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ANDORRA

The Principality of Andorra is located at 42° 30'N 1° 30'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 foreigner investor is its status as the most complete tax haven in Europe.

ACCESSIBILITY

Andorra lies in the Pyrenees mountains between France and Spain. The nearest international airports are Toulouse and Barcelona.

Vast capital expenditure is being made in the region of Catalonia including the building of the Trans-Pyrenean highway between Barcelona and Toulouse. The possibility of regular air services between these two cities and Seu d'Urgell, the airport for Andorra, is under active consideration and it is likely that Andorra's accessibility will be improved out of all recognition within the next four-five years. At present visitors are faced with three main alternatives:

Road For UK Residents

From the Channel ports, depending on the route chosen, between 590 and 753 miles. Many motorists choose a morning Channel crossing and drive two thirds the way through France, spending the night en route and arriving in Andorra for lunch next day. The RN20 from Ax-les-Termes to the Andorran border is tortuous and can be difficult in January when the Envalira Pass 2,408m may require chains or 4WD. The route from Barcelona is 220Km and represents a two and a half to three hour car journey, depending upon whether you choose the route via the Cadi Tunnel or via Pons.

Air

Currently there are four flights a day (British Airways and Iberia) operating out of Heathrow (3) and Gatwick(1) to Barcelona where either a hire car or a seat in a minibus or public share-taxi can be arranged. Ryan Air operate a very cheap and cheerful service between Stansted and Carcassonne or Perpignan. EasyJet operate an efficient 'ticketless' service to Barcelona from Amsterdam, Berlin, Bristol, Geneva, Liverpool, Gatwick, Luton, Stansted, Newcastle and Paris - bookings by phone (UK): 0990 29 29 29 or <http://www.easyjet.com> . Alternatively there are flights to Toulouse (British Airways and Air France) where either a hire car, bus or rail connection can be made. The distance from the airport is 195 Km, a car journey of two and a half hours. <http://www.traveljungle.co.uk> is another good site for searching for flights (with German and US sister sites).

Rail

Twenty-four hours from Victoria Station via Paris and Toulouse to Hospitalet, where the early morning train from Toulouse is met by a bus travelling into Andorra la Vella. This route involves a Channel Tunnel crossing or using Eurotunnel from London Waterloo or Ashford (Kent) for UK visitors. <http://www.eurostar.com>

ALTITUDE

The visitor enters Andorra from the south at St. Julia at 908m and from the north at Pas de la Casa 2,095m. Other towns of note 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.

APPRECIATION

Many factors affect the actual annual rate of appreciation in property values, but as a general guide an analysis of sales over the last 10 years shows an average appreciation of over 10% in Sterling terms. Be cautious of claims of higher appreciation.

BANKS AND BANK ACCOUNTS

There are six Andorran banking companies. Foreign banking institutions may not open branches in Andorra. Banking is Swiss style and numbered accounts are available. Complete confidentiality is observed. The total lack of exchange control in Andorra permits banking in any currency although the Euro is used as a base for making an exchange. The rates are quoted daily, based on Euros, and aligned to Euro-currency rates at the Swiss Exchange in Zurich. To open an account takes about 20-30 minutes. You will need your passport. A deposit of around 100 Euros is all that is necessary. You will receive your passbook about a week later. There are no restrictions on remitting funds to and from Andorra in any currency but money laundering regulations are observed by the Andorran banks.

BUREAUCRACY

Andorra gives a genuine welcome to foreign visitors and investors. The resident or owner of property will be amazed by the total lack of government intrusion. Inspectors, annual returns, declarations etc. - are conspicuous by their absence.

COMMUNITY FEES

When purchasing a condominium property in Andorra the owner, apart from acquiring the freehold title for the apartment, also becomes co-owner 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. A typical community charge for a studio might be 600 Euros and a 3 bedroom flat 1200 Euros per annum.

COMPANIES

The economy is protected by legislation safeguarding the interests of the Andorrans. It is possible for foreigners to form new companies and to trade in Andorra but their

participation is limited to one third of the capital and *Pret noms* or sponsors are required for the remaining share-holding. We can offer advice and assistance in setting up an Andorran company. See Addendum "C".

COST OF LIVING

With the 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 considerably cheaper than in the UK, Germany, etc. 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 is the official currency from January 2002. Visitors from non Euro countries are advised to bring travellers cheques or Eurocheques and to cash them in Andorra as the exchange rate is usually better than in other European countries. Credit cards e.g. Amex, Visa & Access are accepted in many establishments.

DRIVING IN ANDORRA

As in most European countries in Andorra traffic circulates on the right hand side of the road. You will need an EU or international driving licence and insurance green card. Car Hire is available through local firms e.g. Avis & Hertz. A regular and inexpensive bus service of "clipols" connect the main towns and villages. Regular coach and jeep excursions are run to beauty spots throughout the Principality.

