Legal news

November 2025 | *ANDORRA*

This document provides a summary and analysis of the main legal developments of interest in the Principality of Andorra, including the new legislation in force, the legislative initiatives under parliamentary debate, as well as the legally relevant debates covered in the media, corresponding to the period between July and November 2025 and selected for their relevance.

The bulletin is structured into three sections. First, it outlines the most recent regulatory reforms, which include the amendment to the annex of the Monetary Agreement with the European Union, the new Regulation on the adoption of European Union technical standards relating to banking institutions and investment firms, the amendment to the Agreement with the European Union on the automatic exchange of information on financial accounts, the implementing Regulation of the Customs Code, and the new Digital Wallet system. Second, it summarises the reforms currently underway, including the Draft Law for sustainable growth, the approval of the amendment to the Law on the recovery and resolution of banking entities and investment firms, the Draft amendment to the Labour Relations Law, the Draft amendment to the Higher Education Law, and the Qualified Bill amending provisions in the criminal and penitentiary field. Finally, it addresses the most relevant current legal discussions, dedicated to the nature and provisional application of the Association Agreement with the European Union, as well as the deployment and impact of the Entry/Exit system.

1. HIGHLIGHTS OF THE LATEST LEGISLATIVE REFORMS

➢ Amendment to the annex of the Monetary Agreement between the Principality of Andorra and the European Union.

Transposition of the AML Package

The latest amendment to the Monetary Agreement, published in the BOPA on 23 July 2025, provides for the transposition of the EU AML Package by 31 December 2028. This is the most extensive reform of the European framework for preventing money laundering and the financing of terrorism, and the package includes:

(i) Regulation (EU) 2024/1624;

(ii) Directive (EU) 2024/1640; and

(iii) Regulation (EU) 2024/1620 establishing the European Anti-Money Laundering Authority ("AMLA").

Among the most relevant aspects of the AML Package are:

(i) The expansion of the supervisory perimeter with the inclusion of new obliged entities;

(ii) The limits on the use of cash;

(iii) Transparency on beneficial ownership and the corresponding register;

(iv) The strengthening of due diligence measures with regard to specific risks arising from crypto-assets;

(v) Structured cooperation between national authorities and the AMLA, which will have direct powers over higher-risk entities;

(vi) Whistleblower protection and transparency obligations with a detailed protection regime; and

(vii) Substantive and procedural harmonisation of sanctioning criteria and the implementation of a standardised reporting system.

Transposition of Regulation (EU) 2024/886 concerning instant euro transfers

The amendment of the Monetary Agreement also includes the transposition of Regulation (EU) 2024/886 on instant euro transfers, which introduces a thorough reform of the SEPA framework, with the aim of ensuring that all citizens and businesses in the European Union can send and receive instant payments within a maximum of ten seconds, at any time of day and without interruption.

In this regard, the main innovations introduced by the following Regulation are as follows:

(i) The obligation for payment service providers to offer instant transfers, provided they already provide ordinary transfer services;

(ii) The execution of the transfer and the crediting of the amount to the beneficiary must be carried out within ten (10) seconds;

(iii) The possibility of making immediate transfers twenty-four hours a day, every day of the year;

(iv) The fees applicable to these operations shall not exceed those for conventional transfers, directly limiting the policy of financial institutions; and

(v) Security and fraud prevention measures, by verifying that the beneficiary matches the IBAN before executing the transaction.

- **Regulation on the adoption of European Union technical standards applicable in the field of solvency, liquidity and prudential supervision of banking institutions and investment firms.**

In line with the above, Decree 352/2025 of 8 October 2025 approves the Regulation on the adoption of European Union technical standards applicable in matters of solvency, liquidity and prudential supervision of banking entities and investment firms. This Regulation consolidates the adaptation of the Andorran regulatory framework to the requirements of the Monetary Agreement, incorporating delegated and implementing acts derived from Directives CRD IV and CRD 5 and from Regulations CRR and CRR 2.

