



ICLG

The International Comparative Legal Guide to:

Private Client 2019

8th Edition

A practical cross-border insight into private client work

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FOREWORD

Welcome to the 2019 edition of The International Comparative Legal Guide to Private Client which I am delighted to introduce this year. The Guide covers a comprehensive and diverse range of articles that would pique the interest of any domestic or international practice client adviser. The publication is designed to provide readers with a comprehensive overview of key issues affecting private client work, particularly from the perspective of a multi-jurisdictional transaction.

The Guide is divided into two sections and the first section contains seven general chapters. Each topical chapter is written by a different firm which will be most helpful for advisers with international clients.

The second section contains insightful country question and answer chapters. These provide a broad overview of common issues in private client laws and regulations in 35 jurisdictions.

As an overview, the Guide provides corporate counsel and international practitioners with a comprehensive worldwide legal analysis of the laws and regulations of private client work. The articles are provided by some of the most authoritative and respected advisers in the private client industry and I trust that you will find them just as valuable.

George Hodgson, CEO, STEP (Society of Trust & Estate Practitioners)

Andorra

Jose María Alfn



Marc Urgell



Cases & Lacambra

1 Connection Factors

1.1 To what extent is domicile or habitual residence relevant in determining liability to taxation in your jurisdiction?

In Andorra, tax liability is determined by the tax residence and the definition of tax residence is analysed in further detail later on in question 1.4.

1.2 If domicile or habitual residence is relevant, how is it defined for taxation purposes?

Please see question 1.4.

1.3 To what extent is residence relevant in determining liability to taxation in your jurisdiction?

Tax residence is key for determining the tax liability of an individual or legal persons and entails the obligation to include all income obtained worldwide or what the law defines as tax liability by personal obligation. As we mentioned before, this rule is applicable for both individuals and companies and is regulated by the Personal Income Tax Act (*Llei 5/2014, del 24 d'abril, de l'Impost sobre la renda de les persones físiques*, hereinafter “IRPF”) and the Corporate Income Tax Act (*Llei 95/2010, del 29 de desembre, de l'impost sobre societats*, hereinafter “IS”).

1.4 If residence is relevant, how is it defined for taxation purposes?

Regarding individuals, Andorran IRPF sets forth two rules and a presumption to consider an individual as a tax resident in Andorra:

- (i) “Permanence test” applies when the individual stays for more than 183 days per calendar year in Andorra. Occasional absences shall be accounted to calculate the period of residence, except when individuals prove that they have their tax residence in another country.

In other words, in order to calculate the days in the Andorran territory, sporadic absences will be computed as time residing in Andorra unless the individual can prove that his tax residence is located in another country.

- (ii) “Centre of economic interest test” applies when the main or central place of business of the individual is directly or indirectly located in Andorra.

Finally, unless there is a clear evidence demonstrating otherwise by the tax payer, the law presumes that if the husband or non-separated spouse and dependent minor children reside in Andorra (presumption applicable), the individual will be considered as resident in such jurisdiction.

Regarding legal entities, Andorran IS sets forth four different criteria to be considered as tax resident in Andorra:

- (i) If the company has been incorporated under Andorran legislation.
- (ii) If the company has its registered offices in Andorran territory.
- (iii) If the company has its centre of effective management in Andorra.

It is noteworthy that the third criteria abovementioned is the one that prevails based on Double Tax Treaties (hereinafter “DTT”) signed by Andorra.

1.5 To what extent is nationality relevant in determining liability to taxation in your jurisdiction?

Nationality is not relevant in determining liability to taxation in Andorra according to internal law. However, nationality is normally an important criteria as a tie-breaking rule in case of conflict of residence on the basis of the Double Tax Treaties signed by Andorra, considering article 4 of the model of Convention of the OECD which Andorra commonly used in all the Double Tax Treaties executed up to today with third countries.

1.6 If nationality is relevant, how is it defined for taxation purposes?

Please see question 1.5. Andorran internal law does not consider nationality as a criteria to determine the tax liability of an individual.

