

SBA Fact Sheet 2010/11

LIECHTENSTEIN

Liechtenstein's fact sheet in a nutshell:

- ✓ Smallest SME sector of all 37 countries covered by this exercise
- ✓ Average SME firm size significantly higher than that of the average EU firm
- ✓ Policy actions taken in half (five) of the SBA policy areas

About the SBA Fact Sheets¹:

The Small Business Act (SBA) is the EU's flagship policy initiative in support of Small and Medium sized Businesses. The annually updated fact sheets contribute to a better understanding of recent trends in the SME environment and policy on a national level.

1. SMEs in Liechtenstein- basic figures

	Number of Enterprises			Employment			Value added		
	Liechtenstein		EU27	Liechtenstein		EU27	Liechtenstein		EU27
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	1.366	83,6%	92,1%	3.690	19,5%	29,8%	n/a	n/a	21,9%
Small	223	13,6%	6,7%	4.270	22,6%	20,4%	n/a	n/a	19,0%
Medium-sized	36	2,2%	1,1%	3.459	18,3%	16,8%	n/a	n/a	17,7%
SMEs	1.625	99,4%	99,8%	11.419	60,4%	67,0%	n/a	n/a	58,7%
Large	9	0,6%	0,2%	7.472	39,6%	33,0%	n/a	n/a	41,3%
Total	1.634	100,0%	100,0%	18.891	100,0%	100,0%	n/a	n/a	100,0%

The source of the figures for Liechtenstein, for year 2009, is Liechtenstein's National Statistical Office. The data for EU 27 are based of 2002-2007 figures from the Structural Business Statistics database (Eurostat). The data cover the 'business economy' which includes industry, constructions, trade, and services (NACE Rev. 1.1 Sections C to I, K). The data does not cover the enterprises in agriculture, forestry, fishing or the largely non-market services such as education and health.

Liechtenstein's SME sector is the smallest of all 37 countries for which SBA fact sheets are produced. It comprises only little more than 1600 firms which employ 60% of the workforce, or 11419 persons. As with other non Member States, the statistical information available which would be also comparable to EU statistics are very limited. The only thing which can be said about Liechtenstein's SME sector is that features a relatively large share of small- and medium-sized firms, both in term of the number of enterprises and employment. Typically, the limited size of the markets of smaller

countries such as Liechtenstein also implies a – on average- smaller firm size. Liechtenstein appears to be an exception to the rule: not only the share of micro-firms is below the EU-average in terms of employment and the total number of firms, but also the average firms size is exceeding the EU-average with 7 employees per SME to only 4,3 for the average EU SME. The reasons for this are not immediately obvious, but Liechtenstein's attractiveness as location for corporate headquarters may play a role.

2. The SBA profile of Liechtenstein, 2011²

With the exception of one lone indicator in the area of "skills and innovation", data for none of the 62 indicators which the regular SBA profile would consist of are available for Liechtenstein. Consequently, the country charts for Liechtenstein are empty except for the average EU-values. In the subsequent SBA policy areas only the

policy information is featured. As for the policies in general, in 2010-2011, Liechtenstein initiated actions in all SBA areas, except 'Second Chance', 'Think Small first', 'Public Procurement and State Aid', 'Environment ' and 'Internationalisation'.

I. Entrepreneurship

On the policy front, in 2010, a reform of the trade regulation was approved that became effective with 1/1/2011. The reform of the trade regulation reduces restrictions on business transfers. Family trade firms can be run by family members without a trade license provided

that a manager with a trade license is involved in the operational management. In addition, the concept of an 'industrial plant' has been introduced. For industrial plants no trade license is necessary.

II. Second chance

No significant measures were reported in this area in 2010 and the first trimester of 2011.

III. Think Small First

No significant measures were reported in this area in 2010 and the first trimester of 2011.

IV. Responsive Administration

Policy wise, in 2010, the Service Directive was implemented legally in Liechtenstein. A single access point has been established. With the implementation of Service Directive, several residential qualifications for a number of services have been abrogated. In 2010, a new e-government has been introduced that provides the legal

basis for e-government transactions and the provision of e-government services.

V. State aid and Public procurement

No significant measures were reported in this area in 2010 and the first trimester of 2011.

VI. Access to finance

In 2010, the tax reform of 2010, which became effective in 2011, introduced beside other simplifications a flat tax of 12.5 percent for corporate income, the abolishment of the capital gains tax and a notional interest deduction on equity that will foster investment at the firm level. For very small firms the simplification of the personal income tax will reduce administrative burdens. The abolition of the

inheritance and gift tax for individuals reduces tax burdens on the transfer of businesses.

VII. Single market

No significant measures were reported in this area in 2010 and the first trimester of 2011.

VIII. Skills and innovation

With the tax reform of 2010 (see heading 6) Liechtenstein introduced a patent box regime allowing a deemed

deduction of 80% on any qualifying income from intellectual property..

IX. Environment

No significant measures were reported in this area in 2010 and the first trimester of 2011.

X. Internationalisation

No significant measures were reported in this area in 2010 and the first trimester of 2011.

3. Good practice

To illustrate the efforts of the government to promote SMEs, the statistical information of the fact sheet is enriched by an example of a good practice in SME policy.

One of the policy measures adopted during 2010 and that can be considered a best practice is the tax reform 2010 in Liechtenstein, given the specific economic context of Liechtenstein. Liechtenstein does not have dedicated financial support programmes for enterprises and uses a horizontal policy approach that focuses on the provision of an attractive business environment. Taxes are an important element of this policy mix. The tax reform 2010 reinforces the character of Liechtenstein as low-tax country, especially the reduction of the flat tax for corporate income. In addition the abolishment of the inheritance, gift and capital gains tax ensures that taxation does not hamper the transfer of businesses. For small firms, the simplification of the personal income tax provides a contribution to the reduction of administrative burdens.

About the SBA fact sheets

The Small Business Act (SBA) fact sheets are produced by DG ENTR as part of the SME Performance Review (SPR) which is its main programme for economic analysis of SME issues. The SBA fact sheets combine the latest available statistical and policy information for the 27 EU Member States and another 10 non Member States which also contribute to the EU's Competitiveness and Innovation Framework Programme (CIP). The fact sheets - produced annually- help to structure the available information so as to facilitate assessments of the SME policy assessments in the framework of the SBA implementation monitoring. The fact sheets refrain from policy evaluations, but are to document the status quo and progress in the different SBA areas. The SBA Fact Sheets are not standalone instruments. They do not constitute a comprehensive assessment of Member States' policies and should be regarded as a supplement to, and not a substitute for, available national publications. A good example for this is the policy information contained in the fact sheets: the fact sheets cite only those policy measures that were deemed by local SME policy experts of being of particular relevance. They do not -and cannot- reflect all measures undertaken by the government in the particular period of time. As a complement to the fact sheets additional policy information can be found on a database also located on the SPR-website. Please refer to the methodological note when reading this SBA Fact Sheet.

For more information

SME Performance Review:

http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm

Small Business Act:

http://ec.europa.eu/enterprise/policies/sme/small-business-act/index_en.htm

The European Small Business Portal:

http://ec.europa.eu/small-business/index_en.htm

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¹ The SBA fact sheets 2010-2011 benefitted substantially from input by the European Commission's Joint Research Centre (JRC) in Ispra, Italy. Most notably, important improvements in the methodological approach, statistical work on the dataset as well as the visual presentation of the data are owed to the JRC.