ECONOMY

If there are no taxes, 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 65,000 residents. Andorra is a neutral state and has no army to maintain. Its defence budget is non-existent. Secondly, 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 jewellery at 12%. Alcohol and cigarettes bear a special rate of between 12%-40%. Gasoline incurs a heavy duty.

EDUCATION

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 does not have at present her own University but the pupils educated in Andorra have their final examination homologated by the French and Spanish Universities. Each parish has a primary school for all 3 choices and the main secondary schools are located in the capital.

ELECTRICITY

The power rating is 220-240 volts. The cost of electricity is 20% cheaper than in UK 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 Narcisso Yepes. Each Comú holds an annual fiesta lasting about 3 days. There are numerous events such as: motor time 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. Prices are considerably lower than in Britain. It is still possible to get a good four course meal with wine for around 20 Euros. For people who like to meet other people and engage in pursuits such as bridge or amateur dramatics there is an International Club.

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 species. Botanists, ornithologists, photographers and artists from all over Europe are drawn to the Principality every year. From 950 to 1,150 different Andorran plants have been catalogued. From the tourist point of view the acres of wild daffodils, narcissi and gentians in spring and the hillsides rose-pink with rhododendron ferrugineum in early summer are memorable sights. Capercaillie, golden eagles, bee eaters, kites and hawks 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 specialists firms who regularly ship to Andorra.

HEATING

Oil and electricity are the most popular methods of central heating and the cost is about 20% - 30% cheaper than the UK. The cost of heating a three bedroom apartment might be around 900 Euros 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, parapenting and horse back riding in the long summers, 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 usually 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. In Andorra there is an excellent new hospital. 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. New residents are however obliged to subscribe to a private medical scheme. A private room in any of the hospitals costs as little as 150 Euros per day.

MORTGAGE

Both residents and non residents are able to borrow money from local banks for the purchase of a property in the Principality. The current terms for non residents available are 60% of the purchase price for up to 15 years at fixed interest rate of 6%*. Capital and interests repayments are made together. The bank is first creditor in the case of default. *Loan in Euros - subject to change.

OWNERS ASSOCIATIONS

Comunitat de copropietaris. Owners of condominium property hold annual general meetings at which they elect a Management Company who will oversee the general running of their apartment building or development. At this AGM a budget is agreed to cover improvements, repairs and renewals necessary, and a President, Treasurer and secretary are elected from amongst the owners in the development. The result of the AGM is that a community charge is fixed which will usually vary depending on the size of the property. Typical charges for apartments where no swimming pool etc. are involved might be: studio 600 Euros, 3 bed flat 1200 Euros.

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 spoils so much of Spain's coastline. Andorra has its share of featureless apartment buildings, but stringent 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 72,000 forming the resident population of Andorra, 26,000 are true Andorrans or hold Andorran passports, 27,000 are Spanish, 4,000 French, 9,000 Portuguese and the remainder 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 either Euros or Sterling or any other currency. 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 restrictions on the amount of property a foreigner can own at one time in his own name, until such time as he/she has completed 20 uninterrupted years as a resident. At present this is one unit of property: one apartment, or one plot of building land for a private house (the size of the plot not to exceed 1,000 m²), or one house already constructed on the plot of up to 1,000 m². For the purpose of property purchase and registration a husband and wife count as a joint entity: children over the age of 18 years however may have property registered in their name. An Andorran entity, either a company or an Andorran citizen, is not restricted in any way as to the amount of property they can own.

PURCHASE PROCEDURE

While a property may be reserved verbally, the first commitment is made when the buyer places a 10% deposit with the selling agents: this is non-returnable if the buyer subsequently withdraws from the transaction on unreasonable grounds. At that time a purchase agreement can be signed between buyer and seller. More normally a receipt for the deposit will be given and after a delay of about six weeks a purchase contract 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 *escriptura* 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.

RADIO AND TV

Radio Uno and Radio Andorra - Musica are local stations and the BBC World Service and regional radio stations are available. Whilst your UK TV set will not operate in Andorra for local stations, your VCR will if it is used on play-back only or if it is a multi-system unit. French and Spanish TV provide a variety of channels and satellite dishes are now popular and easily available. Digital tuners and decoders will operate in Andorra and the full range of Sky and BBC channels can be received.

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 160 Euros for an apartment and 250 Euros 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, Barbeque picnics at home or in the mountains are a popular event. Each *Comú* has a sports complex offering indoor tennis, squash, swimming pool, keep-fit and weight training facilities to residents and visitors.

RENTAL & MANAGEMENT

We offer an efficient low cost rental service which enable property owners to receive the best possible return on their invested capital.

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. The applicants must be in possession of a private income sufficient that he/she need not seek remunerative employment within the Principality. 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. See Addendum "D".

RETIREMENT

Andorra is a particular 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 easy access to other European countries, make Andorra the country of choice.

