Contribution to mandatory funded pension

PRINCIPLES

If a self-employed person has joined the mandatory funded pension (II pillar), he/she has to pay a contribution to the mandatory funded pension.

The contribution is paid once a year. The Estonian Tax and Customs Board calculates the amount of the payment based on the taxable income adjusted by social tax that is declared on the self-employed person's business income tax return (form E) and issues a tax notice on the amount to be paid not later than 30 days before the due date (1 October). The payable amount can also be viewed from the information sheet of the income tax return.

Self-employed persons are obliged to transfer the payable amount indicated in the tax notice into the bank account of the Estonian Tax and Customs Board not later than by 1 October.

The contributions to the mandatory funded pension paid for self-employed persons themselves are not allowed to be deducted from their business income and indicated on form E as business expenses, but have to be reflected on form A in table 9.1 ('Unemployment insurance premiums and contributions to mandatory funded pension').

The tax rate is **2%**, **4%** or **6%**. **Amendment of the funded pension contribution rate as of 1 January 2025**

There is an upper limit (cap) on the contribution to the mandatory funded pension for self-employed persons. The upper limit is calculated based on the cap on the taxation of business income set forth in **clause 5 of subsection 1 of § 2 of the Social Tax Act**, which is ten times the amount of the minimum wage. The taxable period is the calendar year; therefore, the upper limit on the tax liability is calculated based on the amount of the minimum monthly wages for twelve months.

In 2026, the minimum wage changed on 1 April; therefore, the calculation of the maximum contribution to the mandatory funded pension is based on the number of months during which two different minimum wages were in effect.

The maximum mandatory funded pension contribution for self-employed persons in 2026 is:

- ✓ at the 2% rate — 2,234.40 euros (886 × 10 × 3 × 2%) + (946 × 10 × 9 × 2%);
- ✓ at the 4% rate — 4,468.80 euros (886 × 10 × 3 × 4%) + (946 × 10 × 9 × 4%);
- ✓ at the 6% rate — 6,703.20 euros (886 × 10 × 3 × 6%) + (946 × 10 × 9 × 6%).

If a self-employed person has not received taxable income, the contribution to the mandatory funded pension need not be paid.

Funded Pensions Act

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