



REPUBLIC OF ESTONIA
TAX AND CUSTOMS BOARD

Taxation of services

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The place of supply of a service

Under the basic tax rule for the taxation of services, services are taxed in the recipient's country of residence. The recipient of the service pays VAT in his or her country, i.e. the services are subject to reversed tax liability. The VAT Act also specifies services that are not subject to reversed tax liability.

The determination of the place of supply of services is also influenced by whether the recipient of the service is a person who is not registered as a taxable person or a taxable person with limited liability or is a third country person not engaged in business.

If the service provider is registered as a person liable to VAT in Estonia and provides the service under an Estonian VAT registration number, the place of supply for these services is defined in accordance with the Estonian VAT Act. View the Summary of the definition of the place of supply of services and declaration in the VD report

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The place of supply is Estonia

SERVICES THE PLACE OF SUPPLY OF WHICH IS ESTONIA AND WHICH ARE TAXED IN ESTONIA

According to subsection 1 of § 10 of the VAT Act, the place of supply of services is Estonia if the services are provided to a taxable person or taxable person with limited liability registered in Estonia or if the services are provided through a seat or permanent business establishment located in Estonia to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business (except in the cases specified in subsections 2, 4 and 5 of § 10 of the VAT Act).

Subsection 2 of § 10 of the VAT Act provides a list of when the place of supply of a service is Estonia:

- 1) services are connected with an immovable located in Estonia, including construction, valuation or maintenance, or services for the transfer of the immovable, for preparing or co-ordinating construction works, and accommodation services;
- 2) cultural, artistic, sporting, educational, scientific or entertainment services or services connected with

trade fairs or exhibitions are provided in Estonia to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business. The services also include the organisation of the related events and provision of ancillary services;

2¹) entrance services to cultural, artistic, sporting, educational, scientific or entertainment events or trade fairs or exhibitions or ancillary services related to entrance services are provided in Estonia to a taxable person or taxable person with limited liability of another Member State or to a third country person engaged in business;

3) transport services related to the carriage of passengers, including their personal luggage and personal means of transport is provided in Estonia;

4) restaurant and catering services are provided in Estonia, except in cases provided in clause 5 of subsection 2 and clause 5 of subsection 4 of § 10 of the VAT Act;

5) restaurant or catering services are provided during the carriage of passengers taking place within the Community territory on board of such a vessel or aircraft departing on an international route from Estonia;

(According to clause 5 of subsection 2 of § 10 of the VAT Act, the place of supply is Estonia, if restaurant or catering services are provided during the carriage of passengers taking place within the Community territory on board of such a vessel or aircraft departing on an international route from Estonia and, according to clause 5 of subsection 4 of § 10 of the VAT Act, the place of supply is not Estonia if the vessel or aircraft is departing on an international route from another Member State.)

6) means of transport are hired or leased or a usufruct is established thereon in Estonia on a short-term basis;

6¹) means of transport are hired or leased or a usufruct is established thereon to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business whose seat or place of residence is in Estonia, except in the cases provided in clauses 6 and 6² of subsection 2 and clause 4¹ of subsection 4 of § 10 of the VAT Act;

(According to the above, when a means of transport is hired, leased or usufruct is established on a long-term basis to the aforementioned person, the place of supply of the service is **the place of location or residence of the recipient of the service**. If the place of location or residence is Estonia, the place of supply of the service is also Estonia.)

6²) pleasure or recreational craft are hired or leased or a usufruct is established thereon in Estonia to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business and the service provider's seat or permanent business establishment is in Estonia, except in the cases provided in clause 6 of

subsection 2 of § 10 of the VAT Act;

(An exception is the provision of long-term rental services for recreational and pleasure craft, where the place of supply of the service is the place where the supplier has established its business or has a permanent establishment, if the vessel is actually made available to the lessee from that place of business or permanent establishment. Therefore, the place of supply of the service is Estonia, if the recreational or pleasure craft is given for long-term lease, hire or a usufruct is established to the above-mentioned person and the location or permanent place of business of the service provider is Estonia.)

