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Joint First and Second Rounds Evaluation

Second Addendum to the Compliance Report on Liechtenstein

Adopted by GRECO
at its 75th Plenary Meeting
(Strasbourg, 20-24 March 2017)

I. INTRODUCTION

1. GRECO adopted the Joint First and Second Round Evaluation Report on Liechtenstein at its 52nd Plenary Meeting (21 October 2011). This report ([Greco Eval I-II Rep \(2011\) 1E](#)) was made public on 31 October 2012.
2. At its 59th Plenary Meeting (18-22 March 2013), GRECO selected, in accordance with Rule 31.1 of its Rules of Procedure, Iceland and Greece to appoint Rapporteurs for the compliance procedure. GRECO adopted the Joint First and Second Round Compliance Report on Liechtenstein ([Greco RC-I/II \(2013\) 1E](#)) at its 61st Plenary Meeting (18 October 2013). This report was made public on 31 October 2013. Subsequently, the Addendum to the Compliance Report ([Greco RC-I/II \(2013\) 1E Addendum](#)) adopted by GRECO at its 69th Plenary Meeting (16 October 2015), was made public on 12 November 2015. GRECO concluded that Liechtenstein had implemented satisfactorily or dealt with in a satisfactory manner only seven of the eighteen recommendations contained in the Joint First and Second Round Evaluation Report ie recommendations i, iv, vii, viii, ix, xvii and xviii. Recommendations iii, v, vi, xii, xiii, xiv, xv and xvi remained partly implemented and recommendations ii, x and xi remained not implemented. GRECO invited the Head of the delegation of Liechtenstein to submit additional information on the pending recommendations by 30 September 2016 (the initial deadline had been postponed to accommodate GRECO's workload). The situation report was submitted on 29 September 2016.
3. The purpose of this Second Addendum to the Joint First and Second Round Compliance Report is, in accordance with Rule 31, paragraph 9.1 of GRECO's Rules of Procedure, to appraise the implementation of the pending recommendations in the light of the additional information referred to in paragraph 2. The Rapporteurs appointed were Mr Björn THORVALDSSON on behalf of Iceland and Mrs Panagiota VATIKALOU on behalf of Greece. The Rapporteurs were assisted by the GRECO Secretariat in drafting the present report.

II. ANALYSIS

Recommendation ii.

4. *GRECO recommended to review the powers of the Prince, as enshrined in article 12 of the Constitution and other pieces of legislation, to block or discontinue criminal investigations and proceedings.*
5. GRECO recalls that this recommendation has been categorised as not been implemented up until now. The absence of action and the reasons put forward by Liechtenstein for not implementing the present recommendation, as well as GRECO's position on these have been presented in the previous addendum.
6. The authorities of Liechtenstein indicate that the situation has remained unchanged. They reiterate that the right of the Prince to block or discontinue criminal proceedings has been undisputed since the Constitution was enacted in 1921 and that these special powers have not been used by the Prince for many years.
7. GRECO cannot but conclude that in the absence of any new development, recommendation ii remains not implemented.

Recommendation iii.

