

GLOBAL HIRING GUIDE

Andorra



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01

BASIC COUNTRY FACTS

- **Full Name**
Principality Of Andorra
- **Capital**
Andorra La Vella
- **Main Languages**
Catalan
Spanish
French
Portuguese
- **Population**
79,034
- **Monetary Unit**
Euro
- **Internet Domain**
.ad
- **International Dialing Code**
+376
- **Currency**
Euro



02

STATUTORY LABOR REQUIREMENTS

Probation Period

- The probation period must be agreed in writing, both for contracts of indefinite and definite duration and cannot exceed 6 months.

Annual Leave

- Employees in Andorra are entitled to a minimum of 30 calendar days of paid annual leave after completing one year of employment with the company.
- Employees who have not worked for one year in the company are entitled to leave calculated on a pro rata basis at two and a half days for each month worked.

Public Holidays

The official public holidays are as follows:

1. New Year's
2. Epiphany
3. Shrove Monday
4. Andorran Constitution Day
5. Good Friday
6. Easter Monday
7. Labor Day
8. Whit Monday
9. Assumption of Mary
10. Feast of Our Lady of Meritxell
11. Feast of the Immaculate Conception
12. Christmas
13. St. Stephen's Day

Sick Leave

- Employees are usually entitled to 4 months of sick leave.

Maternity Leave

- Working mothers are entitled to 16 weeks of maternity leave with full pay from the social security for childbearing.
- In case of multiple births, the period is extended in two more weeks by every child.

Work Hours

- Andorra's work week comprises 40 hours.

- Every employee is entitled to a 30-minute break on every 6-hour work period.
-

Overtime

- Employees over the age of majority (over 18) and employers may agree to overtime of up to 15 hours per week, up to 60 hours per month, and up to 350 hours per year

Any overtime shall be entitled to an increase

- in the employee's base salary as follows:
 - 125% surcharge for up to four hours
 - 150% for hours ranging between four and eight and
 - 175% for any other hour afterwards.

Notice Period

- During the first six months of the contract, the employee may be dismissed without notice, subject to payment of financial compensation equivalent to fifteen days' salary.
- If the dismissal takes place during the trial period, the compensation is established at the rate of one and a half days per month worked.
- After the first six months, the dismissal is carried out in return for:
 - one day's notice per month worked up to a maximum of 90 days.
 - payment of financial compensation at the rate of one and a half days' salary per month worked, up to a maximum of 270 days.

13th Month

- 13th month pay is not mandatory in Andorra

03

INCOME TAX

- Residents are subject to personal income tax on their worldwide profits and capital gains
- Nonresident individuals are taxed only on Andorra-source income
- An individual is resident in Andorra if he/she spends more than 183 days in Andorra within a 12-month period or has his/her center of economic and/or vital interests in Andorra
- Taxable income includes employment income, capital gains, moveable and immovable income, and entrepreneurial income

TAXABLE INCOME	RATE (%)
Up To EUR 24,000	0%
EUR 24,001 to EUR 40,000	5%
Over EUR 40,000	10%



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SOCIAL SECURITY

- Andorra has a social insurance and social assistance system.
- Membership of the Andorran Social Security (CASS) is mandatory for all employees, the assimilated and by persons performing an activity on their own. It covers both the illness and retirement:

Employee

- 6.5% of gross wages paid by the employee
- 15.5% by the employer

Self-Employed Person

- 22% average wage for employed persons
- Reductions up to 75% (depending on conditions)

CONTRIBUTION	EMPLOYER	SELF-EMPLOYED PERSON	EMPLOYEE
Social Insurance	15.5%	22%	6.5%

IMMIGRATION

Immigration

- All foreigners wishing to work in Andorra need work permits.
- These are obtained by employers – whether Andorran individuals or companies – on behalf of employees.
- Self-employment is not allowed until after 10 years' residence or trade in Andorra.
- A resident visa will allow you to live in the country for longer than the 90-day tourist allowance.
- There are two main options available: passive residency and active residency.
- Andorra's passive residency program offers visas to individuals that wish to become a resident of the country, while performing most of their economic activities outside of it.
- Residency in Andorra allows individuals to legally minimize their tax while maintaining an enviably high standard of living.
- Initially, passive residence permits are given for 2 years.
- This is then renewed for another 2 years, then 3 years, then 10 years.
- After 20 years, you can apply for citizenship.
- For all types of passive residency in Andorra, a mandatory investment of €50,000 must be made into Andorra's economy.
- For those with their own companies, Andorra's active residency program is known locally as "residència i treball per compte propi" or "compte propi" for short.
- That is, residence and self-employment.
- This type of residency has been coined "Category D" by some local agents, though that is not its official name.
- Active residence via compte propi requires:
 - either renting or purchasing a property in Andorra of at least 20m²; you will need to provide a rental contract or property title upon application
 - apostilled documents, dated within 3 months; depending on the current requirements (seems to change often) and your personal circumstances, however expect to provide the following:
 - police certificate from your country of birth
 - police certificate from your current country of residence
 - birth certificate or copy of passport
 - marriage certificate

