



ANDORRA

The Principality of Andorra is located at 42° 30'N 1° 31'E.

It is a Sovereign State with its own Constitution as of March 1993, and a democratically elected Government as of December 1993. Andorra's main attraction to the foreign investor is its tax haven status in Europe.

Andorra lies in the Eastern Pyrenees mountain range and is bordered by France and Spain. It is the sixth smallest nation in Europe, having an area of 468 km². Its capital, Andorra la Vella, is the highest capital city in Europe at 1.023 metres above sea level. The official language is Catalan, although Spanish and French are widely spoken.

ACCESS

The nearest international airports are Toulouse and Barcelona, both approximately two and half hours away from Andorra. The route from Barcelona is 198Km and from Toulouse it is 220km.

The new airport at Seu d'Urgell is expected to be operational by the end of 2012 and, initially, take direct flights from Barcelona and Toulouse. Andorra can also be accessed by rail even though the trip will take a little longer!!

Twenty-four hours from Victoria Station via Paris and Toulouse to Hospitalet, the early morning train from Toulouse is met by a bus travelling into Andorra la Vella. This route involves a Channel Tunnel crossing. For visitors travelling to and from Andorra/Barcelona public share taxis and a minibus provide a convenient and economical service. The share taxis depart Andorra at 08:00 daily and their Spanish counterparts from central Barcelona at the same time, each taxi then does the return trip at 15:00. The normal fare Monday to Saturday is €30. Private taxis can be arranged at schedule times for €150 each way or at a negotiated price each way at non schedule times. These private taxis are usually spacious Mercedes 300D which are shared with three other passengers. It is essential to book at least 24 hours in advance. The Novatel mini-bus will collect you from your residence and deliver you to the airport at Barcelona and vice-versa.

For up to date time tables please consult www.andorrabybus.com It is essential to book to guarantee a seat.

ALTITUDE

Visitors enter Andorra from the south at St. Julia at 908m and from the north at Pas de la Casa 2,095m. Other towns are: Andorra la Vella 1,005m, Canillo 1,528m, Encamp 1,279m, La Massana 1,232m, Ordino 1,298m and Soldeu 1,844m. Andorra includes one of Europe's most beautiful areas of mountain scenery where the peaks tower to just under 3,000m. The Envalira Pass 2,408m is the highest pass in Europe which is open all year.

BANKS AND BANK ACCOUNTS

There are five Andorran banking companies, four Andorran – Crèdit Andorà S.A., Banca Privada d'Andorra, Andbank and Banc Internacional Banca Mora – and one Spanish, Banca de Sabadell.

Banking is Swiss style and numbered accounts are available. Complete client confidentiality is observed. Andorra permits financial transactions in any currency although the euro is used as a base for making an exchange. The rates are quoted daily, and aligned to Euro-currency rates at the Swiss Exchange in Zurich. There are no restrictions on remitting funds to and from Andorra in any currency but strict observance of money laundering regulations are imposed by the Andorran banks.

COMMUNITY FEES

When purchasing a property in Andorra, the owner, apart from acquiring the freehold title for the apartment, also becomes coowner of all the common elements in the building, the plot of land on which the building is erected, the public entrance halls, staircases, lifts and elevators etc. The costs of maintenance of these elements are paid proportionally by the various owners in the building according to the size of the apartment.

COMPANIES

The tightly controlled economy that was protected by legislation and safeguarding the interests of the Andorrans has just recently undergone a complete review and new legislation was published in the official Gazette –BOPA – on 18.07.12. It is now possible for foreigners to form Andorra companies holding 100% of the shareholding irrespective of the economic sector the activity of the company falls into. Special consideration and assistance can be obtained from Andorran government for new business start-ups in the fields of medical research, the film industry, new technologies etc.

COST OF LIVING

With the complete absence of taxation one would expect to find an extremely high cost of living, such as in Switzerland, happily this is not the case in Andorra. One can maintain a very comfortable standard of living comparable with that in the UK. Due to the active import and export business in Andorra, goods and delicacies from all over the world are available in most of the large supermarkets and department stores.

CURRENCY

Andorra has no monetary unit of its own and the Euro was adopted as from 1 January 2002. Credit cards e.g. Mastercard, Visa, are accepted in many establishments.

DRIVING IN ANDORRA

Andorra traffic circulates on the right hand side of the road. You will need an EU or international driving licence and insurance. The green card is no longer applicable in Andorra as in other EU countries. Car hire is available through local firms e.g. Avis & Hertz. A regular bus service connects the main towns and villages.

ECONOMY

Andorra has evolved over the past few years as a country of low taxation as opposed to a country of no taxation. So how does the Government raise the revenue to run the country?