Among the most significant updates, the following stand out:

(i) Normalised methodologies for risk assessment and stress scenarios (EU

Delegated Regulations 2024/856 and 2024/857);

(ii) The treatment of IT assets in ordinary Tier 1 capital, including the harmonised deduction of intangible assets, the application of prudent amortisation from programme availability and specific treatment for programmes acquired within the same group or for maintenance or improvement investments (Delegated Regulation EU 2020/2176);

(iii) The regulation of indirect exposures arising from derivative contracts (EU Regulation 2022/1011);

(iv) The identification of shadow banking system entities (Regulation EU 2023/2779); and

(v) The determination of conditions for identifying groups of linked customers (Regulation (EU) 2024/1728).

- **Protocol amending the Agreement on the automatic exchange of information on financial accounts for the improvement of international tax compliance.**

On 13 October 2025, Andorra and the European Union signed an Amending Protocol to the Agreement on the Automatic Exchange of Information on Financial Accounts. The objective of this Protocol is to improve international tax compliance and align the Andorran regime with the latest international updates. Specifically, it seeks to adapt to the OECD Standard on Automatic Exchange of Financial Accounts (CRS) and the new Common Reporting Framework for Cryptocurrency Assets (CARF).

Among the new features introduced by this protocol are the following:

(i) The expansion of the scope of automatic information exchange to include digital assets and financial products, such as electronic money and digital currencies;

(ii) Technical coordination between the updated CRS and the CARF to avoid duplicative reporting;

(iii) The due diligence obligations of financial institutions;

(iv) The requirement for greater detail in the data reported; and

(v) The strengthening of personal data protection safeguards, in accordance with Law Qualified 29/2021 of 28 October on the protection of personal data; and Regulation (EU) 2016/679 of the European Parliament and of the Council.

The effective application of the Protocol, which consolidates Andorra's commitment to the OECD and European Union transparency standards, is scheduled for 1 January 2026, coinciding with the application of Council Directive (EU) 2023/2226 (DAC 8).

- **Regulatory provisions for the implementation of Law 10/2025 of 13 May, on the Customs Code.**

Decree 306/2025 of 3 September approves the Implementing Regulation of Law 10/2025 of 13 May on the Customs Code, which came into force on 1 October 2025. This regulation develops the new Andorran customs framework with the aim of fully aligning it with the European Union Customs Code and its implementing regulations.

The Regulation establishes the rules on customs debt, the introduction and export of goods, the customs status of goods, special regimes and applicable exemptions, adapting procedures to an electronic model harmonised with European practice.

Among the main novelties, the following stand out:

(i) The digitalisation of customs procedures;

(ii) The detailed definition of concepts and procedures for the valuation, classification and origin of goods,

(iii) The adaptation of active and passive processing regimes, customs warehousing and transit operations;

(iv) The electronic mechanisms for managing data, declarations and guarantees, and

(v) The update of the security, control and traceability requirements of the logistics chain.

Likewise, the Regulation repeals the previous legislation linked to the 2004 Customs Code, and its approval is intended to consolidate an administration in line with European Union standards.

➢ Decree 373/2025 approving the Government of Andorra's Digital Wallet system.

Decree 373/2025 of 15 October 2025 approves the Digital Wallet system of the Government of Andorra, with the aim of establishing a single electronic identification and management tool for citizens in their dealings with the public administration. The system will allow various public services, documents and official certificates to be integrated into a single digital environment, ensuring the protection of personal data.

This regulation is part of the digital transformation strategy for the Andorran administration and responds to the need to adapt public procedures to European standards in the field of e-government. With the approval of the Decree, a regulatory framework is consolidated that facilitates electronic interaction with institutions, reinforcing administrative efficiency and the interoperability of public services.

2. REGULATORY REFORMS UNDER CONSIDERATION

➢ Draft Law on the Continuity and Consolidation of Measures for Sustainable Growth.

The General Council is processing, under the urgent procedure, the Bill on the Continuity and Consolidation of Measures for Sustainable Growth, presented by the Government on 21 October 2025 and admitted for processing on 22 October.

The text aims to expand and strengthen Law 5/2025 of 6 March on sustainable growth and the right to housing, with the objective of ensuring a balance between economic development, social cohesion and environmental sustainability.

The proposed measures introduce amendments in three key areas: trade, taxation and immigration.

Trade

The draft bill proposes to make targeted amendments to Law 12/2013 on Trade, with the aim of strengthening the strategic and sustainable planning of commercial activity.

In this regard, the Government would explicitly assume the competence to define trade policy in order to ensure orderly urban and demographic growth. This provision would allow decisions on new commercial developments to be aligned with the general objectives of sustainable development and territorial balance, avoiding the concentration of activities in certain areas and promoting economic diversification.

