

ESTONIA

- 0- SYNOPTIC TABLE: TAXATION OF RESIDENTS AND NON-RESIDENTS
- 1- AN OUTLINE OF COMPANY LAW
- 2- WHEN ESTONIAN COMPANIES CAN BE CONSIDERED RESIDENT OR NON-RESIDENT?
- 3- BUSINESS AND NON-BUSINESS ACTIVITIES (ADMINISTRATIVE OFFICES, LIAISON OFFICES, PURCHASING OFFICES, ETC.)
- 4- WHICH FOREIGN LOCAL UNITS CAN BE OPENED IN ESTONIA: SECONDARY ESTABLISHMENTS, BRANCHES, SUBSIDIARIES OR PERMANENT ESTABLISHMENTS?
- 5- CALCULATING TAXABLE INCOME
- 6- TREATMENT OF LOSSES
- 7- IS INTEREST DEDUCTIBLE?
- 8- IS DEPRECIATION DEDUCTIBILITY ACKNOWLEDGED?
- 9- WHAT TAX TREATMENT IS APPLIED TO RESIDENT COMPANIES?
- 10- ARE GROUP COMPANIES CONSIDERED SINGLE COMPANIES FOR FISCAL PURPOSES?
- 11- WHAT TAX TREATMENT IS APPLIED TO FOREIGN LOCAL UNITS AND NON-RESIDENT COMPANIES?
- 12- ARE CAPITAL GAINS TAXED?
- 13- WHAT TAX TREATMENT IS APPLIED IN CASE OF COMPANY LIQUIDATION?
- 14- TRANSFER OR REPURCHASE OF SHARES: HOW ARE THEY TAXED?
- 15- WHAT OTHER TAXES ARE APPLIED IN ESTONIA?
- 16- DIVIDENDS, INTEREST AND ROYALTIES: HOW ARE THEY CONSIDERED AND TAXED?
- 17- HOW ARE CALCULATED STOCKS OR INVENTORIES?
- 18- HOW ARE RESIDENT INDIVIDUALS TAXED?
- 19- HOW ARE FOREIGN INDIVIDUALS TAXED? WHEN ARE THEY CONSIDERED RESIDENT?

- 20- TERMS FOR TAX PAYMENTS: THE FISCAL YEAR IN ESTONIA
- 21- WHAT TAX INSPECTIONS ARE MADE?
- 22- CAN TAXPAYERS AGREE IN ADVANCE THEIR TAX TREATMENT?
- 23- WHAT EXCHANGE CONTROLS ARE CARRIED OUT?
- 24- WHAT TAX RELIEFS AND INCENTIVES ARE GRANTED BY THE ESTONIAN GOVERNMENT?
- 25- HAS ESTONIA SIGNED BILATERAL TAX AGREEMENTS WITH OTHER COUNTRIES? TABLE OF WITHHOLDING TAXES

Last reviewed: [September 24](#)

Embassy of Italy in Estonia

Tallinn – Embassy of Italy
Amb. Stefano Catani
Vene 2 – 15075 Tallinn
Tel.: 00372 6276160
Website: <https://ambtallinn.esteri.it/it/>
E-mail: ambasciata.tallinn@esteri.it

Consulate of Italy in Estonia

In Estonia, the Consular Office of the Italian Embassy in Tallinn is available for services and assistance to compatriots and for issuing visas.
Consular Office: Giulia De Nardo
Tel.: 003726276160
Website: <https://ambtallinn.esteri.it/it/chi-siamo/la-rete-consolare/>
E-mail: consolare.tallinn@esteri.it

Chamber of Commerce and Industry in Estonia

Toom-Kooli 17, 10130 Tallinn
Tel.: 372 6040060
Website: www.koda.ee
E-mail: kosa@koda.ee

Embassy of Estonia in Italy

Rome – Embassy of Estonia
Amb. Lauri Bambus
Via Clitunno, 34-36 – 00198 Rome
Tel.: 0039 06 844 075 10
Fax: 0039 06 844 075 19
Website: <https://rome.mfa.ee/it/>
E-mail: Embassy.Rome@mfa.ee