1.7 What other connecting factors (if any) are relevant in determining a person's liability to tax in your jurisdiction?

Individuals or legal entities who are non-tax residents in Andorra could have limited tax liability if they obtain some kind of income in Andorra.

2 General Taxation Regime

2.1 What gift or estate taxes apply that are relevant to persons becoming established in your jurisdiction?

In Andorra, there is no inheritance or gift tax nor net worth tax for individuals resident in Andorra. Consequently, if an individual resident in Andorra receives an inheritance or gift, that inheritance or gift would not entail any tax levy. Likewise, individuals do not pay any kind of tax for the net worth that they own either locally or worldwide.

2.2 How and to what extent are persons who become established in your jurisdiction liable to income and capital gains tax?

Individuals' and companies' resident and classified as tax payers by personal obligation, must include in the declaration all the worldwide income obtained, including the capital gains. The capital gains are subject, with certain exemptions, to IRPF and IS respectively. The general tax rate is 10%; in both cases the most relevant exemptions are the following:

- Dividends paid by Andorran companies to Andorran individuals are exempt.
- Capital gains obtained by Andorran individuals derived from alienation of local or foreign companies are exempt under certain conditions, specifically, in the following cases:
 - If the individual holds a stake of less than 25% of the company during the previous year before alienation.
 - If the individual holds the investment uninterruptedly for, at least, the previous 10 years before alienation.
- Capital gains obtained by Andorran individuals derived from alienation of collective investment undertakings participations are generally exempt in the following cases:
 - If the individual holds a stake of less than 25% of the participation of collective investment undertakings during the previous year before alienation.
 - If the individual holds the investment uninterruptedly for, at least, the previous 10 years before alienation.
- Dividends paid by foreign companies to Andorran companies are not exempt but, in practical terms, the tax effect is neutral (as the Andorran tax system eliminates international double taxation).
- Capital gains obtained by Andorran companies derived from alienation of local or foreign companies are exempt under certain conditions.
- Andorran collective investment undertakings are subjected to a corporate income tax, but the law regulates a special tax rate of 0% instead of the general tax rate of 10%.
- Capital gains obtained by Andorran individuals or Andorran companies derived from alienation of real estate properties in Andorra are exempt if they hold the ownership for at least 10 years. Otherwise, specific tax law on the capital gain on real estate transactions regulates a degressive tax rate between 1% and 15%.

2.3 What other direct taxes (if any) apply to persons who become established in your jurisdiction?

There are no other relevant direct taxes in Andorra. However, there are minor local taxes as the following:

- The "*foc i lloc*" which taxes the domiciled in a Parish territory.
- Property tax, which taxes real estate property.

- The tax on rental income, which taxes income derived from real estate property rent.
- The tax on commercial establishments, which taxes the activity in a specific Parish territory.
- The tax on construction.

The taxpayer can apply the deduction to avoid double taxation in his IRPF or IS on rental income tax and on the tax on commercial establishment.

2.4 What indirect taxes (sales taxes/VAT and customs & excise duties) apply to persons becoming established in your jurisdiction?

For an individual who plans to invest in Andorra the most relevant taxes would be related to real estate investments. If an individual acquires a residential property in Andorra, VAT (4.5%) would apply if the seller is a company or professional habitually dedicated to carry out real estate transactions; transfer tax (4%) applies if the seller is an individual.

Apart from the general tax rate of 4.5%, there are special tax rates that depend on the kind of good or service. A summary of these tax rates is described as follows:

- A super low rate of 0% (for public medical services, public education and housing leases).
- A reduced rate of 1% (for private education services, books, newspapers and food).
- A special rate of 2.5% (for transport and its commercialisation (except cableway transport), art objects and private libraries, theatres, exhibitions and other cultural and social activities).
- An increased rate of 9.5% for financial services.

Finally, reinsurance operations activities are taxed by Tax on the Provision of Services (ISI), at a rate of 4%.

