Procedure for completing the tax return

1. A non-resident natural or legal person declares the taxable income specified in **§ 29 (4) and (5)** of the Income Tax Act received during a period of taxation in Form V1.

An Estonian or foreign common investment fund or public limited fund declares the income specified in § 31^2 of the Income Tax Act received during a period of taxation in Form V1.

Income tax is charged on the income received in crypto-assets, which is also declared in Form V1.
Crypto-asset, including virtual currency, is digital value or set of rights used, for example, in the sale, purchase or exchange of goods or services. Crypto-assets include Bitcoin, Ether, Litecoin etc.

Income in crypto-asset is converted into euros based on the market price applying on the date of receipt of income.
In the case of a transaction under market conditions, the exchange rate of the environment in which the transaction takes place may also be used as the market price. If in an environment where transactions are carried out in cryptocurrencies, the exchange rate is provided through another traditional currency (for example US dollar), amounts are converted into euros using the daily exchange rate of the European Central Bank from the web page of Eesti Pank.

2. Tax is charged on the income of a foreign legal person, association of persons or pool of assets, which pursuant to the law of the state of the incorporation thereof is not regarded as a legal person for income tax purposes, the income received is taxed as the income of a shareholder in proportion to its share in the trust fund or holding or voting rights in the specified person.

If the shareholders or members of the above-mentioned association or legal person or the co-owners of a pool of assets are unknown or if their residency is not proved, the income is attributed to the association, legal person or pool of assets and taxed according to the provisions applicable to non-residents.

3. In section 1 of **Part I "General Data**", indicate the calendar year when the gain was received.

4. In section 2, enter the personal data of the taxpayer. If taxpayers do not have a registry code in Estonia, they should contact the Tax and Customs Board and forward the data necessary for the registration of the person and then a registry code will be issued to them.

In clause 2.1, enter the details of a non-resident natural person. The personal identification code or registry code in the country of residence or the Estonian personal identification code or the registry code issued by the Tax and Customs Board in Estonia (if any) should be indicated in the tax return.

In clause 2.2, enter the details of a non-resident legal person, including a public limited fund.
If the shareholders or members of a foreign association or legal person or the co-owners of a pool of assets are unknown or if their residency is not proved, the income is attributed to the association, legal person or pool of assets, and income tax is withheld from and paid on the payments made thereto and the income is declared according to the provisions applicable to non-residents (§ 29 (13) of the Income Tax Act).

If the shareholders of a trust fund or other pool of assets are unknown, the provisions concerning non-resident legal persons are applied.

The registry code in the country of residence or the registry code issued by the Tax and Customs Board in Estonia should be indicated in the tax return.

In clause 2.3, enter the details of a manager of the investment fund. The registry code in the country of residence or the registry code issued by the Tax and Customs Board in Estonia should be indicated in the tax return.

In clause 2.4, enter the details of a common investment fund. The registry code in the country of residence (if the country of residence treats the fund as a resident) or the registry code issued by the Tax and Customs Board in Estonia should be indicated in the tax return.

5. In the case of gains derived from the transfer of immovable property located in Estonia, a non-resident declares such income pursuant to § 29 (4) 1) of the Income Tax Act and the manager of a common investment fund (hereinafter: *common investment fund*) and public limited fund declare the income pursuant to § 31^2 (1) 1) of the Income Tax Act in Table 3.1 of Form V1.

6. A non-resident declares the gains from the transfer of property specified in § 29 (4) 2), 4) and 5) of the Income Tax Act in Table 3.2 of Form V1.

A common investment fund and public limited fund declare the gains from the transfer of property specified in § 31^2 (1) 2) and 3) of the Income Tax Act in Table 3.2 of Form V1.

7. A non-resident declares the gains received upon return of holding specified in § 29 (4) 5) of the Income Tax Act or upon liquidation of a public limited fund, common investment fund or other pool of assets specified in § 29 (4) 6) of the Income Tax Act, or upon the receipt of payments which are made by a resident legal person as specified in § 29 (5) in Table 3.3 of Form V1.

