

## Comments

1. In annex 1 of the form TSD the data of personified income tax and social tax, unemployment insurance premium and contributions to mandatory funded pension made to a resident natural person in a calendar month indicated on the form shall be shown. One line is completed for each person.

2. Annex 1 of the form TSD shall be submitted together with the form TSD for a month when the payment was made or for the month the amount of social tax was calculate on the basis of § 2 (2) and (3) of the Social Tax Act. Annex 1 shall be completed in euros, in cent accuracy.

3. Column 3. Upon calculation of basic exemption deductible from the taxpayer's taxable income the withholding agent shall insert a letter "X" in column 3.

4. Amount of basic exemption deducted from disbursements on the basis of § 23 of the Income Tax Act, including a part of the basic exemption not used in the previous months, which was carried forward to this month (§ 42 (1) and (3) of the Income Tax Act), also increased basic exemption for pension (§ 42 (1<sup>1</sup>) of the Income Tax Act) and for compensations for accidents at work or occupational diseases (§ 42 (1<sup>2</sup>) of the Income Tax Act) shall be shown in column 3.1.

5. In column 3.2 the withholding agent shall declare the insurance premiums or the amount paid to acquire units of voluntary which were paid by an employer for an **employee, or for public servant, or for management or controlling body of a legal person pursuant to § 28 of the Income Tax Act (hereinafter contribution to the third pillar pension) not exceeding** the marginal provided in the § 13 (3) 15) of the Income Tax Act (15% of the amounts paid to a person in calendar year and charged with income tax or not exceeding 6000 euro´s).

6. In column 4 the amount of social tax calculated in accordance with § 2 (1) 1), 3), 4), 6), 8), 9) and § 2 (2) to (3) of the Social Tax Act shall be shown.

7. Social tax is not charged in Estonia on taxable payments made to a resident natural person who is subject to the European Parliament and Council Regulation 883/2004/EC or social security agreement enacted in other countries. **Social security contributions shall be paid according to the regulation effective in the country where the payments are made.**

8. In column 5 the payments subject to social tax made within calendar month in accordance with § 2 (1) 1), 3), 4), 6), 8) and 9) of the Social Tax Act shall be inserted.

9. In column 6 the total amount of income tax withheld, including the amounts entered in columns 7, 7.1.1, 7.2.1 and 7.3.1 shall be shown.

**Income tax is not charged on contributions to the third pillar pensions made by an employer for an employee or for public servant or for management or controlling body of a legal person not exceeding** the marginal provided in the § 13 (3) 15) of the Income Tax Act.

**Deduction upon withholding of income tax pursuant to § 42 of the Income Tax Act, including basic exemption (§ 23 of Income Tax Act), mandatory social security contributions (§ 28<sup>1</sup> (1) and (2) of the Income Tax Act) and contributions the third pillar of pensions made by an employer for an employee or for public servant or for management or controlling body of a legal person not exceeding** the marginal provided in § 13 (3) 15) of the Income Tax Act (15% of the amount paid to a person in a calendar and charged with income tax or not exceeding 6000 euro´s) **shall be take into account before income tax is withheld from the payments made to a resident natural person pursuant to § 41 (1) of the Income Tax Act.**

10. In columns 7, 7.1.1, 7.2.1 and 7.3.1 the payments made to a resident natural person during a calendar month, wherefrom the payer is obliged to withhold the income tax pursuant to § 41 of the Income Tax Act shall be shown according to the types of payments. Here the amounts of payment before deductions shall be inserted. The payments subject to income tax shall be declared also in case income tax has not been withheld due to basic exemption or other deductions.

11. In column 7 all emoluments paid to an employee or a public servant under § 13 (1) of the Income Tax Act; scholarships, benefits and pensions which are paid in connection with business or employment or service relationship as specified in § 19 (2), (3) 3) of the Income Tax Act; or remunerations which are paid pursuant to an Act or other legislation for performance of work (§ 2 (1) 9) of the Social Tax Act), as well as other income which is paid upon cancellation of an employment contract or upon release from service shall be shown. Code of the abovementioned disbursements is 01.

