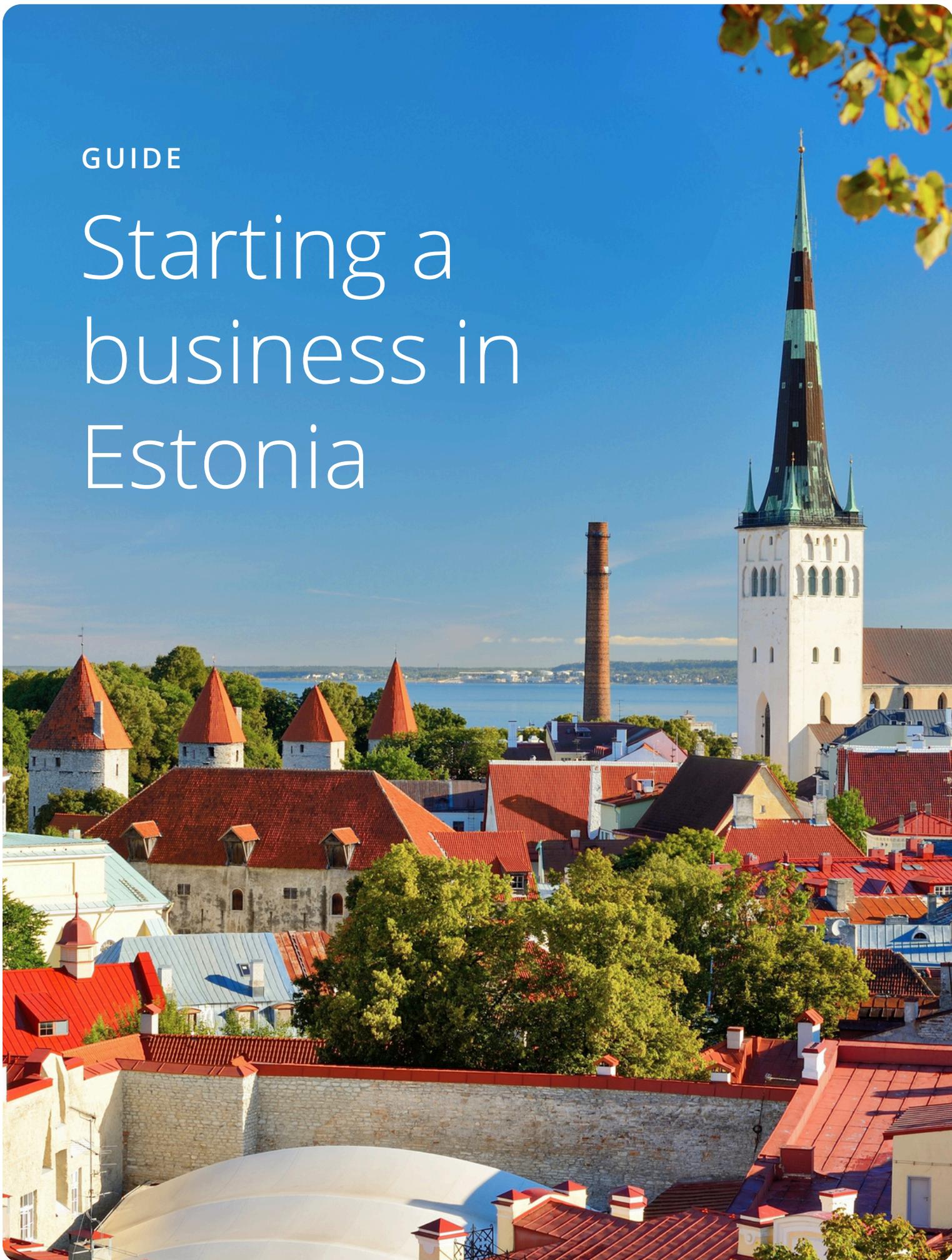


GUIDE

Starting a business in Estonia





Capital City

Tallinn

Currency

Euro

VAT -
standard rate

24 %

Languages

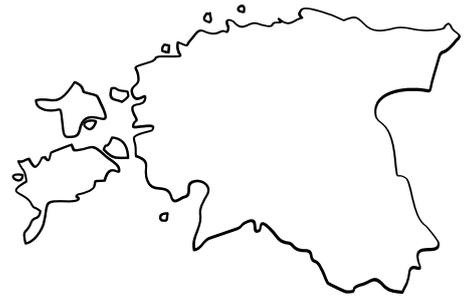
Estonian

Ease of
doing Business

Easy

Population Size

≈ 1 300 000



Business structures in Estonia

The first step is to determine the type of business to establish and ensure that the group structure is incorporated in a well-prepared manner.

There are two common types of business structures in Estonia:

- Limited liability company (ET: osaühing OÜ)
- Public limited company (ET: aktsiaselts AS)



PRIVATE LIMITED LIABILITY COMPANY - OSAÜHING (OÜ)

This is the most commonly used business form due to its flexibility and simplicity, especially appealing to small and medium-sized enterprises (SMEs) and solo entrepreneurs. Its low capital requirement and straightforward management structure make it ideal for entrepreneurs looking to test new markets or technologies.

An OÜ can be established with just one shareholder, who can be a legal entity or a natural person. The liability of shareholders is limited to their share capital contribution.