SKIING

At one time one of Andorra's main claims to fame was that it provided the cheapest skiing in Europe. Now attention is drawn by the quality of the five ski resorts of Arinsal, Pal, Arcalis, Soldeu/El Tarter and Pas de la Casa/Grau Roig. Millions of Euros 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. Andorra's southerly position ensures an unrivalled amount of sun throughout the winter. The ski season lasts from mid December to mid/end April. Downhill, snow boarding, alpine ski touring and nordic cross country skiing are all available. Soldeu/El Tarter boasts of the largest number of English speaking instructors in Europe outside the UK. Inexpensive, welcoming apres-ski and, on the slopes well maintained pistes and high speed 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 not signed any double taxation agreement with the UK or any other nation, therefore the pension rights etc., of anyone leaving the United Kingdom, or other country, to reside in Andorra, are subject to current laws and any subsequent amendments dealing with taxation and annual increments. In some cases it is possible to commute pensions and reinvest in off-shore gilts *etc.* so as to establish a non-taxable position. Andorra operates a social security system which covers: hospitalisation, 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 pension scheme.

SOLICITORS

We can provide a list of English speaking lawyers in Andorra who can offer advice on Catalan/Roman law. We have many years experience in assisting expatriates and our advice can avoid a lot of frustration and time wasting unfortunately common in most law firms.

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, e.g. family membership of Les Seradelles (Andorra la Vella) is 110 Euros. The facilities available at

these sports centres include Olympic size swimming pool, ice rink and indoor tennis courts.

TAXATION

Andorra is Europe' s least known tax haven. There is no income tax - although the new deposit system for passive residents effectively loses you the interest on 24,000 Euros. There is a new property purchase tax of 1.25% but no capital gains tax, no inheritance tax, no wealth tax, no profits tax, no value added tax. 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!

TAXI AND MINIBUS SERVICE

For visitors travelling to and from Andorra/Barcelona public share taxis and a mini-bus 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 28 Euros. Private taxis can be arranged at schedule times for 120 Euros each way or at 150 Euros 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. Taxis will not pick up from the airport on scheduled runs but will deliver you there for a supplement of 3 Euros.

The Novatel mini-bus will collect you from your residence and deliver you to the airport at Barcelona and vice-versa. It leaves Andorra at around 08:00 and arrives at the airport around mid-day. There are two afternoon departures 13:00 and 17:00 so you can select the best one to suit your arrival. The cost is 30 Euros each way and it is essential to book to guarantee a seat.

TELEPHONES

Andorra has a modern telephone system . The average cost of a six minute call to Britain is 24.5p or 35.8p a minute for a mobile phone. It is usually possible to get a phone connected to your property within a week. Andorra now subscribes to the global mobile cellular network system GSM.

TEMPERATURES

The Andorran Tourist Board gives the following information. Maximum temperature, in Celsius, is followed by minimum.

January	8°C to -7°C	July	25°C to 15°C
February	8°C to -4°C	August	26°C to 15°C

March	15°C to 2°C	September	20°C to 10°C
April	18°C to 4°C	October	18°C to 5°C
May	22°C to 8°C	November	12°C to -2°C
June	24°C to 10°C	December	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. The first car he imports must be under 5 years old and thereafter any other cars must be under 3 years old. He must have been registered with the Comú for at least six months. An import duty of 7% of the book value of the car is payable when the car is officially "imported" and registration, plates etc. add another 130 Euros to the costs. New car prices must incorporate EU VAT charges if applicable, this affects Japanese and US cars. There is an annual licence fee which varies with the power (CV) of the vehicle. 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 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. We can assist with your transfer from Barcelona or Toulouse and with hotel bookings in Andorra.

WORK PERMITS

These are not easy to get unless the applicant is setting up in business with an Andorran who can sponsor his application or is engaged in tourism. Further details can be obtained from our office.

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THE FOLLOWING FACT SHEETS ARE ATTACHED AS ADDENDA:

Financial

Addendum "A" - Banking in Andorra
Addendum "B" - What Does It Really Cost

Legal

Addendum "C" - Andorran Companies
Addendum "D" - Residencias
Addendum "E" - Property Title Deeds

Travel

Addendum "F" - Andorra - Barcelona Transport Services

General

Addendum "G" - Andorran Social Security System
Addendum "H" - Driving and Owning Vehicles in Andorra

Addendum "A"

BANKING IN ANDORRA

It is only over the last 20 years that Andorran banks have evolved from money-changers to deposit takers. Facilities offered still fall short of the more sophisticated banking centres of Switzerland and the Channel Islands. However, one must remember that the Andorran banks have not sought to become 'International' they see their job as assisting in the promotion of Andorran commerce and industry and at the same time adopting a conservative policy. They will readily lend money for the purchase of Andorran property. thus supporting the property market.

Interest on deposits is not that generous for the small investor. Larger depositors are rewarded with better rates, if below those available in the Channel Islands. However, the small difference is more than balanced by the advantages of being based in a TAX FREE country.

The banks model themselves on the Swiss style: but the Andorrans have managed to stamp their own personality on the original. Numbered accounts are available and banking secrecy is observed.

