Calculation of taxable gains at sale of property

Formula for calculating taxable gains derived from sale of property in accordance with the subsection 1 of § 37 of the Income Tax Act:

sales price – acquisition cost – costs directly related to sale = gains taxable with income tax

NB! Pursuant to subsection 1 of § 38 of the Income Tax Act, acquisition cost is all the certified expenses incurred, including the commissions and fees paid, by a taxpayer for obtaining, improving and supplementing property.

Example

A person bought an apartment for 625,864 Estonian kroons (acquisition cost) and sold it in 2025 for 60,000 euros (sales price).

The apartment was not used as the person's actual place of residence. The expenses directly related to the sale (property valuation, costs related to the sales contract, etc.) were 3,000 euros, which can be deducted from the income.

When declaring income, the acquisition cost must be converted into euros: 625,864 ÷ 15.6466 = 40,000.

The gain from the sale of the apartment subject to income tax is calculated as follows:

60,000 – 40,000 – 3,000 = **17,000 euros**.

The income tax rate is 22% in the 2025 income tax return.

The income tax amount is calculated as follows: 17,000 × 0.22 = **3,740 euros**.

Examples of how to declare income from the sale of property (in Estonian)

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