



# Estonia

## VAT standard rate

The standard VAT rate in Estonia in 2023 is 20%.

## Reduced rates

The 9% rate applies to digital books, audiobooks, and educational literature.

The 5% rate is for digital press. The 20% VAT rate will continue to apply to press publications containing mainly advertising or private advertisements or mainly erotic or pornographic content, video, or music content.

## VAT registration thresholds

The distance sales threshold for all EU- established businesses is €10,000. If cross-border sales of digital suppliers are below €10,000 per year, such sellers can charge the VAT rate of the domestic country. As soon as a remote seller passes the annual sales limit, the seller is obliged to charge VAT rate of the customer's countries.

The threshold for non-EU businesses is zero. That means that non-EU digital service suppliers must register from the first B2C sale.

Estonian businesses must register for VAT when revenue exceeds €40,000 for the period of one year starting from January 1.

## Pieces of evidence

There are several conditions to determine the location of the buyer of digital services:

- Address of the buyer of the service;
- Shipping Address;
- Phone code +372;
- IP address;
- The location of the customer's landline phone through which the service is provided;
- Estonian legislation provides special rules for certain situations.

Sellers of digital services must keep records with at least one of these conditions for tax audit purposes.

## List of electronic services

A digital product is any product that is stored, delivered, and used in an electronic format. They are goods or services that the customer can receive by email, download from the Internet or use directly on the website. An approximate, but not exhaustive, list of such products:

- Sound, visual or audiovisual products;
- Downloadable and streaming music, such as buying MP3s or using music apps;
- Software stored in cloud storage and products as services, abbreviated as SAAS, PaaS, IaaS;
- Websites, Website Hosting Services, and Internet Service Providers;
- NFT.

## Registration procedure

Persons who wish to apply for a special regime submit an application for registration to the Department of Taxes and Customs.

A taxable person of Estonia applies the e-MTA, where you should select “Registers and inquiries” – “Registration” – “Registering as a user of special schemes for e-commerce and services (union-OSS)”.

## Registration rules for companies outside the EU

A seller of digital services may choose from two options: apply for a standard VAT identification number in Estonia or use the OSS scheme ( union or non-Union OSS scheme).

## Keeping records

Each seller needs to keep records for a period of 10 years.

## VAT returns deadlines

The OSS scheme tax period is a quarter, and the OSS VAT return is submitted until the last day of the month following the quarter. Non-union OSS deadline is the same as the union OSS deadline.

The standard VAT return deadline is the 20th day of the month following the reporting month.

## **VAT payment deadlines**

The VAT payment deadlines are congruent in time with reporting deadlines.



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