Taxation

In tax matters, the project proposes amending Law 3/2024 on the tax on foreign real estate investment, with two main measures:

(i) Increase in the tax on foreign real estate investment. The tax rate applicable to real estate investments made by foreign persons or entities would be doubled, to be set at 6% for the first property and 10% for all others.

(ii) Abolition of the transitional regime. The regime that allowed the application of the previous regulations to foreign investment applications submitted before the entry into force of Law 5/2025 of 6 March on Sustainable Growth and the Right to Housing would be repealed. Thus, all operations formalised after the new law comes into force would be subject to the updated general regime.

Immigration

Finally, the draft proposes various reforms to Law 9/2012, the Immigration Act, with the aim of improving administrative efficiency and strengthening control over authorisations.

(i) New temporary immigration authorisation for recruitment in the country of origin. The introduction of a new type of authorisation is being considered, which would allow companies to recruit workers collectively in the country of origin. This measure is intended to streamline the processing of temporary contracts in sectors requiring seasonal or specialised labour, such as construction, hospitality or services. The procedure would be developed by regulation and could be adapted for specific periods or activities.

(ii) Self-employment authorisations. The regime for residence and work

authorisations for self-employed persons would be amended, notably the new configuration of the €30,000 deposit with the Andorran Financial Authority, which would become a final and non-refundable payment in favour of the State. This same criterion would also apply to residence authorisations without gainful activity. Additionally, the introduction of a reservation mechanism of s for the authorisation of qualified professionals is envisaged, who would have a specific period to demonstrate compliance with the requirements and obtain professional registration before the final grant.

(iii) Possible extension of the grounds for annulment and refusal of authorisations, including cases of excessive working hours or activities outside the authorised sector, as well as marriages or sham unions for fraudulent purposes.

- **Transposition of Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards loss-absorbing and recapitalisation capacity of credit institutions and investment firms, as well as Directive 98/26/EC.**

The Government has approved the amendment of Law 7/2021 of 29 April on the recovery and resolution of banking entities and investment firms ("**Recovery and Resolution Law**") with the aim of adapting the Andorran legal framework to the European Union Directive 2019/879 ("**BRRD II**"). This legislative reform will fulfil the commitments arising from the Monetary Agreement and seeks to align the system for the prevention and management of banking crises with the European standard.

The most significant changes that would be incorporated into the Andorran regulations by this amendment are:

(i) The strengthening of the contingency and sustainability planning framework, requiring greater precision, depth and methodological coherence in the information submitted by institutions to the AREB;

(ii) The expansion of the resolution authority's powers of intervention;

(iii) Strengthened protection for depositors and retail investors, ensuring that losses are absorbed by shareholders and creditors in accordance with the *bail-in*

principle, thereby avoiding the use of public funds; and

(iv) The updating of financial definitions and concepts, harmonising them with the terminology and classification of European legislation.

➢ Draft Law amending Law 31/2018 of 6 December on Labour Relations.

Law 31/2018 of 6 December on Labour Relations introduced mechanisms to promote the collective rights of employees and collective bargaining within companies. However, this draft law aims to introduce various measures to facilitate and encourage worker representation in companies.

The amendment proposed in this bill would introduce, as the most significant measures, the following:

(i) The extension of the figure of the employee representative to all companies with up to 30 workers, eliminating the figure of the mandated employee.

(ii) The strengthening of protection against dismissal for salaried delegates and members of the works council who have submitted their candidacy but were not elected, who cannot be dismissed or sanctioned during the maximum six-month period thereafter.

(iii) The removal of the limit of two consecutive terms for cases where no other candidates stand.

(iv) The specification of the procedure for filling vacancies of employee delegates and members of works councils, as well as the method of notification to the Department of Labour.

(v) The extension of the power to call elections, which was explicitly reserved for employees, to the employer and the Department of Labour, upon the request of a number of employees equivalent to 10%. Likewise, the percentage of employees required to request it in writing with the corresponding signatures would be reduced from 15% to 10%.

(vi) The introduction of a mandate for trade union and employers' organisations to carry out information campaigns on employee representation mechanisms, and

the Economic and Social Council is tasked with a periodic evaluation of the state of collective employee representation in the private sector.

