

REPUBLIC OF ESTONIA
TAX AND CUSTOMS BOARD

Motor vehicle tax handbook

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Definitions

VEHICLE CATEGORIES

A taxable motor vehicle is defined by the type of vehicle, i.e. the group of the right to drive, and specified by category.

Motor vehicle tax is levied on:

1. passenger cars – M1 and M1G
2. vans, pickup trucks – N1 and N1G
3. motorcycles – L3e, L4e, L5e, L6e and L7e
4. off-road vehicles – MS2
5. wheeled tractors – T1b, T3 and T5

In case of categories L, T3, M1 and N1, their **subcategories are also included**.

Read more about vehicle categories on the website of the **Transport Administration**.

Table 1 More detailed category descriptions of the object of taxation. Source: **Explanatory memorandum to the draft Motor Vehicle Tax Act**

M1 / M1G	Vehicles used for the carriage of passengers	
	• special purpose vehicle • ambulance • truck station wagon • coupé • convertible • limousine • hatchback • minivan	• hearse • multi-purpose vehicle • pickup • saloon • special use • armoured vehicle • station wagon • racing vehicle
N1 / N1G	Vehicles used for the carriage of goods (lorry with a maximum mass not exceeding 3,500 kilograms)	
	• livestock carrier • special purpose vehicle • lorry • isothermal vehicle • retail/exhibition • tipper • van • glazing transporter • aerial work platform vehicle • refrigerator truck	• drop-side • tank • pickup • recovery vehicle • digger derrick vehicle • fire engine • chassis • tractor unit for semi-trailer • special use • armoured vehicle

L	**L3e** – two-wheeled without a sidecar, with a maximum design speed exceeding 45 km/h and/or internal combustion engine with a capacity exceeding 50 cm^3 **L4e** – two-wheeled with a sidecar, with a maximum design speed exceeding 45 km/h or an internal combustion engine with a capacity exceeding 50 cm^3 **L5e** – a three-wheeled motor vehicle that has a symmetric placement of the wheels, maximum design speed exceeding 45 km/h or an internal combustion engine with a capacity exceeding 50 cm^3 **L7e** – four-wheeled vehicle, other than a motor vehicle of category L6e, with an unladen mass, excluding the mass of the batteries, of not more than 400 kg (550 kg in the case of a vehicle intended for the carriage of goods) and an engine power of not more than 15 kW
MS2	A three-wheeled off-road vehicle with an internal combustion engine with a capacity of more than 90 cm^3, the wheels are replaceable or replaced by tracks. A motor vehicle intended not only for off-road use but also for on-road use is not considered to be a vehicle of category MS2.
T1b, T3 and T5	**T1b** – a wheeled tractor, the design speed of which exceeds 40 kilometres per hour and the minimum track on the axle nearest to the driver is at least 1,150 millimetres, the unladen mass of which, in running order, exceeds 600 kilograms and the clearance of which does not exceed 1,000 millimetres **T3** – a wheeled tractor with an unladen mass, in running order, is not exceeding 600 kilograms **T5** – a wheeled tractor with a design speed exceeding 40 kilometres per hour

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OVC-HEV

Off-vehicle charging hybrid electric vehicle.

Source: Transport Administration

NOVC-HEV

Not off-vehicle charging hybrid electric vehicle.

Source: Transport Administration

LESSOR

Lessors within the meaning of **subsection 2 of § 5 of the Motor Vehicle Tax Act** are:

1. credit institutions, i.e. banks, who may lease on the basis of a **license** issued to them;

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2. leasing companies belonging to the same group as a credit institution which do not require a separate activity licence and which must comply with the requirements under **subsection 8 of § 2 of the Creditors and Credit Intermediaries Act** and for which the Financial Supervision Authority maintains a **separate list**;
3. other companies providing leasing to consumers which do not fall under the categories of points 1 and 2 and which operate on the basis of a **creditor's license** issued by the Financial Supervision Authority;
4. savings and loan associations (from 01.01.2026) and other leasing companies – classified as financial institutions under the Money Laundering and Terrorist Financing Prevention Act and subject to the supervision of the Financial Intelligence Unit. A company must hold a valid activity licence “Operating as a financial institution” in the register of economic activities, with the activity type “Savings and loan associations” or “Leasing transactions”.

Cross-border providers of banking services and credit intermediaries are not deemed to be lessors for the purposes of motor vehicle tax.

AUTHORISED USER

Authorised user, i.e. the holder of the registration certificate, is:

- ✓ a natural person who is an Estonian citizen or who has been granted a residence permit or right of residence in Estonia, or

- ✓ a legal person registered in Estonia who uses the vehicle under a contract for use or a sales contract with reservation of title of ownership and has been entered in the motor register as the authorised user of the vehicle.

Source: Transport Administration, **Road Traffic Act**

REGISTRATION FEE

The registration fee is paid for the registration of cars and vans in the motor register or for changing their ownership. The payment of the **registration fee** is a prerequisite for register entry. The fee is administered by the Estonian Transport Administration.

ANNUAL MOTOR VEHICLE TAX

The annual tax that the owner of a motor vehicle must pay on vehicles registered in the motor register

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and, as of 1 January 2027, also on vehicles temporarily deleted or suspended from the register. The tax is administered by the Tax and Customs Board.

CHILD

A person up to 18 years of age (inclusive). The right to receive a tax reduction ends on the day before the child turns 19.

PARENT

The Motor Vehicle Tax Act uses the term “parent”, which means a person who is the parent of a child or a natural person having legal custody of that child (**subsection 1 of § 15**[1]).

Therefore, within the scope of the Motor Vehicle Tax Act, the term “parent” is interpreted more broadly than in the Family Law Act, with custody rights clarifying this interpretation. The term is used solely in the context of calculating the reduction.

LEGAL CUSTODY

For the purposes of the Motor Vehicle Tax Act, legal custody means sole legal custody or joint legal custody of a child which has not been suspended, restricted, transferred or withdrawn.

Legal custody is divided into joint custody and sole custody.

Joint custody means that parents share decisions and responsibilities related to the care and upbringing of their child equally.

Sole custody is the right and obligation of one parent to care for the child, and the other parent has no decision-making rights in matters relating to the child. Sole custody applies in cases where one parent is unable or unwilling to participate in legal custody.

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