2.5 Are there any anti-avoidance taxation provisions that apply to the offshore arrangements of persons who have become established in your jurisdiction?

There are no anti-avoidance taxation provisions in Andorra and no CFC rules are regulated in the internal tax system; although the Andorran Government committed to implement CFC rules when Andorra joined the BEPS project.

2.6 Is there any general anti-avoidance or anti-abuse rule to counteract tax advantages?

As stated above, there are no any anti-avoidance taxation provisions in this sense. However, the implementation of the BEPS project directly affects the Andorra Holding rule system. In this sense, Andorran companies can only exonerate the foreign dividends received if the subsidiary has been subjected to corporate income tax in their country of residence, for, at least, at a minimum tax rate of 40% of Andorran corporation income general tax rate.

On the other hand, the General Tax Law regulates the fraud to law or legal simulation when a contract or business is carrying out just for tax reasons and does not respond to the reality of the underlying business.

2.7 Are there any arrangements in place in your jurisdiction for the disclosure of aggressive tax planning schemes?

Andorra is applying the standard BEPS rules. In addition, corporate

income tax law provides transfer pricing rules implementing the *arm's length* principle in linked-parties transactions.

Andorra has not approved any legislation akin to the EU Directive that obliges professionals to disclose this kind of schemes to the tax authorities.

3 Pre-entry Tax Planning

3.1 In your jurisdiction, what pre-entry estate and gift tax planning can be undertaken?

Inheritance and gift tax does not exist in Andorra, consequently, tax planning is not necessary for successions. Nevertheless, there is normally always an international or cross-border element that must be carefully analysed either for inheritors or donatories resident in Andorra. Andorran tax residents could create a holding company with assets in several jurisdictions and the shares are the subject of the inheritance instead of having the net worth diversified and not under the same legal person.

3.2 In your jurisdiction, what pre-entry income and capital gains tax planning can be undertaken?

Based on the different exemptions applicable in different scenarios (as an individual; as an Andorran company; or for collective investment undertakings), taxpayers can choose the optimal tax vehicle to invest. Please see question 2.2.

However, pre-entry tax planning is not customarily done in Andorra.

3.3 In your jurisdiction, can pre-entry planning be undertaken for any other taxes?

This is not applicable in Andorra.

4 Taxation Issues on Inward Investment

4.1 What liabilities are there to tax on the acquisition, holding or disposal of, or receipt of income from investments in your jurisdiction?

Andorra does not have a wealth tax and, consequently, the holding of goods or rights in Andorra is not taxable.

Income derived from investments in Andorra is subject to personal income tax. However, personal income tax has important exemptions. Please see question 2.2.

In terms of acquisitions, real estate properties are subject to indirect taxation and capital gains taxation if the good is sold during the first 10 years. Please see question 2.1.

Non-tax-residents are subject to indirect taxation as well and with the same rules as tax residents. However, capital gains obtained by non-tax-residents are subject to non-residents income tax (*Impost sobre la renda dels no residents*, hereinafter "IRNR") whose rules are different.

Generally, non-tax-residents are subject to IRNR at a tax rate of 10%. However, different kinds of income are treated differently:

- Royalties are subject to a 5% withholding tax.
- Dividends and interests are exempt.
- Capital gains derived from real estate located in Andorra are subject to IPTPI (0%–15%) but not subject to IRNR.

- Capital gains derived from share sales of Andorran companies are exempt if the non-resident has held less than 25% of the company during the previous 12 months.
- Capital gains derived from share sales in collective investment undertakings are exempt.

4.2 What taxes are there on the importation of assets into your jurisdiction, including excise taxes?

Please see question 2.4.

4.3 Are there any particular tax issues in relation to the purchase of residential properties?

There are no tax issues in this sense. Please see question 2.4.

5 Taxation of Corporate Vehicles

5.1 What is the test for a corporation to be taxable in your jurisdiction?

A corporation is taxable in Andorra if it is considered a tax resident. Please see question 1.4.

