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Factsheet concerning the sole proprietorship

1. Terminology and legal nature

The sole proprietorship is a company that is operated on behalf of an individual (the owner). The owner bears sole responsibility and has personal and unlimited liability.

If the sole proprietorship is engaged in a trading, manufacturing or other activity of a commercial nature, there is an obligation to have the sole proprietorship entered in the Commercial Register at the place of the principal place of business.¹

With the exception of specific trading activities (operation of financial businesses, exchange businesses, securities business, stock exchange and collection businesses; activity as a commissioner, agent or broker; fiduciary and guardianship activities, activity as a consultant; communications and the provision of information as well as insurance companies), all commercial activities are exempted from the registration obligation if their annual sales do not exceed the sum of CHF 300,000.00.²

2. Setting up the sole proprietorship

Only one person is required to set up a sole proprietorship, namely the owner of the business. As a rule, a business permit is required before a sole proprietorship can commence the planned business operations.

3. Authorised representatives

If further persons are authorised signatories for the sole proprietorship in addition to the owner of the business, these persons must be entered in the Commercial Register along with the scope of their signatory authorisation.

Single signatory authority The respective authorised signatory may represent the business operation singly and comprehensively, as in the manner of the owner of the business.

Single commercial power of attorney (Einzelprokura): The holder of the single commercial power of attorney is by law entitled on his own authority to enter into all types of legal transactions that are associated with the purpose of the business, as well as to enter into reciprocal obligations in the name of the company. He is, however, entitled to alienate and encumber real estate properties only if this power has been expressly issued to him by the owner of the business.

¹ Art. 945 Para. 1 PGR in conjunction with Art. 42 et seq. HRV

² Art. 44 HRV

Collective commercial power of attorney (Kollektivprokura): The commercial power of attorney may be issued to several persons for joint signing (collective commercial power of attorney), with the effect that the signature of the individual is not binding without the stipulated participation of the others.

4. Registered domicile of the sole proprietorship

The municipality in which the business operations are located must be reported as the registered domicile. A c/o address is not possible. In the event of the relocation of the business operations to a different municipality, the change of registered domicile must be reported to the Commercial Register.

5. Purpose (object) of the sole proprietorship

As a rule, the purpose of the sole proprietorship corresponds with the registration of the business at the Office of Economic Affairs.

6. Liability and responsibility

The business owner has personal and unlimited liability for the liabilities of his enterprise with his entire (including private) assets.

7. Accountancy requirements

The sole proprietorship is obliged to keep proper accounts if annual gross sales of over CHF 10,000.00 are reached.³

8. 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); (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)*

³ Art. 18 Para. 1 of the Ordinance of 21 December 2010 concerning National and Municipal Taxes (Verordnung vom 21. Dezember 2010 über die Landes- und Gemeindesteuern - “Steuerverordnung”; “StEV”)