Questions and answers about payment of tax

1. Who should I contact if the tax has been calculated incorrectly?

Please contact the customer support of the Estonian Tax and Customs Board (ETCB).

Consultation to private customers Consultation to business customers

2. If I pay motor vehicle tax before the due date, when will the claim be paid?

The amount paid before the due date of payment of the tax will remain on the prepayment account until the due date. You can see it in the **e-services environment e-MTA** under "Balance of claims and liabilities" ("Payment due date in the future") on your e-services dashboard. The amount of tax is transferred automatically early in the morning following the due date for payment to cover the claims.

3. If I sell my car at the end of the year, but the change of ownership is still pending at the Transport Administration on 1 January, who will have to pay the annual fee?

The motor vehicle tax notice is issued to and the tax is paid by the person who is registered in the motor register as the vehicle's owner or authorised user (if the owner of the vehicle is a lessor) on 1 January. This means that if the change of ownership has not been finished by 1 January, the tax is to be paid by the previous owner of the vehicle. If the change of ownership takes place at the end of the year, we recommend that the change of ownership is registered in the motor register within the same year to avoid any misunderstandings. The motor vehicle tax paid will not be refunded to the former owner.

4. I sold my car after 1 January, and it is no longer in my name. Do I still have to pay motor vehicle tax for the whole year?

Yes. Motor vehicle tax must be paid by the person who, according to the motor register, is the vehicle's owner or authorised user (if the owner of the vehicle is a lessor) on 1 January.

If the vehicle is transferred to Estonia, the tax liability remains in full with the former owner. The tax liability of the new owner arises as of 1 January of the new year.

If a vehicle is sold abroad and is deleted from the Estonian motor register, the period of taxation is shortened. The tax liability decreases, and a new tax notice is issued.

5. If an employer pays a passenger car fringe benefit because work and private trips are made with the employer's passenger car, how does it impact the motor vehicle tax? Is this a cost for the employer as the owner/authorised user of the car? Or does the employer also grant the employee a benefit (fringe benefit) by paying the motor vehicle tax (100%)?

Motor vehicle tax is the expense of the employer as the owner/authorised user of a passenger car and the payment of motor vehicle tax does not create any additional tax liability on the fringe benefit.

The employer is liable for the fringe benefit only under subsection 8 of § 48 of the Income Tax Act, which

is based on the engine power and age of the passenger car. This means that the tax liability on the fringe benefit does not depend on the actual work-related and non-work-related proportion of the use of the passenger car, the mileage or the actual amount of expenses incurred for the use of the passenger car.

Subsection 8 of § 48 of the Income Tax Act: "The price of a fringe benefit for enabling the use of an automobile in the ownership or possession of the employer for activities not related to employment, official or service duties or to the employer's business is 1.96 euros a month per engine power unit (kW) of the automobile as indicated in the motor register. In the event of an automobile older than five years, the price of a fringe benefit is 1.47 euros per engine power unit (kW) of the automobile. No fringe benefit arises during the tax period when the automobile has been deleted from the motor register temporarily or the register entry has been suspended."

6. If motor vehicle tax has been imposed on a lessor, can it be compensated by the lessee as tax-exempt compensation?

No.

7. Does a company have to pay motor vehicle tax if it rents out a vehicle of which it is the owner or authorised user? How is VAT calculated and paid in the case of vehicle rental service?

More information: **Motor vehicle tax and VAT**.

8. I tried to pay motor vehicle tax for a vehicle owned by a company (OÜ) from the company's prepayment account in the e-services environment of the ETCB, but did not succeed. Can the ETCB itself make this payment?

The ETCB does not independently initiate payments on behalf of companies, but if the entire amount needed is available on the prepayment account by the due date of the tax, the claim is deemed to have been paid by automatic set-off. This means that if a sufficient amount of tax is available on the prepayment account on the due date, the payment will be made automatically, i.e. the system will make a set-off. If the amount does not cover the entire claim or is received after the deadline, part of the claim will not be covered and interest may arise.

9. I have already paid the motor vehicle tax, but the claim is still displayed in the e-services environment e-MTA. Is something wrong?

If the payment has been made to the correct reference number and the amount is available on the prepayment account before the due date, there is no reason for concern. The ETCB system automatically considers the claim to be paid on the due date.

Until the due date arrives, the claim will be displayed in the e-services environment e-MTA. You may also receive reminders before the due date, even if the amount required for the payment is already on the prepayment account.

10. I sold a vehicle after 1 January. I have already paid the annual fee for it. Can I get a refund?

Motor vehicle tax is paid by the person who, according to the motor register, is the owner or authorised

user of the motor vehicle on 1 January.

If the vehicle is transferred to Estonia, the tax liability remains in full with the former owner. The tax liability of the new owner arises as of 1 January of the new year.

If a vehicle is sold **abroad and is deleted from the Estonian motor register**, the period of taxation is shortened. The tax liability for a vehicle is reduced until the date of deletion from the motor register. The amount previously paid in advance will be transferred to the prepayment account in the e-services environment e-MTA. To get a refund, please submit a refund application. **Instructions on how to submit the request**

11. I live abroad, but I own a vehicle registered in the Estonian motor register. Do I have to pay motor vehicle tax?

The obligation to pay motor vehicle tax does not depend on whether you live abroad or not. If the vehicle is registered in the Estonian motor register, the tax must be paid, regardless of your place of living.

12. I have a car with a Finnish license plate leased in Finland and for which I pay all taxes (including vehicle tax) in Finland. I work both in Estonia and Finland and therefore come to Estonia every month by car. Do I have to pay motor vehicle tax on this car in Estonia, too?

If the vehicle is registered in the register of Finland, you do not have to pay motor vehicle tax in Estonia for that car.

13. In my opinion, motor vehicle tax does not comply with the Constitution of the Republic of Estonia. Do I have the right to refuse to pay?

The tax liability arises under applicable law. **The Motor Vehicle Tax Act** is in force and binding on both the Estonian Tax and Customs Board (ETCB) and taxpayers.

If you find that the motor vehicle tax notice prepared by the ETCB violates your rights or restricts your freedoms, you can file a challenge with the ETCB (§ 52–55, subsections 1 and 4 of § 137, and subsection 1 of § 138 of the Taxation Act) or take the complaint to court. More information about filing a challenge for **private customers** and **economic operators**. The challenge must be filed within 30 days of the day of delivery of the tax notice.

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