The ABCs for a self-employed person

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Self-employed persons' tax liabilities

Information about changes in taxes and tax rates provided by law can be found under **Tax rates**.

Last updated on 08.01.2025

Social tax

PRINCIPLES

- Self-employed persons pay social tax on their business income after deductions relating to enterprise and permitted in the Income Tax Act have been made, taking into consideration the minimum and maximum rates established in the Social Tax Act;
- self-employed person’s taxable period for social tax is one calendar year, as the taxable income is determined once a year on the basis of an income tax return;
- the rate of social tax is 33 per cent;
- the social tax is deducted from the business income on the accrual basis, dividing the business income by the number of 1.33 after deducting the expenses;
- self-employed persons are requested to pay advance payments of social tax during the year;
- self-employed persons cannot indicate neither social tax nor advance payments of social tax in their expenses related to business.

DECLARATION, CALCULATION AND PAYMENT OF SOCIAL TAX

Social tax is calculated on the basis of business income received during the taxable period. Business income is declared on an income tax return once a year (form E), which must be submitted to the Estonian Tax and Customs Board together with the income tax return of a natural person (form A) not later than by **30 April** of the year following the period of taxation.

The maximum social tax rate of a self-employed person is calculated on the basis of ten times the sum of the minimum monthly wages (**clause 5 of subsection 1 of § 2 of the Social Tax Act**). As the taxable

period is a calendar year, the maximum tax liability is calculated on the amount of the minimum wages of 12 months.

- The maximum amount of self-employed person's social tax liability in **2026** is **36,867.60 euros** (886 × 10 × 3 × 33%) + (946 × 10 × 9 × 33%).

- The maximum amount of self-employed person's social tax liability in **2025** was **35,085.60 euros** (886 × 10 × 12 × 33%).

The Estonian Tax and Customs Board calculates an annual final social tax obligation on the basis of the data indicated on form E. Table 4 is added to form E of the income tax return wherein a self-employed person can indicate the periods, pursuant to sick leave certificates, when he/she was on sick leave during the year. The periods when the self-employed person is on sick leave are taken into account on calculating the annual final social tax obligation. A tax notice is issued by the Estonian Tax and Customs Board on the additional amount of social tax due to a self-employed person at least thirty days prior to the due date for payment of the tax (1 October). The annual calculation of social tax and the additional amount to be paid can also be viewed on the information sheet of the electronically filed income tax return. If no additional payment of social tax is required, the Estonian Tax and Customs Board will not issue a tax notice. In 2026, the self-employed person has to pay the amount of social tax indicated in the tax notice into the bank account of the Estonian Tax and Customs Board not later than by **1 October**. If, during the year, the self-employed person has paid more social tax as advance payments than the actual social tax obligation in a year, the self-employed person will be refunded the overpaid amount of social tax.

Further information

Social Tax Act

Last updated on 14.04.2026

Payment of advance payments of social tax

PAYMENT OF ADVANCE PAYMENTS OF SOCIAL TAX

Self-employed persons are obliged to make the advance payments of social tax four times a year (unless they are receiving a state pension, are persons with partial or no work ability, students within the meaning of subsection 5 (4) of the Health Insurance Act, start/terminate their activities during a quarter or social tax for them is paid by the employer or the state).
Advance payments of social tax are made for the current quarter **by the 15th day** of the last month of

each quarter (for the first quarter by 16 March, for the second quarter by 15 June, for the third quarter by 15 September and for the fourth quarter by 15 December). The monthly rate providing the basis for the payment of social tax is established in the state budget for every year.

The monthly rate for social tax in 2026 is 886 euros, on the basis of which the calculated social tax obligation for one quarter is 877.14 euros (886 × 3 × 33%). The tax liability is paid with the accuracy of a euro cent.

CALCULATION, DECLARATION AND PAYMENT OF SOCIAL TAX FOR THE SPOUSE OF A SELF-EMPLOYED PERSON

The self-employed person (except a notary and bailiff) registered in the commercial register can pay social tax for his/her spouse who participates in the activities of the self-employed person, ensuring thus social insurance cover to the spouse.

