BRIS GROUP

ESTONIA

PRIVATE LIMITED COMPANY (OÜ)

CLIENT GUIDE 2026

EU digital company formation, retained-profit taxation and annual compliance

Professional company formation and ongoing corporate administration

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Estonia Private Limited Company (OÜ) at a Glance

An Estonian **osaühing (OÜ)** is a private limited company registered in the Estonian e-Business Register. Estonia is distinctive because ordinary company profits are generally **not taxed when earned or retained**; corporate income tax is principally triggered when profits are distributed or treated as distributed.

Topic	Current legal / practical position
Foreign ownership	Founders may be natural or legal persons. Estonia's digital corporate infrastructure is widely used by international founders.
Minimum capital	The e-Business Register states minimum capital of **EUR 0.01**; the smallest share of one shareholder is EUR 0.01.
Management	An OÜ must have a management board. Representation rules can be specified in the register.
Formation	A private limited company can be established electronically through the e-Business Register where the participants can use the required Estonian digital identification/signature method.
Official state fee	Current e-Business Register establishment state fee: **EUR 265**.
Retained profits	Ordinary retained/reinvested company profit is generally not subject to Estonian corporate income tax until a taxable distribution occurs.
Distributed profits	In 2026, corporate income tax on distributed profits is **22/78 of the net distribution**, equivalent to 22% of the gross profit amount.
VAT	Standard VAT rate is **24%**; Estonia also has 13%, 9% and 0% rates for specified supplies.

Estonia's Key Tax Advantage

0% corporate income tax on retained profits

Estonia's legitimate tax advantage is not a foreign-source exemption. Instead, the timing of corporate taxation is shifted from **earning profit to distributing profit**. A profitable OÜ can generally retain and reinvest earnings without current Estonian corporate income tax on those retained profits.

This can be especially attractive for growing businesses that reinvest profits in operations, technology, staff, inventory or investments rather than distributing them immediately.

Important: this does not mean every payment from an OÜ is tax-free. Dividends, hidden profit distributions, certain non-business expenses and other taxable payments can trigger Estonian corporate income tax under the Income Tax Act.

Formation / Registration

Topic	Current legal / practical position
Registry	Estonian e-Business Register (e-Äriregister).
Founders	Natural and legal persons may be founders.
Articles	Standard articles can be used in the e-Business Register formation process.
Annual report	Every operating Estonian accounting entity must submit an annual report once per financial year.

Shareholders, Management & Capital

Topic	Current legal / practical position
Shareholder(s)	One or more founders/shareholders; natural or legal persons.
Management board	A management board is mandatory. Board representation rights can be structured and recorded in the register.
Capital	Minimum capital EUR 0.01 where there is one shareholder; each shareholder's minimum share is EUR 0.01.
Digital signatures	For the standard online formation workflow, persons added to the application must be able to digitally sign through the portal.
Contact arrangements	Depending on the company's management/address circumstances, Estonian contact-person or address requirements may need to be satisfied.

Share Capital

Following the 2023 reform, Estonia abolished the former EUR 2,500 minimum capital requirement for an OÜ. The official e-Business Register now states a minimum capital of **one euro cent**, with the smallest share of each shareholder being EUR 0.01.

Low legal capital is not the same as business funding

A EUR 0.01 company is legally possible, but banks, payment providers, counterparties and regulators may assess whether the business has adequate real resources for its proposed operations.

Corporate Income Tax - 2026

The Estonian Tax and Customs Board confirms that for 2026 the corporate income tax rate is **22/78** on the net amount of taxable distributions. From 1 January 2025 the former lower 14/86 rate for regularly distributed dividends was abolished, leaving the standard 22/78 rate.

How the Estonian System Works

Estonia generally does not levy corporate income tax on ordinary profits at the moment they are earned. Taxation is deferred until profit is distributed as dividends or otherwise falls within the statutory categories of taxable distributions/payments. This makes the regime particularly different from conventional European systems that impose annual corporate tax on accounting/taxable profit.

Example

If an OÜ earns EUR 100,000 and keeps the entire amount in the company for genuine business purposes, the retained profit is generally not subject to current Estonian corporate income tax. If the company later distributes net dividends, corporate tax is calculated at 22/78 on the net distribution. The exact treatment of each payment must be checked under the Income Tax Act.

Received Dividends / Redistribution

Section 50 of the Income Tax Act contains exemptions designed to prevent repeated corporate taxation of certain redistributed dividends. For example, qualifying dividends received from an income-tax-liable company in an EEA Contracting State or Switzerland can be redistributed without additional Estonian corporate tax where the Estonian company held at least **10%** of the shares or votes when the dividend was received, subject to the statutory rules and exclusions.

Dividend Recipient

The Estonian Tax and Customs Board states that income tax is generally **not withheld from the dividend recipient in Estonia** under the current system, because the corporate tax is imposed at company level on distribution. However, the shareholder's country of residence may tax the dividend, so foreign shareholder taxation must be considered separately.

VAT

From 1 July 2025 Estonia's standard VAT rate is **24%**. Current VAT rates are 24%, 13%, 9% and 0%, depending on the supply. The VAT registration threshold is generally **EUR 40,000** of relevant Estonia-place-of-supply turnover from the beginning of the calendar year.

Documents Required from the Client

• Passport / acceptable identification for shareholders, board members and UBOs.

• Recent proof of residential address.

• For corporate shareholders: incorporation, constitutional, management and ownership-chain documents.

• Proposed company name and detailed business activities.

• Proposed share capital, ownership percentages and management-board structure.

• Estonian legal address/contact-person arrangements where required.

• Expected countries of customers/suppliers, turnover and transaction profile.

• Source-of-funds and, where appropriate, source-of-wealth evidence.

• Appropriate Estonian digital-ID / e-Residency arrangements for direct online formation, or alternative professional/notarial procedure where applicable.

Formation Process & Documents Received

1. Structure/tax review **2.** KYC and digital-ID / representation review **3.** Name / articles / capital **4.** e-Business Register incorporation **5.** Tax/VAT/accounting setup **6.** Banking and annual compliance

Typical corporate file: e-Business Register registration data/extract; articles of association; registry code; shareholder/share-capital records; management-board and representation information; legal address/contact details; beneficial-owner information and tax/VAT records where applicable.

Annual Report

Submitting an annual report is mandatory for Estonian accounting entities even where there was **no economic activity**. The approved annual report must be submitted to the Commercial Register within **six months after the end of the financial year**. For a calendar-year company, the 2025 report deadline is therefore 30 June 2026.

Accounting & Audit

The annual report includes financial statements and an activity report, with the exact content depending on the entity's size and type. Larger companies are subject to audit/review requirements when the statutory turnover, asset and employee thresholds are exceeded. Accounting and reporting obligations continue even where no corporate tax is due because profits remain undistributed.

0% retained-profit tax does not mean 'no compliance'

An OÜ must still keep proper accounting records, submit annual reports, comply with VAT/payroll rules where applicable, maintain registry/UBO information and account for corporate income tax when taxable distributions or other taxable payments occur.

Annual Compliance Checklist

- Maintain current e-Business Register data, legal address and contact arrangements.
- Maintain shareholder, management-board and beneficial-owner information.
- Keep proper Estonian accounting records and supporting documentation.
- Prepare and submit annual report within six months after financial year-end.
- Complete audit/review where statutory thresholds require it.
- Declare and pay 22/78 corporate income tax when taxable distributions/payments occur.
- File VAT returns and EU VAT reports where registered/required.
- Monitor the EUR 40,000 VAT registration threshold.
- Review payroll, fringe-benefit and employment-tax obligations.
- Review related-party / transfer-pricing and non-business expense rules.
- Review redistribution exemptions before paying dividends sourced from qualifying participations.
- Maintain bank/payment-provider AML/KYC and evidence of genuine commercial activity.

Banking & e-Residency

Estonian e-Residency is a digital identity that can facilitate remote company administration, but it is **not citizenship, immigration status or personal tax residence**. An OÜ may use Estonian or other EEA/international banking/payment services subject to provider policy. Banks and payment institutions conduct their own AML/KYC and may require evidence of business substance, customers, contracts and source of funds.

Why Estonia OÜ Can Be Attractive

Topic	Current legal / practical position
0% on retained profit	No ordinary corporate income tax merely because business profit is earned and retained.
22/78 on distribution	Corporate tax generally arises when profits are distributed.
Digital administration	Highly developed electronic Business Register and tax administration.
EUR 0.01 capital	Extremely low statutory minimum share capital.
EU company	Estonian legal entity operating within the EU VAT/legal framework.
Growth businesses	Particularly attractive where profits are reinvested rather than immediately distributed.

How BRIS Group Supports You

Structure & tax review - Assess whether Estonia's retained-profit taxation model fits the client's business and distribution plans.

Formation - Coordinate OÜ incorporation and e-Business Register filings.

Foreign founder setup - Coordinate e-Residency/digital-signature or alternative representation arrangements where appropriate.

Address / contact person - Coordinate Estonian legal-address and contact-person services where required and available.

KYC / UBO - Coordinate shareholder, board, UBO and source-of-funds/wealth due diligence.

Accounting & tax - Coordinate bookkeeping, annual reports, corporate distribution tax and VAT support.

Banking preparation - Prepare the corporate/KYC package and coordinate introductions where available.

Annual compliance - Coordinate registry, annual-report, accounting, tax and ongoing corporate administration.

Professional Fees & Quotations

Tailored quotation

This brochure is an informational guide to Estonia OÜ formation and maintenance and is not a fee quotation. BRIS Group professional fees, EUR 265 state fee, legal-address/contact-person services, e-Residency-related assistance, accounting/tax, certified documents, banking support and other optional services are quoted separately according to the structure and required work.

Important Legal Notes & Official Sources

This brochure is a general commercial guide and does not constitute Estonian or foreign legal, tax, accounting, regulatory or investment advice. Estonia's key advantage is accurately described as **0% corporate income tax on ordinary retained/reinvested profit**, not as a blanket exemption for foreign-source income. Tax generally arises at company level when profits are distributed or other taxable payments occur.

Primary official/legal sources reviewed: Estonian Tax and Customs Board (EMTA), including current 2026 tax rates, taxation of profits and VAT guidance; Estonian e-Business Register / Centre of Registers and Information Systems (RIK), including OÜ formation, capital, state fee and annual-report guidance; and Riigi Teataja, including the current Income Tax Act and Commercial Code.

Information reviewed: August 2026. Distribution taxation, VAT, contact-person requirements, audit thresholds and cross-border shareholder taxation should be reconfirmed for the client's actual structure and transactions.

PREPARED BY BRIS GROUP

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Professional incorporation and corporate administration for international clients.