

Comments

1. In annex 2 of form TSD the data of personified income tax and social tax, unemployment insurance premium made to a non-resident natural person during the calendar month indicated on the form shall be shown. A separate line shall be completed for each type of payment made to one person.

2. Annex 2 of form TSD shall be submitted together with the tax return TSD for a month when the payment was the amounts of social tax was calculated according to § 2 (2) to (3) of the Social Tax Act. Annex 2 of form TSD shall be filled in euro-cent accuracy.

In annex 2 of form TSD the amounts, from which the income tax is not withheld under the Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital gains (hereinafter the tax treaty) shall also be declared. Pursuant to the tax treaty, if the income tax from the payments made to a non-resident is withheld at a lower rate than the tax rate prescribed in § 43 (1) of the Income Tax Act or income tax is not withheld at all, then a document certifying the recipient of payment and his or her residence shall be submitted together with annex 2 of form TSD. Lower tax rates arising from the tax treaty shall also be applied in case the data on residency of the recipient of income are entered in the register of taxable persons established by the Taxation Act.

3. In columns 2 to 4 the data of the recipient of payment shall be shown. In column 3 a registration code issued to a non-resident in Estonia shall be shown (Estonian personal ID code or the registration code given to a taxable person by Estonian Tax and Customs Board). In column 4 the code of the country of residence of a non-resident on the basis of the list prepared by Estonian Tax and Customs Board shall be shown.

4. In column 5 the payment type and in column 6 the payment code shall be shown. The following codes are used for marking the types of payments made to a non-resident natural person within a calendar month:

6 – hire or lease of immovable property;

11 – interests;

12 – royalties, except hire or lease of equipment marked with code 12a;

12a - hire or lease of equipment;

14 – income from business (from independent professional activity), except when the recipient of payment is a sole proprietor entered in the commercial register or in the register of the state, which is a Contracting Party to the EEA Agreement (*hereinafter the Contracting State*) and the payment is his or her business income;

15 – income from employment remuneration or service fees paid on the basis of a contract for service, authorisation agreement or any other contract under the law of obligation (except compensations paid to an employee upon termination or cancellation of an employment contract or upon release from service marked with code 15a); sickness benefits paid by employers;

15a - compensations paid to an employee upon termination of employment or upon cancellation of the employment contract;

16 - payments made to a member of a management or controlling body of a legal person;

17 – remuneration paid to a sportsman or sportswoman or an artist in connection with his or her performance in Estonia or for presentation of his or her works in Estonia;

18 - pension and other similar payments, except pension marked with code 18a;

18a - pension paid by the Estonian state pursuant to law and payments made from a mandatory pension fund pursuant to the Funded Pensions Act;

19 - emoluments paid to a public servant, except compensations paid to a public servant upon release from service marked with code 19a; sickness benefits paid by an employer;

19a - compensations paid to a public servant upon release from service;

20 – the student’s income;

21 – other income, including grants, benefits, scholarships, gambling winnings; cultural, sports and scientific awards; benefits payable on the basis of the Parental Benefits Act, benefits paid by the Estonian Health Insurance Fund, or by the Estonian Unemployment Insurance Fund or insurance indemnities paid by an Estonian resident insurance agency and payments made from an Estonian pension fund;

21a – [Invalid].

5. Tax rates prescribed in § 43 (1) of the Income Tax Act apply in respect of withholding income tax, if the payment is made to a resident of the country with which the Republic of Estonia does not have a valid tax treaty.

6. In column 7 the amount of social tax calculated pursuant to § 2 (1) 1), 3), 4), 6), 8), 9), and (2) to (3) of the Social Tax Act shall be shown.

7. In column 8 the payments subject to social tax made to a non-resident natural person within the period of taxation pursuant to § 2 (1) 1), 3), 4), 6), 8) and 9) of the Social Tax Act shall be shown.

8. In column 9 the total amount of payments made to a resident natural person within the period of taxation, wherefrom the payer is obliged to withhold the income tax pursuant to § 41 of the Income Tax Act shall be shown. The amounts from which the income tax is not withheld according to the tax treaty shall also be declared here.

9. In columns 10 and 11 the amount of income tax withheld from the payments made to a non-resident natural person and the tax rate shall be shown. Unemployment insurance premium withheld in accordance with § 42 (1) 1) of the Unemployment Insurance Act shall be deducted from the payment before calculation of the income tax to be withheld (§ 42 (5) of the Income Tax Act). If in accordance with the tax treaty, the income tax is not withheld, the tax rate of 0% shall be indicated in column 11.

10. Column 12 shall be filled in if Estonia has a valid tax treaty with the residence country of the recipient of payment and the recipient of payment has submitted his or her certificate of residence to the payer, or if the data proving the residency of the recipient of payment are entered in the register of taxable persons. If column 12 is not filled in, then more favourable income tax rates under the tax treaty shall not apply and income tax shall be withheld according to the tax rates established in § 43 (1) of the Income Tax Act.

11. In column 13 unemployment insurance premium withheld in accordance with § 42 (1) 1) of the Unemployment Insurance Act from the payments declared in column 14 shall be shown. In case of a person who has reached the retirement age “0” (zero) shall be indicated in column 13 starting from the month that follows the month of reaching the retirement age. In case of a person to whom the early-retirement pension has been granted on the basis of § 9 of the State Pension Insurance Act “0” (zero) shall be written in column 13.

12. In column 14 the amount of payments made in a calendar month, on which the payer is required to calculate and withhold unemployment insurance premium, shall be shown. Amount of payments shall be shown as personified, even if the payment is made to a person who has reached the retirement age or to a person who has been granted early-retirement pension (this is necessary for calculation of an employer’s tax liability).