Last updated on 05.01.2026

When advance payments need not be paid

Self-employed persons need not make advance payments of social tax, if:

1. they are receiving a state pension (incl. flexible pension), are persons with partial or no work ability or students within the meaning of subsection 5 (4) of the Health Insurance Act (persons acquiring basic education, general secondary education, formal vocational education and students who are permanent residents of Estonia, except for doctoral candidates receiving the doctoral allowance);
2. they are under the age of 19;
3. **they start or terminate their activities during a quarter**.
   If a self-employed person starts or terminates business during the quarter, they are required to make advance payments for these days when they are registered as a self-employed person.
   If the requirements for exemption from advance payment mentioned in clauses 1 and 2 have been met not throughout the whole quarter, but during certain periods of the quarter, the proportional calculation is applied.
   If a person has tax liability for only some days in the quarter, then:
   - the number of days is determined for which the tax liability arose (all the days not covered with tax exemption are added together);
   - the actual number of days in the said quarter is determined;
   - the payment is calculated on a day-basis: the quarterly payment is divided by the number of the days in the quarter and multiplied by the number of the days of the tax liability.

   Example

The tax liability arose for 50 days and there are 91 days in the said quarter — the tax liability is calculated as follows: 877.14 euros ÷ 91 × 50 = 487.50 euros.

4. **social tax for the person is paid by the employer or the state or the local government**.
   If social tax for a self-employed person is paid by the employer or in accordance with § 6 of the Social Tax Act by the state, city or rural municipality, and if in 2026 the amount is not less than 877.14 euros per quarter, the self-employed person need not make advance payments of social tax.
   If the employer, state, city or rural municipality pays social tax for the self-employed person less than 877.14 euros, the self-employed person himself/herself must pay the missing part. The social tax paid is calculated in total from the beginning of the calendar year. If the amount of social tax paid by the employer or state exceeds the quarterly advance payment obligation of the said quarter, the social tax by the employer/state which was not used in this quarter will be carried over to the following quarters for reduction of payment obligation, **but not retrospectively for reduction of previous quarterly tax obligations**.

   Example
   A self-employed person's tax obligation for the second quarter is 200 euros. The amounts of social tax paid by the employer/state for March, April and May in 2025 are being verified. Let us assume that the total amount of social tax paid is 350 euros, then the self-employed person's final advance payment obligation for the second quarter is 0 and the unused balance is 350 – 200 = 150 euros. This unused balance may be used for covering the following quarters.
   The self-employed person's tax obligation for the third quarter is 300 euros. The amounts of social tax paid by the employer/state for June, July and August in 2026 are being verified. Let us assume that the amount of social tax paid is 50 euros, then the self-employed person's final advance payment obligation is 300 – 150 (previous quarterly balance) – 50 (paid in the third quarter) = 100 euros.

When calculating the amount of advance payment of social tax, you can get help in the service bureaus of the Estonian Tax and Customs Board or in the e-services environment e-MTA.

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Proportional calculation of social tax

Proportional calculation of quarterly obligation of advance payments of social tax if tax liability arose during a period shorter than a quarter (**subsections 5 and 5[1] of § 9 of the Social Tax Act**).

If the requirements for exemption from advance payments have been met not **throughout the whole quarter**, but during certain periods of the quarter only, it is required to apply proportional calculation.

Self-employed persons pay advance payments of social tax in proportion to:

- ✓ **the number of days** of registration as a self-employed person, if the self-employed person has been entered in the commercial register or deleted from there during a quarter;

- ✓ **the number of days** of engagement in business, if they have informed the registrar of the commercial register of the suspension of the business activities or the starting and final date of the temporary seasonal activity;

- ✓ **the number of days** preceding the time of becoming a person receiving state pension or a person with partial or no work ability if they have become a person receiving state pension or a person with partial or no work ability during the quarter, and **the number of days** following the termination of the status of a person receiving state pension or a person with partial or no work ability, if their right to receive a state pension or the status of a person with partial or no work ability has terminated during the quarter;

- ✓ **the number of days** preceding the creation of the status of a person considered equal to an insured person on the basis of **clause 5 of subsection 4 of § 5 of the Health Insurance Act**, if their right to be such a person has been created during the quarter, and **the number of days** following the termination of the status of a person considered equal to an insured person on the basis of clause 5 of subsection 4 of § 5 of the Health Insurance Act, if the status has terminated during the quarter;

- ✓ **the number of days** of non-validity of certificate A1 issued by a foreign competent social security authority.

