

ESTONIA

As per 1 January 2018

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EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Tax rate	20%
Tax period	Calendar year
Tax residency / Domicile according to domestic law	Person shall be treated as Estonian tax resident if: 1. Permanent place of living is in Estonia or 2. The person is present in Estonia for 183 days or more
Tax registration	A natural person shall fill in specific form to notify the tax authority of any circumstances related to changing his or her residency for tax purposes. Registration for payroll purposes shall be done only by employer.
Employment income definition	Monetary income (salaries and benefits in cash) received in the course of employment relations. Non-monetary income such as benefits in kind received by employee are taxable only on the level of employer.
Examples of tax exemption	Regular non-taxable minimum up to 6000 euros applicable depending of the income. Allowance for dependants (starting from at least two children) per each minor child (1848 euros in 2018), daily allowances in case of business trips etc.
Specific expatriate concession	Not applicable
Income of board members	Taxed similarly to employment income
Tax returns	In case all taxes have been reported and paid by employer on monthly bases and there has not been any additional income, it is not obligatory to submit a tax return by the employee. In case there has been additional income or to apply the right for tax allowances and deductions, a resident natural person shall submit an income tax return to the tax authorities by 31 March of the year following the period of taxation. It is possible to submit an income tax return through the e-service of the Tax and Customs Board as of 15 February of the year following the period of taxation. Resident taxpayers who were married as at the last day of the period of taxation may submit a joint income tax return.
Tax payments	Generally the employer pays taxes on monthly bases. A taxpayer is required to pay any additional taxes based on the tax return not later than by 1 July of the calendar year following the period of taxation. A non-resident who derived taxable business income shall pay any additional amount of tax due into the bank account of the Tax and Customs Board within three months after the due date for submitting income tax returns.

TAX TREATIES

Employment income / income from board members	Art 15/16 Model OECD Tax Convention.
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INTERNATIONAL SOCIAL SECURITY

Cross border employments	EU Regulation No 883/2004 and EU regulation No. 1408 / 71.
Exception under Art 16 of Reg. 883/2004	Generally applicable.

and Art 17 of Reg. 1408/71

Social Security Cost as % from gross salary and absolute amounts

Due by employer on gross salary:
– Social tax contribution at the rate of 33%;
– Unemployment insurance contribution at the rate of 0,8%;
Due by employee on gross salary (withheld by employer):
– Pension insurance contribution at a rate of 2%.
– Unemployment insurance contribution at a rate of 1,6%.

IMMIGRATION

Work permit

A citizen of one of the Member States of the European Union (EU), European Economic Area (EEA) and the Swiss Confederation may arrive and work in Estonia for up to 3 months. Nationals of other countries need to obtain a residency permit for working to work in Estonia. Short-term employment in Estonia is allowed for up to 6 months in a year. A foreign national can work short-term in Estonia if he arrives to or stays in Estonian under a visa or a visa waiver program.

Visa

EU and EEA citizens do not need a visa to enter Estonia. Non-EU and EEA citizens from particular countries may be obliged to apply for a visa before entering Estonia.

Residency permits / registration certificate

EU and EEA citizens are required to apply for the registration of residence, if the presence in Estonia exceeds 3 months.
Third country citizens need to apply for a residence permit, if the stay in Estonia exceeds 90 days. A residence permit may be temporary (validity up to 5 years) or long-term, when certain criteria are met.

Driving license

Driving licenses issued in other countries are recognized in Estonia. Contracting states of the 1949 Geneva Convention on Road Traffic and contracting states of the 1968 Vienna Convention on Road Traffic driving licences are valid in Estonia for 12 months starting from the time its holders takes up permanent residence of Estonia.

STOCK OPTION PLAN

Certain tax exemptions are applicable in case the provisions of stock option plan provided by the law are fulfilled.

ARTICLE 15 OF THE OECD MODEL

183 days

Notion of employer

Existence of a permanent establishment



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