Exchange rates are quoted in Euros for approximately 20 currencies, morning and afternoon, Monday to Friday. These are based on the Zurich market and all Andorran banks conform. They also conform to interest rates on deposits and mortgages.

There are six banks operating in Andorra. These are: Credit Andorra, CaixaBank, Banc Agricol i Comercial, Banca Mora-Internacional, Banca Privada and Banc Sabadell.

There is no exchange control in Andorra. The currency in general use is the Euro.

We cannot open accounts for clients, but we can recommend which bank we consider the best in terms of security and service.

Addendum "B"**WHAT DOES IT REALLY COST**

What are the costs involved in the purchase of Andorran property? The quick answer is: "Remarkably little compared with France and Spain". The government property tax in Spain is 6-8% and in France between 10% - 12% for a house and the first 2,500 m² of land, depending on the size of the property, and just building land 13%, while in Andorra 3% should cover the non-recurring items.

COMÚ PURCHASE TAX

On 1st March 2001 the Government introduced a new property tax and persuaded the Communes to fix their rates on a percentage basis. These taxes are all collected by the Notary Public on completing the purchase.

The Comú Tax is:

COMUNS	Tax %	Bldg Permit/m²/Apt
ANDORRA LA VELLA	1.25	44
CANILLO	1.25	48
ENCAMP	1.25	50
LA MASSANA	1.25	45
LES ESCALDES	1.25	46
ORDINO	1.25	60
SANT JULIA DE LORIA	1.25	35

COMUNS	FOC I LLOC	COMU SERVICES (non-res)	LETTING	OWNER APT. (non-res)	OWNER APT. (resident)
CANILLO	32 (12)	103	-----	65	65
ENCAMP	24 (12)	74	-----	-----	-----
ORDINO	10 (12)	210 25 (res)	43	90 to 180	90 to 180
LA MASSANA	18 (12)	16 (12)	2,50%	-----	112 (4)
ANDORRA LA VELLA	45 (12)	60 (10)	2,88%	147	52
SANT JULIA	82 (9)	68 (10)	3,30%	132	132
ESCALDES ENGORDANY	16(1)	18 (1)	3,00%	125 to 218	-----

GOVERNMENT PROPERTY TAX

On 1st March 2001 the Govern introduced a property purchase tax of 1.25% of the declared value of the property. This is paid to the Notary Public on signing the public title deed of purchase. At the same time the Comù Tax is paid.

NOTARY FEE (Conveyance)

To convey a Public Title Deed or *Escriptura Publica* the Notary Public in Andorra charges a once only fee of approximately ½% of the purchase price of the property.

GOVERNMENT DOCUMENTATION

To purchase a property on an *Escriptura Publica* you must apply to the government for permission by means of a *Sol.litud*. This is purely a formality designed primarily to ensure that foreigners only own one property. The charge for the preparation and presentation of this document is 250 Euros.

COMMUNITY CHARGE

If you are buying an apartment under the *regim horitzontal* (condominium) you will have to contribute a once only payment into the reserve fund of the co-proprietors plus the advance payment due on the annual service charge (a recurring item). Although this is not strictly a cost attributable to the purchase it is nevertheless important for you to be aware of it. For this you should allow approximately 1% of the purchase price.

CONNECTION CHARGES

Normally charge for connection to the services of water and drainage are included in the purchase price, the exception is when buying a new chalet or town house. These charges are fixed by the developer and therefore cannot be quoted accurately, however, they are unlikely to exceed a total of..... **300 Euros**.

Charges for connection to the services of electricity, gas and telephone, if applicable, are:

Electricity (Encamp, Canillo, Les Escaldes & Andorra for 8.8 Kw.)	185.-Euros
Electricity (La Massana and Ordino).....	117.-
Electricity (Sant Julia).....	90.-
Gas.....	150.-
Telephone (Not including installation).....	36.-

Typical Costs on Purchasing an Apartment of 100m2 in La Massana

Assumed Purchase Price 300,000 Euros:

<i>Gov ern</i> Purchase Tax	3750.-
<i>Comú</i> Purchase Tax:.....	3750.-
Notary Fee:.....	1500.-
Government <i>Suplica</i> :.....	190.-
Electricity Connection	117.-
Telephone connection	36.-
Community Fund*:.....	<u>600.-</u>
TOTAL	9943 Euros

Addendum "C"

ANDORRAN COMPANIES

There are basically two types of Andorran companies :

- 1) Societat Anonima (S.A.) - Companies with a minimum capital of €30,000 and 3 shareholders. Shares are registered in the *actas* (minutes book) of the company.
- 2) Societat Limitada (S.L.) - Companies with no fixed minimum capital but normally a minimum capital of €3,600 and 2 shareholders. Shares are registered in the *actas* of the company.

To form a company the first step is to find a *pret nom* (president) for the company. The president must be an Andorran or a privileged resident of more than 20 years standing. This person nominally owns two thirds of the equity of the company but normally transfers the rights to these shares under a fiduciary document signed in front of the Notary Public.

