

# Transport services for goods and organisation of such transport

Contrary to what was previously provided by law, goods transport services and services for the organisation of such transport are taxed in the same way as all other services if the recipient of the service is registered as a taxable person or taxable person with limited liability in a Member State or in a non-Community country. If an Estonian taxable person provides transport services to another taxable person or taxable person with limited liability in Estonia, the place of supply is Estonia regardless of where the transport takes place and the Estonian taxable person adds 24% value added tax to the invoice. If an Estonian taxable person receives transport services for goods from a taxable person from another country, the recipient of the service is obliged to pay VAT in Estonia.

If the transport service for goods is provided in Estonia or the service for transporting goods from Estonia to another Member State is provided, including the transport of a means of transport related to the carriage of goods, or such transport of goods is organised or an ancillary service related to the transport of goods is provided in Estonia

- ✓ to a person who is not registered as a taxable person or a taxable person with limited liability in any Member State, or is not a third country person engaged in business, or
- ✓ to a person registered as a taxable person in Estonia,

the place of supply is Estonia and VAT at the rate of 24% must be added to the invoice.

**The place of supply is not Estonia**, if the transport service for goods is provided from another Member State to Estonia or outside of Estonia, including the transport of a means of transport related to the carriage of goods or the service of organising such transport or an ancillary service related to the transport of goods outside Estonia:

- ✓ to a person who is not registered as a taxable person or a taxable person with limited liability in any Member State, or is not a third country person engaged in business
- ✓ to a person who has registered as a taxable person or a taxable person with limited liability in another Member State.

## Example

A Lithuanian taxable person orders transport service for goods from an Estonian taxable person, and the goods move from Tallinn to Pärnu. When ordering the transport, the recipient of the service has provided

its Lithuanian taxpayer registration number, and the Estonian taxpayer submits the invoice with a 0% tax rate (clause 9 of subsection 4 of § 10 of the VAT Act). The tax liability is fulfilled by the Lithuanian company in its own country.

#### **Example**

1) An Estonian taxable person receives an invoice from a Finnish taxable person for the transport service of carrying goods from Helsinki to Vantaa. The Finnish taxable person submits an invoice with a 0% tax rate. The service recipient is obliged to pay VAT in Estonia (subsection 1 of § 10 of the VAT Act).

2) An Estonian taxable person receives an invoice from another Estonian taxable person for the transport service of carrying goods from Helsinki to Vantaa. The place of supply is Estonia, and the service provider issues an invoice with a 24% tax rate to the service recipient (subsection 1 of § 10 of the VAT Act).

#### **Example**

An Estonian natural person buys a furniture set from Finland and orders transport service for the goods from an Estonian taxable person. The content of the service is a transport service from another Member State to Estonia, and tax liability may arise based on Finnish tax laws, since the transport service starts in Finland (clause 6 of subsection 4 of § 10 of the VAT Act). If the service provider does not have to register as a taxable person in Finland and provides the service under the Estonian taxable person's number, then the invoice is presented to the person ordering the transport, i.e. the natural person, with a tax rate of 0%. If the service is provided under a Finnish taxable person's number, this supply is not shown on the Estonian VAT return (subsection 6<sup>1</sup> of § 15 of the VAT Act).

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