Consulate of Estonia in Italy

Milan – Honorary Consulate of Estonia
Hon. Cons. Piergiorgio Valente
Viale Bianca Maria 45 – 20122 Milan
Tel.: 0039 345 6656632
E-mail: estoniaconsolatomilano@gebnetwork.it

0- SYNOPTIC TABLE: TAXATION OF RESIDENTS AND NON-RESIDENTS

	RESIDENTS	NON-RESIDENTS
CORPORATE INCOME TAX	20% flat rate 14% on regular income distributions	
TAXES ON CAPITAL GAINS	Taxed as ordinary income (20%)	
WITHHOLDING TAXES		
Dividends	0%	
Interest	0%	
Royalties	10%	
PERSONAL INCOME TAX	20% flat rate	
OTHER TAXES		
Land tax	From 0.1% to 1%	
Environmental taxes	Applied on natural resources and emission of pollutants	
Gambling tax	<ul style="list-style-type: none"> - fixed monthly payments ranging from 32€ to 1,406 € - percentages ranging from 6% to 22% of monthly sales or accepted bets 	
V.A.T.	22%, 9%, 5% and 0%	
LOSSES		
Carried forward	Allowed	
DEPRECIATION		
Fixed assets	Unlimited tax depreciation allowed	
Intangible assets		

1- AN OUTLINE OF COMPANY LAW

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Private limited company</i>	It can be formed by one or more members that can be individuals and/or corporate entities. There is no minimum registered capital requirement for a private limited company: this was applied before 1 February 2023. Company administration is carried out via the shareholders' general meeting and by a management board.	It is founded when the memorandum and articles of association are approved by the members and certified by a notary. Companies having only one member are founded on the basis of a notarised foundation deed. A company must be incorporated via entry in Estonia's Commercial Register within 12 months of its foundation.	A private limited company may also choose to have a supervisory board by including a provision to this effect in its articles of association. Generally the appointment of an auditor is also optional for private limited companies.
<i>Public limited company</i>	A public limited company can be formed by one or more individuals and/or corporate entities. The minimum registered capital requirement for this kind of company is EUR25,000. A public limited company may have its shares admitted for trading on the stock exchange market. The administration of the company is conducted via a shareholders' general meeting, a management board and a supervisory board. A supervisory board is obligatory for public limited companies, as is the appointment of an auditor.	It is founded when the memorandum and articles of association are approved by the members and certified by a notary. Companies having only one member are founded on the basis of a notarised foundation deed. A company must be incorporated via entry in Estonia's Commercial Register within 12 months of its foundation.	Public limited companies that have more than two shareholders are required to have their financial statements audited.
<i>Partnership</i>	The Estonian Commercial Code provides for 2 types of partnership: <ul style="list-style-type: none"> • general partnership • limited partnership. A general partnership is formed by at least 2 members that may be individuals or corporate entities trading under a common business name and on the basis of a partnership agreement. The members of this kind of partnership are liable for the obligations of the partnership with all of their assets. There is no registered capital requirement.	While a general partnership is only formed by general partners whose liability is unlimited, a limited partnership is formed by at least one general partner, and at least one limited partner, whose liability is limited to the amount of their unpaid contribution.	
<i>Sole proprietorship</i>	A sole proprietorship is composed of a single individual who owns and operates a business, which does not result in a distinct legal entity. All the assets and liabilities of the business belong to the sole proprietor and liability can extend to all assets, not just those actively used in the business.	Of all Estonian business entities, the sole proprietorship involves the least number of formalities and minimal cost to set up.	

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Branch</i>	A non-resident business may generally conduct permanent business activities in Estonia under the same conditions as a resident business through the registration of a branch or other permanent establishment (PE). A branch does not constitute a separate legal entity and consequently all liability is ultimately born by the parent.	A branch must be registered with the Commercial Register and must have a permanent address in Estonia and at least one director who is resident in Estonia, another EU/EEA state, or Switzerland. The application for entry of the branch in the Commercial Register is submitted by the prospective director of the branch, together with a number of supporting documents.	

2- WHEN ESTONIAN COMPANIES CAN BE CONSIDERED RESIDENT OR NON-RESIDENT?

