

Estonia Country Profile

EU Tax Centre

July 2015

Key tax factors for efficient cross-border business and investment involving Estonia

EU Member State Yes

Double Tax Treaties With:

Albania	France	Lithuania	Slovenia
Armenia	Georgia	Luxembourg	Spain
Austria	Germany	Macedonia	Sweden
Azerbaijan	Greece	Malta	Switzerland
Bahrain	Hungary	Mexico	Thailand
Belarus	Iceland	Moldova	Turkey
Belgium	India	Netherlands	Turkmenistan
Bulgaria	Rep. of Ireland	Norway	UEA
Canada	Isle of Man	Poland	UK
China	Israel	Portugal	Ukraine
Croatia	Italy	Romania	US
Czech Rep.	Jersey	Russia ^(a)	Uzbekistan
Cyprus	Kazakhstan	Serbia	
Denmark	Rep. of Korea	Singapore	
Finland	Latvia	Slovakia	

Note: (a) Treaty signed but not yet in force.

Forms of doing business Public limited company (aktsiaselts, AS)
private limited company (osaühing, OÜ)

Legal entity capital requirements Minimum share capital of a public limited liability company is EUR 25,000
minimum share capital of a private limited liability company is EUR 2,500

Residence and tax system A legal person is a resident if it is established pursuant to Estonian law.
Resident companies are taxed on their worldwide income when distributed (not taxable as long as it is retained in the company), and non-resident companies on Estonian source business income when distributed.

Compliance requirements for CIT purposes	Form TSD (a combined tax return for CIT and payroll taxes) should be filed when profits are distributed or payments treated as profit distributions are made.
Tax rate	The standard corporate income tax rate is 20 percent.
Withholding tax rates	<p>On dividends paid to non-resident companies</p> <p>No withholding tax</p> <p>On interest paid to non-resident companies</p> <p>No withholding tax</p> <p>On patent royalties and certain copyright royalties paid to non-resident companies</p> <p>A rate of 0 percent is applied if royalties are at arm's length and between affiliated companies established in the EU, under certain conditions. In all other cases: 10 percent (unless DTT provides a more favorable rate).</p> <p>On fees for technical services</p> <p>No, but WHT is applicable on payments to a non-resident for services provided in Estonia (can be reduced under DTT).</p> <p>On other payments</p> <p>No withholding tax</p> <p>Branch withholding taxes</p> <p>No withholding tax</p>
Holding rules	<p>Dividend received from resident/non-resident subsidiaries</p> <p>Corporate income tax is not applied on redistributed dividends if the recipient is a company holding 10 percent or more of the share capital of the company distributing the dividends, and either the latter is resident in Estonia, the EEA or Switzerland, or the underlying profit has been subject to foreign tax, or the dividend received has been subject to foreign withholding tax. If the holding rules are not fulfilled, the credit method is generally applied.</p> <p>Capital gains obtained from resident/non-resident subsidiaries</p> <p>Capital gains are exempt until a distribution is made.</p>
Tax losses	No
Tax consolidation rules/Group relief rules	No



Registration duties	Minimal
Transfer duties	<p>On the transfer of shares</p> <p>Minimal</p> <p>On the transfer of land and buildings</p> <p>Minimal</p> <p>Stamp duties</p> <p>Minimal</p> <p>Real estate taxes</p> <p>The only property tax imposed in Estonia is a land tax.</p>
Controlled Foreign Company rules	Yes. However, as companies are tax exempt on retained income, the income of Controlled Foreign Companies can only be attributed to resident individuals.
Transfer pricing rules	<p>General transfer pricing rules</p> <p>Yes</p> <p>Documentation requirement</p> <p>Yes</p>
Thin capitalization rules	No
General Anti-Avoidance rules (GAAR)	Yes
Specific Anti-Avoidance rules/Anti Treaty Shopping Provisions	No
Advance Ruling system	Yes
IP / R&D incentives	No
Other incentives	No



VAT

The standard rate is 20 percent, and the reduced rates are 9 and 0 percent.

**Other relevant
points of attention**

No

Source: Estonian tax law and local tax administration guidelines, updated 2015.



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