If tax liability arises for a person only for some days in the quarter:

- ✓ the number of days when the tax liability arose is determined (all the days not covered with tax exemption are added up);

- ✓ the actual number of the days of the quarter concerned is found;

- ✓ the payment is calculated on a daily basis: quarterly payment ÷ the number of days in the quarter × the number of days of tax liability.

The number of days in each quarter is different:
I qtr: 31 + 28 + 31 = 90 days
II qtr: 30 + 31 + 30 = 91 days
III qtr: 31 + 31 + 30 = 92 days
IV qtr: 31 + 30 + 31 = 92 days

For example, tax liability arose for 50 days and there are 91 days in the quarter concerned, the tax liability is calculated as follows: 877.14 euros ÷ 91 × 50 = 487.50 euros.

EXAMPLES

Examples on the daily-based calculations of advance payments in the I quarter of 2026 (the number of days = the number of days of tax liability in the quarter):

1. self-employed person's starting date 1 January 2026 (or earlier) and final date 31 January 2026 the number of days = 31 I qtr payment: 877.14 euros ÷ 90 days × 31 days = 302.25 euros
2. self-employed person's starting date 31 January 2026 and final date 28 February 2026 the number of days = 29 I qtr payment: 877.14 ÷ 90 × 29 = 282.75 euros
3. self-employed person's starting date 1 January 2026 (or earlier), suspension from 10 January 2026 to 5 February 2026 (27 days) and a student from 10 February to 5 March 2026 (24 days), the final date of being a self-employed person is not mentioned the number of days = the number of days in the quarter 90 – the number of days of suspension 27 – the number of days of being a student 24 = 39 I qtr payment: 877.14 ÷ 90 × 39 = 380.25 euros.

Last updated on 05.01.2026

Taking into account social tax paid by employer

If social tax for a self-employed person is also paid by the employer or, pursuant to **§ 6 of the Social Tax Act**, by the state, city or rural municipality, the amount of advance payments made by the self-employed person may be less than the amount of tax calculated on the basis of triple the monthly rate of social tax, if the total amount of social tax payable for them by the employer or, pursuant to section 6 of the Social Tax Act, by the state, city or rural municipality and social tax payable by them as advance payments during the taxable period is equal to the amount of tax calculated on triple the monthly rate of social tax. **Social tax paid by the employer or, pursuant to § 6 of the Social Tax Act, by the state, city of rural municipality, shall be calculated in total from the beginning of the calendar year.**

Social tax declared on forms TSD or ESD of tax returns by the employer or, pursuant to **§ 6 of the Social Tax Act** by the state, local government or artistic association reducing the social proprietor's advance payments obligation shall be calculated **in total from the beginning of the calendar year** (**subsection 4 of § 9 of the Social Tax Act**).

The amount of the advance payments obligation of the quarterly social tax (full amount or proportionally calculated) is reduced by the amount of social tax declared on forms TSD or ESD of tax returns. The data of forms TSD or ESD of tax returns are taken into account with a periodic shift in relation to the quarter (–1 month) (i.e. as at 15.03.2026, in the calculation of the first quarter payment, the forms TSD or ESD for December 2025 and for January and February 2026 are taken into account). If the amount of social

tax on forms TSD or EDS for the period concerned exceeds the advance payments obligation of the quarter concerned, the social tax payable by the employer or state that was not used in this quarter will be carried over to the following quarter(s) for reduction of the payment obligation, **but not retrospectively for reduction of previous quarterly tax obligations.** The advance payment obligation arising in the quarters preceding the month in which the employment income was earned is not recalculated on an ongoing basis. Excess payments arising from the advance payment obligation in previous quarters are generally refunded based on the 2026 natural person income tax return.