A common investment fund and public limited fund declare the gains from the transfer of holding specified in § 31^2 (1) 3) or upon liquidation of a person making the payment specified in § 31^2 (1) 4) of the Income Tax Act in Table 3.3 of Form V1.

8. Income derived from the transfer of timber felled and the right to cut the standing crop growing in their immovable as well as Natura 2000 support for private forest land should be indicated in Table 3.4.

9. The income tax return must be submitted to the Tax and Customs Board by 30 April of the year following the period of taxation.

In the case of bankruptcy of a natural person, the accounting of income and expenses and income tax paid and withheld is kept separately for the part preceding and following the declaration of bankruptcy of the period of taxation.

A natural person has to submit an income tax return to the Tax and Customs Board within one month after the declaration of bankruptcy. For the part of the calendar year following the declaration of bankruptcy, the income tax return is normally submitted by 30 April of the following year.

10. A taxable person calculates the amount of income tax payable on the basis of the income tax return and pays it to the bank account of the Tax and Customs Board not later than by 1 October of the calendar year following the period of taxation.

Pursuant to section 136 (8) of an Act on the General Part of the Civil Code, where the due date that has been fixed for performing an obligation falls on a public holiday or any other non-working day, the due date is deemed to have arrived on the first working day that follows the non-working day.

The reference number for payment of the tax can be found on the website of the tax authority.

At the request of the Tax and Customs Board, the person who submits an income tax return is required to submit additional documents necessary for the determination of tax.

The tax return is signed by the taxable person or a person entitled to sign it.

11. **Part II "Taxable income"** deals with gains derived by a non-resident from a transfer of property (§ 29 (4) of Income Tax Act) and payments a non-resident received from a resident legal person (§ 29 (5) of Income Tax Act).

The profit from the transfer of property is the difference between the selling price and the acquisition cost. Profit from the exchange of property is the difference between the acquisition cost of the profit to be exchanged and the market price of the profit received through the exchange. The taxpayer has the right to deduct certified expenses directly related to the sale or exchange of the property from the profit.

Acquisition cost means all certified expenses which a taxpayer makes in order to obtain, improve or supplement property, including any commissions and fees paid. The acquisition cost of property received by succession includes only the expenses made by a successor.

12. **In Table 3.1,** a non-resident declares gains derived from a transfer of the immovable located in Estonia (hereinafter *immovable*) (§ 29 (4) 1) of the Income Tax Act).

13. In Table 3.1, a common investment fund and public limited fund declares gains derived from a transfer of the immovable located in Estonia specified in § 31^2 (1) 1) of the Income Tax Act.

14. In column 2, insert the number and address of the registered immovable property.

15. In column 3, insert the date of the transfer transaction of the immovable.

16. In column 4, insert the acquisition cost of the transferred property and in column 6, insert the sales price of the transferred property.

17. In column 8, indicate the amount of the gains received. Upon calculation of the gains, the acquisition cost of the immovable (column 4) and the costs related to its transfer (column 5) are deducted from the income received.

18. In column 9, insert the amount of income tax payable, which is obtained by multiplying the gains derived from the transfer of the immovable by the tax rate provided for in subsection 4 (1) of the Income Tax Act in force during the period of taxation.

19. In column 10, insert the registry code or personal identification code of the person that made the payment. In the case of a natural person, the personal identification code or registry code in the country of residence or the Estonian personal identification code or registry code issued by the Tax and Customs Board in Estonia must be indicated. In the case of a legal person, the registry code in the country of residence or the Estonian registry code or the registry code issued by the Tax and Customs Board in Estonia must be indicated.

20. In column 11, insert the first name and surname or the name of the person that made the payment.

21. **In Table 3.2**, a non-resident declares the gains from the transfer of property specified in § 29 (4) 2), 4) and 5) of the Income Tax Act. Upon application of a tax convention, the recipient of income and the date of issue of a document certifying the residency of the recipient must be indicated.

In the case specified in § 29 (4^2) of the Income Tax Act, a non-resident natural person declares the gains received or losses suffered from the transfer of property in Table 3.5 of Form V1.