8. *GRECO recommended to ensure that the selection of judges, including temporary ad hoc judges, is effected in an impartial manner.*
9. GRECO recalls that this recommendation was considered partly implemented. As pointed out in the first addendum of October 2015, the situation deriving from the Constitution had remained unchanged as regards the position of the Prince Regnant and the situation of ad hoc judges in Liechtenstein. GRECO was pleased that additional measures were being implemented and further ones undertaken to increase the efficiency of the courts, to generalise publicly announced recruitments including for the hiring of foreign practitioners, and to make a broader use of career-judges as opposed to temporary and ad hoc judges. But the exact implications of the reform under way remained to be determined since some of the steps undertaken to implement the present recommendation were still in the stage of preparation by the government. The authorities had indicated that the aim was to have the whole package of reforms adopted during the current legislature ending in February 2017.
10. The authorities now reiterate some of their earlier comments already contained in the first Addendum, i.e. that a) the need for changes to the Liechtenstein judicial system has been taken into account in the legislative reforms already made; the amendments to the Court Organisation Act entered into force on 28 January 2016 and the efficiency of the courts was strengthened through amendments to the Judicial Service Act which entered into force on the same day¹ b) all judicial candidates proposed by the JSC for election by Parliament have, almost without exception and almost always unanimously so far, been heard by the Commission, elected by Parliament, and formally appointed by the Head of State² and c) that this shows that the system of checks and balances does in fact work in practice and that there was therefore no need to change the legal situation which was based on a constitutional revision of 2003 adopted in a popular vote by 64 per cent of voters.
11. GRECO takes note of the above. It welcomes the final adoption of the intended changes announced in October 2015, which reduce in particular the need for ad hoc judges. That said, there have been no changes with regard to the position of the head of State in the process for the selection of judges, which is thus the same as at the time of the on-site evaluation. Likewise, the main provision regulating the hiring of ad hoc judges has not been amended: the law provides that the selection process is the one generally applicable to judges but public announcements are still explicitly excluded in their case³.
12. GRECO concludes that recommendation iii remains partly implemented.

¹ See <https://www.gesetze.li/lilexprod/ifsshowpdf.jsp?lglid=2016023000&version=0&signed=j&tablesel=0> and <https://www.gesetze.li/lilexprod/ifsshowpdf.jsp?lglid=2016022000&version=0&signed=j&tablesel=0>. The explanatory report to both acts can be found here: <http://bua.gmg.biz/BuA/default.aspx?nr=111&year=2015&content=1498472848>

² In its September session 2015, the Parliament, for the first time, did not elect a candidate proposed by the JSC. In accordance with the Constitution and article 14 of the respective law, Parliament and the JSC had four weeks to agree on an alternative candidate. They did so, and in the October session, the Parliament voted for the new candidate.

³ Article 3 of the Judicial Service Act reads as follows:

"Ad-hoc judges

1) If a court is substantially affected in its function, an ad hoc judge may be appointed at the request of the competent court president.

2) Ad hoc judges may be appointed for a limited period or for the execution of one or more affairs.

3) The procedure for the appointment of ad hoc judges shall be governed by the Judicial Service Act. Ad-hoc positions are not to be filled by a public announcement.

4) May be appointed as Ad hoc judges those who fulfill the conditions required for the judge to be replaced."

Recommendation v.

13. *GRECO recommended to ensure that adequate access to information and evidence is granted for the investigation of the various corruption-related offences.*
14. GRECO recalls that this recommendation had been considered as partly implemented. The authorities of Liechtenstein had reported that the Ministry of Justice prepared and approved a "legal package"⁴ entailing inter alia the revision of several provisions regarding corruption-related offences and enabling the ratification by Liechtenstein of the Council of Europe Criminal Law Convention on Corruption. This package also aimed at deleting article 322 lit. 4 of the Code of Criminal Procedure, to allow for searches / access to documents held by third persons as well as for seizure and confiscation also in respect of offences which are punishable with less than six months' imprisonment. GRECO was looking forward to the final adoption by Parliament and its subsequent promulgation.
15. The authorities confirm that the legal package went through final adoption and was promulgated. Article 322 lit. 4 of the Code of Criminal Procedure, which provided that "4. *It is prohibited to search documents held by third persons and to seize or open mail*", was deleted with effect of 1 June 2016⁵. As a result, in all corruption-related investigations, information may now also be obtained from persons who are not suspects themselves.
16. GRECO concludes that recommendation v has been implemented satisfactorily.

Recommendation vi.