A corporation is deemed to be resident in Estonia if it is registered under Estonian law. Individuals, on the other hand, are treated as being resident in Estonia if their principal place of residence is in Estonia or if the individual spends 183 or more days in 12 consecutive calendar months in Estonia.

3- BUSINESS AND NON-BUSINESS ACTIVITIES (ADMINISTRATIVE OFFICES, LIAISON OFFICES, PURCHASING OFFICES, ETC.)

Estonian law provides for different forms of business entity. The choice of business entity has significant and ongoing implications for the tax treatment of the income derived by the entity and the costs of compliance with regulatory requirements.

In addition to the ordinary business forms, the Commercial Code also recognises other kinds of entity including commercial associations (cooperatives) and foundations. However, these structures are rarely used to conduct business in Estonia.

4- WHICH FOREIGN LOCAL UNITS CAN BE OPENED IN ESTONIA: SECONDARY ESTABLISHMENTS, BRANCHES, SUBSIDIARIES OR PERMANENT ESTABLISHMENTS?

In Estonia, a permanent place of business is defined as an economic entity through which a non-resident's permanent economic activity takes place in Estonia.

A permanent place of business arises as a result of economic activity of a geographically defined or mobile nature, or as a result of economic activity taking place in Estonia through a representative authorised to conclude contracts on behalf of a non-resident.

5- CALCULATING TAXABLE INCOME

The tax basis of Estonian companies consists of all specific distributions including dividends, capital reductions, repurchase of shares or proceeds from company liquidation, as well as other deemed distributions, including fringe benefits, gifts, donations, and generally all outgoings not related directly to business.

The most significant tax exemption is the exemption for undistributed profits. In Estonia, income and gains are tax-exempt before being distributed. Other major exemptions include the following:

- interest payments made to non-residents
- dividend payments that qualify for the participation exemption, and

- certain capital gains.

Royalties paid to non-residents are generally subject to 10% withholding tax, modifiable by tax treaties or by the EU Interest and Royalties Directive. Under this Directive, Estonia exempts from withholding tax royalty payments between affiliated EU entities where the direct shareholding in the company was 25% or more for at least two years prior to the date of the payment.

Due to the fact that Estonian tax is charged only on distributed profits and gains, deductions are not actually subtracted from taxable income. Instead, these are considered to be allowable expenses on which no tax is charged. By contrast, expenses that are not allowable are charged to tax as they are incurred, since these are treated as deemed profit distributions. In this sense, the treatment of tax deductions is somewhat similar to that of tax exemptions, as these are simply not charged to tax when they are paid or distributed.

Allowable expenses are generally all expenses incurred by a company in the production, maintenance, and/or the development of business income. No tax is charged on expenses incurred by a business pursuant to certain occupational health and safety obligations.

All expenses that are claimed to be business related must be duly supported by receipts or invoices. Expenses that are only partly related to business are charged to tax proportionally as appropriate.

6- TREATMENT OF LOSSES

Estonian corporate income tax is charged only on income distributions. There is no annual net basis for the taxation of corporate profits as such. Consequently, there are no special rules dealing with trading losses or loss carry-forward. Estonia's corporate tax system allows a company to indefinitely retain undistributed profits without the imposition of any income tax thereon. Tax is only imposed on net distributed profit. This can therefore be regarded as a situation where, implicitly, unlimited loss carry-forward is allowed.

7- IS INTEREST DEDUCTIBLE?

Interest incurred in the production of business income is generally treated as an allowable expense for Estonian tax purposes and, as such, is not subject to Estonian corporate income tax. By contrast, interest payments are not recognised as allowable expenses if they are unrelated to business income and tax must therefore be paid thereon. Furthermore, interest paid as a statutory penalty for the late payment of taxes is also subject to tax upon payment.

8- IS DEPRECIATION DEDUCTIBILITY ACKNOWLEDGED?

Since Estonian corporate income tax is charged only on income distributions, there is no annual net basis for the taxation of corporate profits as such. Consequently, corporations are not subject to tax amortisation rules in Estonia. This can therefore be regarded as a situation where, implicitly, unlimited tax depreciation is allowed.

9- WHAT TAX TREATMENT IS APPLIED TO RESIDENT COMPANIES?

