



MAKSU- JA TOLLIAMET

# Registration as a VAT payer

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# Cash accounting for VAT

## Legal basis

### § 44 of VAT Act

## Conditions for the application of the special cash accounting arrangement

According to the amendments to the VAT Act which entered into force on 1 January 2011, all persons liable to VAT whose taxable supply did not exceed 200,000 euros as of the beginning of the previous calendar year or the beginning of the current calendar year may implement the special arrangement for cash accounting of VAT (hereinafter special arrangement). A taxable person must keep the calculation of the threshold on a cash basis and the taxable supply does not take into account the transfer of fixed assets and the incidental transfer of immovable as goods.

According to the procedure in force until 31.12.2010, the cash accounting of VAT could only be applied by a sole proprietor without taking into account the amount of taxable supply per year.

## Determination of the time of registration for VAT purposes

A person that wishes to implement the special arrangement must keep records of the registration obligation threshold (40,000 euros since 1 January 2018) on the cash basis. VAT must be added to the transaction with which the threshold is exceeded in the extent of the entire transaction.

### Example. Keeping records of the registration obligation threshold

|                           |       |                               |                           |                               |
|---------------------------|-------|-------------------------------|---------------------------|-------------------------------|
| Goods were dispatched     | 20.01 | In the amount of 30,000 euros | Payment 17.02             | In the amount of 30,000 euros |
| Service was provided      | 10.02 | In the amount of 5,000 euros  | Payment 18.03             | In the amount of 5,000 euros  |
| Goods were dispatched     | 01.04 | In the amount of 5,100 euros  | Payment 01.05             | In the amount of 5,100 euros  |
| <b>Total 40,100 euros</b> |       |                               | <b>Total 40,100 euros</b> |                               |

Therefore, in the case of cash accounting, the supply exceeded 40,000 euros on 1 May (in the application of the general rules on 1 April). The taxable person must add VAT to all invoices of the same day (1 May).

# Application of the special cash accounting arrangement

All persons liable to VAT whose taxable supply did not exceed 200,000 euros in the previous calendar year or as of the beginning of the current calendar year may choose to apply the special arrangement for cash accounting of VAT.

The Estonian Tax and Customs Board should be notified of the wish to apply the special arrangement either upon submission of an application for registration as a person liable to VAT or no later than during the period of taxation preceding the application of the special arrangement.

More information: [special arrangement for cash accounting for VAT](#)

## Informing the Estonian Tax and Customs Board

You can submit a notification on the implementation of the special arrangement:

- ✓ **in the e-services environment e-MTA**

In order to submit a notification, the user must have access permissions in the e-services environment e-MTA. In order to **grant access permissions**, a person who is authorised must enter the e-MTA **in the role of a representative** and choose **Settings – Access permissions – Access permissions of representatives**. On the access permissions' administration page, the personal identification code of the user to be authorised must be entered and the access permission under the section "Separate permissions" titled "Submitting applications for registration as a person liable to value added tax (KMKR)" must be selected.

As a person authorised to submit a notification, select **Registers and inquiries – Registration of the VAT liable person – New application – Application of special arrangements for cash accounting for VAT**.

- ✓ by e-mailing it to [emta@emta.ee](mailto:emta@emta.ee) (the application must be digitally signed), or

- ✓ **at a service bureau of the Estonian Tax and Customs Board.**

The notification can be submitted by a signatory or an authorised person of the VAT payer.

If the notification is submitted by an authorised person, a document certifying the authorisation must be added to the e-mail as an attachment or submitted at the service bureau.

We will notify you by e-mail of granting or refusing the right to apply cash-based VAT accounting no later than five working days after receipt of the notification. If there is no e-mail address, we will send the notification by SMS.

## Reminder for cash-based VAT payers

In this guide you will find information about the deadlines that are important for persons liable to VAT, advice on submitting VAT returns and contacts to get VAT advice and assistance if necessary.

As a VAT payer, you have the right to deduct from the VAT calculated the VAT due on goods and services purchased for the purposes of taxable supply (input VAT). The right to deduct input VAT arises upon payment for goods or services acquired for the purposes of taxable supply in business, i.e. if there is no payment for the acquisition of goods or services, there is no right to deduct input VAT. Upon partial payment for the acquisition of goods or services, you have the right to deduct input VAT in the part paid for the goods or services.

If there is no business activity or if the goods and services have been acquired for the purposes of supply exempt from tax, the input VAT cannot be deducted.

## Obligations of VAT payer

As of the date of registration as a taxable person, a person must perform the obligations of a taxable person, including:

- ✓ adding the amount of VAT to the taxable value of the goods transferred or services provided;
- ✓ issuing invoices in accordance with the requirements of § 37 of the VAT Act, muuhulgas peab kassapõhise arvestuse pidaja arvele lisama märke „kassapõhine arvestus”;
- ✓ preserving documents and maintaining records;
- ✓ calculating the amount of VAT due and paying the VAT.