17. *GRECO recommended i) to introduce whistle-blower policies that would encourage public sector employees to report suspicions of corruption directly to criminal law bodies, including the setting up of hotlines and protective measures against unjustified retaliation; ii) to provide for adequate possibilities to appeal a decision where a public official is not allowed by his supervisors to serve as a witness; and iii) to introduce, as planned, measures for the protection of witnesses.*
18. GRECO recalls that this recommendation was considered partly implemented. Legislative measures had been taken to implement the second and third parts of the recommendation through a law amending the State Personnel Act (effective as from 1 July 2015⁶) and a revision of the Police Act that introduced witness protection measures (effective as from 1 July 2014)⁷. GRECO expected additional changes as regards the first part of the recommendation since the new reporting mechanism and protective measures introduced by the amendments to the State Personnel Act needed to be complemented with further incentives such as a hotline for reporting directly a matter to criminal law bodies.
19. The authorities of Liechtenstein now report that the Government adopted a Code of Conduct for Corruption Prevention on 3 February 2016, which entered into force on 1 May 2016. It explicitly states that the obligation for public sector employees to report suspicions of corruption and other offences may also be complied with by directly contacting the specialised Anti-Corruption Unit within the National Police. For this purpose a dedicated electronic mailbox as well as a hotline

⁴ http://www.llv.li/files/srk/Vernehmlassung%20Abänderung%20Korruptionsstrafrecht_1.pdf

⁵ The (consolidated) version of the Code of Criminal Procedure can be found at:
https://www.gesetze.li/lilexprod/lgsystpage2.jsp?menu=1&lstart=31&tablese1=0&observe_date=25.01.2017

⁶ https://www.gesetze.li/get_pdf_chrono.jsp?PDF=2015160.pdf

⁷ https://www.gesetze.li/get_pdf_chrono.jsp?PDF=2014109.pdf

have been established. A copy of the Code was provided by the authorities and the provisions are as follows:

7 Reporting obligation

According to article 38a of the State Employees Act, employees of the National Administration are subject to a reporting obligation. Where, in the course of their official activities, they have a grounded suspicion of a fact pattern relevant to criminal law, especially corruption, then they must report this suspicion immediately to the Head of Office.

The reporting obligation may also be fulfilled by filing a report with law enforcement authorities in accordance with § 55 of the Code of Criminal Procedure. For this purpose, the National Police maintains an electronic post office box. The address is: kodex@landespolizei.li

*The specialised corruption investigators can also be reached by telephone. The number is: +423 236 79 49
Anyone filing a report in good faith or testifying as a witness may not be put at a disadvantage in regard to his or her professional position for that reason.*

20. GRECO welcomes that the newly adopted Code has not only established reporting hotlines but also removed any ambiguity on the possibility to file a direct submission to criminal justice bodies under article 55 of the Criminal Procedure Code. An additional provision also makes it clear that a public employee shall not suffer from any negative professional consequences for having filed a report. With these various additional incentives and clarifications, all the objectives of the present recommendation have been fulfilled.
21. GRECO concludes that recommendation vi has been implemented satisfactorily.

Recommendation x.
22. *GRECO recommended to clarify the scope of the State Personnel Act and the State Personnel Ordinance and to ensure that contractual personnel as well as other specific categories of public officials are subject to requirements concerning gifts, incompatibilities and other possible corruption preventive measures similar to those contained in these Acts.*
23. GRECO recalls that this recommendation has so far been considered as not implemented. Measures had been announced by the authorities but they were too general or at an early stage of preparation to be considered as tangible developments.
24. The authorities indicate in their new submission that in order to extend the application of the regulations on incompatibilities of functions and gifts contained in the State Personnel Act and the State Personnel Ordinance, the Government, when adopting the Code of Conduct for Corruption Prevention (which entered into force on 1 May 2016, see paragraph 19), decided to include in the strategies on ownership or participation concerning the public enterprises, an obligation to adopt and implement equivalent codes of conduct for their employees (a first group of businesses have already done so). The authorities explain that the above texts regulating the employment of state personnel have not been amended because those provisions cover many more subject-matters than the issues at hand. Extending the scope of those laws to other categories of personnel would fundamentally change their employment status.
25. The authorities also refer to the new extended definition of a public official contained in article 74, paragraph 4a of the Criminal Code, as amended with effect on 1 June 2016. Corruption-related offences including bribery and trading in influence are now applicable *inter alia* in relation to officials and employees of the legislature, administration and judiciary both at state and local

level, as well as in relation to bodies and employees of public enterprises (statutory civil servants were already covered by article 74 paragraph 4).