The next step is to find an Andorran lawyer to draw up the company *statutes* (articles of association). The *statutes* include a clause defining the object of the company. This is short and concise. Present day companies do not permit a wide scope of activities.

The company *statutes* must be approved by the Andorran *Govern* and are then Notarised along with the official *Libro de Actas* (Minutes Book). The *statutes* not only state the object of the company's operations but also list the original shareholders, who are usually the Gerents (Executive Directors) of the company.

When notarising the *statutes* it is normal to get the *pret nom* to sign a Fiduciary Document and a Power of Attorney giving freedom to operate the company and to transfer the ownership of the shares at a later date.

To get the Certificate of Registration from the Government it is necessary to produce a Certificate from an Andorran bank stating that a sum of money has been paid into the (provisional) account of the company to the amount of the paid up capital of the company. The account is provisional in that the bank will require sight of the Certificate of Registration before confirming the establishment of the account.

Being an officer of an Andorran company does not automatically give a person the right to work in Andorra, for this a *Permis de Treball* (Work Permit) is required. People in possession of, or applying for a *Residencia*, are advised that if they seek employment they may be required to give up their *Residencia* in exchange for a *Permis de Treball*, which gives the right of abode in Andorra during the period of the *Permis*, normally six months. After working in Andorra for 18 months it is possible to apply for a *Permis de Residencia i Treball*, a combined Residence and Work Permit.

The approximate costs involved in company registration are as follows: to the Govern d'Andorra for a *Suplica* (application form) for an S.A. 1277 Euros; for an S.L. 842 Euros. Thereafter an annual tax is charged by the Govern d'Andorra of 700 Euros for an S.A. company and the same amount for an S.L. This amount is reduced by 50% once the Obertura de Comerç has been applied for. The cost of applying is 120 Euros. If the company is actively trading from an Andorran office, the local *Comú* where the business is based then applies its local annual tax - e.g. La Massana 810 Euros, for a registered 'administration of assets and real estate company'. If the company is 'letterbox' company then it does not have to be registered with the Comú.

The notary's fees for the constitution of the company vary as to the type - an S.A. is 600 Euros and an S.L. 473 Euros.

You will need a good lawyer to draw up the *Statutes* of the company and co-ordinate the documentation process with the *Govern* and the *Notaria*. The legal fees will vary but will be approximately 1500 Euros for an S.L. and 1700 Euros for an S.A.

Assistance can be given with the provision of a *Pret Nom* if required. Consult us for details of fees etc.

Example of Costs - Formation of Andorran "S.L." company.

	Initial	Annual
Govern	800	700
Notary	500	
Lawyer	1500	
Andorra Partner	1500	1500
	-----	-----

Notes:

If the company is trading in the Comú of La Massana, for example, a fee of 850 Euros per annum would be payable. But this is not necessary if, for example, the company is utilized solely as a holding company.

Other Offshore Companies

We can also assist with the provision of directors for offshore companies of other jurisdictions, managed from Andorra. Information provided upon request.

Addendum "D"

RESIDENCIAS

General

Applications for *residencias* are handled by the Immigration Department of the Police.

Each application is considered independently following guidelines dictated by the current legislation on *residents passius*.

Anyone spending over 183 days in any calendar year in the country is by default a resident and is expected to apply for a *residencia*. A resident is therefore understood to reside in the country for at least 183 days in any calendar year.

A resident must have a bona fide address which may not be an hotel or post box.

Someone who is not officially resident is by default a tourist. A tourist may own a property in Andorra and enjoy it for a period of up to 183 days per year. This rule has not been strictly enforced in the past and there is at present no active policy of checking people in and out of the country.

Procedure

1. The applicant must provide himself/herself with a residential address in the Principality.
2. The applicant must personally open a bank account in the Principality; this cannot normally be arranged by a third party.
3. A yellow form of application must be collected from the police Immigration Department. This form must be completed in *Catalan* and submitted together with the following documents (originals or notarized copies only):
 - a. Passport (photocopy).
 - b. Birth Certificate.
 - c. Marriage or Divorce Certificate.
 - d. Certificate of Good Conduct from the police in your country of origin.
 - e. Proof of income/pensions from bank or other institution.
 - f. Proof of an address in Andorra. Title Deed.
 - g. Two passport type photographs.
 - h. Proof of a Private Health Plan.

The application can take some time to process although a formal receipt is given on presentation of completed documentation. During this time applicants are advised to keep in touch with the immigration authorities, particularly before and after leaving Andorra for trips abroad.