Share Capital Requirements

The minimum share capital is just €0.01 per shareholder. If there are 2 shareholders, the minimum total share capital can be €0.02.

Payment of Share Capital can happen in two ways:

1. Paid Immediately. You can pay the share capital (even just €1) during registration via bank transfer. It is required if you want to distribute dividends or change the ownership later without delays.
2. Deferred Payment (Unpaid Capital). You can register with the company without paying the share capital initially. The company cannot pay dividends until the share capital is fully paid.

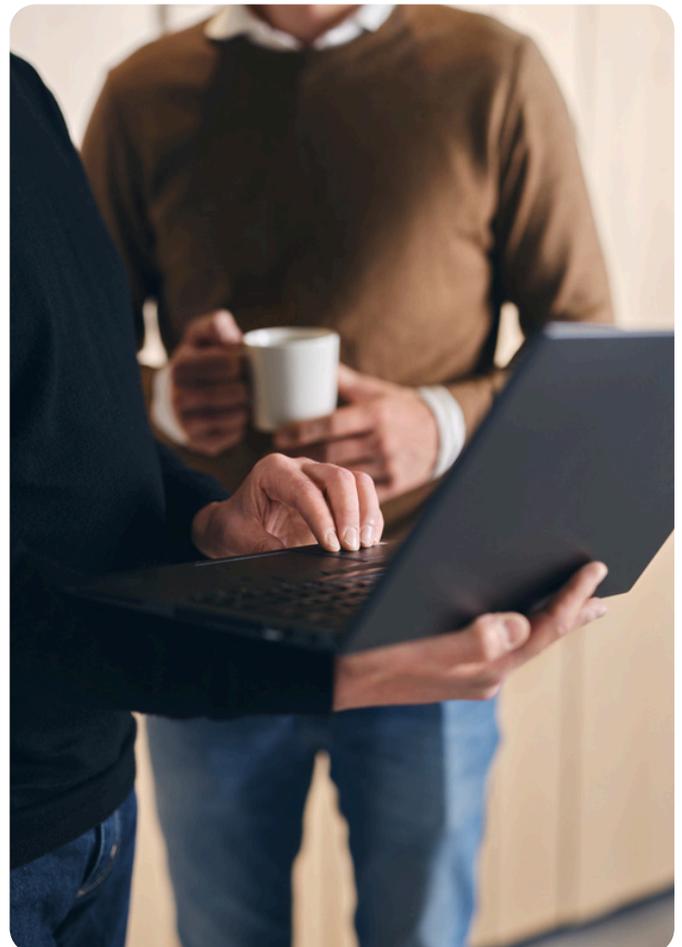
Shareholders are liable up to the unpaid capital amount and the share capital must be denominated in euros (€).

If the share capital is more than €50,000, you must open a business bank account before registration and provide proof of payment. For smaller amounts (e.g., €0.01–€25,000), no pre-setup bank account is required at the registration stage.