26. GRECO takes note of the above information. The laws regulating the employment of state personnel have not been amended. Instead, reference is made to the recently adopted code of conduct and to the new criminal law definition of public officials, as well as to the introduction of rules of conduct for employees of public enterprises. As a result of the above, civil servants and special categories of state employees such as contractual staff, are now bound by the Code of Conduct for Corruption Prevention of May 2016, which deals with gifts, conflicts of interest and other relevant subject-matters. However, since the Code is primarily conceived as an awareness raising tool, it does not contain any enforcement mechanism or sanctions in case of breaches of the rules. GRECO can therefore not conclude that contractual staff and other special categories of state employees who are not civil servants are fully equated with the latter, who are the only ones subjected to the enforcement measures of the laws regulating the employment of state personnel.
27. GRECO concludes that recommendation x has been partly implemented.

Recommendation xi.
28. *GRECO recommended to introduce appropriate screening procedures which would ensure that relevant positions in the public sector are filled by persons with a high degree of integrity.*
29. GRECO recalls that this recommendation was considered not implemented since the screening measures reported by the authorities already existed at the time of the visit (screening of police officers especially) or where these were new improvements their significance was limited (screening of employees of the Financial Intelligence Unit). GRECO had also recalled "that the Evaluation report had pointed to a series of underlying considerations such as the limited number of officials subject to the existing screening procedures (whether civil servants or not), the absence of a general requirement for a clean criminal record in order to work in the public sector, the absence of background information kept in respect of foreigners (bearing in mind that one third of the government and municipal employees are commuters from Austria, Switzerland and Germany)."
30. The authorities now report that on 15 March 2016, the Government has adopted a Decision introducing new screening measures regarding candidates for certain positions. These candidates are now required to submit an extract from the criminal register together with their application, which shall be further processed only if the applicant has a clean criminal record. The Decision puts applications for positions with a remuneration starting from grade 12 (there are 20 in total), with managerial functions, with access to sensitive data and/or with decision-making powers which could have large consequences, on the same footing as applications to work for the Police, for the Public Prosecutor's Office, for the Court of Justice and for public schools. The Office of Human and Administrative Resources keeps a personal file for every recruited state employee (regardless of his/her nationality) and it keeps track of any disciplinary measures. In addition, it has to be pointed out that the automatic dismissal of a civil servant (in accordance with article 27 paragraph 1 CC) who is sentenced to more than one year of imprisonment as a result of a wilful criminal act is now also applicable with respect to various bribery offences since the penalties incurred for acts of bribery have been increased with the revision of the Criminal Code.

31. GRECO welcomes that the government has introduced in March 2016 new screening measures for various specific categories of public functions, similar to those for the exercise of core State functions (police, judiciary, prosecution service, education).
32. GRECO concludes that recommendation xi has been implemented satisfactorily