## VAT payer's calendar

| Date                   | Obligation                                                                                                                                                                                                      | Who submits                                                                                                            |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 20th day of each month | Submission of VAT return (form KMD) and the annex to the VAT return (form KMD INF)<br>Payment of VAT                                                                                                            | All persons liable to VAT                                                                                              |
| 20th day of each month | Submission of report on intra-Community supply (form VD)                                                                                                                                                        | Persons liable to VAT who sell goods or provide certain services to persons liable to VAT in other countries of the EU |
| 10th day of each month | Submission of declaration of income and social tax, unemployment insurance premiums and contributions to mandatory funded pension (form TSD)<br>Payment of taxes and contributions on the basis of the form TSD | All persons liable to VAT                                                                                              |

**NB!** If the due date prescribed for performance of the obligation falls on a public holiday or other day off, the first working day following the day off shall be deemed to be the due date.

Within six months of registration, the Estonian Tax and Customs Board informs all new taxable persons by e-mail of the due dates for submitting forms KMD and TSD.

## About the submission of tax returns

- ✘ The VAT period of taxation is a calendar month.
- ✘ If the number of calendar days of the first taxation period is less than 15 (for example, if you are registered for VAT purposes from the 18th day), the supply from the first period may be declared together with the supply from the following taxation period by submitting one VAT return for two taxation periods.
- ✘ All return forms can be submitted electronically in the e-services environment e-MTA. More information about access permissions can be found on the web page [“Granting and termination of access permissions”](#).
- ✘ The submission of a VAT return (form KMD) and its annex (KMD INF) on paper is allowed only to persons who have been taxable persons for VAT purposes for less than 12 months and do not include more than 5 invoices in the annex to the VAT return. Persons who have been liable to VAT for more than 12 months and/or include more than 5 invoices in the annex to the VAT return may submit the VAT return and its annex on paper only on the basis of a reasoned application submitted to the Tax and Customs Board.

- ✘ Submission of form TSD on paper is permitted only if no more than 5 lines have been completed in Annex 1 to the TSD, i.e. no more than five recipients are declared.

## Verification of VAT identification numbers of business partners

- ✘ **Value added tax identification (VAT) number search**
- ✘ **European Union value-added tax identification number (VIES VAT number) validation**

## Additional information

More VAT information from the Estonian Tax and Customs Board:

- ✓ information phone for business clients: **+372 880 0812** (Mon–Thu 9.00–16.30, Fri 9.00–15.30)
- ✓ e-mail address: [ariklient@emta.ee](mailto:ariklient@emta.ee)

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## Discontinuing the special arrangement for cash accounting

In order to discontinue the special arrangement for cash VAT accounting, the Estonian Tax and Customs Board (ETCB) must be notified.

To discontinue the special arrangement voluntarily (the taxable supply has not exceeded 200,000 euros since the beginning of the year), a taxable person must notify the ETCB at the latest during the taxation period prior to the discontinuation.

If a taxable person is required to discontinue implementation of special arrangement (supply of the taxable person exceeds 200,000 euros as of the beginning of the year), the ETCB must be notified at the latest in the first taxation period from which the implementation of special arrangement was discontinued.

**You do not need to submit a separate notification if you want to delete yourself from the VAT register. By deleting a VAT payer from the register, the VAT payer will also discontinue implementing special arrangement for cash VAT accounting.**

## Informing the Estonian Tax and Customs Board

You can inform the ETCB about the discontinuation of special arrangement for cash accounting:

### ✓ **via e-MTA**

In order to submit the notice, users must have necessary access permissions in the e-services environment. To **grant access permissions**, a person who is authorised must enter the e-MTA in **the role of a representative** and select **Settings – Access permissions – Access permissions of representatives**. On the access permissions' administration page, the personal identification code of the user to be authorised must be entered and the access permission under the section "Separate permissions" titled "Submitting applications for registration as a person liable to value added tax (KMKR)" must be selected.

**To submit the notice** as the person authorised, select **Registers and inquiries – Registration of the VAT liable person – New application – Notice on the application of the special scheme for cash-based VAT accounting**.

### ✓ by e-mailing it to [emta@emta.ee](mailto:emta@emta.ee) (the application must be digitally signed), or

### ✓ **at a service bureau of the Estonian Tax and Customs Board.**

The notice can be submitted by VAT payer's signatory or an authorised person.

If the notice is submitted by an authorised person, a document certifying the authorisation must be added to the e-mail as an attachment or submitted at the service bureau.

We will notify you by e-mail of granting or refusing the right to apply cash-based VAT accounting no later than five working days after receipt of the notice. If there is no e-mail address, we will send the notification by SMS.

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