable to deliveries of food, drugs, newspapers, magazines, and books.
- Furthermore, lodging/accommodation is taxed at a reduced rate of 3.7%.
- Note that various services are VAT-exempt (e.g. health, social security, education, banking, insurance).

VAT	
Standard Rate	7.7%
Reduced Rate	2.5%
Reduced Rate	3.7%
Exempt	0%

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WITHHOLDING TAX

Withholding Tax

- Liechtenstein does not levy withholding tax on dividends, royalties, interest and fees for technical services.

TERMINATION

- Generally, either party to an employment contract can give notice at any time with or without reason, provided that the statutory or contractually agreed period of notice is observed.
- However, during certain periods the employee is protected from dismissal (so called “restricted periods”).
- In addition, the employer must ensure that dismissal cannot be regarded as abusive.
- There is generally no need to give reasons for the termination of an employment contract.
- However, the employee has the right to demand written reasons for termination and the employer is obliged to state these at the employee’s request.
- At the end of the probationary period, the statutory notice periods are one month in the first year of service, two months in the second and up to and including the ninth year of service and three months thereafter.
- The parties may freely determine the duration of the period of notice in writing, whereby the period of notice may not be shorter than one month (special provisions for employees with a collective bargaining agreement apply).
- In the event of termination of the employment relationship within a calendar year (e.g. to May 31), the employee has a pro-rata entitlement to holidays and other benefits, such as bonus payments or share-based compensation, provided that these payments qualify as a part of the salary.
- There is no severance pay required by law.
- However, the employment contract may provide for a severance payment, for compensation with respect to a noncompetition clause or other indemnification.

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STATUTORY BENEFITS

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, sick leave, maternity leave, and overtime pay.
- Statutory benefits also include social security benefits

STATUTORY BENEFITS

- Probationary Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Sick Leave
- Overtime Pay
- Social Security Benefits





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