Allgemeines Treuunternehmen
seit 1929

Author: Mag. Sebastian Steinacher, Client Advisor

Nonprofit trusteeship: Now on equal footing with the foundation

More oversight, more accountability – what the 2026 trust reform specifically means for charitable trusts.

On July 1, 2026, the reform of the Law of Persons and Companies (PGR) aimed at optimizing trust law came into effect (LGBl. 2026 No. 12). In addition to introducing the "person entitled to information," the amendment also brings significant changes for charitable trusts (hereinafter "trusts"): in the future, they will be treated on an equal footing with charitable foundations in terms of oversight and governance. What could previously be handled in a rather informal manner now follows a clearer set of rules similar to those of foundations.

What is a charitable trust?

According to the newly introduced legal definition in Art. 898a PGR in conjunction with Art. 107(4a) PGR, a trust is considered charitable if its trust property is wholly or predominantly administered for the benefit of charitable purposes (charitable, religious, humanitarian, scientific, cultural, moral, social, sporting, or environmental) or for the benefit of corresponding beneficiaries. In case of doubt, the following applies: If the predominantly charitable purpose is not clearly established, the trust is treated as a private trust.

Equated with a foundation – what does that mean in practice?

Four key points highlight the new alignment with charitable foundations:

- Mandatory supervision by the Foundation and Trust Supervisory Authority (STIFTA) – as is the case with charitable foundations.
- Requirement for registration in the Commercial Register – merely filing the trust deed will no longer be sufficient for charitable trusts.
- Requirement to appoint an audit firm through the Princely Regional Court, which conducts an annual audit and reports to both the trustee and to STIFTA – essentially the same system as for charitable foundations.
- Ongoing reporting obligations to the STIFTA: establishment, changes to the purpose or beneficiaries within 30 days, and termination within 30 days.

An authorized representative, as will be required by private-benefit trusts in future, does not need to be appointed separately for charitable trusts. The STIFTA performs this function by law. The settlor may, if still alive, additionally designate another person as an authorized representative – but this is not mandatory.

When does the supervisory obligation begin?

The supervisory obligation does not commence upon registration, but rather upon the occurrence of a specific trigger event. For example, if a trust that originally pursued private-benefit purposes becomes a charitable trust – for instance, because the last private-purpose beneficiaries have passed away – the supervisory obligation commences as of the exact date on which the trigger event occurred, irrespective of when the trustee became aware of it.

Transition periods for existing charitable trusts

For existing charitable trusts that have so far merely been filed, a six-month deadline applies from the effective date: they must be entered in the Commercial Register and reported to STIFTA, along with an extract from the register, by December 31, 2026, at the latest. Anyone who misses these deadlines risks administrative fines.

Conclusion

With this reform, the charitable trust loses its special "light" status and, in terms of governance, moves closer to that of a charitable foundation. For our clients with charitable trusts, this means greater accountability, but also greater trust and international recognition. What may sound like more effort at first glance is, upon closer inspection, one thing above all else: a seal of quality. Anyone who establishes a charitable trust in Liechtenstein today will, in future, do so under the same strict supervisory and auditing standards as are applied to charitable foundations – and thus benefit from precisely the same level of accountability that donors, partner organizations, banks, and authorities increasingly expect, both domestically and internationally.

This is precisely where the real opportunity of the reform lies. The Liechtenstein trust has always offered features that a foundation does not: It can be established quickly and informally through a written agreement, without the initial capital requirements of a legal entity, with great flexibility for the settlor regarding purpose, organization, and succession planning, and it enjoys a high international reputation as the first Anglo-American legal institution to be adopted under continental European law. In the future, the charitable trust will combine this flexibility with the quality of oversight provided by a foundation – a combination that is virtually unparalleled.

In addition, there is the possibility of tax exemption: Charitable trusts – just like charitable foundations – can be exempted from taxes upon application, provided they pursue exclusively (i.e., 100 %) charitable purposes and their activities serve solely to achieve these purposes.

For families, entrepreneurs, and organizations seeking to establish a long-term and credible commitment – whether in the charitable, cultural, scientific, social, or environmental sphere – now is a good time to consider charitable trusts as a tool for charitable endeavors.

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