Tax Agenda Estonia

November 2025

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No.	Fact	Action
1	**Increase of VAT rates** Standard VAT rate increased from 22% to 24% from 1 July 2025. This VAT increase was immediate without any transitional mitigations. The reduced VAT rate of accommodation services increased from 9% to 13% from 2025. The reduced VAT rate of press publications increased from 5% to 9% from 2025.	Check correctness of VAT accounting and tax compliance systems, but also messages in client communication and correctness of business plans.
2	**Increase of income tax rate from 2025** Both corporate and personal income tax rates increased from 20% to 22% from 2025. The lower corporate income tax rate of 14%, was abolished from 2025. In contrast to the traditional corporate taxation systems, in Estonia corporate profits are taxed upon distribution, i.e., when dividends are paid.	Consider the tax rate increase in your business plans and budgets.
3	**Planned defense tax and income tax rate increase cancelled** Estonia planned to introduce a temporary 2% defense tax, impacting personal income and corporate profits. However, instead of defense tax starting from 2026, personal tax increase (from 22% to 24%) and corporate income tax increase (from 22% to 24%) was introduced. Nevertheless, now the Government has announced that the income tax rate increase will not take place, and the respective draft law is in the readings of the Parliament.	Given the various tax rate changes, it is crucial to assess their impact to business plans and budgets.
4	**New Debt-Push-Down Guidelines** On 18 December 2024, the Estonian tax authorities released the Debt-Push-Down Guidelines, offering an official interpretation on various corporate restructuring transactions, including those related to leveraged acquisitions and internal corporate restructurings. The guidelines specify which restructurings may be deemed tax-driven, potentially leading tax scrutiny as taxable profit distributions.	Review historical acquisitions in Estonia and analyze whether these may cause tax risks. Consider the new guideline before any new acquisitions and restructurings in Estonia.

Nov Dec Jan Feb

Use text boxes above the timeline to plan your actions for coming months

Compliance Risk management Cash-flow and ETR impact

No.	Fact	Action
5	**Reporting of loans** The Estonian tax authorities closely monitor loans both taken and provided by Estonian subsidiaries by reviewing financial statements as well as tax reports specifically designed for this purpose. The majority of related party loans, including interest received, must be reported on a quarterly basis. Additionally, interest rates on related party loans should be supported by transfer pricing documentation.	Evaluate whether the cash outflows from Estonian subsidiary constitute true loan arrangements with sound business rationale and are formalized in written agreements. Additionally, ensure that interest rates adhere to transfer pricing regulations and are substantiated with appropriate documentation.
6	**New car tax** Estonia introduced new car tax starting in 2025, which includes both an annual tax and a one-time registration tax.	Evaluate the cost implications for subsidiaries with extensive vehicle fleets in Estonia.
7	**Taxation of platforms** The Estonian tax authorities have issued guidelines according to which individuals operating on various platforms should be treated as employees and payments to them are subject to payroll taxes.	Platform providers should analyze the profile of their participants in order to identify persons who are not economic operators and to whom payouts should be subject to payroll taxes.

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