Increasing Share Capital can be done later

- cash contribution
- non-monetary contribution (requires independent valuation).

A formal shareholder decision and registry update are needed.



CEO/Management Board requirements

An OÜ can be managed by a single manager (CEO) or a management board consisting of multiple members.

Members of the management board, including the CEO, must be natural persons and can be residents or non-residents of Estonia.

The CEO or board members are responsible for the day-to-day management and representation of the company.

The appointment of the CEO or board members is typically detailed in the company's articles of association and decided by the shareholders.

OÜs do not require a supervisory board unless stipulated by the articles of association or if certain conditions necessitate such a structure.

Incorporation Process

- Registering an OÜ can be done online through the [Estonian business registry portal](#).
- It involves submitting the necessary documentation, such as articles of association and shareholder information.
- Documents can be digitally signed with [e-Residency](#) or via designated notary services.



PUBLIC LIMITED COMPANY - AKTSIASEELTS (AS)

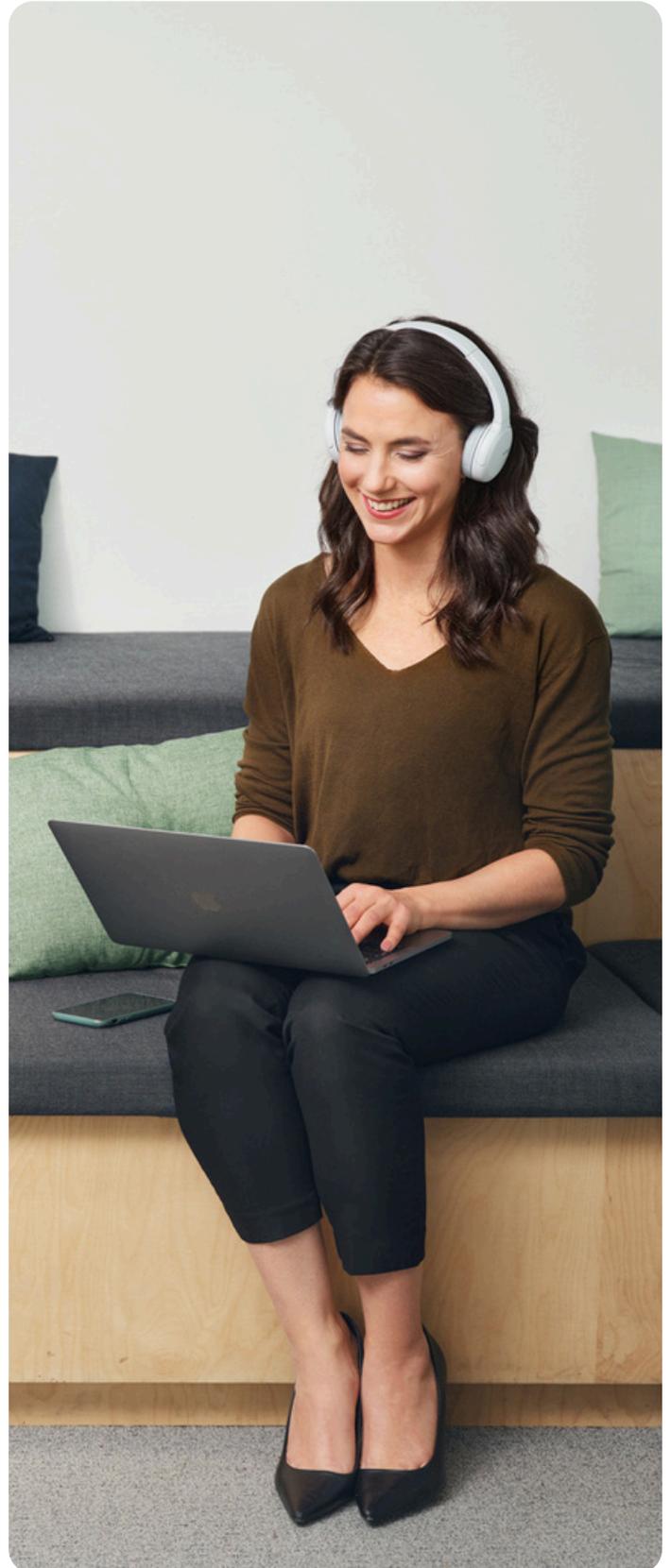
A public limited company in Estonia is appropriate for larger corporations or companies planning to issue shares to the public or seeking significant external investment. Companies with plans to raise capital through public offerings often prefer the AS model due to its ability to issue stock.