Recommendation xii.
33. *GRECO recommended to develop ethical rules and codes of conduct for public administrations at central and local level and to provide adequate training on the use of these rules, including the conduct to be adopted vis-a-vis the offering of gifts and other gratuities.*
34. GRECO recalls that this recommendation had been categorised as partly implemented since a code of conduct containing various pertinent chapters was in the drafting stage and that certain training activities were being designed or had already been implemented.
35. The authorities indicate that the new Code of Conduct for Corruption Prevention, which entered into force on 1 May 2016, is guided by the legal requirements contained in the State Personnel Act the State Personnel Ordinance and the National Administration Act, by the mission statement of the Liechtenstein National Administration, and the model code of the Council of Europe. In accordance with the Liechtenstein Constitution and on the basis of the Local Authorities Act, LGBl. 1996 no. 76, the municipalities are competent to regulate the subject-matters covered by the Code of Conduct independently at the local level.
36. Over the last five years, over 200 staff members have benefited from special trainings for senior members of the public administration as well as for certain offices which have been conducted by the head of the Criminal Police and the Deputy Prosecutor General on the (new) legal and practical framework for the application of the Code of Conduct for Public Officials on Corruption Prevention. Training was already largely provided before the adoption of the Code, on the basis of the existing provisions of the State Personnel Act and the State Personnel Ordinance which contain detailed rules on gifts, hospitality and other benefits. Since the adoption of the Code the above activities are also being extended to interested local authorities: training seminars at two different municipal administrations have already been carried out.(in October/November 2016).
37. GRECO is pleased to see that the Code of Conduct for Corruption Prevention has now been adopted and that the training efforts are being pursued including for members of local authorities. The authorities explain in their latest comments that since the Code is conceived as a tool to raise awareness of the relevant legal obligations (e.g. State Personnel Act and State Personnel Ordinance), compliance with the Code is ensured with the enforceability of those legal obligations through disciplinary measures. GRECO is also pleased to see that in accordance with Chapter 8 of the Code "All employees of the National Administration receive a copy of this Code of Conduct. It is publicised internally and externally in an appropriate manner and it is available on the intranet of the National Administration." The authorities confirm that the Code is already published on the internal website of the administration and that the Working Group on Corruption Prevention is currently examining the various options to publish it on Internet. GRECO encourages the country to ensure that also the public has access to it so as to be aware of the conduct to be expected from State officials. Overall, the underlying concerns of the present recommendation have been addressed.
38. GRECO concludes that recommendation xii has been implemented satisfactorily.

Recommendation xiii.

39. *GRECO recommended i) to introduce an effective system for the management of conflicts of interest and secondary activities that would be applicable to all public officials at central and local level, including elected representatives; and ii) to introduce rules / guidelines for situations where public officials move to the private sector.*
40. GRECO recalls that this recommendation had been considered as partly implemented since no meaningful follow-up measure had been adopted with regard to the first element. As for the second element of the recommendation (considered implemented), the State Personnel Act had been amended with the inclusion of a mechanism empowering administration departments to impose cooling-off periods of up to two years (article 39a).
41. The authorities refer in their latest information to the newly adopted Code of Conduct for Corruption Prevention, which entered into force on 1 May 2016 (see also paragraph 19). It contains a chapter 2 on conflicts of interest, a chapter 3 on recusals as well as a chapter 5 on secondary activities which are based on the relevant provisions of the National Administration Act and the State Personnel Ordinance.
42. As for local administrations, the Local Authorities Act 1996/76 contains such provisions under article 47 which excludes certain categories of individuals from participating in elections to municipal councils: a) persons who are related to another member of the Council in a straight line or to the third degree of the side line; b) persons who are married to another member already elected or who live in a registered partnership, or a *de facto* union with such a member for instance; e) staff of the municipal administration. Moreover article 50 of the same act contains rules on the exclusion and self-withdrawal of members of the municipal council, for instance in case of a personal interest in the matter under consideration, the existence of personal ties with one of the parties or where s/he exerts responsibilities in the management of an entity involved in the matter.
43. GRECO welcomes the adoption of the Code of Conduct for Corruption Prevention and the provisions enumerated by the authorities, which are worded as follows:

Code of Conduct for Corruption Prevention, effective as of 1 May 2016

(...)

