



# TTS eGuide to eResidency in Estonia

## An Introduction

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Why should UK residents consider establishing residency in Estonia – (or indeed any other country). It is not a solution that will work for everybody – if you are selling physical goods from the UK, tariffs and non-tariff barriers (extra documentation etc.) will still be an issue. However, an Estonian subsidiary could be helpful in servicing the EU market in the following circumstances:

1. For companies selling digital services; keeping operations in the UK but still provide EU business continuity;
2. Fintech companies can tap the regulatory “passport” to reach all EU markets;
3. Companies working with data can be a part of the EU Single Market Directive;
4. Even if a Briton wants to open a bar in Portugal, this business can also be operated through an Estonian company and managed from distance with e-residency.

## Why consider eResidency in Estonia?

Essentially there are three main reasons for establishing Estonian eResidency:

1. Estonia is an EU member state. Running a business from Estonia provides access to the EU single market – and EU financial support.
2. Estonia has developed a highly advanced digital platform, allowing you to conduct all your business online. (Only marriage, divorce and some property transactions still require a physical presence.)
3. A favourable corporate tax regime (but it is not a tax haven) – especially for companies that reinvest their profits to finance growth.

For further information about Estonia see [Estonia Country Profile](#).

## eResidency and Corporate Registration

There are two elements to be considered:

1. Personal eResidency.
2. Company Registration.

### Personal eResidency

Essentially, this is a digital identity card issued by the Estonian government which gives holders (eResidents) access to Estonia’s digital infrastructure.

It is important to note that this digital identity card **does not**:

1. Give the right to live or work in Estonia.
2. Act as visa to enter Estonia (or the EU).
3. Establish an Estonian company – this is personal eResidency.

### What are the benefits of eResidency?

- Establish and run an Estonian company online (with the assistance of a service provider; see Appendix One – Companies offering Estonian eResidency and Company Registration services).
- Access online banking and international payment service e providers.

- Digitally sign documents (annual reports, contracts) internally and with external partners — from professional service providers to the tax office.
- Declare and pay taxes online.
- Encrypt and transmit documents securely, to and from any location.
- Verify the authenticity of signed documents.
- Have political representation to Estonian decision makers, via [EERICA — The Estonian e-Residents International Chamber](#).

For more information, Estonian eResidency has a Subreddit – <https://www.reddit.com/r/eResidency/>

### **How can you acquire Estonian eResidency?**

You can apply online at <https://www.e-resident.gov.ee/become-an-e-resident/>

There are 5 simple sets and the process takes between 3 – 8 weeks:

1. Apply online – takes about 30 minutes (pay the state fee (Euro 100 – 120)).
2. Estonian Police & Border Guard Board reviews application within 30 days of submission.
3. E-Residency kit will reach your pickup point within 2-5 weeks. (Pay a service fee in cash at certain Pick Up Points.)
4. Collect your e-Residency kit in-person. There are pick up points in London and Dublin.
5. Set up your card. Once installed, you can start using your new digital ID – and, if you wish, set up your Estonian company.

### **Corporate Registration**

This takes just 5 simple steps:

1. Acquire e-Residency (see above)
2. Choose a business service provider
3. Log in to the eBusiness Register to register your company
4. Check if your company needs a licence or a notice of economic activity (very few do)
5. Apply for a business banking account.

A local contact person is the only mandatory local service needed. This person is not necessarily a local director.

Costs will depend upon the service provider and the services requested. However, to start they are likely to be in the region of:

- State fee to register a limited company: Euro 265
- Local contact person: Euro 200-250 p.a.
- Accounting: from Euros 50 per month.

### **Opening a business bank account**

1. Payment institutions & FinTechs in the EU/EEA
  - Can be opened entirely online

- Do not provide business loans
- 2. Banks in other EU/EEA areas
  - Based on your existing client relationship
- 3. Banks in Estonia
  - Companies with “strong connection to Estonia”
  - Personal visit to bank required.

## Tax

- |                                          |                                                                              |
|------------------------------------------|------------------------------------------------------------------------------|
| ➤ Personal:                              | Declared in country of tax residence.                                        |
| ➤ Company Taxes                          | Declared where company is tax resident and/or has a Permanent Establishment. |
| ➤ Payroll taxes and social contributions | Declared where employees are located/registered.                             |
| ➤ VAT:                                   | Online sellers can declare in the EU country where they are VAT registered.  |

## Corporate Tax

Taxes can be declared and paid online.

### Corporate tax:

- 0% on reinvested profits
- 20% on distributed profits

### VAT:

- 20%
- Mandatory registration > Euro 40k p.a.
- OSS and IOSS regimes in EU simplify VAT procedures

## Conclusions

If you are selling services, the electronic platform offered by platform, the access to the EU market and the favourable tax combine to make a convincing argument for considering the establishment of an Estonian subsidiary.

## Disclaimer

TradeTech Solutions (“TTS”) does not offer any advice or recommendations as to whether it is advisable for you to establish either Estonian aResidency or an Estonian company. This eGuide simply serves as an introduction to the options that exist – with any details current at the time of writing, and therefore subject to change. Before taking any concrete steps, you should take appropriate legal and fiscal advice (neither of which is offered by TTS.)

## Appendix One – Companies offering Estonian eResidency and Company Registration services

These are examples of some companies offering services in relation to Estonian eResidency and Company Registration services. TTS makes no recommendations. This list has been compiled simply for your convenience and you may well find other companies offering similar services.

- 1Office: <https://1office.co/>
- Aaroni Accounting Services: <https://aaroni.ee/>
- B2baltics Consulting: <https://b2baltics.eu/>
- Comistar Estonia: <https://comistar.com/comistar-estonia/>
- Companio: <https://companio.co/>
- Dalanta: <https://www.dalanta.ee/>
- Enty: <https://enty.io/>
- e-Residency Hub: <https://erhub.ee/>
- InCorpora: <https://www.incorpora.eu/>
- Magrat: <https://magrat.eu/>
- Sunny Business Services: <https://www.sunnybusiness.ee/>
- Unicount: <https://unicount.eu/en/>
- Xolo: <https://www.xolo.io/>

**See also:** The Enterprise and Innovation Foundation: <https://eas.ee/eas/>

“We help promote innovation, develop sustainable business models and knowledge-intensive solutions. We increase Estonia's visibility and attractiveness as a travel destination, a place for business, living and studying. We attract foreign investments with high added value to Estonia and help recruit top-level international employees. We advise companies on how to find export partners and expand to foreign markets. We also help develop the startup ecosystem with the goal of increasing the number of technology success stories.

We offer grants, loans, venture capital, credit insurance and guarantees to support their rapid development and safe expansion into foreign markets to realize the ideas of companies. We support private individuals in improving their living conditions: we offer a guarantee for the purchase of a home and loans, guarantees and subsidies to increase the energy efficiency of homes. We have helped more than 105,000 families build or renovate their homes.

Both the development of entrepreneurship and the increase of energy efficiency play an important role in the implementation of the green, digital and innovation revolution.”