Basic Requirements

- Minimum Share Capital of €25,000. This must be paid upfront.
- An AS can comprise multiple shareholders, enabling ownership distribution and even public trading.
- Similar to the OÜ, liability for shareholders is limited to their contribution, but the structure allows for more extensive corporate governance.

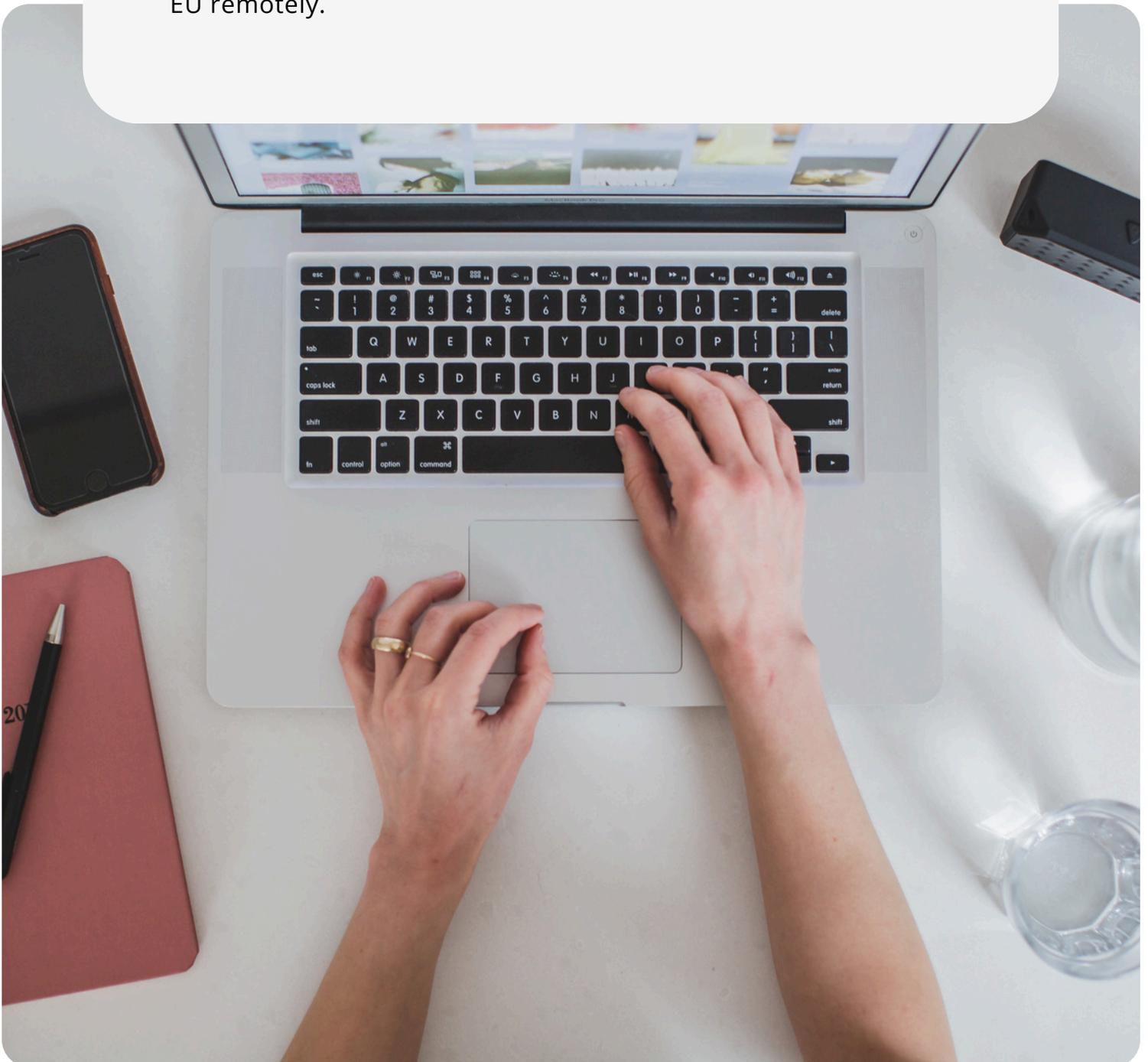
Incorporation Process

- Establishing an AS is more complex than an OÜ, typically necessitating legal and accounting guidance.
- The process includes registering with the commercial registry and preparing comprehensive articles of association.
- A board and a supervisory board must be appointed as part of the corporate structure.



e-Residency

The Estonian e-Residency program gives non-Estonians a digital ID to access Estonian services, mainly for business. It helps global entrepreneurs start and run EU-based companies online, without living in Estonia. It's ideal for freelancers, digital nomads, startups, and international businesses looking to operate in the EU remotely.



BENEFITS OF E-RESIDENCY

ACCESS TO EU MARKETS

E-Residents can set up a company in Estonia, giving them access to the European Union's single market and its large consumer base.

BUSINESS MADE EASY

Estonia offers a straightforward process for starting and running a business, with low bureaucracy and a favorable tax system.

MANAGE YOUR BUSINESS DIGITALLY

Manage your company remotely with secure digital tools like e-signatures, online banking, and integrated accounting.

GLOBAL DIGITAL IDENTITY AND NETWORK

Use your Estonian digital ID to run your business from anywhere and connect with a global community of entrepreneurs.

Good to note:

Despite its advantages, e-Residency does not confer citizenship, tax residency, or physical residency, and e-Residents may still face complex international tax obligations depending on their home country's laws. Additionally, while the program provides a digital identity, the integration of banking services requires navigating additional regulations and approvals.

HOW TO APPLY E-RESIDENCY?



1. Fill Out the Online Application