22. In column 2, insert the code of the type of the transferred property:
1) a movable to be entered in a register, which was in an Estonian register prior to the transfer – code 1;
2) transferred real right or right of claim related to an immovable or a structure as a movable, which is located in Estonia – code 2;
3) a holding in a company, common investment fund or other pool of assets of whose property, at the time of the transfer or during a period within two years prior to that, more than 50 per cent was directly or indirectly made up of immovable or structures as movables located in Estonia and in which the non-resident had a holding of at least 10 per cent at the time of conclusion of the specific transaction – code 3.

The date of issue of the document certifying residency is indicated upon declaration of the gains derived from the transfer of the property indicated in code 1. If, pursuant to the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital, such income is exempt from tax in Estonia, the tax rate in column 7 of Table 3.2 is zero.

In Table 3.2, a common investment fund and public limited fund declare gains derived from the transfer of property specified in § 31^2 (1) 2) and 3) of the Income Tax Act.

In column 2, insert the code of the type of the transferred property:
1) transferred real right or right of claim related to an immovable or a structure as a movable, which is located in Estonia – code 4;
2) a holding in a company, common investment fund or other pool of assets of whose property, at the time of the transfer or during a period within two years prior to that, more than 50 per cent was directly

or indirectly made up of immovable or structures as movables located in Estonia and in which the transferor had a holding of at least 10 per cent at the time of conclusion of the specific transaction – code 5.

23. In column 3, insert the number and address of the registered immovable relating to the transferred property or the transferred right.

24. In column 4, insert the acquisition cost of the transferred property.

25. In column 5, insert the costs associated with the transfer.

26. In column 6, insert the selling price of the transferred property.

27. In column 7, insert the gains from the transfer of property. As the obligation to pay income tax arises only if gains are derived, the result in column 6 is positive.

28. In column 8, show the amount of income tax resulting from the gains from the transfer of property multiplied by the tax rate provided for in § 4 (1) of the Income Tax Act in force during the period of taxation.

29. In column 9, indicate the date of the transfer transaction (day, month, year). In column 10, insert the date on which the gains was derived (day, month, year).

In column 11, insert the registry code or personal identification code of the person that made the payment. In the case of a natural person, the personal identification code or registry code in the country of residence or the Estonian personal identification code or registry code issued by the Tax and Customs Board in Estonia must be indicated. In the case of a legal person, the registry code in the country of residence or the Estonian registry code or the registry code issued by the Tax and Customs Board in Estonia must be indicated.

In column 12, insert the first name and surname or the name of the person that made the payment.

30. **In Table 3.3**, a non-resident declares the gains derived in the cases specified in § 29 (4) 5) and 6) and § 29 (5) of the Income Tax Act, except for the part of gains received upon the return of the holding specified in clause 33 1) of this procedure or upon liquidation of the investment fund or other pool of assets specified in clause 33 2) of this procedure, the income of which is subject to income tax pursuant to Chapter 5^1 of the Income Tax Act or exempt from income tax pursuant to § 31^2 (2) of the Income Tax Act.

In the case specified in § 29 (4^2) of the Income Tax Act, a non-resident natural person declares the gains received or losses suffered from the transfer of property in Table 3.5 of Form V1.

A common investment fund and public limited fund declare in Table 3.3 the gains received in the cases specified in § 31^2 (1) 3) and 4) of the Income Tax Act, except for the gains received upon the return of the holding specified in clause 33 4) of this procedure or upon liquidation of a company, common investment fund or other pool of assets provided for in clause 5 of this procedure, the underlying income

of which is subject to income tax pursuant to Chapter 5^1 of the Income Tax Act or at the level of a company which has repurchased the holding or paid the liquidation proceeds pursuant to § 50 (2).

31. Each payment is declared on a separate line.

32. In Column 1, indicate the registry code of the person that made the payment, and in Column 2, indicate the name of the person.

