



MAKSU- JA TOLLIAMET

Transfer of immovable property

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Transfer of immovable property located in a foreign country

The gains from the transfer of immovable property located in a foreign country to an Estonian resident natural person is subject to income tax in Estonia even if the gains from the transfer of immovable property was subject to income tax in the foreign country.

An Estonian resident natural person declares the mentioned gains and the income tax paid in the country where the immovable property is located in **table 8.3 of the Estonian income tax return**.

Double taxation is avoided in the income tax return of an Estonian resident natural person in Estonia by reducing the income tax calculated in Estonia with the certified income tax of a foreign country, if the income tax was paid according to the rules of the country where the immovable property was located.

Immovable property received as estate

When calculating the taxable income in Estonia, the mandatory certified inheritance tax paid in a foreign country on immovable property located in a foreign country can be added to the acquisition cost to calculate the gain from the transfer of the immovable property. This means that foreign inheritance tax reduces the amount of taxable income in Estonia.

In order to avoid double taxation in Estonia, we subtract the mandatory income tax paid in a foreign country from the income tax calculated based on Estonian rules.

If the transferred immovable property was located in one of the countries with which Estonia has concluded a valid tax treaty with the tax exemption method (Albania, United Arab Emirates, Bahrain, Bulgaria, Georgia, Guernsey, Netherlands, Hong Kong, Israel, India, Japan, Jersey, South Korea, Kyrgyzstan, Cyprus, Lithuania, Luxembourg, Macedonia, Isle of Man, Mauritius, Mexico, Serbia, Switzerland, Thailand, Turkmenistan, Uzbekistan, Vietnam), then the gain from the transfer of immovable property is exempt from income tax in Estonia based on the tax treaty. However, an Estonian resident natural person must declare the gains in **table 8.8 of the Estonian income tax return**.

The transfer of residence is exempt from income tax in Estonia, regardless of whether the residence was in a foreign country or in Estonia, in this case the gain does not have to be declared in Estonia.

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