- Go to <https://www.e-resident.gov.ee/> and complete the e-Residency application
- Pay the required government fee



2. Upload Required Documents

- Submit a digital passport-style photo
- Provide a copy of a valid government-issued ID



3. Background Check

- The Estonian Police and Border Guard Board conducts a security check



4. Get Approved & Pick Up Your Card

- If approved, choose a pickup location (available in many cities worldwide) and collect your e-Residency digital ID card in person



5. Start Using e-Residency Services

- Now you can
 - Digitally sign documents
 - Access Estonian government portals
 - Establish and manage your EU-based business online

Practicalities



CONTACT PERSON

Certain companies are required to nominate a contact person for the purpose of communicating with state authorities and ensuring compliance with local governance requirements. They do not have managerial or decision-making powers unless specifically granted. Typically, contact people are provided by professional service companies or law firms who offer corporate secretarial services.

The contact person must be registered with the Estonian Business Register, ensuring their details are up-to-date and accessible.

Here's when a nominated contact person is typically required:

- **Foreign-Owned Companies:** Companies that are registered in Estonia but have no legal or physical person residing in Estonia on the management board are required to appoint a contact person. This person acts as a liaison with the Estonian authorities.
- **E-Resident Founded Companies:** For companies established by e-Residents without a physical presence in Estonia, a contact person is necessary to facilitate communication with local government entities.
- **Non-Resident Directors:** If all members of the company's management board are non-residents of Estonia, a contact person must be appointed.



OPENING A BANK ACCOUNT

Opening a bank account for a company involves several important considerations that ensure compliance with local regulations and facilitate smooth financial operations. Here are the key aspects to consider.