5.2 What are the main tax liabilities payable by a corporation which is subject to tax in your jurisdiction?

The main tax liability payable by a corporation that is a tax resident in Andorra is Corporate Income Tax. The general tax rate applicable is 10%. Nevertheless, the effective tax rate can be lower in some cases as a result of the application of deductions or special regimes.

The special regimes have been modified in order to adapt the Andorran law to the standard BEPS. However, there is a transition period up to 2020. Nowadays, Andorra only has the following special regime:

- Patent Box Regime: reduction of 80% of the taxable base for the income derived from the economic exploitation of intangible assets. However, there are some requirements and conditions in order to apply this special regime.
- Holding Regime: this special set of rules allows Andorran holding companies to apply the participation to the exemption on income derived from dividends and capital gains without permanence (one year) and minimum participation (5%) requirements.

Andorran companies are also subject to indirect taxation.

5.3 How are branches of foreign corporations taxed in your jurisdiction?

Branches of foreign corporations are normally considered permanent establishments in Andorra by the internal regulations related to non-resident income tax. The general tax rate applicable is 10% on profits allocated in the branch.

The IRNR law considers that non-resident companies or professionals operate through a permanent establishment when they have, on a regular basis, a place of business in their country through which the entity does all or part of its activity. Nevertheless, double tax treaties should be considered for companies resident in countries that have a double tax treaty with Andorra in force.

6 Tax Treaties

6.1 Has your jurisdiction entered into income tax and capital gains tax treaties and, if so, what is their impact?

Andorra has signed double taxation agreements with France, Spain, Luxembourg, Malta, Liechtenstein, Portugal and the United Arab Emirates.

Andorra is also negotiating double taxation agreements with other European countries such as Austria, Belgium and Italy.

Andorra assumed the commitment to implement the CRS standards in 2014 and later on BEPS in 2017 and is very active in executing double tax treaties. In summary, Andorra has taken the firm decision to implementing all OECD guidelines and key EU Directives.

6.2 Do the income tax and capital gains tax treaties generally follow the OECD or another model?

Generally, double taxation agreements signed by Andorra follow the OECD model. However, in terms of capital gains, some double tax treaties such as the treaty in force with Spain follow the UN convention model.

Double tax treaties signed by Andorra, with regards to capital gains, provide that capital gains only will be taxable in the State of residence. However, there are exceptions, and capital gains could be taxable in the State of source too in the following cases:

- (i) Capital gains derived from the sale of real estate located in the State of the source.
- (ii) Capital gains derived from the sale of shares of companies whose assets are more than 50% real estate properties (or rights on real estate properties) in the State of the source.
- (iii) Capital gains derived from the sale of assets linked to permanent establishments located in the State of the source.
- (iv) Capital gains derived from the alienation of shares of companies with tax residency in the State of the source, but only if the beneficiary holds more than 25% of the capital of that company (substantial participation clause).

6.3 Has your jurisdiction entered into estate and gift tax treaties and, if so, what is their impact?

Inheritance and gift tax does not exist in Andorra, consequently, there are no gift tax treaties in force.

6.4 Do the estate or gift tax treaties generally follow the OECD or another model?

Please see question 6.3.

7 Succession Planning

7.1 What are the relevant private international law (conflict of law) rules on succession and wills, including tests of essential validity and formal validity in your jurisdiction?

The succession law applicable will be the personal law of the nationality of the deceased. However, if the deceased has a proved closer relation with another country, its law will be applicable.

Andorran courts are competent when (i) Andorran law is applicable at the time of death, (ii) the last domicile and effective residence is in Andorra, and (iii) the deceased is beneficiary of rights or own goods in Andorra.

Andorran nationals can make their will abroad, according to foreign legislation. Open and closed wills can be made, according to Andorran law, in the presence of the diplomatic or consular officer of the Principality of Andorra if they have notarial public functions recognised.

7.2 Are there particular rules that apply to real estate held in your jurisdiction or elsewhere?

No specific rules apply in matters of succession to real estate in Andorra.