The Estonian tax authority may impose tax on the worldwide income and capital gains of all individuals and companies deemed to be tax resident in Estonia. Where an Estonian resident's foreign income is subject to tax in another country, a tax treaty may allow the resident an exemption from Estonian tax on such income or a tax credit against the foreign tax paid.

Estonian corporate tax, as applicable to both resident and non-resident corporations, is charged at a standard flat rate of 20% on distributed gross income and capital gains for 2024.

Since 1 January 2018, a 14% reduced corporate tax rate applies only to income distributions that are equal to or less than the average income distributions during the preceding 3 years.

10- ARE GROUP COMPANIES CONSIDERED SINGLE COMPANIES FOR FISCAL PURPOSES?

Estonian legislation does not allow tax consolidation. Consequently, in Estonia every company of a group must submit its tax return separately.

11- WHAT TAX TREATMENT IS APPLIED TO FOREIGN LOCAL UNITS AND NON-RESIDENT COMPANIES?

The income and capital gains of a non-resident business are liable to tax in Estonia only to the extent that such income or capital gains arise in Estonia. The income of branches of foreign companies and other PEs of foreign entities is deemed to constitute Estonian source income. However, where a double tax treaty applies, the presence or otherwise of a PE in Estonia may have an impact on Estonia's right to tax.

Estonian corporate tax, as applicable to both resident and non-resident corporations, is charged at a standard flat rate of 20% on distributed gross income and capital gains for 2024.

The corporate tax rate is reduced to 14% for regular income distributions. The reduced rate applies only to income distributions that are equal to or less than the average income distributions during the preceding 3 years. This reduced rate for regular income distributions has applied since 1 January 2018.

12- ARE CAPITAL GAINS TAXED?

There is no separate capital gains tax in Estonia, and no distinction is made between ordinary income and capital gains for Estonian income tax purposes. Capital gains are treated in the same way as ordinary income.

13- WHAT TAX TREATMENT IS APPLIED IN CASE OF COMPANY LIQUIDATION?

Liquidation income is, for Estonian tax purposes, classified in the same way as income derived from a reduction of share capital from a repurchase of shares. When a company derives income in the form of liquidation surpluses, it will be taxed thereon at the corporate income tax rate upon its distribution. However, this income may qualify for a participation exemption. In such case, the resulting income may be distributed without the imposition of any income tax.

14- TRANSFER OR REPURCHASE OF SHARES: HOW ARE THEY TAXED?

As a general rule, any amount of income derived by a company from a reduction of share capital is taxable at the corporate income tax rate upon its distribution. However, payments made out of income derived from a capital reduction may qualify for a participation exemption. In such case, the resulting income may be distributed without the imposition of any income tax thereon.

The tax treatment of income derived from a repurchase of shares by a company is identical to that derived from a reduction of share capital. Any amount of income derived by a company from a repurchase of its own shares is taxable at the corporate income tax rate upon its distribution. However, these payments may qualify for a participation exemption. In such case, the resulting income may be distributed without the imposition of any income tax thereon.

15- WHAT OTHER TAXES ARE APPLIED IN ESTONIA?

VAT

The standard VAT rate is 22%. A reduced rate of 9% is applied to books, periodicals (with few exceptions), hotel accommodation services, and pharmaceuticals. A reduced rate of 5% is applied to certain periodicals both on physical medium and electronically.

The VAT rate on the export of goods and certain services is 0%. Certain services, such as health care, education, insurance, certain financial, and transactions with securities, are exempt. Transactions in real estate are generally exempt from VAT. Transactions in new and significantly renovated buildings and building land are taxable. Taxpayers can elect to add VAT to real estate transactions if certain conditions are met.

Excise Tax

Excise duty is levied on tobacco, alcoholic beverages, motor fuel and motor vehicles, as well as on the packaging of excise goods. Excise duty is payable on products manufactured in Estonia, brought into Estonia after being acquired from another EU country, or imported from outside the EU. Estonian excise duty legislation is in line with the relevant EU directives.

Land tax

A tax ranging from 0.1% to 1% applies to most land in private ownership with a few exceptions. The tax subject is generally the owner or, in certain limited cases, the user of the land in question. The tax, which is based on the value of the land, is assessed, imposed and collected by the municipality in which the land is located. Land tax is paid by 31 March of each year. When the tax exceeds EUR64, payment is split into two instalments due by 31 March and 1 October of each year.

