



REPUBLIC OF ESTONIA
TAX AND CUSTOMS BOARD

Taxation of services

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Unlike what was previously provided by law, the definition of the services mentioned in subsection 5 of § 10 of the VAT Act (which are mostly intangible i.e. services provided remotely) is important in two cases:

1. if these services are provided to a third country person not engaged in business, and
2. if these services are received by an Estonian person who is obliged to register as a person liable to VAT with limited liability.

If an Estonian taxable person provides the services specified in subsection 5 of § 10 of the VAT Act to a third country person not engaged in business, the place of supply is not Estonia and the services are taxed at a 0% tax rate. When providing these intangible services to a taxable person or taxable person with limited liability of another Member State or to a third country person engaged in business, the basic rule applies at taxation and the recipient of the service is obliged to pay the tax in its country.

The list set out in subsection 5 includes the following services:

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, waiving the exercise of a right or tolerating a situation for a charge.

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