7) work is performed with movables located in Estonia or movables located in Estonia are valued and the services are provided to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business;

8) transport services for goods are provided in Estonia, including the carriage of means of transport related to the carriage of goods, or such transport of goods is organised to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business. This provision does not apply to the cases provided in clause 9 of subsection 2 and clause 6 of subsection 4 of § 10 of the VAT Act;

9) transport services for transporting goods from Estonia to another Member State are provided, including the carriage of means of transport related to transport of goods or such transport of goods is organised to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business;

(According to clause 9 of subsection 2 of § 10 of the VAT Act, the place of supply is Estonia, if services of transporting goods from Estonia to another Member State are provided, and according to clause 6 of subsection 4 of § 10 of the VAT Act, the place of supply is not Estonia if services of transporting goods are provided from another Member State to Estonia or outside Estonia. If the recipient of the service is a person who is not registered as a taxable person or a taxable person with limited liability in any of the Member States or a third-country person engaged in business, the place of supply is the country from which the transport begins.)

10) ancillary services related to transport of goods are provided in Estonia to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business;

11) a transaction or other act the place of supply of which is Estonia is mediated and the intermediation service is provided to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business.

In the case of services referred to in points 2 and 7 to 11 of the list, the place of supply is Estonia:

- ✓ **if services are provided in Estonia to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person**

- ✓ **engaged in business;**
- ✓ **if the service is provided to a person who is registered as a taxable person or taxable person with limited liability in Estonia (according to the provisions of subsection 1 of § 10 of the VAT Act).**

An Estonian taxable person who provides the above-mentioned services in Estonia is also obliged to pay and declare the tax in Estonia. If the service provider is a foreign person who does not have a permanent establishment in Estonia, taxable supply arises upon provision of the service in Estonia and if the taxable person or taxable person with limited liability does not tax it upon receipt of the service, the foreign person must register as a taxable person as of the date on which taxable supply arises (subsection 3 of § 19 of the VAT Act).

In addition, pursuant to subsection 1 of § 10¹ of the VAT Act, the place of supply is Estonia if a person who has his or her place of residence or location in Estonia and who is not registered as a taxable person or taxable person with limited liability in any Member State is provided an electronic communications service within the meaning of the Electronic Communications Act or electronically supplied services.

(Beginning from 01.01.2019, the place of supply is not Estonia, if:

- 1. such service is provided by a foreign business operator having its registered office or permanent establishment in only one Member State, with the exception of Estonia,*
- 2. the total supply of electronic communications services and electronic services provided by the service provider to persons not registered as taxable persons in Member States other than the Member State of establishment or permanent establishment of the service provider did not exceed 10,000 euros in the previous calendar year and does not exceed 10,000 euros in the current calendar year, and*
- 3. the service provider has not voluntarily identified the Member State of the recipient as the place of supply.)*

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The place of supply is not Estonia

SERVICES AT THE PROVISION OF WHICH THE PLACE OF SUPPLY IS NOT ESTONIA

Subsection 4 of § 10 of the VAT Act sets out a list of services for which the place of supply is not Estonia and if provided by an Estonian taxable person an obligation to register in the country of provision of the service may arise.

The place of supply is not Estonia:

1) services connected with an immovable located in a foreign country, including construction, valuation and maintenance, and services for the transfer of the immovable, for preparing or coordinating construction works, and accommodation services are provided;

2) cultural, artistic, sporting, educational, scientific or entertainment services or services connected with trade fairs or exhibitions are provided in a foreign country to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business. The services also include the organisation of related events and provision of ancillary services;

2¹) entrance services to cultural, artistic, sporting, educational, scientific or entertainment events or trade fairs or exhibitions or ancillary services related to entrance services are provided in a foreign country to a taxable person or taxable person with limited liability or to a third country person engaged in business;

3) work is performed with movables located in a foreign country or movables located in a foreign country are valued and the services specified in this clause are provided to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business;

4) transport services related to the carriage of passengers, including their personal luggage and personal means of transport are provided outside Estonia;

4¹) means of transport is hired or leased or a usufruct is established thereon in a foreign state on a short-term basis;

4²) means of transport is hired or leased or a usufruct is established thereon to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business and whose seat or place of residence is in a foreign country, except in the cases provided in clauses 4¹ and 4³ of subsection 4 and clause 6 of subsection 2 of § 10;

(According to the above, when a means of transport is hired, leased or usufruct on a long-term basis to

the aforementioned person, the place of supply of the service is the place of location or residence of the recipient of the service. If the place of location or residence is a foreign country, the place of supply of the service is also the foreign country.)

