

Taxable person with limited liability

According to subsection 3 of § 3 of the VAT Act, **a person liable to value added tax with limited liability** is a person, except a natural person not engaged in business, who is registered or required to register as a taxable person with limited liability (§ 21 of the VAT Act). A taxable person with limited liability of another Member State is a person, including a pool of assets or association of persons without the status of legal person, who is registered for value added tax in that Member State and whose tax liabilities correspond to the tax liabilities of a taxable person with limited liability.

The term includes a person who is or is required to register as a taxable person with limited liability. As a rule, a taxable person with limited liability pays VAT only on the intra-Community acquisition of goods and services (and also on the importation of goods), but he does not add VAT to the goods or services which he transfers, nor does he have the right to deduct input VAT.

Persons who acquire goods from another Member State (over 10,000 euros per calendar year in value) or receive the services listed in subsection 5 of § 10 of the VAT Act from a foreign trader (whether in another Member State or in a country outside the EU) are registered as taxable persons with limited liability. These persons may be persons engaged in business who are not registered as taxable persons (e.g. companies creating supply exempt from tax), legal persons not engaged in business (such as non-profit organisations) or state, rural municipality or city authorities.

Natural persons are not considered to be taxable persons with limited liability, except for natural persons engaged in business who acquire goods or services for their own use.

A taxable person with limited liability of another Member State is a person who, in accordance with the legislation of that country, is registered as a taxable person with limited liability and whose obligations correspond to the obligations of the Estonian taxable person with limited liability.

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