The following are the amendments/explanations to the law governing *residents passius* and applicable to all new residents and existing residents who are not pensioners:

- New residents will not have to pay an annual tax. There will be no assessment of income or assets and no inheritance tax.
- Foreign residents, individuals and heads of households, will be required to deposit the sum of 24,000 Euros with I. N.A.F. the Andorran Finance Agency. There is an additional deposit of 6000 Euros for the spouse. The deposit is returnable on leaving Andorra or giving up the *residencia*. The deposit does not earn interest. A further deposit of 6000 Euros is payable for any other dependent, e.g. each child under the age of 18, parent-in-law etc.
- Persons residing in Andorra for more than 183 days per year will be considered as residents and subject to current regulations.
- New applicants must show that they have an annual income of not less than three (3) times the minimum annual salary level stipulated by Andorran Social Security regulations, at present this is 9402 Euros per annum. This amount is increased by a factor of one for each dependent. We have been informed by Credit Andorra that if they are asked for a certificate to substantiate this requirement then they must have a similar amount in cash in the account in Andorra. This will naturally attract interest at the current rates. However, clients may choose to provide acceptable evidence to the immigration authorities e.g. statement of pension income.
- New residents must provide proof of a private healthcare insurance cover on a par with that provided by C.A.S.S., the Andorran Social Security System.
- Certificates of Good Conduct - British nationals must register with the Honorary British Consul in Andorra, currently Mr. Hugh Garner, and get a certificate of registration from him.

Think well..... do you really need a residencia? If you cannot or do not wish to spend 183 days in the year here you can probably get by with 'tourist' status.

Addendum "E"**PROPERTY TITLE DEEDS**

It is quite possible if you are new to Andorra, or contemplating the purchase of a property, you might have difficulty in understanding the different methods of conveying property titles.

In this information sheet we will explain in detail the various forms of contract which can be used and include a section on mortgages. It should be noted that ALL FORMS OF CONTRACT described hereunder are FULLY LEGAL, FULLY PROTECTED UNDER LAW, and it is impossible to purchase in Andorra any property with a PUBLIC DEED that has either a lien or mortgage attached, unlike in Spain for example.

At this point we must understand the essential difference between the PRIVATE CONTRACT and the TITLE DEED. The former is a document which is legally binding on all participants, however, if it has had the signatures witnessed by the Notary Public it is still just a private contract. As far as the Notary is concerned, a TITLE DEED must have been drawn up in its entirety by him and its clauses verified by him. Most important of all the purchaser, if a foreigner, must have acquired a certificate from the Andorran government giving permission to buy.

All transfer of property titles take place in front of the Notary Public of which there are four in Andorra. The Notaries, who are qualified lawyers, are public officials acting impartially in dealing with the many types of documents which are signed before them and which in most cases they draw up themselves. Thus lawyers are not necessarily required, as they are in other countries, and are extremely costly; the decision is yours.

You may appoint a person to have a restricted Power of Attorney for the purpose of purchasing a named property on your behalf in front of the notary Public should it be inconvenient for you to be in Andorra for the eventual transfer. We can arrange this for you. For your peace of mind it should be noted that well over 75% of all transfers handled by us over the past twenty years have been effected in this manner.

The Title Deeds available are as follows:

ESCRIPURA PUBLICA DE COMPRA-VENDA

All property in Andorra starts out having an ESCRIPURA PUBLICA (Title Deed) since all property originally started out with an Andorran owner (or a foreigner who has lived in Andorra for a minimum 20 years).

The simplest form of property transfer is therefore the NOTARISED transfer of the Title Deed from one Andorran to another. Simple that is, because, an Andorran is not subject to any restrictions on property ownership and an Andorran company has the same status. However, there comes a time when the Andorran wishes to sell his property to a foreigner. The foreigner, that is YOU, must petition the government by means of a *Sol.licitud*. This document, in *Catalan*, requests permission for you to buy (or sell) the property in question. A *sol.licitud* is not required from the Andorran vendor (but would be required from a foreign vendor). The government registers the *sol.licitud* and checks that the foreigner a. does not own more than one property and b. that the property in question conforms with the legislation in force at that time. Once approved, the *sol.licitud* opens the way for the Notary Public to draw up the *Escriptura Publica* (Title Deed).

A *sol.licitud* will automatically be granted to persons fulfilling the following conditions:

1. He/she is of full legal age - over 18.
2. He/she is the holder of a current passport or legal identity document.
3. The applicant (and his/her legal spouse) does NOT currently own another property by public title.
4. The building in question, if an OLD one, must have a. been authorised by the government for construction and sale, and b. have been passed by the government Public Services Inspectorate as conforming with the building regulations in force at that time. If it is a NEW building point a. must apply and in addition the building must comply with all the CURRENT building regulations. It follows that point b. must apply as soon as possible after completion.
5. If a plot of land or ONE chalet, the plot area must not be more than 1,000 m². If an apartment there shall be ONE only.
6. The old system of owning a property by means of a PROMESA IRREVOCABLE DE COMPRA-VENDA or irrevocable private contract of purchase or sale has been stopped and such documents are no longer legal.
7. It is possible that the Andorran government might shortly give foreigners the right to own more than one property in their own name but in the meantime the only way of owning more than one property is to register it in the name of another adult member of the family (not a spouse) or in the name of an Andorran company.