2 Conflicts of interest

The employees of the National Administration engage with their counterparts in a manner that is impartial, client-oriented, and friendly. Through their professional work, they justify the trust placed in them. They demonstrate loyalty to their employer and respect the protection of confidential knowledge gained in the course of their employment. In their professional and personal conduct and affiliations, they pay attention to credibility and integrity. They perform no activities, either voluntarily or for pay, that conflict with their responsibilities in the National Administration or that might interfere with the proper fulfilment of those responsibilities. In no case do they exploit their professional position for private purposes.

The public expects from the employees of the National Administration that they act without bias. The employees make sure of this by reflecting on their actions and always examining whether their private interests may lead to a conflict with their official duties.

The employees of the National Administration do not misuse funds, means of work, or information and other intangibles to the detriment of the public or for their own benefit or that of their family members or other third parties.

The employees inform their superiors in a timely manner about any personal conflict of interest in relation to the fulfilment of their responsibilities. If existing interests interfere with the impartiality or independence of the fulfilment of official activities, the Head of Office shall if necessary define safeguard measures specific to the operation, responsibility, or employee.

3 Recusal

Employees who are to participate in a decision in the context of their work in the National Administration inform their superiors in a timely manner that they might be biased because they

- have a personal interest in a matter (e.g., as a partner or shareholder of a legal person involved in the proceedings);*
- have a close personal relationship with a party involved in the proceedings (e.g., family relationship, friendship, animosity, dependency relationship);*
- have applied for a job with a party involved with the case or have received or accepted a job offer from that party;*
- were involved in the decision regarding a contested decree or decision of a subordinate authority (e.g., municipality); or*
- are unable to adjudicate the matter objectively on other grounds.*

*On the basis of the legal requirements set out in article 6 of the National Administration Act, the superiors decide on the necessary safeguard measures to prevent bias or the appearance of bias.
(...)*

5 Additional occupation

Taking up a paid or unpaid additional occupation must be notified in advance to the Head of Office. The Head of Office shall prohibit pursuit of an additional occupation if doing so would interfere with the fulfilment of official responsibilities or would be incompatible with the official position. The Head of Office shall also evaluate whether the additional occupations notified by the employee require approval by the Government pursuant to article 40(3) of the State Employees Act and shall inform the Government where necessary. Additional occupations falling within that category are enumerated in article 33(1) of the State Employees Ordinance.

44. Secondary activities are addressed under chapter 5: such activities, whether remunerated or not, must be notified in advance and the heads of office may authorise or prohibit their exercise if they would interfere with the official duties, or refer the matter to the government.
45. As for the management of conflicts of interest: leaving aside the situation of national elected representatives, which will be addressed in the Fourth Round evaluation of Liechtenstein (possibly in 2019), employees of the public administration are now subjected to rules which deal with conflicts of interest generally and the recusal in certain cases (chapters 2 and 3, respectively). Where such a situation arises, a public employee must refer it, in a timely manner, to the superior who shall decide on the matter and take the "necessary safeguarding measures". In their latest comments, the authorities take the view that "in a timely manner" implies that conflicts of interest must be avoided before these arise, and that a supervisor would obviously replace the official where s/he has reported such a situation, in order to avoid that the decision or act is subsequently annulled by the government or the administrative court. GRECO considers that, overall, the underlying concerns of this recommendation have been addressed.
46. GRECO concludes that recommendation xiii has been implemented satisfactorily.

Recommendation xiv.

47. *GRECO recommended to extend the applicability of the new regime of liability of legal persons under article 74a of the Criminal Code to all private sector bribery offences in their active form.*

48. GRECO recalls that this recommendation had been considered as partly implemented pending the final adoption of the amendments to the Criminal Code (CC). These provided for fully fledged active and passive bribery offences in the private sector under a new article 309 in relation to which the liability mechanism of article 74a CC would apply in future (it concerns all criminal felonies and misdemeanours and thus all corruption-related offences).
49. The authorities indicate that with the final adoption of the legal package mentioned in paragraph 14 and the introduction of new private sector bribery offences under article 309 CC – in force on 1 June 2016 – the liability of legal persons under article 74a CC has been extended to these offences as well.
50. GRECO is pleased to see that the intended amendments have been adopted and came into force and that Liechtenstein's corporate liability regime – which was introduced in 2010 – is now applicable in relation to the various offences of bribery and trading in influence, including private sector bribery.
51. GRECO concludes that recommendation xiv has been implemented satisfactorily.

