

ANDORRA

Law 19/2016, of 30 November on automatic exchange of financial account information in tax matters Extracts

Article 4. *Andorran Non-Reporting Financial Institutions*

1. For the purposes of this Law, Andorran non-reporting financial institutions are financial institutions resident in Andorra, as defined in paragraph B of Section VIII of Annex I of this Law and, in particular, the following:

- a) the Principality of Andorra and its public Administration:
 - the Government and bodies under its direction;
 - the *Comuns* and *Quarts* and their dependent bodies;
 - the autonomous bodies or para-public entities;
- b) the Andorran National Institute of Finance (INAF) (*I'Institut Nacional Andorrà de Finances*);
- c) the Andorran Social Security Authority (CASS) (*Caixa Andorrana de Seguretat Social*);
- d) the National Agency for the Resolution of Banking Institutions (AREB) (*Agència Estatal de la Resolució d'Entitats Bancàries*); and
- e) the Pension Reserve Fund (*Fons de reserva de jubilació*).

2. The Government, acting on a proposal of the Minister of Finance, may designate other entities as non-reporting financial institutions if such institutions present a low risk of being used to evade tax and they have substantially similar characteristics to any of the entities described in paragraph B.1 (a) and (b) of Section VIII of Annex I of this Law or in the applicable agreement or convention.

Article 5. *Excluded Accounts*

1. For the purposes of this Law, accounts excluded from reporting are those defined in paragraph C.17 of Section VIII of Annex I of this Law and, in particular, the following:

a) accounts linked to insurance contracts or any other contractual arrangement for pension plans and other social welfare instruments with the characteristics set forth in article 7 of the Implementing Regulations of Law 5/2014, of 24 April, on personal income tax, if any of the following requirements are met:

- (i) annual contributions must not exceed USD 50,000; or
- (ii) the maximum lifetime contribution must not exceed USD 1,000,000, in each case applying the rules set forth in paragraph C of Section VII of Annex I of this Law for account aggregation and currency translation.

Andorran reporting financial institutions shall report annually to the Ministry of Finance the total amount of contributions made to these accounts and shall submit a report issued by an

external auditor in the terms provided for in article 24 of the Implementing Regulations of Law 5/2014, of 24 April, on personal income tax. The time and manner of the report will be determined by decree;

b) accounts linked to insurance contracts or any other contractual arrangement for savings products for purposes other than retirement, if the following requirements are all met:

(i) the savings product is linked to welfare, educational or social purposes related to:

- unemployment or prolonged situations in which the household economy worsens significantly for reasons beyond the policyholder's control, either due to an increase in expenses or a decrease in income;
- accidents, disability or other diseases;
- the account holder's or of any of his/her relatives' education;
- the acquisition of a residence;

(ii) account withdrawals are conditioned on meeting specific criteria related to the purpose of the investment or savings account, or penalties apply to withdrawals made before such criteria are met;

(iii) annual contributions must not exceed USD 50,000, applying the rules set forth in paragraph C of Section VII of Annex I of this Law for account aggregation and currency translation.

Income deriving from savings products that meet these requirements is treated as capital income exempt from tax, in accordance with articles 13 and 15 of Law 94/2010, of 29 December, on non-resident income tax.

2. For the purposes of paragraph C.17 of Section VIII of Annex I of this Law, the following financial accounts are excluded from reporting:

a) inactive accounts with a balance that does not exceed USD 1,000. An account is considered to be inactive when:

(i) the account holder has not initiated a transaction with regard to the account or any other account held by the account holder with the same reporting financial institution in the past three years;

(ii) the account holder has not communicated with the reporting financial institution regarding the account or any other account held by the account holder with the same reporting financial institution in the past six years;

(iii) the account is treated as an inactive account under the financial institution's ordinary operative procedures;

(iv) in the case of a cash value insurance contract, the reporting financial institution has not communicated with the account holder that holds such account regarding the account or any other account held by the account holder with the same reporting financial institution in the past six years.

b) operative current accounts exclusively used to make payments associated with the ownership or use of a residence located in the Principality of Andorra, in the following terms:

(i) the average annual balance does not exceed USD 10,000;

(ii) the account is used for the direct debit of utilities expenses (electricity, water and heating, among others) and other payments.

c) custodial accounts in which public debt securities issued by the Andorran Government or by other Andorran public institutions are deposited, with an average annual balance that does not exceed USD 50,000.

3. The Ministry of Finance may designate other financial accounts as excluded accounts if such accounts present a low risk of being used to evade taxes and they have substantially similar characteristics to any of the accounts described in paragraph C.17 (a) to (f) of section VIII of Annex I of this Law.