33. In Column 3, indicate the code of the type of the payment. The payment received by a non-resident:
1) upon the return of a holding in a company, common investment fund or other pool of assets of whose property, at the time of the return or during a period within two years prior to that, more than 50 per cent was directly or indirectly made up of immovable or structures as movables located in Estonia and in which the non-resident had a holding of at least 10 per cent at the time of conclusion of the specified transaction (§ 29 (4) 5) of the Income Tax Act) – code 6;
2) gains which were derived upon liquidation of a public limited fund, common investment fund or other pool of assets on the conditions specified in clause 1 of this section (§ 29 (4) 6) of the Income Tax Act) – code 7;
3) the payment received from a resident legal person specified in (§ 29 (5) of the Income Tax Act) – code 8.

The payment received by a common investment fund and public limited fund:
4) upon return of a holding in a company, common investment fund or other pool of assets of whose property, at the time of return or during a period within two years prior to that, more than 50 per cent was directly or indirectly made up of immovable or structures as movables located in Estonia and in which the fund had a holding of at least 10 per cent at the time of conclusion of the specified transaction (§ 31^2 (1) 3) of the Income Tax Act) – code 9;

5) The payment of the gains derived upon liquidation of a public limited fund, common investment fund or other pool of assets on the conditions specified in clause 4 of this section – code 10.

34. In column 4, insert the date of the payment. In column 5, insert the date on which the gains were derived (day, month, year).

35. In columns 6 to 10, income tax calculated on payments received, the underlying income of which is not subject to income tax, is declared. In column 6, insert the acquisition cost of the holding or the contribution made upon acquisition of the holding.

36. In column 7, insert the costs associated with the transfer of the holding.

37. In column, 8 insert the payment received during the taxable period.

38. In column 9, indicate the gains. As the obligation to pay income tax arises only if gains are derived, the result in column 9 is positive.

39. In column 10, show the amount of income tax resulting from the gains from the transfer of property multiplied by the tax rate provided for in § 4 (1) of the Income Tax Act in force during the period of taxation.

40. The management company of a common investment fund established in Estonia and a public limited fund founded in Estonia is required, at the request of a unit-holder or shareholder, to provide him or her with a certificate concerning the income constituting the basis for payment made to the unit-holder or shareholder upon the redemption of units or shares, liquidation of the fund or made as interest, on which income tax has been charged pursuant to the provisions of Chapter 5^1 or exempt from income tax pursuant to subsection 2 of § 31^2, by the fifth day of the calendar month following the making of the specified payment.

41. **In Table 3.4**, a non-resident natural person shows the income derived from the sale of timber felled from an immovable belonging to him or her and the transfer of the right to cut the standing crop growing there as well as Natura 2000 support for private forest land, from which the acquisition cost and certified expenses are deducted and from which additional deductions up to 5000 euros are allowed.

42. Certified expenses relating to forest management are also deemed to be expenses related to the transfer. The deduction of expenses relating to forest management are allowed, if forest management is carried out as defined in § 16 of the Forest Act and the owner of the forest has submitted a forest notification concerning the forest management activity to the Environmental Board in the case provided for in the Forest Act and the Environmental Board has permitted the activity planned in the forest notification (§ 37 (8) of the Income Tax Act).

The gains derived from the transfer of the right to cut standing crop and felled timber may be carried forward to up to three following periods of taxation (§ 37 (10) of the Income Tax Act).

The expenses relating to the transfer of the right to cut standing crop and felled timber may be carried forward to three following periods of taxation (§ 37 (8) of the Income Tax Act).

43. If the expenses or gains relating to the transfer of the right to cut standing crop and felled timber are carried forward to three following periods of taxation, the annex to Table 3.4 should be filled out.

If the costs relating to the transfer made during a period of taxation are higher than the income received (negative result of line 3 of Table 3.4) and the profit is carried forward from previous periods of taxation (line 1 of Annex to Table 3.4), the amount shown in line 3 of Table 3.4 must take account of gains carried forward from previous taxable periods (line 2 of Annex to Table 3.4).

When the gains derived from the transfer of the right to cut standing crop and felled timber are carried forward, the additional amount of tax to be paid is calculated on the basis of the income tax return submitted not later than for the third year following the calendar year of receipt of the profit.