Well, first of all, not a lot of money is necessary to run a country with a population of less than 80,000 residents. Andorra is a neutral state and has no army to maintain. Its defence budget is non-existent.

Property purchase tax of 4% on the value of real estate transactions is a major source of income to the Government and the Municipalities who have this split between them.

There is also ISI – an indirect service tax of 4% rather similar to TVA. This will change at the beginning of 2013 to be called IGI – general indirect tax and will be levied at 4.5%.

A small customs duty is levied on all items imported into Andorra.

The Principality receives approximately 8 million visitors each year. Many of them spend a lot of money on purchases carrying the duty which provide the state with its revenue. The duties vary from 3% to 40%. On consumables they range from 3% to 12%, with building materials, books and furniture at 4%, cars, computers and leather goods at 7% and jewelry at 12%.

Alcohol and cigarettes bear a special rate of between 12%-40%.

Gasoline incurs a heavy duty.

Companies are taxed as of 1 January 2012 at a rate of 10% of the net annual profit. Accounts have to be submitted to the Tax Office for the preceding year by 30th June of the following year.

EDUCATION

School attendance is obligatory up to age 16. A choice of Andorran, French or Spanish education is available to the children of residents of the Principality. The education is free and takes pupils up to University entrance.

Andorra has just constituted its own University with a limited campus. Each parish has a primary school for all 3 choices and the main secondary schools are located in the capital. There is also the fee paying private school located in La Massana; Col.legi Internacional del Pirineu (www.cimand.com).

ELECTRICITY

The power rating is 220-240 volts. The cost per kWh varies according to the uptake you apply for. The average price per kwh is €0.836. There are minimum charges for empty property. There is a government tax of 10% on all electricity and telephone bills.

ENTERTAINMENT

Andorra la Vella has a cultural centre which provides classical and popular concerts, folk singing and dancing, jazz festivals and art exhibitions. The national auditorium at Ordino is the venue for the prestigious annual festival of music with artists of international fame such as Montserrat Caballe and José Carreras.

Each Comú holds an annual fiesta lasting about 3 days. There are numerous events such as: motor trials, sheep dog trials, ski races and demonstrations, show jumping, pop concerts and chess tournaments. For those who enjoy eating out there is a wide selection of excellent restaurants offering international cuisine.

FLORA AND FAUNA

In a country where a high proportion of the land area is little disturbed by man and the extensive marginal farming is spared from herbicides and pesticides, the flora is highly varied and rich in specie. Botanists, ornithologists, photographers and artists from all over Europe are drawn to the Principality every year. Up to 1,150 different Andorran plants have been catalogued. Acres of wild daffodils, narcissi and gentians in spring and the hillsides rose-pink with rhododendron in early summer are the most memorable sights. Golden eagles, bee eaters, kites

and hawks, also, delight those who walk the mountains. They may also catch a glimpse of wild boar and the shy chamois, or *isard* as it is known in Andorra.

FURNITURE

There is no import duty on personal household furniture brought into Andorra providing it is not new and there is no intention to resell. We can recommend specialist firms who regularly take loads to Andorra.

HEATING

Oil or gas are the most popular methods of central heating and the cost of heating a three bedroom apartment might be around €1.000 per annum.

HOLIDAYS

Compared with coastal areas, Andorra offers a much wider choice of holidays all from the same property base. Choose between skiing in winter, mountain walking, paragliding and horse back riding in the long hot summers with temperatures reaching 32^a during the warmest months, and the spectacular colour changes of the autumn. The diversity of peak holiday periods give a greater spread of letting income for those who own property.

LANGUAGE

Whilst the official language is Catalan, Spanish and French are spoken throughout the country with the larger stores and banks increasingly speaking English.

MEDICAL

The dry climate is particularly beneficial for sufferers of respiratory or rheumatic problems. With no heavy industry and extensive traditional farming there is minimal pollution. A number of GPs speak English.

Residents have the unusual advantage of being able to choose their place of treatment from the best of the Andorran, French or Spanish hospitals serving the country. Passive residents are however obliged to have their own private medical insurance.

MORTGAGE

Residents and non residents are able to borrow money from local banks for the purchase of a property in the Principality. The current terms available are up to 60% of the purchase price for a maximum period of up to 15 years at variable interest rate. Capital and interests repayments are made together. The bank is first creditor in the case of default.

PLANNING REGULATIONS

At the end of World War II Andorra was desperately poor. When the property boom arrived, towards the end of Franco's regime, it was fortunate that the country did not go overboard for the concrete block development, which sadly, spoils so much of Spain's coastline. Certainly Andorra has its share of featureless apartment buildings, but strict regulations are now in force restricting building heights and ensuring that finishes of buildings are in keeping with the natural materials of the region: stone facing for walls, pine wood for balconies and eaves, and the rounded Pyrenean roof slates. Town and country planning and building permissions are granted strictly in step with the infrastructure capacity so that hygienic sewage systems, adequate fresh water, electricity and telephone services are available.

