

Information about filing income tax returns for employees from abroad working in Estonia

The tax filing season for the year 2020 starts in Estonia on 15 February. Each year the Estonian Tax and Customs Board gets contacted by a growing number of people who have come from abroad to work in Estonia and inquire if they should file an income tax return and whether they are entitled to claim back a portion of the paid income tax.

We have prepared answers to the most commonly asked questions.

If I have tax-related questions or am in doubt about whether I should file an income tax return, should I show up in person at the Estonian Tax and Customs Board?

Definitely not! If you have questions and are unable to find answers to them on the website <https://www.emta.ee/eng/private-client>, please contact us at eraklient@emta.ee or call the information line +372 880 0811. Customer service is provided in Estonian, Russian and English.

However, if you need consultation in person or would like to file your income tax return on paper, we do not recommend coming to a service bureau from 15 February to early March – in that period, customer service bureaus have long lines and people need to wait outdoors due to preventive measures against the coronavirus, which can mean hours of waiting. The income tax filing period ends on 30 April and we recommend that you do not hurry.

In which case should I file an income tax return?

The income tax filing season starts in Estonia on 15 February and ends on 30 April. The need to file an income tax return depends upon multiple circumstances:

1. For taxation purposes, persons in Estonia are divided into residents and non-residents. Employees from outside the European Union are by definition non-residents and the employer pays the taxes on their salaries. Non-resident employees themselves do not need to report anything. They are also not entitled to a refund of overpaid income tax. You can apply to register as a tax resident of Estonia for example if you spend at least 183 days during a period of 12 consecutive calendar months in Estonia and you have no spouse or minor children in a foreign country. The final decision on tax residency will be made by the Estonian Tax and Customs Board.
2. In order to reclaim overpaid income tax and make deductions you must be a tax resident of Estonia or another EU Member State or Norway, Iceland or Liechtenstein. In order to reclaim overpaid income tax you must file an income tax return.

If you don't know in which country you are a tax resident, you can determine this online by reading <https://www.emta.ee/eng/business-client/income-expenses-supply-profits/about-residency> or by contacting us at eraklient@emta.ee.

What kind of income do I need to declare in Estonia?

If you are a tax resident in Estonia you must declare all of your income in Estonia, including income earned in other countries.

If you are a non-resident, only income earned in Estonia must be declared in Estonia.

Additional information: <https://www.emta.ee/eng/business-client/income-expenses-supply-profits/taxation-income-non-residents>

How much income tax are tax residents able to reclaim?

In Estonia, up to 6,000 euros per year is exempt from taxation and the final amount exempt from taxation depends on the income for the entire year. Additional information can be found here: <https://www.emta.ee/eng/private-client/declaration-income/tax-free-income-calculation>

A tax resident's right to an income tax refund arises for example in cases where the employer has withheld more income tax from salary (you have a part of your tax exempt allowance left unused). If, however, less income tax has been withheld, the employee must pay the difference after the income tax return is filed. This is conclusively determined after the income tax return is filed.

In addition, it is possible to reduce your income subject to taxation in Estonia in your income tax return if you are raising two or more minor children. In order to qualify for the two or more children tax incentive you will only need to enter the children's personal ID numbers in the income tax return. The deductions are then calculated automatically while the double claim of tax incentive on the same children in multiple tax returns is prevented.

It is also possible to deduct from income up to 1,200 euros worth of home loan interest, educational expenses, donations, etc. Deductions cannot exceed 50% of an individual's income subject to taxation in Estonia for the period of taxation.

More detailed information: <https://www.emta.ee/eng/private-client/declaration-income/about-tax-incentives>

When and how are income tax returns filed in Estonia?

Income tax returns are filed for the year 2020 from 15 February to 30 April.

Please note! Since the first weeks will be very busy with long lines at our customer service locations and our information lines will experience waiting lists, we recommend not to hurry as the tax return does not have to be filed in the first weeks.

Tax returns can be filed electronically in the Estonian Tax and Customs Board's online services environment e-MTA (<https://www.emta.ee/eng/private-client>), as well as in person at customer service bureaus (<https://www.emta.ee/eng/offices>), where pre-filled tax returns can be ordered on paper.

It is recommended to use the electronic option but this is only available to tax residents of Estonia and some other EU Member States, as well as Norway, Iceland and Liechtenstein. If you have any questions you should first visit the website <https://www.emta.ee/eng/private-client> that provides answers to the most commonly asked questions in Estonian, Russian and English languages. Information can also be obtained in all three languages by sending an email to eraklient@emta.ee or calling the information line +372 880 0811.

If you are unable to electronically file the tax return you can request a pre-filled tax return at the customer service bureau and file it on paper.

You can also print out the tax return form online at <https://www.emta.ee/eng/private-client/declaration-income/tax-return-forms>, fill it out yourself, sign it and send it to the Estonian Tax and Customs Board.

Income tax return forms are not sent to anyone's home address.

Proof of income or expenses does not need to be provided in advance unless specifically requested.

When will I receive the overpaid income tax and by which date do I need to pay the underpaid income tax?

The Estonian Tax and Customs Board returns overpaid income tax by 1 October. The same deadline applies for payment of underpaid income tax.

As a foreign national do I need to apply for a taxpayer identification number from the Estonian Tax and Customs Board?

If you already have an Estonian personal ID number, it is not necessary to apply for a separate taxpayer identification number – in this case the Estonian Tax and Customs Board will already have your data. You need to register with the Estonian Tax and Customs Board for the payment of taxes in the event that you have no Estonian personal ID number and your employer has not registered your employment with the Estonian Tax and Customs Board.