Recommendation xv.

52. *GRECO recommended to introduce a measure in the Criminal Code which would enable the courts to prohibit a person found guilty of serious corruption offences from holding a leading position in a legal entity for a certain period of time.*
53. GRECO recalls that this recommendation had been considered as partly implemented. The authorities had indicated that the draft legal package amending the Criminal Code (see paragraph 14) would extend the possibilities to disqualify an offender from taking a leading position in a legal entity under the requirements of the legislation on business activities. They had also underlined that a system of professional disqualifications already existed in Liechtenstein in relation to all legal entities supervised by the Financial Market Authority – FMA⁸ (the licencing criteria require a clean criminal record).
54. The authorities now reiterate the information above as regards disqualifications applicable in the business activities licensed and supervised by the FMA. Moreover, with the extension of the range of corruption offences in the revised Criminal Code, including the introduction of private sector bribery, a conviction by the court for the commission of such an offence may have the effect of disqualifying the offender from taking a leading position in a legal entity under article 9 of the Commercial Act, LGBl. 2006 no. 184. It stipulates that natural persons are excluded from the exercise of a professional activity if, inter alia, they have been convicted by a court to imprisonment of more than three months or have been sentenced to a fine of more than 180 daily rates⁹. The authorities stress that the required business licence could thus be repealed or not be

⁸ Banks and investment firms, e-money institutions, payment institutions, insurance undertakings insurance intermediaries, pension schemes, pension funds, management companies and funds under the IUA, management companies and UCITS under the UCITS Act, asset management companies, alternative investment fund managers under the AIFM Act, trustees, auditors, lawyers, patent lawyers, persons according to 180a Act, dealers in goods, real estate brokers

⁹ „Commercial Act – Article 9 - Reliability

1) Natural persons are excluded from the exercise of a business activity when:

a) they have been convicted by a court for fraudulent bankruptcy, harming creditors' interest, granting unjustified advantages to creditors or for gross negligence affecting the interests of creditors (articles 156 to 159 of the Criminal Code), to serve a

granted by the Office for Economic Affairs, and that more broadly any natural person convicted can be excluded from doing business in any function.

55. GRECO takes note of the above information, which gives a clearer view of the legislative changes actually made. It appears that there was no specific provision included in the Criminal Code, nor in the Commercial Act, to allow the court to pronounce a professional disqualification. Instead, the Code now provides for a broader range of offences including active and passive bribery in the public and in the private sector, and trading in influence. All are punishable with imprisonment of up to two or more years. Therefore, article 9 of the Commercial Act allows the Office for Economic Affairs to refuse the issuance of a licence to exercise a business where the applicant was sentenced to more than three months' imprisonment or to pay a fine of a certain amount. This provision reportedly allows the Office to exclude a person at any time from doing business in any function, also in respect of a person who is already engaged in business. GRECO welcomes this broad interpretation of article 9, which goes beyond the mere delivery of a licence based on a statement by the applicant (as stated in the article). It hopes that all implementing measures have been taken, in particular to the effect that the administration is informed in due course of any relevant conviction pronounced by a court. Overall, GRECO concludes that the above system constitutes an alternative way to address the underlying concerns of the present recommendation.

56. GRECO concludes that recommendation xv has been dealt with in a satisfactory manner.

Recommendation xvi.

57. *GRECO recommended to extend the list of non-tax deductible expenditures to the broadest range of relevant corruption-related offences.*

58. GRECO recalls that this recommendation had been partly implemented. Amendments to the Tax Act (LGBI. 2010 Nr. 340) had been prepared in the context of the "legal package" mentioned in paragraph 14. These still needed to be adopted and GRECO had pointed out that the list of corruption-related expenses that are not tax-deductible would need to be further amended and aligned on the broadened list of corruption-related expenses which was likely to result from the draft amendments to the Criminal Code contained in the legal package¹⁰.

