Maksu- ja Tolliamet

Registration as a VAT payer

Table of contents

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.

Handbook Article last update 01.07.2025

Registration as a person liable to VAT with limited liability

An Estonian person and a foreign person operating through a permanent establishment in Estonia who receives the service specified in subsection 5 of § 10 of the VAT Act from a foreign person engaged in business not registered as a taxable person in Estonia is required to register as a taxable person with limited liability as of the date of receipt of the service. This provision does not apply to taxable persons or natural persons who do not engage in business (subsection 1 of § 21 of the VAT Act).

Therefore, the obligation to register as a taxable person with limited liability arises from the date of receipt of the service upon receipt of the following services specified in subsection 5 of § 10 of the VAT Act:

1. grant of the use of intellectual property or transfer of the right to use intellectual property
2. advertising services
3. services of consultants, accountants, lawyers, auditors and engineers, translation services, as well as data processing or the supplying of information
4. financial services, except for leasing safes, or insurance services, including reinsurance and insurance intermediation services
5. allowing use of manpower
6. the hiring or leasing of or establishment of a usufruct on movables, except means of transport
7. electronic communications service within the meaning of the Electronic Communications Act, including assignment of the right to use transmission lines
8. electronically supplied services
9. allowing access to natural gas or electricity, heating and cooling energy network connections, and transmission of natural gas or electricity, heating or cooling energy through networks and services directly related thereto
10. transfer of permitted limit values of emissions of greenhouse gases regulated by the Atmospheric Air Protection Act
11. refraining from the services specified in clauses 1–10 of this subsection, waiving the exercise of a right or tolerating a situation for a charge.

If the taxable value of the goods acquired by a person by way of intra-Community acquisition (§ 8), except excise goods and new means of transport, exceeds 10 000 euros as calculated from the beginning of a calendar year, the obligation to register as a taxable person with limited liability will arise for the person as of the date on which that threshold was exceeded, except in the case specified in subsection 21 of § 2^1 of the VAT Act. This provision does not apply to taxable persons or natural persons who do not engage in business (subsection 2 of § 21 of the VAT Act). Subsection 2^1 of § 21 of the VAT Act provides that if a foreign person engaged in business who has no permanent business establishment in Estonia engages in intra-Community acquisition of goods in Estonia, the obligation to register as a taxable person with limited liability arises for the person as of the date of the intra-Community acquisition of the goods. This provision does not apply to Intra-Community acquisition of goods which is exempt from tax (§ 18).

A person is required to submit an application for registration as a taxable person with limited liability to the tax authority within three working days as of the date on which the obligation to register as a taxable person with limited liability arises (subsection 3 of § 21 of the VAT Act). The person is registered as a taxable person with limited liability as of the date on which the registration obligation arises.

A person may submit an application for registration as a taxable person with limited liability to the tax authority before the registration obligation arises (subsection 4 of § 21 of the VAT Act). If a person registers as a taxable person with limited liability, he will be able to purchase goods and receive services at a zero tax rate. For this purpose, the seller or supplier must be informed of the registration number and in this case the taxable person with limited liability receives goods and services free of VAT (the seller does not add VAT to the price of the goods). Thus, the taxable person with limited liability will be liable to pay VAT later (not at the time of acquisition of the goods or services) and the tax rate of 24% or 9% in force in Estonia applies to the taxation of acquisitions.

For registration as a taxable person with limited liability, the application form for registration of a taxable person with limited liability is submitted (established by a regulation of the Minister of Finance). Upon registration of a taxable person with limited liability, the provisions for the registration of a taxable person provided for in § 20 of the VAT Act must be applied.

Handbook Article last update 04.02.2026

Reminder for a taxable person with limited liability

As of the date of registration as a taxable person with limited liability, a person must perform the obligations of a taxable person with limited liability, including (pursuant to subsection 1 of § 25 if the VAT Act):

1. calculating the amount of VAT due pursuant to the provisions of subsection 12 of § 29 of the VAT Act. Pursuant to subsection 12 of § 29 of the VAT Act, the amount of VAT to be paid by a taxable person with limited liability is the VAT on the acts specified in subsection 5 of § 3 of the VAT Act, i.e.
   - import of goods into Estonia (except imports exempt from tax)
   - intra-Community acquisitions of goods (except acquisitions of goods which are exempt from tax)
   - the acquisition of goods as the acquirer in a triangular transaction
   - the acquisition of goods to be installed or assembled in Estonia from a person of another Member State engaged in business who is not registered as a taxable person in Estonia
   - the services received from a foreign person engaged in business who is not registered as a taxable person in Estonia
   - the acquisition of goods not listed above from a foreign person engaged in business who is not registered as a taxable person in Estonia.
2. paying value added tax pursuant to the procedure provided for in § 38 of the VAT Act.
3. preserving documents and maintaining records pursuant to the provisions of subsection 3 of § 36

of the VAT Act.
4. submitting a VAT return only if the person has performed acts specified in subsection 5 of § 3 of the VAT Act during the taxable period (clause 2 of subsection 2 of § 27 of the VAT Act).

For taxable person with limited liability, a real VAT liability arises from the acquisition of declared goods and services because he has no right to deduct input VAT (subsection 1 of § 25 of the VAT Act).

If a taxable person with limited liability has been registered upon receipt of the services specified in subsection 5 of § 10 of the VAT Act and the intra-Community acquisition of goods by the taxable person exceeds 10 000 euros as of the beginning of the year, the taxable person with limited liability must notify the tax authority in writing within three working days of exceeding the limit for intra-Community acquisition of goods (subsection 2 of § 25 of the VAT Act).

Therefore, where a person is registered as a taxable person with limited liability for receiving services, he is not immediately liable to pay VAT on the intra-Community acquisition of goods. A taxable person with limited liability is required to pay VAT on the acquisition of goods only if he acquires excise goods or a new means of transport and if the threshold of 10 000 euros for the acquisition of other goods has been exceeded, although if he so wishes, he may do so earlier, notifying the tax authority thereof in writing. If a person registers as a taxable person with limited liability as a result of exceeding the threshold for intra-Community acquisitions of goods and subsequently receives taxable services, he is also liable to pay VAT on the services received, since there is no tax-exempt threshold for services.

If a person is registered as a taxable person with limited liability only for receiving services, he has no right to use his number of registration as a taxable person with limited liability on the basis of which the seller applies a zero rate when acquiring goods. However, if a taxable person with limited liability gives the seller his registration number, it is deemed to be an application to start paying VAT on the acquisition of the goods in Estonia and he is obliged to declare the intra-Community acquisition of the goods on his VAT return and to pay VAT on it (subsection 3 of § 25 of the VAT Act).

Consequently, the obligation to declare and also to pay VAT arises not only in respect of the transaction in respect of which the person has used his registration number, but, from that transaction, he is liable to pay VAT on all intra-Community acquisitions of goods, since he is also deemed to be registered as from that transaction in respect of the intra-Community acquisition of goods.

Handbook Article last update 08.01.2025

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 limied 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).

Handbook Article last update 27.06.2025