EXAMPLES

1. Tax liability for the first quarter is 877.14 euros. The amounts of social tax on forms TSD/ESD for December 2025 and January and February 2026 are being verified. Let us assume that the total amount of social tax payable by the employer is 500 euros, then the self-employed person's final payment for the first quarter is 877.14 – 500 = 377.14 euros.
2. Tax liability for the second quarter is 877.14 euros. The amounts of social tax on forms TSD/ESD for March, April and May 2026 are being verified. Let us assume that the total amount of social tax payable by the employer is 995 euros, then the self-employed person's final payment for the second quarter is 877.14 – 877.14 = 0 euros and the unused balance of social tax according to forms TSD or ESD is 995 – 877.14 = 117.86 euros for covering the following quarters.
3. Tax liability for the third quarter is 877.14 euros. The amounts of social tax on form TSD for June, July and August 2026 are being verified. Let us assume that the total amount of social tax payable by the employer is 200 euros, then the final payment for the third quarter is 877.14 – 117.86 (balance) – 200 (new) = 559.28 euros.
4. Tax liability for the fourth quarter is 877.14 euros. The amounts of social tax declared on form TSD for September, October and November 2026 are being verified. Let us assume that the total amount of social tax is 900 euros, then the final payment for the fourth quarter is 877.14 – 877.14 = 0 euros and although, according to forms TSD or ESD, 22.86 euros of the social tax amount was not used, it will not be carried over to the coming year. The final annual social tax liability will be recalculated on the basis of the 2026 natural person income tax return in 2027 and the amount of social tax on forms TSD or ESD for January — December 2026 will be taken into account.

Analogically to social tax payable by the employer, the amounts received to the person's entrepreneur account to cover social tax in 2026 are taken into account if the self-employed person has such an account.

Last updated on 05.01.2026

Income tax

PRINCIPLES

Self-employed persons pay income tax on income derived from their business from which the deductions related to enterprise have been made under the conditions prescribed by law. Deductions from business income can only be made by a natural person **registered** as a self-employed person.

Income tax is charged on income derived from business also during the suspension of the business or received after the termination of engagement in business.

The period of taxation for income tax is one **calendar year**.

Income tax is charged on the income by the tax rate valid during the period of taxation when the income is received.

In 2026, the rate of income tax is 22%.

Self-employed persons may not deduct the income tax paid (including advance payments of income tax) from their business income.

A self-employed person who derived business income during a previous period of taxation is required to make advance payments of income tax.

DECLARATION OF INCOME, CALCULATION AND PAYMENT OF INCOME

Self-employed persons declare the income derived from their business once a year on form E, which is submitted together with an income tax return for natural person on form A to the Estonian Tax and Customs Board not later than by **30 April** of the year following the period of taxation. (Through the **e-services environment e-MTA** it is possible to file an income tax return from 15 February. If 15 February is a non-working day, then from the next working day.)

Self-employed persons are required to submit an income tax return also in the case where business income during a period of taxation was less than the basic exemption, business income was not derived or there was no economic activity at all.

The Estonian Tax and Customs Board calculates the additional amount of income tax due based on the business income adjusted by the social tax indicated on form E and the income and allowed deductions indicated on form A, and sends a tax notice on the additional amount of income tax due to a self-employed person not later than 30 days before the due date for payment, i.e. on 1 September of the year following the period of taxation. The calculation of the income tax liability of the year concerned and the amount of income tax due can also be viewed from the information sheet of the income tax return. Self-employed persons must pay the amount indicated in the tax notice no later than by **1 October**.
The Estonian Tax and Customs Board refunds the overpaid amount of income tax by the same date.

MAKING ADVANCE PAYMENTS OF INCOME TAX

A self-employed person starting a business need not make advance payments of income tax during the first period of taxation.

A self-employed person who derived business income during a previous period of taxation is required to make advance payments of income tax (**subsection 47 (1) of the Income Tax Act**).

Advance payments of income tax must be made into the bank account of the Estonian Tax and Customs Board in equal amounts **by the 15th day** of the third month of each quarter (not later than **by 15 September and 15 December**) starting from the quarter following the due date for submitting the income tax return.

The amount of advance payments of income tax is calculated on the basis of taxable business income derived by the person during the previous year of activity.

The amount of an advance payment to be paid on one due date is 1/4 of the total amount of income tax calculated on the business income derived during the previous business year, i.e. for example, in 2026, the person makes advance payments in total 2/4 of the amount of income tax calculated on the business income derived in 2025.