59. The Liechtenstein authorities report that in parallel to the revision of the Criminal Code that entered into force on 1 June 2016, article 47, paragraph 3, lit. k of the Tax Act (LGBI. 2010 no. 340)¹¹ was complemented in order to explicitly exclude the tax deductibility for expenses incurred

sentence of three or more months' imprisonment or a fine in excess of 180 daily-fines, and the sanction has not been expunged in the criminal record.

(...)

4) The applicant signs an official form by which s/he states that the grounds for exclusion under paragraphs 1 and 2 are not met.

5) Further implementing measures shall be laid down in a Government order."

¹⁰ The list of offences resulting from the amendments was (and now is) as follows:

Active and passive bribery	Article 307
Taking of an advantage	Article 305
Taking of an advantage with the purpose of influencing	Article 306
Granting of an advantage	Article 307a
Granting of an advantage with the purpose of influencing	Article 307b
Prohibited intervention (active and passive trading in influence)	Article 308 paras 1 and 2, et seq.
Active and passive bribery in business (in the private sector)	Article 309 paras 1 and 2, and para. 3

¹¹ The consolidated version of the law currently in force is available at:

in connection with offences defined in articles 307, 307a, 307b, 308 and 309 of the Criminal Code.

60. GRECO is pleased to see that the amendments announced have come into force. The list of offences of article 47, paragraph 3, lit. k of the Tax Act was further expanded in line with GRECO's earlier comments. It now refers to the relevant corruption-related offences in their active form, in both the public and the private sector.
61. GRECO concludes that recommendation xvi has been implemented satisfactorily.

III. CONCLUSIONS

62. In view of the above, GRECO concludes that Liechtenstein has now implemented satisfactorily or dealt with in a satisfactory manner fifteen of the eighteen recommendations contained in the Joint First and Second Round Evaluation Report.
63. All recommendations have now been fully implemented or dealt with in a satisfactory manner, except recommendations iii and x which have been partly implemented and recommendation ii remains not implemented.
64. GRECO is pleased to see that Liechtenstein has used the additional time since the first compliance report adopted in October 2015 to fully implement eight further recommendations. Overall, Liechtenstein has introduced important changes since the Evaluation Report as regards its capacity to investigate and prosecute corruption-related offences, to protect the public administration against corrupt acts and to prevent the misuse of corporate entities. With the suppression of article 322 lit. 4 of the Code of Criminal Procedure on 1 June 2016, investigators have now access to information held by third persons also when dealing with less serious corruption-related offences. A new Code of Conduct for Corruption Prevention in the State administration was finally adopted and entered into force on 1 May 2016. Not only does it provide for a set of integrity-related rules but it also makes it clear that a public official can report suspicions of corruption directly to the criminal police, if for instance the administration concerned does not react or where top managers are themselves involved in dubious dealings. Corporate liability can now be invoked against a legal entity in relation to all bribery offences, in both the public and the private sector. Last but not least, Liechtenstein has now abolished the tax deductibility of expenditure involved in corruption-related offences.
65. Having said that, Liechtenstein has still not changed the Constitution to reduce the powers of the Prince to block or discontinue criminal investigations and proceedings, and as regards the appointment of judges. Moreover, the hiring of ad hoc judges is still not based on public announcements. Liechtenstein also needs to provide for enforceable integrity rules for contractual personnel as well as other specific categories of public officials who are not civil servants.
66. The present report terminates the compliance procedure in respect of Liechtenstein's joint First and Second Round evaluation.
67. GRECO invites the authorities of Liechtenstein to authorise, as soon as possible, the publication of the report, to translate it into the national language and to make this translation public.