

AS PricewaterhouseCoopers in Estonia helps clients in finding tax efficient business solutions and managing tax risks.

We work together with our colleagues in other PricewaterhouseCoopers' offices world-wide and use our access to international know-how and long-term experience to quickly and efficiently solve tax issues that arise both locally and in foreign jurisdictions. For more information, please see our contact details below.

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Tax alert

Estonia, Issue 35, January 2018



Below table provides a comparative overview of the most relevant tax indicators of the years 2017 and 2018.

Indicators		2017	2018
Value added tax			
Threshold to register for VAT (for a calendar year)	EUR	16 000	40 000
Income tax			
Flat income tax rate to be paid or withheld from taxable income of individuals or non-residents	%	20	20
Income tax prepayments of credit institutions (paid on quarterly profits)	%	-	14
Reduced rate of corporate income tax on regularly distributed profits*		-	14/86
Income tax to be withheld in case recipients of dividends are individuals and when distributing the profits, the resident legal entity paid reduced rate of corporate income tax	%	-	7
Reduced rate of income tax on disbursements from third pillar, royalties and service fees paid to non-residents	%	10	10
General income tax rate of taxable payments of legal entities (dividends, gifts etc.)		20/80	20/80
Personal tax exempt allowance per month for resident individuals	EUR	180	500 0 According to the formula: $500 - 500 / 900 \times (\text{income amount} - 1200)$

* According to the §501 of the Income Tax Act, the year 2018 will be the first year taken into account when calculating the average taxed distributed profit of three years. Reduced rate of 14% will be applied:
 1) in 2019 to one third of the profit distributed in 2018 that was subject to taxation by the resident legal entity;
 2) in 2020 to one third of the profit distributed in 2018 and 2019 that was subject to taxation by the resident legal entity.



Indicators		2017	2018
Annual personal tax exempt allowance for resident individuals	EUR	2160	6000 0 6000, if annual income is up to 14 400 EUR
			According to the formula, if annual income is above 14 400 EUR: 6000 - 6000 /10 800 × (income amount – 14 400)
			0, if annual income is above 25 200 EUR
Additional tax exempt allowance per month on pensions	EUR	236	0
Additional tax exempt allowance per month for accidents at work or occupational disease	EUR	64	0
Annual additional tax exempt allowance for parents (starting from the second child)	EUR	1848	1848
Annual additional tax exempt allowance for a spouse in case certain conditions are met	EUR	-	2160
Tax exempt rate of a birth allowance paid by an employer (single payment)	EUR	900	2500
Combined annual deduction rate for housing loan interests, education expenses and charitable donations per individual		1200 incl. 300 EUR on housing loan interests but no more than 50% of income	1200 incl. 300 EUR on housing loan interests but no more than 50% of income
Tax exempt limit of third pillar contributions	EUR %	6000 15% of income	6000 15% of income
Additional tax allowance for self-employed individuals on income derived from sale of agricultural products or timber	EUR	2877	2877

Social tax

Social tax rate	%	33	33
Monthly base rate for social tax contributions	EUR	430	470



Indicators		2017	2018
Minimum monthly employer's social tax liability	EUR	141,90	155,10
Self-employed individual's minimum quarterly social tax liability	EUR	425,70	465,30
Self-employed individual's minimum annual social tax liability	EUR	1702,80	1861,20
Self-employed individual's maximum annual social tax liability	EUR	27 918	19 800
Social security contributions			
Employers' unemployment insurance contributions	%	0,8	0,8
Employees' unemployment insurance contributions (to be withheld)	%	1,6	1,6
Funded pension contributions	%	2	2
Funded pension contributions (in the period of 2014 to 2017 in case an application was submitted)	%	3	—
Salary			
Minimum monthly salary for full-time work	EUR	470	500
Minimum hourly rate	EUR	2,78	2,97
Compensations and fringe benefits			
Tax exempt per diem rate applicable on business trips abroad (up to 15 days a month)	EUR	50	50
Tax exempt per diem rate applicable for self-employed individuals on business trips abroad (up to 15 days a month)	EUR	0	50 (documented expenses)
Tax exempt compensation for usage of a private vehicle for business purpose (in case a travel diary is kept)	0,30 EUR/km, but no more than 335 EUR per month	0,30 EUR/km, but not more than 335 per month	0,30 EUR/km, but not more than 335 per month



Indicators	2017	2018
Fringe benefit cost on the usage of employer's car (in case a travel diary is kept)	0,30 EUR/km, 256 EUR/per month	1,96 EUR/kW per month, For a car that is older than 5 years 1,47 EUR/kW per month
Fringe benefit cost on usage of employer's car (in case a travel diary is not kept)	256 EUR	1,96 EUR/kW per month, For a car that is older than 5 years 1,47 EUR/kW per month
Combined income tax and social tax liability on usage of employer's car (in case a travel diary is not kept)	169,60 EUR	1,3 EUR/kW per month or (for a car that is older than 5 years) 0,98 EUR/kW per month
Annual minimum interest rate of loans granted to employees	0%	0%

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