POPULATION

Of the total of approximately 79,000 forming the resident population of Andorra, 33,000 are Andorrans, 27,000 are Spanish, 5,000 French, 13,000 Portuguese and 6,000 other nationalities of which around 1,000 are British.

PROPERTY PRICES

Due to the complete freedom of any currency control properties may be priced in any currency at the discretion of the vendor. The selling price may be shown in Euros, Dollars or Sterling.

Any conversion rates quoted are for general guidance only and rates should be checked with the local banks.

PROPERTY PURCHASE

As only 8% of the total area of Andorra is available and suitable for development there are no longer restrictions on the amount of apartments with parking space and box room a foreigner can own at one time in his own name but plots of building land for a private house are restricted to a maximum of 1,000 m²).

For property purchase and registration you are required to be of age - 18 years. An Andorran company or citizen is not restricted in any way as to the amount of property they can own.

PURCHASE PROCEDURE

Whilst a property may be reserved verbally, the first commitment is made when the buyer places a reservation fee with the selling agents: this payment withdraws the property from the market allows the purchaser to make arrangement for paying a full deposit. The reservation fee is non-returnable if the buyer subsequently withdraws from the transaction on unreasonable grounds. Alternatively if the purchaser is quite sure that he/she wishes to proceed then a payment of 10% of the purchase price is paid and at that time a purchase agreement can be signed between buyer and seller which acts as a receipt for the deposit and after a delay of about six weeks a purchase deed will be signed in front of a notary public. The notary is a Government appointed official who acts impartially to safeguard the interests of both parties. At the time of signing, payment of the balance of the purchase price is made and the title deed or *escritura* is issued. Prior to this, Government approval to buy will have been sought by the selling agents who will have presented a *sol.licitud* (request for the approval of purchase) for the buyer. Completion normally takes some four weeks to arrange and at this time the Notary files the declaration of the investment with the Andorran government.

RADIO AND TV

Radio Valira and Radio Andorra - Musica are local stations and the BBC World Service and regional radio stations are receivable. Andorra has its own broadcasting station ATV and Terrestrial Digital Television for relaying this and French and Spanish TV channels. Digital TV through satellite dishes is easily available.

Digital tuners and decoders will operate in Andorra and the full range of Sky and BBC channels can be received either via Sky or Canal+.

RATES

In Andorra the local parish councils (*comuns*) levy a two tiered property contribution. The first, known as *Foc i Lloc* is paid by each household resident on a permanent base. This pays for local services such as refuse collection, street lighting, snow plough etc. The second contribution is a property ownership tax and is paid only by the owner of property, irrespective of whether they are fully resident or not. The average annual rates bill will vary from around €180 for an apartment and €400 for a four bedroom chalet.

RECREATION

Andorra lies on the same latitude as Rome and enjoys an average of 300 days of sunshine a year. The high sunshine average allows full enjoyment of most outdoor activities such as Alpine and Nordic skiing, shooting, fishing, riding, tennis, swimming pool and mountain walking, BBQ's, picnics at home or in the mountains are all popular events. Each *Comú* has a sports complex offering indoor tennis, squash, swimming pool, keep-fit and weight training facilities to residents and visitors.

RESIDENCIAS

Due to the high ratio of foreigners to Andorrans in the Principality the *Govern d'Andorra* has introduced selective methods of admitting new residents into the country.

Residence permits, called *residencias* are available to applicants, retired or otherwise, who have an address in the Principality and who genuinely wish to reside in Andorra and become an active member of the community. Recently in June 2012 the Immigration Law was modified and now is open not only to the classic non active resident but with 2 new categories – the off-shore business person and celebrities from the fields of art and music as well as top performing sports personalities. For the non active resident the applicants must make a minimum investment of €400,000 in Andorra. This includes the €50,000 bond for the principal applicant and a further €10,000 for each dependent member of the family against insolvency which is non interest bearing and is placed with the Andorran National Institute of Finance (INAF) and be able to show possession of a private income sufficient that he/she need not seek remunerative employment within the Principality. This is set at 3 times the minimum national wage – currently just under €33,000 p.a.

For those applicants falling into the off-shore business person or celebrity category only the deposit of €50,000 is required but also with the €10,000 for each family dependent requirement. An insurance policy covering health and invalidity in Andorra are a pre-requisite and this can be arranged locally if the applicant does not already subscribe to a private health plan which is willing to sign the necessary certificate of cover. An undertaking to spend a minimum of 90 days per year has to be signed and a form of consent agreeing to a routine medical health check. Once the applicant has been accepted, his *residencia* is issued for a period of one year, renewable after the first year for a period of 3 years.

