

Guide to do business in

ANDORRA

**Chandrawat
& Partners**





ABOUT ANDORRA

The small, landlocked nation of Andorra in Europe is renowned for its stunning mountain regions, ski areas, and financial industry. Andorra is a tiny country, but it has a robust economy, making it a desirable location for international investors. Businesses seeking to expand in the area may find Andorra's highly educated population and moderate tax rates to be appealing. Andorra is a signatory to several international accords and a member of the UN, notably the Double Taxation Treaty with France and Spain, which is advantageous for local companies.

ADVANTAGES

Some advantages of doing business in Andorra are:

Stable Economy

With a high GDP per capita and a stable economy, Andorra is a desirable place for businesses to expand and invest.

Strategic Location

Because of its advantageous location halfway between France and Spain, Andorra serves as a great entry point for companies wishing to grow in both nations.

Skilled Workforce

Businesses looking for exceptional individuals are drawn to Andorra because of its highly trained workforce and high literacy rate.

Business-friendly environment

With a streamlined bureaucracy, effective public services, and a supportive government that actively encourages foreign investment, Andorra is renowned for its business-friendly climate.

High Quality of Life

Andorra is renowned for having a high standard of living, as well as first-rate public services, healthcare, and education. Because of this, it is a desirable location for companies trying to recruit and retain talent.

Individual tax

The personal income tax system was implemented in Andorra on January 1st, 2015. It is a tax made up of different parts that are applied to the same income tax base as neighboring nations. Without getting into the tax's numerous complexities and in a straightforward manner:

- From 0 to 24,000 € of income is taxed at 0%
- From €24,000 to €40,000 of income the rate is 5%
- Any amount over €40,000 of income is required to pay 10%

The taxation of savings income follows the same rules as income taxation, however, in this instance, the first €3,000 of investment income is tax-free. 10% tax is applied to the remaining income.

Corporate tax

The IS, or Impost de Societats (IS), which has a set general rate of 10%, is the tax on corporations that Andorra considers to be more pertinent.

There are in addition some bonuses for new corporations:

·In the first year, any taxpayer has a 50% reduction in the settlement fee. The appropriate tax rate for the first three years of activity is: For taxpayers of this tax who are constituted as new entrepreneurs of a new company or professional activity and who have an income of fewer than 100,000 euros:

- 5% for the part of the tax base between 0 and 50,000 euros.
- 10% based on remaining taxation.

Limited Company ("SL")

Comparable to the French limited company, a limited company is a type of business status most frequently utilized by smaller firms engaged in commerce and related service-related activities. We then refer to SLU, which may be administered by a single person.

The legislation specifies the need of having a statutory capital of at least € 3,000 to move forward with the formation of this kind of business and corporation in Andorra.

The installation costs to be provided are as follows:

- A flat-rate tax of around € 5,000–€ 6,000, of which € 1,000 is collected by the government; the remaining amount is used to pay for legal expenses, notarial deeds, and other taxes associated with establishing the preparatory paperwork for the foundation of the business in Andorra;
- Annual state fees, the total amount is about € 850.

Public Limited Company ("SA")

Large organizations typically use this kind of structure. A bigger or fewer number of shareholders each share in the capital of the SA.

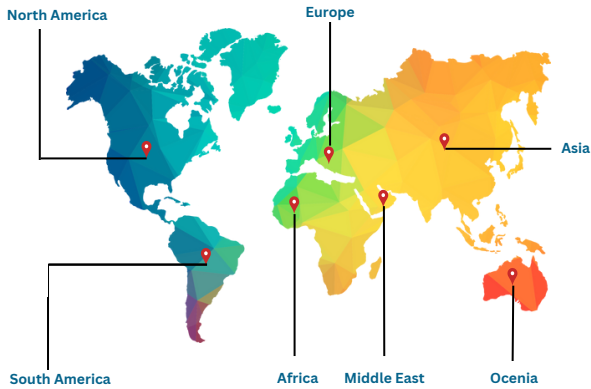
In Andorra, this kind of corporation must have a minimum of € 60,000 in capital. The license and registration price is 850 euros. Similar to the SL, installation expenses are also comparable.

For his business, a single individual may implement the adoption of this status. SAU (Société Anonyme Unipersonnelle), Public Limited Single-Member Corporation is what this is.

Sole Proprietorship ("S.L.U")

It is essentially a sole proprietorship with just one shareholder, thus the term "unipersonal." An S.L.U. must also have €3,000 in the capital when it is first established.

SERVING CLIENTS WORLDWIDE



The information contained herein is of a general nature. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. The information is not offered as an advice on any matter, and no one should act or fail to act based on such information without appropriate legal advice after a thorough examination of the particular situation. The information does not make us responsible or liable for any errors and/or omissions, whether it is now or in the future. We do not assume any responsibility and/or liability for any consequences.

Key Contact



Surendra Singh Chandrawat

Managing Partner

✉ surendra@chandrawatpartners.com

Connect Surendra on



WhatsApp



WeChat

Chandrawat & Partners is a leading and rapidly growing full-service firm providing high quality professional and corporate services to foreign and local clients, representing companies and individuals in a wide range of sectors through separate entities established in various countries worldwide.

Copyright © 2023 | All rights reserved | Chandrawat & Partners | Email: enquiries@chandrawatpartners.com | Website: www.chandrawatpartners.com

Follow us on:

