



REPUBLIC OF ESTONIA
TAX AND CUSTOMS BOARD

Tax Declaration as a Background Process

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Filing payroll tax return during bank transaction *in background*

About 38 000 SMEs only pay payroll taxes (1/3 of all the employers)

- ✓ How to reduce administrative burden of SMEs?
- ✓ **Tax and Customs Board needs data, not tax returns!**
- ✓ Get data from systems that companies already use
 - Banks, accounting software, service providers etc.



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TAX AND CUSTOMS BOARD

Filing Tax Return vs Data Exchange





Filing Tax Return vs Data Exchange Process

Filing Tax Return

Employer logs in to e-
bank and pays salaries

Next
month

Employer logs in to the
e-taxboard, fills in tax
return and confirms it

Employer logs in to e-
bank and pays taxes

Tax Return with Data Exchange

Employer logs in to e-
bank and pays salaries

Simultaneous background process:

- Taxes are calculated;
- Tax return prefilled;
- Taxes paid with the same transaction *(or saved as future payment in bank).*

Next
month

Background process:
- ETCB automatically
confirms the tax return;



How Does It Look Like for the User?

[ID-card](#) [Mobile-ID](#) [Smart-ID](#) [PIN-calculator](#) [Password](#)

[DAILY BANKING](#) [GROWING FUNDS](#) [LOAN AND LEASING](#) [PENSION](#) [NEED HELP?](#)

A bank just like you

See for yourself →



Stock sharks compete with

LHV's clients may continue

Powertrader update brought

Log in

Enter your Mobile-ID PIN1 on your phone, if you are convinced the control code shown on your phone matches the one shown here.

Challenge:

7857

Cancel

ASSETS AND LIABILITIES

EVERYDAY BANKING

Payments

- E-invoices
- Standing orders
- Currency exchange
- Bank cards
- Banklink
- Accepting card payments

INVESTING

INFORMATION AND SETTINGS

New Salary Payment

New payment

Predefined payments

Import of payments

Pending payments

Salary Payments

Payment type

Salary payment ▾

From the account

Silver ja Pojad • EE11770077... ▾

Basis of payment

Salary ▾

Employee's name

Employee's ID code

Employee's account No.

Payment description

Working time rate

Net sum

 EUR

Calculate the income tax exemption

State taxes

 EUR

Pay state taxes now



Available funds
979 531.89 EUR

Current payment
0%

Pay

MY MONEY >



Summary statement



New payment



Predefined payments



Quicklinks



Silver ja Pojad OÜ ▾

Log out

ASSETS AND LIABILITIES

EVERYDAY BANKING

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E-invoices

Standing orders

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Salary Payments

Payment type

Salary payment ▾

From the account

Silver ja Pojad • EE11770077... ▾

Basis of payment

Salary ▾

Employee's name

Liisa Ruusamägi

Employee's ID code

48706036531

Employee's account No.

EE607700771001460486

Payment description

Salary

Working time rate

1.0

Net sum

800

EUR

 Calculate the income tax
exemption

State taxes

602.52

EUR

 Pay state taxes nowAvailable funds
979 531.89 EURCurrent payment
0%

Pay

MY MONEY >



Summary statement



New payment



Predefined payments



Quicklinks

Silver ja Pojad OÜ ▾

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Salary Payments

From the account Silver ja Pojad •
EE117700771001344968**Basis of payment** Salary**Employee's name** Liisa Ruusamägi**Employee's ID code** 48706036531**Employee's account No.** EE607700771001460486**Payment description** Salary**Working time rate** 1.0**Net sum** 800 EUR**Calculate the income tax
exemption** Yes**State taxes** 602.52 EUR**Pay state taxes now** Yes[← Back](#)[Sign](#)

MY MONEY >



Summary statement



New payment



Predefined payments



Quicklinks



Silver ja Pojad OÜ ▾

Log out

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Salary Payments



Salary Payment completed

Payments made in the sum of EUR 800.00. State taxes in the sum of EUR 602.52 have been forwarded to the Tax and Customs Board.

[Save under Salary Payments](#)[New Salary Payment](#)



What Makes It Possible?

- ✓ 2 universal X-Road based services:
 - Tax calculation for bank (or other service providers);
 - Tax return prefilling and confirming.
- ✓ Services are running in the background, taxpayer only sees the calculated tax amount in e-bank
- ✓ To begin – agreement is concluded between taxpayer, bank and Tax Board



REPUBLIC OF ESTONIA
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Business Account for Natural Person





What is **Business Account**?

It's a dedicated bank account, that natural person can open in their bank if they wish to earn business income without registering as a business.

- **Business Account** simplifies business income taxation form natural person;
- Business account is regulated with *Simplified Business Income Taxation Act* (in force from 01.01.2018).
- To start using business account, banks and ETCB (Estonian Tax and Customs Board) both need some IT development.



How does Business Account work?

Automatic registration in employment register.

Business income tax is automatically withheld:

- The period of taxation is a calendar month;
- Tax rate is 20% of the amount received on the business account if the amount does not exceed 25 000 euros in a calendar year;
- Tax rate is 40% of the amount received on the business account exceeding 25 000 euros in a calendar year.



What taxes are paid?

3 different taxes are paid from the *business income tax* withhold:

- **Income tax** part is 20/55 of the rate of the business income tax;
- **Social tax** part is 33/55 of the rate of the business income tax;
- **Contributions to funded pension** is 2/55 of the rate of the business income tax.



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Thank You!

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