

Owners of homes who have been empty for a period of two years between 1 January 2019 and 31 December 2021, **must register such properties in the Empty Home Registry (*Registre d'Habitatges Buis*) by 31 March 2022** so that the Tax Administration can serve the settlement notice for the relevant empty home tax (*impost sobre els habitatges buits - IHB*).

The Empty Home Tax Regulation of 23 December 2020 establishes that the **Tax Administration calculates the IHB**, the last day of the quarter following the due date of the tax (i.e., **31 March of each year**). Thus, bearing in mind that the IHB entered into force on 1 January 2019, the Tax Administration **will serve notices the IHB for the first time on 31 March 2022**.

The IHB was created by Law 3/2019, of 17 January of urgent measures concerning the leasing of homes and is a general administration tax, payable by the owners of empty properties. Therefore, IHB taxpayers are **the individual or legal persons who own home** that can be considered as empty.

The law defines empty home as those that can be leased according to the Urban Renting Act, and which have been empty for at least two years, provided none of the following exemptions applies:

- Second and third homes for family holiday, or leisure use.
- Tax residence or registered office of the taxpayer.
- The property is used for an economic activity.
- The assumptions of a change of residence for work or health reasons.
- The properties that are for sale unambiguously through a property agency.

It should also be borne in mind that the fact that the property is occupied for up to three months per year does not prevent the IHB from being applied.

The IHB is a periodic tax which results from the **total number of square meters of useful area** of the empty property on which a **tax rate of EUR 5.05 per square metre** is applied.

The Tax Administration serves the settlement notices of the IHB annually according to the data on the Empty Home Register, and therefore holders of empty properties which are obliged to pay IHB must with the RHB within two months from the moment the property is considered an empty home.

The registration of empty homes in the RHB is done by submitting Form number 050 for each of the houses to be registered, and must contain, among others, the following data: the name and surnames, complete company name; the NRT (Andorran tax registration number); the bank data and the data relating to the property to be registered.

The breach of the obligation to file empty homes in the RHB may constitute a minor offence which can be sanctioned by fines of 50% of the tax amount for each undeclared empty property.

Our Tax team will be pleased to provide further information or specific tax advice upon request. Please contact:

Albert Hinojosa

Tax Partner

Andorra

albert.hinojosa@caseslacambra.com

Alberto Gil

Tax Partner

Andorra

alberto.gil@caseslacambra.com

Marc Cantavella

Senior Associate

Andorra

marc.cantavella@caseslacambra.com

Pablo Lloret

Associate

Andorra

pablo.lloret@caseslacambra.com