



PORTRAIT OF A TERRITORY

France - Spain - Andorra

COMPARISON OF FRAMEWORK CONDITIONS

While a comparison of France and Spain enables us to identify some differences in framework conditions, overall the systems are not fundamentally different. In terms of taxes, the level of corporation tax is similar (around 30%), as is the level of VAT, following increases in both countries (20% in France and 21% in Spain). Labour costs are higher in France, however: employers' contributions are higher (45% of gross pay in France, compared with 30% in Spain), as is the minimum wage (€1,430 gross per month, compared with €753⁶³ – equivalent to a 35-hour week in France, but a 40-hour week in Spain, with no obligation to pay a higher rate for overtime).

The situation in Andorra, which borders both France and Spain, is fundamentally different. Before 2011, Andorra stood out for having a tax system which did not directly tax the income of natural persons, commercial profits or inheritance. Andorra introduced a direct taxation from 2012 (taxing corporate profits, revenue from economic activities and all income for non-residents), VAT at 4.5% from 2013 and income tax at 10% (single fixed rate) during 2014.⁶⁴

⁶³ Source: Eurostat, 2013.

⁶⁴ Source: <http://www.diplomatie.gouv.fr/fr/dossiers-pays/andorre/presentation-d-andorre/>