7.3 What rules exist in your jurisdiction which restrict testamentary freedom?

The testamentary freedom restrictions in Andorra are regulated by Act 46/2014 “*Llei 46/2014 de la successió per causa de mort*”.

Basically, there are two important restrictions on testamentary freedom:

- It is compulsory for $\frac{1}{4}$ of the estate (calculated by the difference between assets and liabilities of the deceased) to be transmitted to children. The children of the deceased, or failing these, their ascendants, will have equally divided rights to this part.
- At a maximum of $\frac{1}{4}$ of the estate (calculated by the difference between assets and liabilities of the deceased) is an unavailable part named “*quarta viudal*”. The surviving spouse with not enough economic resources to maintain his or her economic standard of living has a right to this part.

In conclusion, Andorra rules establish restricted testamentary freedom and these restrictions apply over no more than $\frac{1}{2}$ of the total estate of the deceased.

8 Trusts and Foundations

8.1 Are trusts recognised/permitted in your jurisdiction?

Trusts are not recognised under Andorran law since Andorra did not sign the Hague Convention of recognition of trusts and it is a civil law country. However, Andorran residents can be grantors or settlors or beneficiaries from a foreign trust. Nevertheless, the tax treatment is not interesting for the Andorran resident, since all the income allocated to the trust is attributed to the settlor.

8.2 How are trusts/settlors/beneficiaries taxed in your jurisdiction?

The tax treatment from foreign foundation income has been clarified by “technical communication 25-11-15” published by Andorran tax authorities.

First, the most important consideration is whether the assets have changed in possession or not. If the beneficiary does not have possession and control of the assets, Andorran law considers that the settlor is still the owner. Otherwise, if the beneficiary has possession and control of the assets, and the settlor cannot revoke the trust, Andorran law considers that the beneficiary is the owner of the assets.

- At the time of creation of the trust, settlors can generate a capital gain upon transfer of their assets, but only if the settlor cannot revoke the situation. Under Andorran law, this contribution involves the transmission of settlors' assets to beneficiaries of the Trust. If beneficiaries are relatives of the settlors, up to a third degree of kinship, settlors do not have a capital gain, as considered by operation of law. When the transmission of assets to the trust is *causa mortis*, the potential capital gain will be exempt under express provision of the law.
- During a trust's lifespan, income and capital gains linked with it will be allocated to the beneficiary or to the settlor depending on the first abovementioned consideration.
- At the time of distribution of the assets, the beneficiary will receive the trust assets and they will be considered a gift (*inter vivos* or *causa mortis*). Inheritance and Gift Tax does not exist in Andorra, consequently, the beneficiary does not have to pay any taxes on this capital gain.

Finally, Andorran residents use to plan their estate through unit-linked insurances or collective investment vehicles since the tax treatment is much more interesting.

8.3 How are trusts affected by succession and forced heirship rules in your jurisdiction?

Please see question 8.1.

8.4 Are private foundations recognised/permitted in your jurisdiction?

Law 11/2008, of 12 June, on foundations, recognises private foundations and public foundations. These legal entities must be focused on legal objectives of general interest and social activities. Private interest foundations, as a wealth vehicle for preserving private assets, are not regulated in Andorra. However, Andorran residents can create them or be beneficiaries from this kind of foreign private foundation.

8.5 How are foundations/founders/beneficiaries taxed in your jurisdiction?

- At the time of incorporating assets to the foundation, founders could have a capital gain upon transfer of their assets to the foundation.
- During the lifespan of the foundation, founders and beneficiaries will not have any tax implications if they do not receive any income from the foundation. Andorran tax authorities recognise the foundation as a legal entity separated from founders and beneficiaries.
- Distribution of the assets or any income reception by the beneficiary will be considered a gift (*inter vivos*). Inheritance and gift tax does not exist in Andorra; consequently, the beneficiary does not have to pay any taxes on this capital gain.

