REPUBLIC OF ESTONIA
TAX AND CUSTOMS BOARD

Taxation of services

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The above examples assume that either the service provider or the recipient of the service has an obligation to pay tax on the provided goods transport services in their own country. At the same time, the goods transport services specified in clauses 8–11 of subsection 4 of § 15 of the VAT Act are taxed at a 0% rate regardless of to whom the service is provided and the 0% tax rate applies to both the service provider and the recipient, i.e. these services are not subject to reverse charge and these services are not to be indicated on the intra-Community supply report.

The following services are specified in clauses 8–11 of subsection 4 of § 15 of the VAT Act:

8) transport service for goods placed under an external transit procedure, services for the organisation of such transport of goods and ancillary services related to such transport of goods if the carriage is a part of the carriage which begins or ends in a third country;

9) the service for the transport of goods, the service for the organisation of the transport of goods and ancillary services related to such transport of goods provided for the export of goods;

10) the service for the transport of goods, the service for the organisation of the transport of goods and ancillary services related to such transport of goods provided for the import of goods, if the cost of these services is included in the taxable value of the imported goods;

11) carriage of goods to the Azores or Madeira or from the Azores or Madeira to Estonia or another Member State.

NB! From 01.07.2022, the services specified in clauses 8, 9 and 10 will **always** be taxed at a 0% VAT rate **only if they are provided to the consignor or consignee.** Also, from 01.07.2022, the transport service provided for delivery to the customs territory of the European Union, the service of organising such transport of goods and ancillary services related to such transport of goods of:

- ✓ non-Union goods placed under the customs procedure of customs warehousing, free zone, inward processing, transit or temporary importation with total relief from import duties, or
- ✓ non-Union goods in temporary storage,

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if these services are provided to the consignee or the consignor of the goods will **always** be taxed at a 0% VAT rate.

If the aforementioned services are provided to a person registered as a taxable person or taxable person with limited tax liability in another Member State, or to a third country person engaged in business, who is not the consignor or consignee, the 0% VAT rate is applied according to the so-called basic rule (the place of supply of the service is not Estonia, but the country of location of the recipient of the service).

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