The amount of advance payment of income tax for one due date is found as follows:
the business income of a previous period of taxation, i.e. the taxable business income adjusted by social tax indicated on form E is multiplied by the tax rate of income tax valid during the previous period of taxation and is divided by the number four.

EXAMPLE

A self-employed person's taxable business income for the year 2025 was 5,455 euros and the tax rate was 22%.
In 2026, the amount of one advance payment is thus: 5,455 × 0,22 ÷ 4 = 300 euros.
The due dates and amounts for advance payments of income tax in 2026:
300 euros for the third quarter by 15 September;
300 euros for the fourth quarter by 15 December.
Totally 600 euros in the year.

A SELF-EMPLOYED PERSON NEED NOT MAKE ADVANCE PAYMENTS OF INCOME TAX:

- ✓ during the first taxable business period (of the year of activity);
- ✓ if the quarterly payment (for one due date) does not exceed 300 euros;
- ✓ if a self-employed person did not receive taxable business income during the previous period of taxation;

- ✓ if the business is registered in the commercial register as temporary or seasonal;
- ✓ if the business is suspended.

The Estonian Tax and Customs Board has the right to reduce the amount of advance payments or exempt a self-employed person from making advance payments if the self-employed person's estimated business income during the period of taxation is considerably smaller than the income of the previous period of taxation and if the self-employed person submits a corresponding **reasoned** application**. In the application, it is necessary to indicate specific reasons for reduction of the business income and add numerical data on the estimated business income.**

The application should be submitted prior to the due date of the advance payment. When submitting the application, it must be borne in mind that the tax authority makes a decision on the reduction or exemption of advance payments only in respect of the forthcoming due dates, therefore no decision is made on the due dates that have already arrived or have expired.

Last updated on 28.04.2026

Contribution to mandatory funded pension

PRINCIPLES

If a self-employed person has joined the mandatory funded pension (II pillar), he/she has to pay a contribution to the mandatory funded pension.

The contribution is paid once a year. The Estonian Tax and Customs Board calculates the amount of the payment based on the taxable income adjusted by social tax that is declared on the self-employed person's business income tax return (form E) and issues a tax notice on the amount to be paid not later than 30 days before the due date (1 October). The payable amount can also be viewed from the information sheet of the income tax return.

Self-employed persons are obliged to transfer the payable amount indicated in the tax notice into the bank account of the Estonian Tax and Customs Board not later than by 1 October.

The contributions to the mandatory funded pension paid for self-employed persons themselves are not allowed to be deducted from their business income and indicated on form E as business expenses, but have to be reflected on form A in table 9.1 ('Unemployment insurance premiums and contributions to

mandatory funded pension').

The tax rate is **2%**, **4%** or **6%**. **Amendment of the funded pension contribution rate as of 1 January 2025**

There is an upper limit (cap) on the contribution to the mandatory funded pension for self-employed persons. The upper limit is calculated based on the cap on the taxation of business income set forth in **clause 5 of subsection 1 of § 2 of the Social Tax Act**, which is ten times the amount of the minimum wage. The taxable period is the calendar year; therefore, the upper limit on the tax liability is calculated based on the amount of the minimum monthly wages for twelve months.

In 2026, the minimum wage changed on 1 April; therefore, the calculation of the maximum contribution to the mandatory funded pension is based on the number of months during which two different minimum wages were in effect.

The maximum mandatory funded pension contribution for self-employed persons in 2026 is:

- ✓ at the 2% rate — 2,234.40 euros (886 × 10 × 3 × 2%) + (946 × 10 × 9 × 2%);
- ✓ at the 4% rate — 4,468.80 euros (886 × 10 × 3 × 4%) + (946 × 10 × 9 × 4%);
- ✓ at the 6% rate — 6,703.20 euros (886 × 10 × 3 × 6%) + (946 × 10 × 9 × 6%).

If a self-employed person has not received taxable income, the contribution to the mandatory funded pension need not be paid.

Funded Pensions Act

Last updated on 19.07.2026

Unemployment insurance premium

Self-employed persons are not required to pay an unemployment insurance premium for themselves.

If a self-employed person is an employer, it is required to pay unemployment insurance premiums on payments made to the employees and these are the self-employed person's business-related expenses.

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