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## International property: Why buying in Andorra is not a taxing option

More of us are being drawn to the principality of Andorra for its year-round appeal



Grandvalira ski resort makes for the perfect holiday

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11:53AM GMT 15 Feb 2016

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**Andorra** may lack the élan of the top **Swiss and French ski resorts**, but its recent tax and residency reforms could bring a fresh deluge of overseas homebuyers choosing the tiny principality over its more expensive Alpine rivals.

Flanked by the borders of France and Spain, Andorra claims 300 days of sunshine, is three hours' drive from **Barcelona**, and boasts 300km of skiing in the two resorts of Grandvalira and Vallnord.

For ski bunnies, snow cannons keep 60 per cent of the runs open, but it should also appeal all year round to walkers, sporty sorts and nature lovers.

Jane Whittaker, 49, fell in love with and married her Andorran ski instructor 30 years ago. The lack of information about living and buying property there led her to start a relocation and residency agency ([livinginandorra.com](http://livinginandorra.com)) and she has seen a 10 per cent yearly rise in inquiries from Britain.



View of Els Vilars

“Families come here for the schooling, where children learn Spanish, French and Catalan. It’s a lovely place to bring them up, with no crime; it’s very clean and the climate is excellent for outdoor activities and the locals are very welcoming.” The private International School of the Pyrenees in La Massana has 270 students of 19 nationalities, and fees are £630 per month including food.

But this is not just an idyllic haven for skiers and those who love the great outdoors. There are also newly implemented tax benefits and incentives to live there.

Passive or non-working residents now need only spend 90 days in the country, reduced from 183, and income tax is a low 10 per cent at its highest rate, making it an attractive option for foreign investment and entrepreneurs.

“Most British buyers start out looking for a holiday home but 90 per cent end up applying for residency,” says Ralph Lünenschloss, a partner at Andorra Sotheby’s. “There’s little unemployment and it’s a very safe and secure environment.”



A combined government and local stamp duty of four per cent, considerably lower than rates on a second home purchased in Britain, is attracting holiday home hunters, and there is no capital gains tax if the property is owned for more than 12 years. Significantly for retirees, there is no inheritance tax and British wills are recognised.



Property is also far cheaper than its European ski resort alternatives. According to Andorra Sotheby's, a luxury mountain property with direct access to the slopes will cost around €1,320 (£1,033) per square feet, while a town-based apartment within a short drive of the slopes could cost around €2,800 (£2,200) per square feet.

In comparison, the average price of a home in the French resort of **Chamonix** is €3,000 (£2,400) per square feet, according to Knight Frank.

John Nicholson, 69, has been holidaying in Andorra since 1969 and bought a large three-bedroom apartment with two huge south-facing terraces overlooking the slopes at Grandvalira in El Tarter with his wife, Alison, in 2005. "We stay here for four or five months in the winter," says Nicholson, whose dog can travel to and from Britain with her own pet passport.

Now they are downsizing and hope to buy another home in the local area. The three-bedroom, four-bathroom apartment with a ringside view of the piste is on the market with Andorra Sotheby's for €1.19 million (£923,000).



Escas: This three-bedroom house has a master suite and hot tub, [sothebysrealty.com](https://www.sothebysrealty.com)

La Massana, Ordino, Arinsal, Soldeu and Pas de la Casa are popular locations for British buyers, where prices start at around €200,000 (£155,000).

A four-bedroom home in the exclusive Pleta d'Ordino development of individually architect-designed homes in the pretty town of **Ordino** is built in a rustic style using local brown granite and pine and features an open-plan living/dining area on the top floor with views across the valley for €860,000 (£668,000) from Andorra Sotheby's.

It's an ideal "lock up and leave" property and would rent for €3,500 (£2,700) per month (2.4 per cent yield on a six-month rental).

Also in Ordino, popular for hiking, camping and mountain biking in the summer, the world-renowned French architect Jean Nouvel is building a luxury landmark residential apartment block with spa facilities and individual lifts to each home. Prices range from €1.8 million (£1.4 million) for a one bedroom home to more than €5 million (£3.9 million) for four bedrooms.

But just how simple is the **buying process** in Andorra? Once an offer has been accepted, a buyer makes a 10 per cent deposit, which is usually non-refundable.



The estate agency will then prepare the contract with the notary, and survey and searches are carried out. It's possible to complete in up to four weeks.

Buyers need to supply a police check from their country of origin and residency, costing £80 in Britain, which will need to be "legalised", along with any marriage certificates, by the British Government.



Bixessarri: A four-bedroom villa next to a 16th century monastery, [sothebysrealty.com](https://www.sothebysrealty.com)

"The doors are open," says Lünenschloss, "but you have to fulfil the requirements. If you don't have a job or enough money you don't get to live here."

Most properties are bought with cash, but mortgages of up to 60 per cent loan-to-value are available through Andorran banks and can be offset against tax.

Owners who wish to rent their properties need to register with the local community, but unless you are a fiscal or "active" resident rental incomes are not taxed.

So are there any downsides to living in Andorra?

"We have to wait until the end of the day to ski when the visitors have left," says Whittaker, "but other than missing English tea bags I can't think of anything."