8.6 How are foundations affected by succession and forced heirship rules in your jurisdiction?

Generally, succession and forced heirship rules applicable in Andorra will not affect foundations.

9 Matrimonial Issues

9.1 Are civil partnerships/same-sex marriages permitted/recognised in your jurisdiction?

Same-sex civil partnerships are permitted and recognised in our jurisdiction. However, same-sex marriages are not permitted or recognised in Andorra. Over the last few years, Andorra has intended to adapt its law to the neighbouring jurisdictions. Therefore, the marital status between same-sex civil partnerships (*de facto* marriages) and the different-sex marriages is the same.

9.2 What matrimonial property regimes are permitted/recognised in your jurisdiction?

In accordance with Andorran law, if the spouses have not entered into a pre-nuptial agreement, the matrimonial property general regime recognised in Andorra is the separation of goods. On the other hand, spouses can enter into a system of community of goods, but this must be requested and granted as a public deed before a local public notary.

In reference to the separation of property regime, it only applies to the private holdings of every spouse. These private holdings are composed by all the goods and rights that integrate the private holdings of the spouses before the marriage celebration and the ones generated during the marriage.

9.3 Are pre-/post-marital agreements/marriage contracts permitted/recognised in your jurisdiction?

Yes, pre-/post-marital agreements/marriage contracts are permitted and recognised in our jurisdiction. In this sense, frequently these type of agreements are entered before the marriage. Furthermore, it is mandatory for marital agreements to be formalised in a public deed.

9.4 What are the main principles which will apply in your jurisdiction in relation to financial provision on divorce?

The divorce dissolves the financial marriage regime. The spouses have to enter an agreement in order to decide who will keep the family home and any other goods that do not belong privately to each spouse. In case of lack of agreement, the courts will make a decision taking into account which spouse will suffer a significant economic imbalance after the divorce. Furthermore, this spouse will have the right to perceive a periodic pension, considering some circumstances such as: (i) the age and the state of health; (ii) professional qualifications and the likelihood to obtain a job; or (iii) the financial situation, etc. This right expires when the cause that motivated it disappears.

10 Immigration Issues

10.1 What restrictions or qualifications does your jurisdiction impose for entry into the country?

- According to Andorran Immigration law, there are various kinds of authorisations with different characteristics and requirements. The two main kinds of permits are "residence and work permit" and "residence without work permit".

- The government defines the general policy in matters of immigration, and, in general, the law gives priority in access to jobs to Andorran citizens and Andorran residents.
- Residence and self-employment permit. The specific requirements are the following:
 - Obtaining the foreign investment authorisation and owning more than 20% of Andorran company shares.
 - Holding a position on the Board of Directors of this company.
 - Proving the effective activity with the commerce authorisation.
 - Depositing EUR 15,000, in the Andorran Financial Authority (hereinafter, “AFA”) or, alternatively, obtaining the recognition of a “selected business project” by public entities appointed for this purpose by the Andorran government.
- Work permit without residence. This applies to non-residents in Andorra working for Andorran companies outside Andorra. The fixed salary has to be three times the minimum wage in Andorra.
- Residence Permit without gainful activity, for the entrance in geriatric, medical or therapeutic centres in Andorra.

10.2 Does your jurisdiction have any investor and/or other special categories for entry?

The special categories for entry are the abovementioned “residence without work permit”.

- Non-Lucrative Residence:
 - Being of legal age (18 years old) or an emancipated minor.
 - Having sufficient financial resources for the applicant and his or her dependent family in Andorra.
 - Contracting an insurance in Andorra that covers for illness, incapacity, and old age for the applicant and his or her dependent family that resides in Andorra.
 - Having a dwelling in Andorra (ownership or rental).
 - Establishing his or her principal effective residence in Andorra for at least 90 days per year, without working in the country. However, he or she can do the necessary operations for the management of his or her own assets.
 - Investing in a permanent and effective form with a sum of at least EUR 400,000 in real estate located in Andorra; equity of companies’ resident in Andorra; debt or financial instruments issued by Public Authorities in Andorra; and non-remunerated deposits in the AFA.
 - Part of the abovementioned investment must be a non-refundable deposit of EUR 50,000, plus another non-refundable EUR 10,000, for each of his or her dependant persons that resides in Andorra.
- Residence with an international projection:
 - Enjoying international reputation.
 - Establishing the main effective residence in Andorra for at least 90 days per year.
 - The headquarters from where the professional activity is carried out must be located in Andorra.
 - The professional can have a maximum of one person directly employed.
 - At least 85% of the total year invoicing must come from services provided to non-resident clients and used outside Andorra.