Applying for a *residencia* is a fairly lengthy procedure and must be conducted in the official language, Catalan. We offer our service to help applicants obtain their residence permits.

RETIREMENT

Andorra is a favourite for those considering retirement. No personal taxation, a high standard but moderate cost of living, political and economic stability with no strikes, virtually no unemployment and the lowest crime rate in all Europe are attractive features. These factors combined with a healthy climate, particularly beneficial to some of

the ailments of an older population e.g. bronchitis, rheumatism and arthritis, and the easy access to other European countries, make Andorra the preferred alternative.

SKIING

At one time, one of Andorra's main claims to fame was that it provided the cheapest skiing in Europe. Now attention is attracted by the quality of the five ski resorts of Arinsal, Pal, Arcalis in the north west of Andorra under the name of **VALLNORD** and Soldeu/El Tarter and Pas de la Casa/Grau Roig in the north east under the name of **GRANDVALIRA**. Millions of pounds have been spent on extending, improving and equipping these resorts. For those with a car, an undoubted attraction is having a choice of five resorts all within some 30 minutes driving radius of Andorra la Vella. The ski season lasts from December to mid/end April. Alpine skiing, snow boarding and nordic cross country skiing are all available. On the slopes well maintained pistes and high speed cable gondolas and chair lifts, provide sport for skiers of all standards. All resorts now have snow cannons for manufacturing artificial snow which guarantees the ski stations being open throughout the season.

SOCIAL SECURITY SCHEME - PENSIONS ETC.

Andorra has now signed a double taxation agreement with France and is in the last stages of negotiation for doing likewise with Spain. However at present there is not one signed between Andorra and the UK therefore the pension rights etc., of anyone leaving the United Kingdom, or other country with which there is no agreement, to reside in Andorra, are subject to current laws and any subsequent amendments dealing with taxation and annual increments. Andorra has a social security system which covers: hospitalization, dental care, medical consultations, treatment and the cost of prescriptions. There is also an index-linked pension. However, please note that new residents must have a private health plan and are not able to join the Andorran pension or health care scheme.

SPORTS CENTRES

All of the seven communes in Andorra now offer a variety of facilities in new sports centres. These facilities are amongst the best in Europe and are inexpensive. The facilities available at these sports centres include Olympic size swimming pools, ice rink (www.palaudegel.ad) indoor tennis courts, squash courts, gyms etc.

TAXATION

Andorra is Europe's least known tax friendly country. There is no income tax - although the new deposit system for passive residents effectively loses you the interest on €50,000. There is a property purchase tax of approximately 4%, no inheritance tax, no wealth tax. A capital gains tax was introduced in 2007 for those who sell a property at a profit. The tax starts at 15% reducing down to 0% after 12 years of ownership. Consider what you are presently paying in tax annually and compare that with the above advantages. It is easy to see why so many people choose to base themselves in Andorra!

TELEPHONES AND BROADBAND

Andorra now has a modern telephone system and broad band is available throughout the country. The national telecommunications company SOM has installed fibre optic, which is available for every household and gives a far greater speed of connection and the ability to download information at increased velocity. It is usually possible to get a phone connected to your property within 3 days. Andorra now subscribes to the global mobile cellular network system GSM with roaming agreements that cover most of Europe.

TEMPERATURES

The Andorran Tourist Board gives the following information.

Maximum temperature, in Celsius, is followed by minimum.

Jan 8°C to -7°C Jul 29°C to 15°C

Feb 8°C to -4°C Aug 30°C to 15°C

Mar 15°C to 2°C Sep 20°C to 10°C

Apr 18°C to 4°C Oct 18°C to 5°C

May 22°C to 8°C Nov 12°C to -2°C

Jun 24°C to 10°C Dec 11°C to -4°C

VEHICLE REGISTRATION

Once a foreigner has obtained a residencia and has registered with his Comú, he may import and register in his own name any number of cars. Imported cars may be up to 5 years old if in the name of the first owner otherwise they must be under 3 years old. An import duty of 7% of the book value of the car is payable when the car is officially "imported" and vehicle registration, plates etc. add approximately €150 to the costs. New car prices must incorporate EU VAT charges if applicable, this affects Japanese and US cars.

For non-residents MT (tourist) plates can be purchased.

VISITING ANDORRA

If possible try to avoid the peak tourist times, as traffic in and out of the Principality can be extremely congested and hotels booked solid. High season periods are: Christmas, New Year, Epiphany, Easter, August and *Diada de Nostra Senyora de Meritxell* the national religious festival on 8th September.