DOCUMENTATION REQUIREMENTS

- Company registration certificate and details
- Identification of directors, owners, or authorized signatories
- Proof of business address, if requested

CHOOSING THE RIGHT BANK

- Consider banks familiar with e-Residents and international clients
- Look for banks offering dedicated business accounts and client managers

COMPLIANCE AND DUE DILIGENCE

- Expect thorough Know Your Customer (KYC) and anti-money laundering checks
- Be prepared for detailed background and financial investigations

REMOTE APPLICATION OPTIONS

- Many banks support remote account opening - ideal for e-Residents or international entrepreneurs
- Check if physical presence is required or if online verification is available

FEES & ACCOUNT TYPES

- Understand fee structures for transactions, maintenance, and international transfers
- Explore multi-currency accounts and foreign exchange conditions for global business needs

ONLINE BANKING & SECURITY

- Ensure the bank offers a secure, user-friendly online banking platform
- Choose a reliable and reputable bank to protect your business finances

TAX COMPLIANCE & REGISTRATIONS

When registering a company in Estonia, several crucial tax registrations and considerations are necessary to ensure compliance with the Estonian Tax and Customs Board. Here are the main registrations a company should consider:

Value Added Tax (VAT) Registration

If a company's taxable turnover exceeds €40,000 annually, it must register for VAT. Once registered, businesses need to charge VAT on taxable goods and services and file VAT returns regularly.

Corporate Income Tax

Estonia operates a unique tax system where corporate income tax is deferred until profits are distributed as dividends. Companies must understand and plan for tax on dividends when they decide to distribute profits.

Employee Tax Registrations

If the company hires employees, it must handle employment taxes, which include social security contributions and personal income tax. Companies need to register as employers and report employee wages to the Tax Office.

Excise Duties (if applicable)

Businesses dealing in goods subject to excise duty (like alcohol, tobacco, or fuel) must register and comply with excise obligations.

Reporting and Compliance

Companies are required to maintain comprehensive accounting records and regularly submit tax declarations through the e-Tax/e-Customs portal, which allows online filing and payments.

Registering correctly and staying compliant with these tax requirements ensures smooth business operations in Estonia. It's advisable for companies to consult with legal or accounting professionals familiar with Estonian tax regulations to assist with these processes.



TAX RATES PER 1.7.2025

Estonia has a distinct and straightforward tax system, especially noted for its flat tax rates. Here are the main taxation percentages applicable in Estonia:

Corporate Income Tax

Estonia has a 0% corporate income tax rate on retained earnings, which means profits that are reinvested or retained are not taxed.

When profits are distributed as dividends, a corporate income tax of 22% (calculated as 22/78 of the net dividend) is applied.

Value Added Tax (VAT)

The standard VAT rate is 24%. A reduced VAT rate of 9% applies to certain goods and services, such as books and accommodation services. Some goods and services may be exempt from VAT.

Personal Income Tax

Estonia imposes a flat personal income tax rate of 22% on individuals. There is a basic exemption that reduces taxable income, which is periodically adjusted by the government.

Social Security Contributions

Employers are required to pay social tax at 33% on employee salaries. This includes contributions for pension insurance and health insurance.

- Employees contribute to unemployment insurance at a rate of 1.6%, while the employer contributes 0.8%.
- Dividends received by individuals are generally subject to a 22% tax rate, unless specific exemptions apply.



IMPORTANT DUE DATES

Monthly VAT Declaration

The VAT return and payment are due by the **20th day of the month** following the taxable period.

Annual financial reports

Annual financial reports must be submitted to the Commercial Register **within six months after the end of the financial year**. Fiscal year commonly ending on December 31.

