

Tax Agenda Estonia

August 2024



No.	Fact	Action
1	Increase of VAT rates from 2025 The reduced VAT rate of accommodation services will increase from 9% to 13% from 2025. The reduced VAT rate of press publications will increase 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 will increase from 20% to 22% from 2025. The lower corporate income tax rate of 14%, currently applicable to regular dividends, will be abolished from 2025	The reduced corporate income tax rate of 14% on profit distribution will apply for 2024 only.   
3	Thin capitalization rules Estonia applies thin capitalization rules if the total interest expense exceeds EUR 3m per year. The exceeding part may be subject to corporate income tax at the rate of 20/80.	As the interest rates have rapidly increased, review interest expense (both related and unrelated parties) of the Estonian subsidiary and check whether there may be additional tax payable.  
4	Reporting of loans Estonian tax authorities monitor loans taken and provided by the Estonian subsidiaries. Majority of related party loans must be reported on a quarterly basis.	Assess whether loans of Estonian subsidiary have business rationale and that the interest rate complies with transfer pricing rules.  

Aug

Sep

Oct

Nov

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

 Compliance

 Risk management

 Cash-flow and ETR impact

No.**Fact****Action****Contributions to the equity as tax shield**

5

Contributions to the equity of an Estonian company should be reported to the tax administration by the 10th of the following month. The reporting is necessary to be eligible for tax exemptions applicable to these amounts in the future.

Analyze whether all equity contributions are properly reported. In case of discrepancies, amendments can be made within three years from the initial deadline.

**Taxation of platforms**

6

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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