

# Deletion of a taxable person from the register

## Upon application by the taxable person

**NB! The conditions for deletion from the register on the basis of an application of a taxable person have changed since 1 January 2025.**

A taxable person may submit an application for deletion from the register if the supply of the transactions specified in subsection 3 of § 19<sup>1</sup> of the VAT Act, the place of supply of which is Estonia, has not not exceed 40,000 euros in the current or previous calendar year and, according to the calculations of the taxable person, does not exceed the 40,000 euros threshold in the following 12 months (subsection 1 § 22 of the VAT Act). **Therefore, upon submitting an application for deletion from the register, it is no longer possible to rely solely on taxable person's calculations that the supply for the following 12 months will not exceed the registration threshold, but the amount of the actual supply for the previous and current calendar years is also relevant.**

A person of another Member State engaged in business may submit an application to the tax authority for deletion of the person from the register if all the following conditions are complied with (subsection 2 of § 22 of the VAT Act):

- ✓ the person carries out intra-Community distance selling from another Member State to Estonia or provides electronic communications services or electronically supplied services to a person with seat or residence in Estonia who has not been registered as a taxable person or a taxable person with limited liability in any of the Member States;
- ✓ the person has been registered as a taxable person on the basis of subsection 2 of § 20 of the VAT Act before the registration obligation provided for in subsection 4 of § 19 of the VAT Act was created;
- ✓ the person has been registered as a taxable person for at least two calendar years;
- ✓ the supply of the transactions specified in subsection 3 of § 19<sup>1</sup> of the VAT Act carried out by the person, the place of supply of which is Estonia, **has not exceeded in the current or previous calendar year** and, according to the calculations of the person, does not exceed the threshold provided for in subsection 1 of § 19 (40,000 euros) or subsection 4 of § 19 (10,000 euros) of the VAT Act during the following 12 months **(this condition has been amended from 1 January 2025).**

In case a person of another Member State engaged in business who has been registered as a taxable person in accordance with subsection 4 of § 19 or subsection 2 of § 20 of the VAT Act before the registration obligation provided in subsection 4 of § 19 of is created registers in another Member State as the implementer of the special arrangement for imposing value added tax on the transfer of goods through a service, intra-Community distance selling and online marketplace (OSS), the person is deleted from the register as a taxable persons based on the application of the person, provided that the supply of the transactions, specified in subsection 3 of § 19<sup>1</sup> carried out by the person, the place of supply of which is Estonia, **has not exceeded the threshold** provided in subsection 1 of § 19 of the VAT Act (i.e. 40,000 euros) **in the current or previous calendar year** and according to the calculations of the person does not exceed the threshold in the following 12 months (subsection 2<sup>1</sup> of § 22 of the VAT Act, also amended from 01.01.2025).

### At the initiative of the tax authority

The tax authority has the right to delete a taxable person from the register if the taxable person has failed to submit a VAT return for the last six consecutive taxable periods (subsection 3 of § 22 of the VAT Act). Before deletion from the register, the tax authority will contact the taxable person.

The tax authority has the right to delete from the register a taxable person who does not engage in business in Estonia. If the proof provided concerning the person's business is insufficient, the tax authority will have the right to request that the person submit additional proof or collect such proof on its own initiative. The tax authority will give the taxable person written notice of the intention to delete the taxable person from the register and set a term for providing proof concerning the taxable person's business. If the taxable person fails to provide proof of business within the prescribed term, the tax authority will delete the taxable person from the register of taxable persons. (Subsection 3<sup>1</sup> of § 22 of the VAT Act)

Before deciding on the deletion of a taxable person from the register the tax authority will, if necessary, audit the economic activities of the person (subsection 1 of § 22 of the VAT Act). A person is deemed to have been deleted from the register as of the date specified in the relevant decision (which due to the duration of the process – verification, etc. – may be later than the taxpayer wished).

If a taxable person or his activities have been dissolved and the registration of the dissolution has entered into force and the tax authority has received a notice to that effect, the tax authority will delete the taxable person from the register (subsection 4 of § 22 of the VAT Act).

### Obligations upon deletion from the register

Upon deletion from the register, the taxable person must pay VAT on goods not yet transferred if the person has deducted the input VAT on such goods upon acquisition. The acquisition cost or, in the absence thereof, the cost price of the goods is the taxable value of the goods. **The input VAT deducted upon acquisition of fixed assets not yet transferred must be adjusted pursuant to provisions of subsection 4 of § 32 of the VAT Act.** (Subsection 10 of § 29 of the VAT Act)

