



REPUBLIC OF ESTONIA
TAX AND CUSTOMS BOARD

Taxation of services

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Hiring or leasing means of transport or establishing a usufruct thereon in Estonia on a short-term basis

The place of supply of a service is Estonia if a means of transport is leased, hired or a usufruct is established thereon in Estonia for a short period of time.

The short-term hiring, leasing or establishing a usufruct on means of transport is taxed by the service provider under the law of the country in which the means of transport is located at the time of the lease, hire or establishing a usufruct. If a means of transport registered in Estonia is leased, hired or a usufruct is established thereon in Estonia for a short period of time, the service is taxed in Estonia.

If a means of transport is leased, hired or a usufruct is established thereon in a foreign country for a short period of time, the place of supply is not Estonia.

In the meaning of § 10 of the VAT Act, means of transport (except for a vessel) is considered to be given for short-term hire, lease or a usufruct is established thereon, if the service is provided for a period not longer than 30 calendar days. A vessel is considered to be given for short-term hire, lease or a usufruct is established thereon, if the said service is provided for a period not longer than 90 calendar days.

In the meaning of the VAT Act, “means of transport” means a vehicle, aircraft, vessel or other means of transport with a code in the Combined Nomenclature (CN-code) established by Council Regulation No 2658/87/EEC beginning with the numbers 86, 87, 88 or 89 (subsection 6 of § 10 of the VAT Act).

If an Estonian taxable person hires, leases or establishes a usufruct on a means of transport for a long period of time to a taxable person or taxable person with limited liability of another Member State or to a third country person engaged in business, the place of supply is not Estonia and a 0% tax rate will be indicated on the invoice.

Handbook Article last update 08.01.2025