

Possibility of registering as a taxable person

If the threshold of taxable supply is exceeded, a person has a legal obligation to register as a taxable person. At the same time, a person has the option to voluntarily register as a taxable person even if his taxable supply does not exceed the threshold of 40,000 euros or if he has not yet received taxable supply. A person also has the right to submit an application for registration as a taxable person upon intra-Community acquisition of goods exempt from tax or upon export (subsections 1 and 2 of § 20 of the VAT Act).

Upon submission of the application for registration, the person must prove that he or she is already engaged in business in Estonia or is about to commence business in Estonia. If the proof provided concerning the person's business or commencement of business is insufficient, the tax authority will have the right to request that the person submit additional proof or collect such proof on its own initiative. The proof is any information which confirms that the person submitting the petition has either commenced business at the place of business indicated in the application or that the commencement of business is planned. Such proof may be, for example, a business plan, preliminary contracts, contracts (lease, procurement, delivery, work, etc.), objects of work to be carried out, etc. The tax authority will decide on registration within five working days as of the receipt of the proof. The tax authority will not register the person if the person is neither engaged in business nor about to commence business (subsection 4¹ of § 20 of the VAT Act).

If business activity is proven, the person will be registered as a taxable person as of the date of receipt of the application or, at the request of the submitter, a later date.

If a person indicates in his application submitted on the basis of subsection 2 of § 20 of the VAT Act a date earlier than the date of submission as the desired starting date of registration as a taxable person, the person is still registered as a taxable person according to the VAT Act as of the date of submission of the application and not as of the earlier date indicated (subsection 4 of § 20 of the VAT Act).

The person who is registered as a taxable person must prove that he is engaged in business or commenced business both upon voluntary registration and obligatory registration.

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