

Deletion of a taxable person with limited liability from register

If a taxable person with limited liability is a person engaged in business, he has the right to submit an application for registration as a taxable person (§ 20 of the VAT Act). If a taxable person with limited liability is registered as a taxable person pursuant to § 20 of the VAT Act, he will be deleted from the register as a taxable person with limited liability (subsection 1 of § 23 of the VAT Act) and all the rights and obligations of the taxable person will be extended to him.

A taxable person with limited liability may, under certain conditions, be deleted as a taxable person with limited liability from the register of taxable persons on the basis of an application. The taxable person with limited liability must have been registered in the register of taxable persons for at least two years before deletion. He may then submit an application for deletion from the register. The prerequisite is that the total value of his intra-Community acquisitions in the last calendar year has not exceeded and, according to his calculations, does not exceed the threshold of 10 000 euros of intra-Community acquisition of goods in the current calendar year (subsection 2 of § 23 of the VAT Act).

Since the obligation to register as a taxable person with limited liability also arises when certain services are received from a foreign trader, before submitting an application for deletion from the register, consideration should also be given to the possible purchase of services, otherwise the person will be obliged to register as a taxable person with limited liability again immediately upon receipt of the first such service.

The tax authority will, on its own initiative, delete a taxable person with limited liability from the register of taxable persons if it has information that the taxable person with limited liability has ceased his activities in Estonia (subsection 3 of § 23 of the VAT Act).

Before deciding the deletion from the register on the basis of an application, the tax authority will, if necessary, check the economic activities of the taxable person with limited liability. A taxable person with limited liability will be deleted from the register as a taxable person with limited liability on the basis of a decision of the head of the tax authority as of the date specified in the decision (subsection 4 of § 23 of the VAT Act).

If the basis for deletion from the register was not registration as a taxable person, the person is released from the obligations of the taxable person with limited liability (declaration and payment of VAT) upon deletion from the register and loses the right to exercise the rights of the taxable person with limited liability (the right to purchase goods from another Member State at the zero rate applied by the seller using the registration number).

