Goods acquired by a taxable person with limited liability

Economic operators who have not registered themselves as taxable persons and persons who do not engage in business must register as taxable persons with limited liability if the taxable value of the goods (except excise goods and new means of transport) acquired by them in Estonia exceeds 10,000 euros (subsection 2 of § 21 of the VAT Act).

Therefore, economic operators who have only supply exempt from tax and who do not have the right to deduct input VAT (e.g. health services or social services) may also become taxable persons. They are subject to limited tax liability if the intra-Community acquisition of goods exceeds 10,000 euros as of the beginning of the calendar year. The acquisition of new means of transport or excise goods, as well as the acquisition of goods specified in subsection 3 of § 8 of the VAT Act, are not taken into account, as they do not constitute intra-Community acquisition of goods.

Example
A hospital has acquired instruments or other hospital goods from another Member State for 9,000 euros during the current calendar year. The next acquisition of the hospital costs 3,000 euros, so the hospital is required to register as a taxable person with limited liability from the date on which the threshold was exceeded and to pay VAT on that acquisition. Registration as a taxable person with limited liability does not give the right to deduct input VAT. The intra-Community acquirer of goods has the right to register as a taxable person with limited liability even if the above threshold (10,000 euros) has not been exceeded.

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