12. In columns 7.1 to 7.3 the codes of payments corresponding to the types of payments entered in columns 7.1.1, 7.2.1 and 7.3.1 shall be shown. For marking the types of payments in these columns the following codes are used:

**02** – income from rent or hire and income from royalties (§ 16 of the Income Tax Act) except when the recipient of payment is a sole proprietor entered in the commercial register or in the register of the state which is a Contracting Party to the EEA Agreement (hereinafter the Contracting State) and the payment is his or her business income;

**03** – interests (§ 17 of the Income Tax Act);

**05** – pension paid by the Estonian state pursuant to law and payments made from a mandatory pension fund pursuant to the Funded Pensions Act before deduction of the increased basic exemption (§ 19 (2) of the Income Tax Act);

**06** – scholarships, grants, cultural, sports and scientific awards, gambling winnings (§ 19 (2) of the Income Tax Act);

**07** – benefits for temporary incapacity for work (§ 20 (1) of the Income Tax Act) and sickness benefits paid by employers (§ 13 (1) of the Income Tax Act);

**08** – amounts paid to a policyholder or beneficiary under a life insurance contract with an investment risk (§ 20 (3) of the Income Tax Act), unless the person has notified the insurer that benefits are derived from financial assets acquired for money in the investment account provided in § 17<sup>1</sup> of the Income Tax Act;

**09** – tax rate of 21 % applicable to the payments made on the basis of an insurance contract for a supplementary funded pension or payments from a voluntary pension fund (§ 21 (1) of the Income Tax Act);

**10** – tax rate of 10 % applicable to the payments made on the basis of an insurance contract for a supplementary funded pension or payments from a voluntary pension fund (§ 21 (2) and (3) of the Income Tax Act);

**11** – payments made to a member of a management or controlling body of a legal person (§ 13 (2) of the Income Tax Act), except when the recipient of payment is a sole proprietor entered in the commercial register or the Contracting State register and the payment is his or her business income; scholarships, benefits and pension paid in connection with membership of a management or controlling body of a legal person (§ 19 (2) and (3) 3) of the Income Tax

Act); payments which are made to a former member of a management or controlling body of a legal person;

**12** – compensations paid in connection with accidents at work or occupational diseases (§ 13 (1) of the Income Tax Act) before deduction of the increased basic exemption;

**13** – compensations paid to an employee upon cancellation of an employment contract according to the Employment Contracts Act or to a public servant upon release from service according to the Public Service Act;

**14** – other payments from which the payer is obliged to withhold income tax according to § 41 of the Income Tax Act;

**15** – remuneration or service fees paid on the basis of a contract for service, authorisation agreement or any other contract under the law of obligation (§ 13 (1<sup>1</sup>) of the Income Tax Act), except when the recipient of payment is a sole proprietor entered in the commercial register or the Contracting State register or is a notary, sworn translator or bailiff registered in the Tax and Customs Board and the payment is his or her business income;

**16** - unemployment insurance premiums paid under the Unemployment Insurance Act;

**17** – unemployment insurance benefits due to redundancy payable under the Unemployment Insurance Act;

**18** - compensations upon insolvency of the employer payable under the Unemployment Insurance Act;

**19** – parental benefits payable on the basis of the Parental Benefit Act;

**20** - daily allowance for business travel and costs of a creative person paid by an artistic association to the person, remuneration for business travel and other expenses related to sports assignments paid to the person as specified in § 7 of the Sport Act, which exceed the marginal provided in § 13 (3) 1) of the Income Tax Act and also daily allowances received from a third party exceeding the marginal provided in the § 13 (3) 1) of the Income Tax Act;

**21** - allowance for spouse payable on the basis of § 67 of the Foreign Service Act;

**22** – contribution made by an employer to the third pillar of pensions (gross amount), incl. both the tax-exempt part as well the taxable part for an employee or for public servant or for management or controlling body of a legal person.

13. In column 8 the unemployment insurance premium withheld in accordance with § 42 (1) 1) of the Unemployment Insurance Act from the payments of a calendar month declared in column 9 shall be shown. In case of a person who has reached the retirement age “0” shall be indicated in column 8 starting from the month that follows the month of reaching the retirement age. In case of a person to whom the early-retirement pension has been granted on the basis of § 9 of the State Pension Insurance Act “0” shall be written in column 8.

14. In column 9 the amount of payments made in a calendar month, on which the payer is required to calculate and withhold unemployment insurance premium shall be shown. Amount of payments shall be shown as personified, even if the payment is made to a person who has attained the pensionable age or to a person who has been granted early retirement pension (this is necessary for calculation of an employer’s tax liability).

15. In column 10 the payment made to a resident natural person in a calendar month as a contribution to a mandatory funded pension withheld in accordance with § 11(1) 1) and 2) of the Funded Pension Act from the disbursements shown in column 5, if the recipient of the disbursement is an obligated person on the basis on § 6 of the Funded Pension Act shall be shown.

16. In column 10 also the contributions to mandatory funded pension in accordance with § 11 (1) 1) and 2) of the Funded Pension Act withheld from the compensations marked by Estonian Unemployment Insurance Fund with code 17 and 18 shall be shown. From the disbursement marked with code 16 the contribution to mandatory funded pension is not withheld and shall not be shown in column 10.

17. In column 10 **supplementary contributions** to funded pension calculated from parental benefits on the basis of § 11 (1) 3) of the Funded Pension Act marked by Social Insurance Board with code 19 shall also be shown.