

Estonian taxes in 2019 (3/5/19)

This article provides a comparative overview of the most relevant tax indicators for 2018 and 2019.

Value added tax

Threshold for VAT registration (calendar year)	EUR	2019 40,000	2018 40,000
Threshold for cross-border digital (electronic and electronic communications) services*	EUR	10,000	-

* A 20% Estonian VAT applies when the threshold is not exceeded. If it is exceeded, the VAT rate of the member state in which the end consumer lives applies.

Income tax

Flat rate of income tax to be paid or withheld on taxable income of individuals or non-residents	%	20	20
Income tax prepayments of credit institutions (paid on quarterly profits)	%	14	14
Reduced rate of corporate income tax on regularly distributed profits		14/86	-
Income tax to be withheld if recipients of dividends are individuals and when distributing the profits, the resident entity paid a reduced rate of corporate income tax	%	7	7
Reduced rate of income tax (disbursements from third pillar, royalties and service fees paid to non-residents)	%	10	10
Income tax rate on taxable payments of entities (dividends, gifts etc)		20/80	20/80
Overall tax-free income (basic exemption) of a resident individual per calendar year	EUR	6,000...0	6,000...0

6,000 if annual income is up to 14,400

If annual income exceeds 14,400, the basic exemption drops according to the formula:

$6,000 - 6,000 / 10,800 \times (\text{income} - 14,400)$

0 if annual income exceeds 25,200

Annual additional exempt allowance for parents (starting from second child)	EUR	1,848	1,848
Annual additional exempt allowance for spouse if certain conditions are met	EUR	2,160	2,160
Exempt rate of birth allowance paid by employer (single payment)	EUR	2,500	2,500
Combined annual deduction rate for housing loan interest, education expenses and charitable donations per individual	EUR	1,200	1,200

incl. EUR 300 on housing loan interest capped at 50% of income

Social tax

Social tax rate	%	33	33
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Monthly base rate for social tax contributions	EUR	500	470
Minimum monthly employer's social tax liability	EUR	165	155.10
Self-employed individual's minimum annual social tax liability	EUR	1,980	1,861.20
Salary			

Minimum monthly salary for full-time employment	EUR	540	500
Minimum hourly rate	EUR	3.21	2.97
Exempt per diem rate on foreign business trips (up to 15 days a month)	EUR	50	50

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