44. If the taxpayer wishes to tax the gains derived from the right to cut standing crop and felled timber carried forward during the current period of taxation, line 3 of the Annex to Table 3.4 shows the part of the gains that are to be passed on to subsequent periods of taxation (for example, 0 of the gains carried forward or an amount that is smaller than the sum of the amount of line 1 to line 2 of the Annex to Table 3.4) and line 4 shows the part of the gains that are to be taxed during the period of taxation.

45. If the gains derived from the transfer of the right to cut standing crop and felled timber during a period of taxation are higher than the costs related to the transfer (positive result of line 3 of Table 3.4)

and expenses have been carried forward from previous periods of taxation (line 5 of Annex to Table 3.4), then expenses carried forward from previous periods of taxation (line 6 of Annex to Table 3.4) must be taken into account to the extent of the amount indicated in line 3 of Table 3.4.

46. If the right to cut standing crop and felled timber has been transferred from an immovable belonging to a sole proprietor in the course of business or if Natura 2000 private forest land support has been received on forest land used in business, the income received must be declared in line 1.4 of Form E1.

47. **In Table 3.5**, a non-resident natural person declares the gains received or losses suffered from the transfer or return of securities or the liquidation of a common investment fund, public limited fund or other pool of assets during a period of taxation.

48. A non-resident natural person is entitled, upon transfer or return of securities in the case specified in § 29 (4) 5) or upon liquidation of a common investment fund, public limited fund or other pools of assets in the case specified in § 29 (4) 6) of the Income Tax Act, to deduct from the derived gains and carry forward to the following periods of taxation the loss suffered upon transfer or return of such securities or upon liquidation of a common investment fund, public limited fund or other pools of assets on the terms and conditions provided for in § 39.

The right to carry forward losses is open-ended and in order to use it, the taxpayer must submit the income tax return Form V1 by 30 April of the year following the year of the loss.

In column 1 of Table 3.5, insert the code of the type of the transferred property:
1) upon the transfer of holding in a company, common investment fund or other pool of assets of whose property, at the time of the transfer or during a period within two years prior to that, more than 50 per cent was directly or indirectly made up of immovable or structures as movables located in Estonia and in which the non-resident had a holding of at least 10 per cent at the time of conclusion of the specified transaction (§ 29 (4) 5) of the Income Tax Act) – code 11;
2) upon the return of holding in a company, common investment fund or other pool of assets of whose property, at the time of the return or during a period within two years prior to that, more than 50 per cent was directly or indirectly made up of immovable or structures as movables located in Estonia and in which the non-resident had a holding of at least 10 per cent at the time of conclusion of the specified transaction (§ 29 (4) 5) of the Income Tax Act) – code 12;
3) upon liquidation of a common investment fund, public limited fund or other pool of assets (§ 29 (4) 6) of the Income Tax Act) on the conditions specified in clause 1 of this section – code 13.

49. In column 2, insert the registry code and name of the person that made the payment.

50. In column 3, insert the acquisition cost of the holding or the contribution made upon acquisition of the holding.

51. In column 4, insert the costs associated with the transfer.

52. In column 5, insert the selling price of the transferred holding.

53. In column 6 insert the date of the transfer transaction (day, month, year).

54. In column 7, insert the date on which the gains was derived or loss was suffered (day, month, year).

55. In column 8 insert the gains or loss from the transfer of the holding. Indicate losses with the minus sign.

56. On line 1, indicate the profit or loss (negative result with minus sign) from the transfer of securities.

57. On line 2, indicate the loss carried forward from previous tax periods, i.e. the negative result of line 3 of Table 3.5 of the previous V1 form, with a minus sign.

58. On line 3, show the reduction of the profit of a period of taxation with the loss carried forward from previous periods of taxation (with a minus sign), or calculate the loss carried forward to subsequent periods of taxation (negative result with a minus sign).

59. Line 4 shows the sum of income tax obtained by multiplying the gains derived from the transfer of securities (the positive result of line 3) by the tax rate in force during the period of taxation (§ 4 (1) of the Income Tax Act).