- **Draft Law amending Law 14/2018 of 21 June on higher education.**

The Bill to amend Law 14/2018 of 21 June on higher education, submitted by the Government to the General Council on 22 October 2025 and admitted for processing under th , the urgent procedure, aims to define a new framework for organising the higher education system in Andorra.

The reform would introduce the creation of the National Higher Education Strategy (ENES), a steering instrument that the Government would have to approve by regulatory means and which would establish, on a five-year basis, the strategic objectives and criteria for the authorisation and monitoring of higher education institutions and programmes. This strategy is based on the principles of the European Higher Education Area and should ensure the participation of the University of Andorra, AQUA, the ARI, other authorised institutions and student representatives.

With this amendment, the education system would move from a purely administrative model to a model of regulated discretion, aimed at ensuring coherent, sustainable development aligned with the country's strategic needs.

The text also contains transitional provisions, which provide that institutions already authorised shall have five years to adapt to the first ENES; that no new applications to establish institutions shall be admitted until its approval; and that applications submitted previously shall be governed by the legislation in force at that time.

- **Qualified Bill amending various rules in the penitentiary and criminal field.**

On 16 October 2025, a Qualified Bill was published amending various rules in the penitentiary and criminal fields, previously approved by the Government in July and currently before Parliament.

Among the most notable changes is the significant reduction of pre-trial detention periods, establishing a maximum limit of six months for certain charges (less serious offences) or

twelve months for serious offences. Likewise, the proposal includes the removal of the "social alarm" ground as a reason for ordering provisional detention.

Furthermore, changes are introduced to the prison regime, such as the flexibilisation of the halfway house regime for inmates participating in rehabilitation programmes or community work, and the separation of inmates on therapeutic or security grounds. This reform could be of interest to companies that collaborate in employment reintegration programmes, as the owards the possibility for prisoners or those serving sentences on semi-liberty to work, either as employees or self-employed.

3. RELEVANT LEGAL DEBATES

➢ Association Agreement with the European Union.

The Andorra–European Union Association Agreement is at the centre of a legal debate that could affect both the timetable for its approval and the entry into force of its provisions.

Legal nature

The current point of friction lies in the approval process and the legal nature of the agreement. Not all Member States agree on whether it should be a mixed agreement, and this discrepancy has consequences for the pace and form of its procedure.

According to a letter from President Emmanuel Macron, the agreement should be considered mixed, implying ratification by all the national parliaments of the Member States. This position, shared by the legal services of the Council of Europe, is based on the existence of articles in the agreement that deal with state competences.

However, other EU states, such as Spain, argue that the agreement should not be mixed, requiring only a centralised ratification by the European Union, thereby simplifying the process.

The current Danish Presidency of the Council of the European Union has taken an active role in pushing for a swift and consensual decision on this matter, with the aim of concluding this debate during the second half of 2025.

Provisional application and referendum

At the centre of the debate is also the question of the possible provisional application of the association agreement. France has suggested that certain chapters come into force before the agreement's definitive ratification. However, the Government of Andorra has warned the European institutions that, under domestic law, provisional application would not be feasible, as a national referendum would be required before the application of international treaties.

However, should it be determined that the agreement is to be mixed, the Government would analyse the possibility of the referendum including an option for a partial or provisional entry into force of the agreement.

➢ Entry/Exit System (EES).

The deployment of the Entry/Exit (EES) system, designed to automatically record the entry and exit of citizens of countries outside the Schengen Area, poses various legal and operational challenges for the management of Andorra's borders and for the Andorran labour market.

Deployment timetable

The European Parliament has finalised a plan for the phased deployment of the Entry/Exit system at the external borders of the European Union, establishing a technical and temporal framework for the future implementation of these measures by neighbouring States.

Although its entry into force was initially scheduled for the second half of 2025, the Government has been working with Europe to prevent or reduce its impact on Andorra. However, the Spanish authorities have announced their intention to implement it from 2 February 2026, despite the consequent repercussions on border checkpoints and mobility.

Impact on recruitment

The implementation of the new European migration control framework highlights the need to structure recruitment at source and to have a more planned model for worker integration, both in terms of travel and related aspects such as accommodation.

According to data from early November, 23% of applications from non-EU seasonal workers

were rejected for failing to meet the requirements of the Entry/Exit regulations.

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