



REPUBLIC OF ESTONIA
TAX AND CUSTOMS BOARD

Fringe benefits

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Fringe benefits and value added tax

A person liable for value added tax (VAT) can deduct input VAT from goods or services used for taxable supply in its business. Input VAT cannot be deducted from employees' personal expenses, even if the corresponding expense is covered by the employer or the employee is compensated, but according to the Income Tax Act, there is no fringe benefit.

Input VAT cannot be deducted from train, bus or other public transport tickets used by employees to travel between the place of work and home, nor from the costs of employee health promotion. Also, input VAT cannot be deducted from cut flowers bought as a gift to an employee (although gifting flowers to an employee is not considered a fringe benefit), because buying flowers to give to an employee is not an expense incurred for taxable supply.

If goods that are part of the company's assets, on acquisition of which input VAT has been deducted, are transferred without charge, or given for personal use without charge to an employee, official or member of a management or controlling body of a taxable person, self-supply taxable with VAT arises from it. In the case of self-supply, the taxable value is the purchase price or, in the absence thereof, the cost price of the goods.

[Differences in the VAT taxation of self-supply arising from granting use without charge of cars and vans that are part of a company's assets](#)

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