- Residence for reasons of scientific, cultural and sports interests:
 - Enjoying international recognition from scientific talent.
 - Establishing their main effective residence in Andorra for at least 90 days per year.
 - At least 85% of the total year invoicing must come from services provided to non-resident clients and used outside Andorra.

10.3 What are the requirements in your jurisdiction in order to qualify for nationality?

Acquisition of the Andorran nationality requires verification of the following requirements: (i) establishing main and permanent residence in Andorra; and (ii) renunciation of the other nationalities.

Furthermore, there are different ways of obtaining Andorran nationality when a person has not been born in Andorra. The most important are the following:

- A person born abroad, whose mother or father was an Andorran national.
- Grandchildren of an Andorran national, if the grandchildren prove that the main and permanent residence during the last 15 years has been in Andorra.
- A foreign person that gets married with an Andorran national, if he/she fulfils the following requirements: (i) permanent and main residence in Andorra during the last three years, before or after her/she gets married; and (ii) have proof of his/her integration in Andorra.
- A foreign person that has lived during the last 20 years in Andorra and proves his/her integration in Andorra. In order to obtain Andorran nationality this way, the person has to submit a form before the Andorran Government “*Govern*”.

10.4 Are there any taxation implications in obtaining nationality in your jurisdiction?

There are no direct taxation implications. (Please see section 2.)

10.5 Are there any special tax/immigration/citizenship programmes designed to attract foreigners to become resident in your jurisdiction?

There are no special regimes focused on attracting foreign residents to our country. However, the Andorran tax system is very competitive and attractive for foreign investors. (Please see question 2.2.)

11 Reporting Requirements/Privacy

11.1 What automatic exchange of information agreements has your jurisdiction entered into with other countries?

Since 2017, Andorra has applied the “Common Reporting Standard” of ODCE and exchanges financial information automatically between other countries and jurisdictions. This automatic exchange of information is regulated by Law 19/2016 “*Llei 19/2016, del 30 de novembre, d’intercanvi automatic d’informació en matèria fiscal*”.

In addition, Andorran financial entities reached the US Foreign Account Tax Compliance Act (“FATCA”) agreement with the IRS. Consequently, Andorran financial entities are subject to reporting obligations derived from FATCA. In summary, Andorra decided not to adopt the IGA 1 or 2 model.

11.2 What reporting requirements are imposed by domestic law in your jurisdiction in respect of structures outside your jurisdiction with which a person in your jurisdiction is involved?

Generally, Andorran residents have no obligation to report about their overseas structures. However, this obligation exists in the following cases:

- Companies are subject to “country-by-country” reporting. This BEPS rule has been introduced into Andorran corporation income tax through its last modification in 2018. This obligation only applies when the Andorran company is part of a big corporate group.
- Andorran financial entities have to report to the Andorran supervisory authority (“AFA”) some relevant information of its subsidiaries outside Andorra.

11.3 Are there any public registers of owners/beneficial owners/trustees/board members of, or of other persons with significant control or influence over companies, foundations or trusts established or resident in your jurisdiction?

There are no public registers in Andorra. However, there are different private registers:

- Register of corporations.
- Register of associations.
- Register of foundations.

Every register has relevant information about the owners, shareholders, board members and, from now on, information about the ultimate beneficiary regulated by Law 14/2017.

Access to the register is reserved to professionals such as lawyers and public notaries.



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