Corporate Income Tax

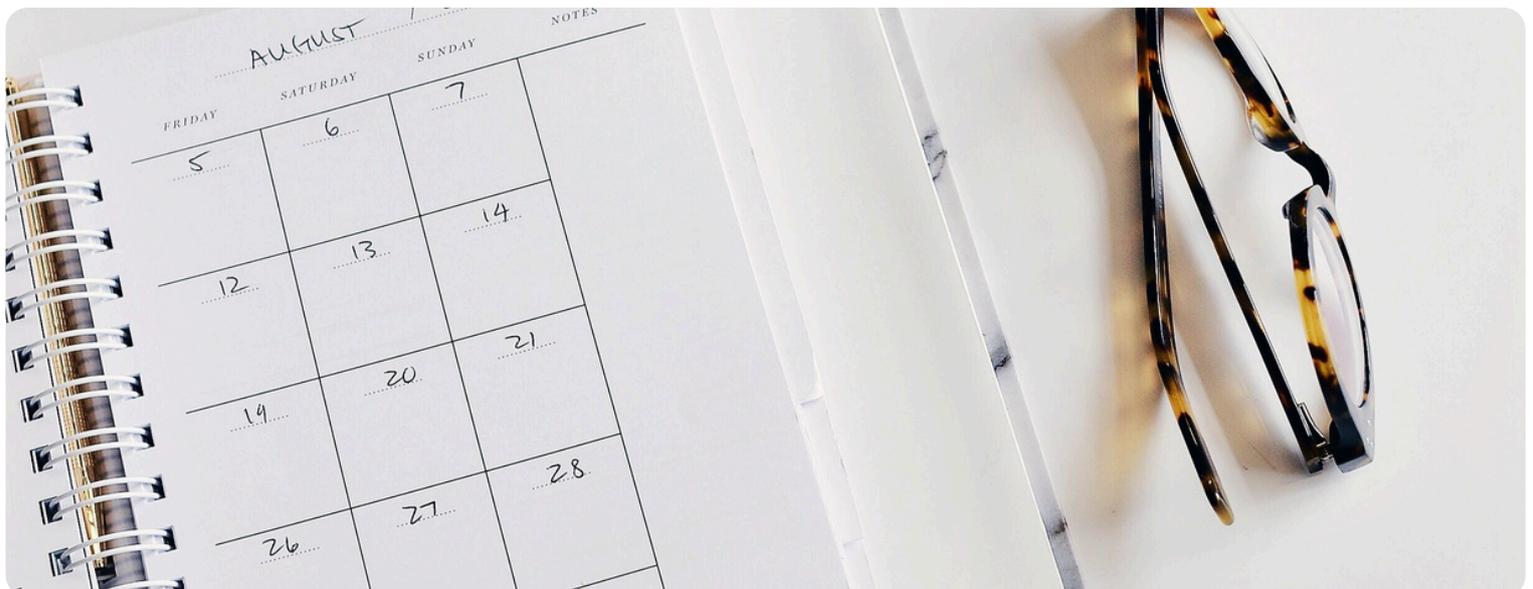
While Estonia has a unique corporate income tax system where tax is deferred until profits are distributed, any tax on distributed profits must be declared by the **10th day of the month** following the distribution. Frequency is contingent upon the company choosing to distribute profits.

Employee Payroll Taxes

Payroll tax withholding, including social security and personal income tax for employees, must be reported and paid by the **10th day of the month following the salary payment**.

Excise Duties

The deadline for excise duties depends on the specific type of goods and the arrangement with customs authorities. **Typically monthly**, but it can vary based on specific agreements.



RELEVANT LINKS, ORGANISATIONS & DATA SOURCES

[eResidency Official Website](#)

Apply for Estonia's e-Residency program.

[Estonian Business Register](#)

The portal for registering businesses and accessing company data.

[Estonian Tax and Customs Board](#)

Information on tax regulations, registration, and online services for tax declarations.

[Startup Estonia](#)

A hub for resources, advice, and community support tailored to startups.

[Invest Estonia](#)

Offers guidance and support for foreign investors looking to start businesses in Estonia.

[Ministry of Economic Affairs and Communications](#)

Insights into economic policies, business regulations, and support structures.

[Eesti Pank \(Bank of Estonia\)](#)

Provides economic analyses, financial sector data, and reports.

[Enterprise Estonia \(EIS\)](#)

Offers programs and consultations supporting business development and internationalization.

[Estonian Chamber of Commerce and Industry](#)

Online legal resources for regulations, company formation, and compliance guidance.





Focus on running your business.
We'll take care of the back-office.



ACCOUNTING | PAYROLL | DATA & ANALYTICS | NETSUITE | SUSTAINABILITY

[Contact us!](#)