

Vaduz, 12<sup>th</sup> March 2009

### **Chairman's Letter 3**

#### **The Liechtenstein financial centre Enhancing its role as a responsible and tax-compliant partner**

Dear Ladies and Gentlemen

I am very pleased to have as the topic of this Chairman's Letter the "Liechtenstein Declaration" of 12<sup>th</sup> March 2009 and what this means for both the Liechtenstein financial centre and for Kaiser Ritter Partner and its clients.

In my letter from August 2008 on "The Road to Tax Compliance", I outlined the strategy and commitment of our wealth management group in relation to the question of tax compliance. During the past three years we have developed our international competence centre for tax compliance matters which allows us to meet concerns of wealth owning families when it comes to their tax status in their home country.

The world is currently in a very serious global financial and economic crisis and that has left economic and political leaders struggling to agree on an adequate solution. We are now living in a time when the far-reaching hand of governments suddenly juts out, attempting to regulate capitalism. Economies are boosted with global public investment programs that are heading toward the unimaginable total figure of ten trillion US dollars. The question, how to come out of such an enormous deficit spending situation remains, of course, open. However, it is becoming clear in these sobering times that public opinion supports the reality that all should pay their taxes and that the taxman can use quite aggressive methods to collect them. No wonder that you will find the topic of tax-compliance in offshore centres on the agenda of the G20 meeting on 2<sup>nd</sup> April 2009.

The developments of the past weeks illustrate impressively that the assumptions that were made when defining the Kaiser Ritter Partner strategy in 2006 with respect to the need for tax compliant solutions were absolutely right.

#### **The Liechtenstein Declaration of 12<sup>th</sup> March 2009**

Kaiser Ritter Partner welcomes this commitment and position paper of the Liechtenstein Government. Our group has substantially contributed to developing

this unilateral declaration and we are pleased to herewith offer the full document as an enclosure.

With the "Liechtenstein Declaration", the government wishes to clarify its position regarding privacy and bank secrecy and it offers to countries that share Liechtenstein's views the possibility of forward-looking bilateral collaboration agreements designed to address the global problem of tax fraud and tax evasion. In this process, Liechtenstein is committed to put the needs of wealth owners first and aims to act responsibly towards its clients, partners and other stakeholders.

Liechtenstein wishes to encourage wealth owners and corporations to comply with the laws in their countries of residence. It is prepared to negotiate bilateral tax treaties that include effective information exchange and that are accompanied by agreed approaches and procedures designed to help wealth owners regularise income and assets and address their ongoing tax compliance obligations.

### **The importance of privacy and bank secrecy laws**

The fact that Liechtenstein is taking steps to encourage bilateral arrangements designed to address, among others, information exchange in tax matters does not mean that privacy has become less important in Liechtenstein. It also does not mean that banking secrecy will not remain in place to protect the legitimate privacy rights of clients making use of Liechtenstein structures and institutions.

Liechtenstein continues to champion the concept of privacy rights in light of the growing number of perceived abuses of these rights that are developing around the world. The Government has mandated a working group to safeguard and enhance the level of privacy in Liechtenstein. Among other things, every client making use of a Liechtenstein structure or working with a Liechtenstein institution should know what data is collected and what his/her rights are with respect to such data.

### **Bank secrecy and compliance with tax laws**

Banking secrecy has its roots in historical events and did not come about to encourage or facilitate non-compliance with tax laws. Banking secrecy continues to be relevant to wealth owners today for reasons unrelated to taxation. Recognising the historical reasons for the existence of banking secrecy rules that apply in many countries and the continuing need for privacy for commercial and cultural reasons, Liechtenstein wishes to ensure that its responsibilities to global wealth owners are met while at the same time ensuring that its banking secrecy rules are not abused in

a manner that encourages or permits non-compliance with the tax laws of other countries.

Liechtenstein recognises the responsibilities of its banks, trust companies and other intermediaries to clients from around the world who have relied on Liechtenstein in order to protect their wealth. And it recognises that the change in policy outlined in this declaration may encourage non-compliant taxpayers to seek assistance in correcting their status.

### **Liechtenstein as a compliant financial off-shore centre**

The financial centre plays an important role in the prosperity of Liechtenstein's economy and it is thankful to the many successful and influential clients from around the world who have placed their trust in Liechtenstein because of the country's political stability, liberal laws, high privacy standards, favourable taxation and quality professional services. This trust in Liechtenstein has, in some cases, continued for generations. The confidence global clients have placed in Liechtenstein and its institutions contribute to our strong sense of responsibility to protect legitimate client interests, particularly in uncertain times.

### **Kaiser Ritter Partner - strong expertise in global tax compliance matters**

When defining the group's strategy three years ago we recognized that the "demise of black money" represents a mega-trend in the global financial sector and that finding solutions to transform undeclared funds and non-tax-compliant holding structures into truly compliant funds is a substantial need of many wealth-owning families.

Kaiser Ritter Partner has been able to build its competence centre in tax compliance matters and is capable to help families to find the right avenue to compliance. Wealth owners may be faced with questions in various locations around the world and it is good to know that Kaiser Ritter Partner is capable to navigate this complex area by developing solutions together with its global partner network and in collaboration with tax authorities in different countries around the world.

Among others, Kaiser Ritter Partner has negotiated with the U.S. Internal Revenue Service approaches to voluntary disclosure in relation to the United States. Wealth-owners who may need to regularise their affairs with the U.S. tax authorities may want to discuss with us the specific arrangements we have made with the U.S. tax authorities in this regard.

Developments are now happening quickly around the world in relation to tax enforcement and exchange of information, involving a number of traditional "offshore" centres. This may well be worrying for some families. Please be assured that our primary focus has been to consider what is in the best interest of our clients. We look forward to discuss matters with you regarding these important developments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'F. Kaiser', with a stylized flourish at the end.

Fritz Kaiser  
Executive Chairman