4³) pleasure or recreational craft are hired or leased or a usufruct is established thereon in a foreign country to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business and the service provider's seat or permanent business establishment is in a foreign country, except in the cases provided in clause 4¹ of subsection 4 of § 10;

(An exception is the provision of long-term rental services for recreational and pleasure craft, where the place of supply of the service is the place where the supplier has established its business or has a permanent establishment, if the vessel is actually made available to the lessee from that place of business or permanent establishment. Therefore, the place of supply of the service is a foreign country, if the recreational or pleasure craft is given for long-term lease, hire or a usufruct is established to the above-mentioned person and the location or permanent place of business of the service provider is the foreign country).

5) restaurant or catering services are provided during the carriage of passengers taking place in the Community territory on board of such a vessel or aircraft or in a train departing on an international route from another Member State;

5¹) restaurant or catering services are provided in a foreign country, except in the cases where, during the carriage of passengers within the territory of the Community, restaurant or catering services are provided on board of such a vessel or aircraft or in a train departing on an international route from Estonia or another Member State;

6) transport services for goods from another Member State to Estonia or outside Estonia are provided, including the carriage of means of transport related to the carriage of goods, or such carriage of goods is organised to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business;

7) ancillary services related to transport of goods are carried out outside Estonia to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business;

8) a transaction or other act the place of supply of which is not Estonia is mediated and the intermediation service is provided to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business;

In the case of services referred to in points 2, 3 and 6 to 8 of the list, the place of supply is not Estonia:

- ✓ **if services are provided to a person who is not registered as a taxable person or taxable person with limited liability in any of the Member States or who is not a third country person engaged in business;**
- ✓ **if the service is provided to a person registered as a taxable person or a taxable person with limited liability in another Member State (according to subsection 1 of § 10 of the VAT Act), i.e. the place of supply is the country where the recipient of the service has registered as a taxable person.**

9) services are provided in the cases not specified in clauses 1–8 and subsection 2 of § 10 through a seat or permanent business establishment in Estonia to a taxable person or taxable person with limited liability registered in another Member State or to a third country person engaged in business.

Thus, the place of supply is not Estonia and the service is taxed in the country of residence of the recipient if:

1. work is performed with movables located in Estonia or movables located in Estonia are valued and the services are provided to a person who is registered as a taxable person or taxable person with limited liability in another Member State or who is a third country person engaged in business;
2. transport services are provided in Estonia, including the carriage of means of transport related to transport service, or such transport of goods is organised and the service is provided to a person who is registered as a taxable person or taxable person with limited liability in another Member State or who is a third country person engaged in business;
3. transport services of goods from Estonia to another Member State are provided, including the carriage of means of transport related to transport service, or such transport of goods is organised to a person who is registered as a taxable person or taxable person with limited liability in another Member State or who is a third country person engaged in business;
4. an ancillary service related to the transport of goods is provided in Estonia to a person registered as a taxable person or taxable person with limited liability in another Member State or who is a third country person engaged in business;
5. a transaction or other act the place of supply of which is Estonia is mediated and the intermediation service is provided to a person who is registered as a taxable person or taxable person with limited liability in another Member State or who is a third country person engaged in business.

The service provider in Estonia taxes supply at a 0% tax rate.

Additionally, according to subsection 4 of § 10¹ of the VAT Act, the place of supply is not Estonia if an electronic communications service or electronically supplied service is provided to a person who is established or residing in another Member State and who is not registered as a taxable person or taxable person with limited liability in any Member State.

Lisaks sellele vastavalt KMS § 10¹ lõikele 4 käibe tekkimise koht ei ole Eesti, kui osutatakse elektroonilise side teenust või elektrooniliselt osutatavat teenust teises liikmesriigis asu- või elukohta omavale isikule, kes ei ole üheski liikmesriigis registreeritud maksukohustuslasena ega piiratud maksukohustuslasena.

(Beginning from 01.01.2019, the place of supply is Estonia, if:

1. such service is provided by a business operator having its registered office or permanent establishment only in Estonia,
2. the total supply of electronic communications services and electronic services provided by the service provider to persons not registered as taxable persons did not exceed 10,000 euros in the previous calendar year and does not exceed 10,000 euros in the current calendar year, and
3. the service provider has not voluntarily identified the Member State of the recipient as the place of supply.)

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Taxation and declaration of supply of services

Determination of the place of supply of services, value added tax rate and declaration »

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