

Conditions for registration as a VAT group

Following Estonian VAT payers engaged in business in Estonia shall be registered as a VAT group:

- ✓ parent undertaking and its subsidiaries within the meaning of the Estonian Commercial Code;
- ✓ economically and organisationally related VAT payers, if more than 50% of the shares, holding or votes of each company to be registered within the composition of a VAT group are owned by one and the same person or if the persons are related on the basis of a franchise contract.

Thus, it is possible to register as a VAT group VAT payers engaged in business in Estonia, who are tightly related with each other financially, economically and organisationally (all three conditions shall be fulfilled).

Financial connection means partnership in companies, being registered as a VAT group, or relationship on the basis of a franchise contract.

Economic connection – activities of members have the same character or are complementing each other or are depending from each other.

Organisational relationship – common or at least partly common management structure.

A VAT payer may belong to only one VAT group at the same time.

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