From 1 January 2012, homeowners from the Tallinn municipality can make a special application for an exemption from land tax in respect of the land on which their homes are built. The exemption applies to up to 1,500 square metres of land.

Gambling tax

A gambling tax is imposed on the operators of gambling tables, machines, lotteries, remote (online) gaming and other similar games, by virtue of the Gambling Tax Act (GTA). The tax rates depend on the kind of gambling service offered and are charged in one of the following two forms:

- fixed monthly payments ranging from EUR32 to EUR1,406
- percentages ranging from 6% to 22% of monthly sales or accepted bets.

Gambling winnings are exempt from income tax.

Local taxes

A number of minor taxes and charges are imposed by local authorities by virtue of the Local Taxes Act. However, local taxes are not a significant cost for business.

Heavy goods vehicles tax

A tax is imposed on the ownership and/or use of heavy goods-carrying vehicles. The tax subject is generally the owner or, in certain cases, the user of the vehicle in question. The tax applies to trucks and "road trains" (articulated trucks) registered in Estonia, having an authorised weight or gross laden weight exceeding 12 tonnes. The tax, which is payable every calendar quarter, is calculated on the basis of the vehicle's weight and other technical characteristics. The maximum amounts of tax payable are EUR134.30 for stand-alone trucks and EUR232.60 for road trains.

Environmental taxes

On 1 January 2006 Estonia started an ecological policy reform through the adoption of the Environmental Charges Act, imposing two categories of charges:

- natural resource charges, imposed on activities such as the extraction of minerals, exploitation of forests, abstraction of water, fishing, hunting, etc
- pollution charges, imposed on the following activities:
 - the emission of pollutants into ambient air (sulphur dioxide, carbon monoxide, carbon dioxide, particulates, nitrogen oxides, etc)
 - the emission of pollutants into groundwater or soil (organic matter, phosphorous and nitrogen compounds, sulphates, oil, etc)
 - the disposal of waste.

The natural resource charge generally takes the form of a fee payable for a permit to engage in the respective activity, and it often varies depending on the amount/volume and type of resources exploited by the permit.

The pollution charge is also generally imposed on the basis of a pollution permit, with fees that vary depending on the volume and type of pollutants emitted, or on the amount and type of waste disposed by the permit holder. The pollution charges are generally increased on a yearly basis.

16- DIVIDENDS, INTEREST AND ROYALTIES: HOW ARE THEY CONSIDERED AND TAXED?**Dividends**

Dividends, being the principal method of profit distribution, are subject to corporate income tax. Income tax is charged on the company making the dividend payment at a rate of 20%. However, income distributions to resident or non-resident individuals that are taxed under the

reduced 14% corporate income tax rate are subject to 7% withholding tax. An exception to the general rule on dividend payments is Estonia's participation exemption regime, under which dividends can be distributed without the imposition of any income tax.

Interest

In Estonia, interest payments made to non-residents are generally exempt from Estonian withholding tax.

Royalties

In Estonia, royalties are generally subject to withholding tax at the rate of 10%. This rate may change if a relevant tax treaty is in place or by applying the EU Interest and Royalties Directive.

17- HOW ARE CALCULATED STOCKS OR INVENTORIES?

In Estonia, inventories are measured at cost value or net realisable value (whichever is lower). Cost value includes purchase and conversion costs. Purchase costs include transport, import duties and other taxes. Discounts and rebates are deducted from the purchase cost. Conversion costs include labour and production overheads.

Inventory costs are determined using the first-in, first-out method (FIFO) or the weighted average cost method.

18- HOW ARE RESIDENT INDIVIDUALS TAXED?

Tax liability criteria

Individuals are treated as being resident in Estonia if their principal place of residence is in Estonia or if the individual spends 183 or more days in 12 consecutive calendar months in Estonia.

Tax rates

Estonian personal tax, as applicable to both resident and non-resident individuals, is charged at a standard flat rate of 20% on income and capital gains for 2024.

Main deductions and reliefs

Resident individuals are entitled to a basic annual personal allowance of EUR7,848 for 2024, reduced by EUR1 for each EUR1.80 of annual income exceeding EUR14,400.

