

opaque banking system and tax evasion²⁴, namely, prohibition of numbered accounts, “Know Your Customer” requirements, exchange of information for criminal investigations and voluntary disclosure opportunities.²⁵

Also in 2000, the Financial Action Task Force published a list of states which failed to meet the provisions on international efforts against money laundering and tax evasion.²⁶ In 2005, the EU member states introduced the European Savings Directive to tax interests received by EU-resident individuals.²⁷ In 2006 and 2007 respectively, Germany and the US used a stolen data CD from LGT to start investigations to identify and prosecute tax evaders.²⁸ Several other data CDs from banks and trustees in Liechtenstein²⁹ and Switzerland³⁰ were subsequently obtained.

In 2012, at the G20 summit, the leaders published a joint declaration of their intention to extend the European Savings Directive by including dividends, capital gains and royalties and to close loopholes by including a rule for companies, trusts and investments funds. However, implementation is still blocked by Austria and Luxembourg, who claim such an extended automatic exchange of tax information would undermine their banking secrecy.³¹

1.3 Role of Liechtenstein in the Developments

1.3.1 Initial Situation

For a long time, Liechtenstein had the reputation of being a “Mecca” for unreported money. This was due to banking secrecy, strong professional confidentiality and the refusal of mutual administrative and legal assistance in tax matters.³² Furthermore, the establishment of discretionary foundations and establishments with moveable founder’s rights and thus the concealment of the founder and the beneficiaries was a keystone that enabled advisors to hide their clients’ untaxed assets.³³ Ordower, states

²⁴ Hosp & Langer, 2012 (2), p. 348.

²⁵ Watt, 2012, p. n/a.

²⁶ FATF, 2012.

²⁷ Watt, 2012, p. n/a.

²⁸ Financial Times Deutschland, 2008.

²⁹ Pfohl, 2008.

³⁰ Samson & Wulf, 2012, p. 245.

³¹ Dalton, 2012, p. n/a.

³² Vogel & Ashauer-Moll, 2010, p. 93.

³³ Carlé, 2008, p. 125 & 126.