ANDORRA - BARCELONA TRANSPORT SERVICES

1. Share-Taxi Service

There are a number of private taxis operating a daily service, except Sundays and public holidays, to and from Barcelona. Broadly speaking there are two types of service, the schedule service and the special service. The schedule service, operates Mon-Sat incl. and departs Andorra and Barcelona simultaneously at 8am returning at 3pm. Each taxi takes four passengers plus limited luggage (1 suitcase + 1 hand-bag). The base charge is 25 Euros. The trip takes 3 hours depending upon clear roads. The driver will pick you up at your home/hotel (central location only) and deposit you in central Barcelona. The 8am service from Barcelona is provided by Spanish taxis which operate a complimentary service. There is an additional charge for delivery to the airport for example, or pick-up from outlying areas in Andorra e.g. El Serrat or Soldeu. Extra baggage must be declared on booking and an additional charge may be made. The taxis will not pick up from the airport on the schedule service. The special service is available for people who wish to travel outside schedule times and are prepared to take the whole taxi for themselves. They can also designate pick-up and drop-off point and take as much luggage as they wish. The cost is 150 Euros.

2. Novatel Mini-Bus Service

This company operates daily services, including Sundays and holidays, from Andorra la Vella to Barcelona airport. Cost 28 Euros per person (30 Euros for pick-up or drop-off at La Massana/Ordino). You must book in advance.

Depart Andorra for Barcelona 5am, 8am, 12.30pm and 3.15pm.

Depart Barcelona for Andorra 10.30am, 1pm, 5pm and 5.45pm.

Pick-up point is 50m north (turn right) on leaving Terminal "A" building or north (turn left) from Terminal "B". Take your trolley.

A new Andorra-Toulouse (Blagnac) Airport service has been launched and operates twice daily, leaving Andorra 5.30am and 2pm, leaving Toulouse 10am and 6.30pm. 28 Euros single and 54 Euros return.

3. Schedule Bus Service

ALSINA GRAELLS S.A.: This company run a bus to Barcelona daily from the depot in Avenida Tarragona, Andorra la Vella. The trip takes 4 hours. The cost of a ticket each way is 15 Euros. Departure from Andorra is at 7am and 2:30pm from Avenida Tarragona Bus Station. Departure from Barcelona is 6:30am and 3pm from Estació del Nord, Carrer Ali Bey.

Please note that the above times shown are subject to change without notice.

Addendum "G"

THE ANDORRAN SOCIAL SECURITY SYSTEM

Regrettably this service is not available to “passive” residents (non-employed). New residents must have Private Medical Insurance such as PPP or BUPA.

To qualify to join C.A.S.S. (caixa Andorran de Seguretat Social) applicants must be under the age of 60 and either an Andorran citizen or "resident" in Andorra under work contract, or children of residents, in order to join the C.A.S.S. scheme. It is obligatory for all workers under contract to join the C.A.S.S.

After application there is a 3 month period before one can use the system. Dependents can be registered after the 3 month period but there is then a 40 day period before they can use the system.

Children are counted as dependents up to the age of 18. For those children who are still students after the age of 18 a photocopy of a certificate of attendance issued by the education centre must be submitted to the C.A.S.S. at the start of each scholastic year. This allows the student continued cover under the contributing parent up to the age of 25.

Dependents are automatically registered for medical cover under this scheme but for pension rights they must apply separately. The minimum contribution is 214.50 Euros per month. See table of payments and points.

DOCUMENTS REQUIRED

Comú registration certificate
CASS forms in triplicate completed
Marriage certificate - for dependents
Work contract

PENSIONS

Pensions for both men and women are payable after the age of 65. The minimum pension is linked to an accumulation of a minimum of 960 points in the scheme. The current minimum pension is 150 Euros. Contributors who have not acquired 960 points by retirement age will still receive a pension but this is calculated on the points accumulated and does not receive the same upgrading and consideration as the minimum

pension. For free health cover after retirement the applicant must have accrued a minimum of 500 points.

Children up to the age of 18 are included under their parents cover. A wife is normally included under her husband's cover but for various reasons may prefer to have individual cover.

It is possible for a wife to claim a pension as a dependent under her husbands cover provided that he has qualified for a pension. She will receive half of her husbands pension entitlement. For a husband to receive a pension under his wife's cover he must make a special application to the "*Consell d'Admininstració*" giving good reasons to support his claim. For a wife to claim a pension (50% of the husband's pension) following the death of her husband she must qualify under at least one of the following conditions :

- a. Have a child under the age of 18.
- b. Have a disability which prevents her carrying out her professional work.
- c. Have reached the age of 45 on the death of her husband.

Pensions are paid directly into an Andorran bank account designated by the recipient.