An additional allowance may be granted in respect of dependent children. Moreover, certain expenses (interest paid on home loans, education and training costs, gifts and donations) made from taxable income are deductible, subject to an annual limit of EUR1,200 in 2024.

Inheritance and gift tax

Estonian law does not impose any inheritance, gift or estate taxes (other than land tax).

Pension, social security and national health policy

In Estonia, employers are required to enrol all their employees in the compulsory Estonian system of social security, and to make the following social security contributions in their regard:

- a so-called "social tax" amounting to 33% of the employee's gross salary, consisting of 20% as social security and 13% as health insurance contributions
- an unemployment tax amounting to 0.8% of the employee's gross salary
- a pension tax amounting to 2% of the employee's gross salary.

All of the above taxes are payable by the employer. The only contribution which is payable by the employee is an additional 1.6% contribution to the unemployment tax, which is deducted from the employee's gross salary.

Self-employed individuals also pay social tax at the rate of 33% on their business income.

19- HOW ARE FOREIGN INDIVIDUALS TAXED? WHEN ARE THEY CONSIDERED RESIDENT?

Tax liability criteria

Individuals are treated as being resident in Estonia if their principal place of residence is in Estonia or if the individual spends 183 or more days in 12 consecutive calendar months in Estonia.

Tax rates

Estonian personal tax, as applicable to both resident and non-resident individuals, is charged at a standard flat rate of 20% on income and capital gains for 2024.

Inheritance and gift tax

Estonian law does not impose any inheritance, gift or estate taxes (other than land tax).

Pension, social security and national health policy

In Estonia, employers are required to enrol all their employees in the compulsory Estonian system of social security, and to make the following social security contributions in their regard:

- a so-called "social tax" amounting to 33% of the employee's gross salary, consisting of 20% as social security and 13% as health insurance contributions
- an unemployment tax amounting to 0.8% of the employee's gross salary
- a pension tax amounting to 2% of the employee's gross salary.

All of the above taxes are payable by the employer. The only contribution which is payable by the employee is an additional 1.6% contribution to the unemployment tax, which is deducted from the employee's gross salary.

Self-employed individuals also pay social tax at the rate of 33% on their business income.

20- TERMS FOR TAX PAYMENT: THE FISCAL YEAR IN ESTONIA

Unlike many other jurisdictions, where the corporate tax period is generally the calendar year or other 12-month period, the tax period applicable to Estonian companies and Estonian PEs of foreign companies is one calendar month. However, the tax period applicable to individuals and to non-resident companies deriving Estonian source income is one calendar year. The option to choose an alternative tax year is not available.

The Estonian tax authority may impose the following penalties:

- a fine of up to EUR3,200 for late filing of tax returns
- a fine of up to EUR32,000 if it is found that tax liability was understated in the tax return either intentionally or by misrepresentation
- a fine of up to EUR3,200 where the business fails to fulfill non-monetary obligations.

In addition to the above, the tax authority may impose daily late payment interest at the rate of 0.06% for each day of default. Further sanctions may apply if tax offences are found to involve fraud.

21- WHAT TAX INSPECTIONS ARE MADE?

An Estonian tax audit may relate to one or more taxes, one or more taxation periods, and/or be limited to identifying or controlling a particular circumstance.

In cases where a foreign business is involved, the Estonian tax authority has the authority to request the participation of officials of foreign tax authorities, as well as to participate in tax audits performed by foreign authorities.

Tax audits are usually carried out at the premises of the taxpayer and the taxpayer must allow unrestricted access to the tax inspector, who has the right to access all relevant documentation, premises and land in the presence of the taxpayer. The law gives the tax inspector the authority to request information from a wide range of third parties including employees, banks and other local authorities. The tax inspector also has comprehensive powers to collect various kinds of evidence.

22- CAN TAXPAYERS AGREE IN ADVANCE THEIR TAX TREATMENT?

The Estonian Tax and Customs Board is vested with the authority to issue advance tax rulings by virtue of Estonia's Taxation Act (TA). Such rulings can be issued to taxpayers in respect of the tax treatment of their intended transactions or business activities. Taxpayers wishing to obtain a ruling have to submit a formal application containing a detailed description of the intended activity. The tax authority has 60 days to issue the ruling or to notify the taxpayer that the ruling will not be issued. The ruling is binding on the tax authority.