- apostilled birth certificate or passport
- foreign investment approval from the government
- a meeting in person at a notary
- company incorporation
- deposit of €3000 share capital in an Andorran bank, this amount then belongs to your company
- a local trading license
- a work permit for the shareholder/s
- medical examination and interview
- registration with CASS, Andorra's healthcare system
- a €15,000 deposit with INAF

- Those seeking residence under compte propi must own at least 11% of a local company and be a working director of that company.

TYPE OF VISA	DOCUMENTATION	VALIDITY	ELIGIBILITY
<p>Passive Residence</p>	<ul style="list-style-type: none"> • A valid passport as well as a civil status certificate • A health insurance certificate • A financial certificate showing the deposit of the amount of €50 000 deposited to the INAF (Andorran National Institute of Finances) • Proof of an income at least 300 times upper the Andorran minimum income • Proof of clean criminal record 	<p>2 years (renewable)</p>	<ul style="list-style-type: none"> • Andorra's passive residency program offers visas to individuals that wish to become a resident of the country, while performing most of their economic activities outside of it.
<p>Active Residence (Category D)</p>	<ul style="list-style-type: none"> • Rental contract or property title upon application • Apostilled documents, dated within 3 months • Police certificate from your country of birth • Police certificate from your current country of residence • Birth certificate or copy of passport • Marriage certificate • Apostilled birth certificate or passport • Foreign investment approval from the government • Company incorporation • Deposit of €3000 share capital in an Andorran bank, this amount then belongs to your company • A local trading license • A €15,000 deposit with INAF 	<p>Maximum 6 years</p>	<ul style="list-style-type: none"> • For those with their own company, Andorra's active residency program is known locally as "residència i treball per compte propi" or "compte propi" for short. • That is, residence and self-employment. • Those seeking residence under compte propi must own at least 11% of a local company and be a working director of that company.

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VALUE ADD TAX

Value Added Tax

- In Andorra, the VAT is the lowest anywhere in Europe, with a general rate of 4.5%.
- It is known as "I.G.I.", short for "impost general indirecte".
- Exceptions include:
 - 1% on certain media like books, magazines and newspapers,
 - 1% for food and drink (except alcohol),
 - 2.5% on works of art,
 - 2.5% on fees charged by tourism operators,
 - 9.5% on banking and financial services charges.
- Education, healthcare and medicine are all exempt from the VAT in Andorra.

VAT	
Higher Rate	9.5%
Standard Rate	4.5%
Reduced Rate	2.5%
Reduced Rate	1%
Exempt	0%

07

TERMINATION

- The contract might be terminated in the following cases:
 - Expiration of the term or termination of the work for which the employee has been agreed upon.
 - Mutual agreement of the parties.
 - Death or permanent disability of the person worker to carry out the work contracted.
 - Death, incapacity or retirement of the employed person.
 - When the worker is deprived of freedom by court.
 - Declaration of bankruptcy of the employer.
 - An objective need to amortize the job places due to economical, technical, organizational or other causes.
- The contract might be terminated by the employer by means of a notice communicated with terms calculated as one day per month worked up to a maximum of 90 days and with the payment of compensation.
- An employee might terminate the contract in the following cases:
 - During the trial period, without prior notice.
 - By means of a ten-day notice, if it's been less than a year of work for the company, and ten days plus one day per every month worked, up to a maximum of thirty days, if there is more than one year of work for the company.
 - Without prior notice if an accident or force majeure makes it impossible to continue to work.
 - In case of retirement age, by means of the corresponding communication to the employer with a minimum of three months' notice.

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STATUTORY BENEFITS

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, maternity leave, overtime pay
- Statutory benefits also include social security benefits

STATUTORY BENEFITS

- Probationary Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Overtime Pay
- Social Security Benefits



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