

BASE PROSPECTUS SUPPLEMENT



PRINCIPALITY OF ANDORRA PROGRAMME FOR THE ISSUANCE OF NOTES

This base prospectus supplement dated September 24, 2014 (the "**Supplement**") is supplemental to, forms part of and must be read in conjunction with, the base prospectus dated December 4, 2013 (the "**Base Prospectus**") prepared by the Principality of Andorra (the "**Issuer**") with respect to the programme for the issuance of notes described in the Base Prospectus (the "**Programme**").

Unless otherwise defined herein, terms defined in the Base Prospectus shall have the same meaning when used in this Supplement.

This Supplement has been prepared in order to update and supplement the content of the Base Prospectus regarding the taxation of the Notes.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated in the Base Prospectus, the statements in (a) above will prevail.

This Supplement does not constitute a prospectus for the purposes of Article 16 of Directive 2003/71/EC, as amended.

This Supplement is dated September 24, 2014

Updates to the Base Prospectus

At the date of this Supplement there is no taxation applicable to individuals with tax residency in Andorra.

Nevertheless, on April 24, 2014, the Law 5/2014 on Personal Income Tax was passed by the Parliament of Andorra, and will enter into force on January 1st, 2015, date from which personal income arising from the Notes will qualify as capital investment.

Notwithstanding the foregoing, the income arising from Andorran debt has been exempted under article 5.n of the Law. Therefore, income arising from the Notes will be taxable but exempt as from January 1st, 2015.

The Base Prospectus as a whole and, in particular, the following sections of the Base Prospectus: (a) *Risk factor relating to the Notes (viii) Tax Regime*; (b) *Section 8.4 of the Terms and Conditions of the Notes "Taxation on the income of individuals"*; (c) *Taxation – Taxation on the income of individuals*; and (d) *Description of the Issuer – Taxation*, shall be read considering the recent adoption of the abovementioned Law.