The tax authority will not issue a tax ruling in the following cases:

- when it is requested in respect of merely hypothetical transactions
- when it is aimed at tax avoidance by the taxpayer, or
- when it is concerned with matters of intercompany pricing.

23- WHAT EXCHANGE CONTROLS ARE CARRIED OUT?

Estonia does not impose exchange controls. Some restrictions apply to the carrying of cash.

24- WHAT TAX RELIEFS AND INCENTIVES ARE GRANTED BY THE ESTONIAN GOVERNMENT?

There are no specific tax incentives as such in Estonia. The Estonian Government aims to treat all investment and investors equally with the aim of creating long-term economic benefits, rather than setting up special government support schemes to encourage the development of specific sectors of the economy.

Nonetheless, the nature of the distinctive corporate income tax system of Estonia may in itself be regarded as a major investment incentive. The possibility to indefinitely defer tax liability, which is achieved by allowing undistributed profits to be retained within a company completely tax-free, is a major factor encouraging the re-investment of profits in Estonia. Businesses may, however, continue to benefit under the Estonian tax system even after the distribution of profits by taking advantage of a comprehensive participation exemption regime.

25- HAS ESTONIA SIGNED BILATERAL TAX AGREEMENTS WITH OTHER COUNTRIES? TABLE OF WITHHOLDING TAXES

Estonia has concluded tax treaties with a number of countries which specify the withholding tax rates that apply. Non-treaty withholding tax rates apply when they are lower than the rate specified in the treaty. There is no withholding tax on income from dividends or interest arising in Estonia and paid to non-residents.

The following rates of Estonian withholding tax apply to non-resident entities:

	<i>Dividends</i> %	<i>Interest</i> %	<i>Royalties</i> %
<i>Non-treaty countries</i>	0	0	0/10
<i>Treaty countries</i>			
Albania	0	0	5
Armenia	0	0	10
Austria	0	0	0/5/10
Azerbaijan	0	0	10
Bahrain	0	0	0
Belarus	0	0	10
Belgium	0	0	0
Bulgaria	0	0	0/5
Canada	0	0	0/10
China	0	0	10
Croatia	0	0	10
Cyprus	0	0	0
Czech Republic	0	0	0/10
Denmark	0	0	0
Finland	0	0	0
France	0	0	0/5/10
Georgia	0	0	0
Germany	0	0	0/5/10
Greece	0	0	0/5/10
Guernsey	0	0	0/5
Hong Kong	0	0	5
Hungary	0	0	0
Iceland	0	0	0
India	0	0	10
Ireland	0	0	0
Isle of Man	0	0	0
Israel	0	0	0
Italy	0	0	0
Japan	0	0	5
Jersey	0	0	0

Kazakhstan	0	0	10
Korea	0	0	5/10
Kyrgyzstan	0	0	5
Latvia	0	0	0/5/10
Lithuania	0	0	0/10
Luxembourg	0	0	0
Macedonia	0	0	5
Malta	0	0	0/10
Mauritius	0	0	0/7
Mexico	0	0	10
Moldova	0	0	10
Netherlands	0	0	0
Norway	0	0	0
Poland	0	0	0/10
Portugal	0	0	0/10
Romania	0	0	0/10
Serbia	0	0	5/10
Singapore	0	0	7.5
Slovakia	0	0	0/10
Slovenia	0	0	0/10
Spain	0	0	0
Sweden	0	0	0
Switzerland	0	0	0
Thailand	0	0	8/10
Turkey	0	0	5/10
Turkmenistan	0	0	10
Ukraine	0	0	10
United Arab Emirates	0	0	10
United Kingdom	0	0	0
United States	0	0	5/10
Uzbekistan	0	0	10
Vietnam	0	0	7.5/10

Belarus

Belarus has suspended its tax treaty with the Estonia in respect of interest and dividends from 1 June 2024 to 31 December 2026.

Estonia has not entered into any TIEAs. Information exchange provisions are generally found in Estonia's tax treaties.