PAYMENT AND POINTS (NON-EMPLOYED NON-AGRICULTURAL)

MONTHLY CONTRIBUTIONS - 1.01.2001

Class	Medical	Med. Sup.	Pension	Total	Points
A	111.47	12.39	90.64	214.50	8
B	111.47	12.39	113.30	237.16	10
C	111.47	12.39	135.96	259.82	12
D	111.47	12.39	181.28	305.14	16
E	111.47	12.39	271.92	395.78	24

C.A.S.S. will refund 75% of all claims relating to doctors bills and medicines. Dental bills are covered at the same rate although cosmetic work and gold fillings are only partially covered. Hospitalisation is covered as to 90% of the costs.

Addendum "H"

DRIVING AND OWNING VEHICLES IN ANDORRA

As a foreigner here on a visit, that is without a *Residencia*, you cannot register a new vehicle nor purchase a vehicle already registered, on regular Andorran licence plates, neither can you apply for an Andorran driving licence. However, you can register a car on Andorran tourist plates (see below) and until your *Residencia* has been approved you may drive your foreign registered car in Andorra provided it is insured.

We do recommend that you consult us about insuring your vehicle if you intend keeping it here permanently, your old policy is probably not suitable for Andorra. Many insurers cover you on a green card but their nearest representatives are normally in Barcelona or Toulouse and can sometimes take up to six weeks to come up to Andorra to examine your damaged vehicle, during which time you cannot use the vehicle or start repairs. Also, foreign insurers are chary about giving permanent green cards (British Composite Insurers particularly so) and may decline a claim if you have not been entirely honest with them e.g. concerning your place of residence. The disadvantage is that the local insurance rates are considerably higher than in other countries due to young persons in BMW's and Golf GTI's trying to emulate Alain Prost. Previous no-claims bonuses are not accepted here. There is no problem with insuring a foreign registered vehicle in Andorra.

Those who cannot wait to have a vehicle registered on Andorran plates have two alternatives. The first is to register under MT (tourist) plates. This is expensive as you have to pay 7% import duty on acquiring the plates and another 7% when you switch to normal plates and on top you pay 60 Euros per annum fee to the government. The second is to register the vehicle in the name of an Andorran company (ask us for details).

If you have a *Residencia* your car can be registered in your own name but the vehicle must not be more than FIVE years old; or if you have a 'vintage' car it *must* be over THIRTY years old. This may be a car that you have purchased here or one that you bought in your previous place of residence. You must have owned the vehicle for at least six months prior to being granted your *residencia*. When registering the car there is an initial 7% import duty payable on the book value of the vehicle and the licensing department charges 176.13 Euros for the yellow card (log book). The registration plates are purchased separately from the Andorra Automobil Club for a one off cost of 35.50 Euros. The yellow card has to be renewed annually and the charge is 24 Euros per year until such time as you have been resident ten consecutive years when you no longer have to renew your yellow card or *carta groga*.

Some tax-free export countries such as Denmark, Belgium & Holland can offer better prices on some cars than those available in Andorra. However, you must allow for a 10% VAT charge payable to the French customs as well as the Andorran duty of 7%. The 10% VAT can be reclaimed provided the car originates from within the EU, i.e. Japanese and American manufactured cars are not exempt.

The Andorran duty payable on any new registration is 7% of the invoice value, or book value if not a new car.

Please note that caravans, trailers and other tractable units have to be registered separately.

When arranging the registration of a motor vehicle through us you will need a total of three days to complete the process, with the car being required for about half an hour on the first day. We require an insurance certificate from an Andorran company in the name of the registered owner. The vehicle must be tested (TVI), the documentation completed with the customs and registration department and the number plates have to be collected from the Automobile Club and fitted.

As far as driving any vehicle in Andorra is concerned, you are permitted to drive those vehicles for which you are licensed in your country of origin (or where you hold your current licence) IN MOST CASES, in other words any signatory country of the International Convention 1949. A glaring exception to this rule is the United States, so if you hold one of these licences you will need to clarify your position. This rule will continue to apply for as long as you stay in Andorra, unless you apply for a *Residencia*.

Persons holding a *Residencia* are obliged to apply for an Andorran Driving Licence which will be exchanged for your current Driving Licence. You must do this within six months of obtaining the *Residencia* permit (NOT the receipt for the application). We recommend that before you do this, you apply for a copy of your current driving licence. It is always useful to have two licences! A brief medical test is required but normally you will not be required to take a driving test.

If you are driving in Spain and France in a vehicle which is not registered in your name you must have a Permit signed by the owner. This is obtainable from the Andorran Automobile Club. You must also check that you have a valid *green card* for the country in which you are touring; Morocco and Tunisia carry restrictions for Andorran card holders.

You are warned that on the spot fines are imposed in Andorra. Common offences are: Crossing a continuous white line, speeding, having faulty lights *and* not carrying spare bulbs, and not having headlights *on* when passing through the La Massana tunnels.

When towing you must display a sign with a yellow triangle on a blue background.

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General Note:

Information contained in this booklet is believed to be correct at the time of printing but we must ask you to check with us to ascertain updates and amendments.