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Company formation in Estonia

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Company formation in Estonia



Flag



Coat of arms

Common form	OÜ (osaühing, private limited company) [2]
Registry	Commercial Register (via the Company Registration Portal) [1]
Minimum capital	€0.01 [2]
Directors	1 management board member [2]
Local director	Not required; a local contact person and address are [2]
Corporate tax	0% on retained profit; 22% on distributions [4]
VAT / sales tax	24% [4]
Typical timeline	Often within one working day online [1]
Tax treaties	60 treaties [10]
Currency	Euro (EUR)

In short: To set up a company in Estonia, most founders form an OÜ, registered with the Commercial Register (via the Company Registration Portal). [1] Minimum capital: €0.01. Corporate tax: 0% on retained profit; 22% on distributions. Registration: often within one working day online (as of November 2026).

Estonia's **osaühing** (**OÜ**) can be founded and run entirely online. Through the **e-Residency** programme, non-residents can get a digital ID and sign documents remotely. Estonia only taxes company profit when it is distributed.

Business structures

Most founders in Estonia form an OÜ, registered with the Commercial Register (via the Company Registration Portal). [1] Other forms are listed below.

- **OÜ** – private limited company, the usual choice
- **AS** – public limited company
- **FIE** – sole proprietor
- **TÜ and UÜ** – general and limited partnerships

Requirements

Minimum share capital in Estonia (2026): €0.01. Directors required: 1 management board member. Local resident director: not required; a local contact person and address are. [2]

- A digital ID: an Estonian ID card or an e-Residency card.
- At least one founder and one management board member, who may be the same person.
- A legal address in Estonia.
- A contact person in Estonia if the management board is based abroad.
- Share capital of at least €0.01.

Registration process

Typical time to register a company in Estonia (2026): often within one working day online. [1] The usual steps are:

1. Obtain e-Residency or another Estonian-recognised digital ID.
2. Arrange a legal address and contact person, usually through a service provider.
3. Apply on the Company Registration Portal and sign digitally.
4. Pay the state fee; the registration is usually processed within a day.
5. Register for VAT with the Tax and Customs Board if needed, and open a bank account.

Taxation

The corporate tax rate in Estonia in 2026 is 0% on retained profit; 22% on distributions. [4] Standard VAT or sales tax: 24%. [4]

Tax	Rate and notes
Corporate income tax	0% on retained and reinvested profit; 22% on distributed profit (22/78 of the net amount)
VAT	24% standard rate since 1 July 2025
Dividends to individuals	No further income tax for Estonian residents once the company has paid CIT

Ongoing compliance

Annual compliance in Estonia: The OÜ files an annual report through the e-Business Register and monthly tax returns when it pays salaries or distributes profit. [1]

Recent changes

A planned increase of the income tax rate to 24% from 2026 was cancelled, so the rate stays at 22%.

Double tax treaties

Estonia has 60 treaties. A double tax treaty decides which country may tax cross-border income and usually caps the withholding tax the paying country can charge.

Domestic withholding tax on payments to non-residents

Dividends	Interest	Royalties
0%	0%	10%

Estonia levies no withholding tax on dividends or interest paid to non-resident companies. Arm's-length royalties paid to an associated EU or Swiss company can be exempt.

Treaty rates on payments from Estonia

Maximum withholding tax Estonia charges on payments to a company resident in each country covered by this wiki. Where several rates are shown (for example 5/15%), the lower rate applies only if conditions are met, usually a minimum shareholding, a holding period or a qualifying recipient such as a bank or pension fund.

Recipient's country	Dividends	Interest	Royalties
Cyprus	0%	0%	0%
Georgia	0%	0%	10%
Germany	0%	0%	0/5/10%
Ireland	0%	0%	0%
Netherlands	0%	0%	0%
Poland	0%	0%	0/10%
Singapore	0%	0%	7.5%
Switzerland	0%	0%	0%
United Arab Emirates	0%	0%	0%
United Kingdom	0%	0%	0%
United States	0%	0%	5/10%

Rates from PwC Worldwide Tax Summaries (reviewed 29 May 2026). Treaty benefits require proof of tax residence and are subject to anti-abuse rules; check the treaty text before relying on a rate.

Frequently asked questions

How long does it take to register a company in Estonia?

Typical registration time in Estonia: often within one working day online (as of November 2026), once all documents are ready. Opening a bank account and tax registrations can take longer.

What is the minimum share capital for a company in Estonia?

Minimum share capital in Estonia: €0.01 (as of November 2026).

What is the corporate tax rate in Estonia in 2026?

The corporate tax rate in Estonia in 2026 is 0% on retained profit; 22% on distributions. See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in Estonia?

Yes. There is no nationality requirement for shareholders. Local director rule in Estonia: not required; a local contact person and address are.

How many tax treaties does Estonia have?

Estonia has 60 treaties. It has a treaty with each of the other 11 countries whose treaty rates this wiki tabulates.

What withholding tax applies to dividends paid from Estonia?

Estonia charges no withholding tax on dividends under domestic law. See the treaty table in the Double tax treaties section.

Can I run an Estonian company without living in Estonia?

Yes. With e-Residency you can found and manage an OÜ online. You need an Estonian legal address, plus a local contact person if the management board is based abroad.

When does an OÜ pay corporate tax?

Only when it distributes profit, for example as dividends. Retained and reinvested profit is not taxed.

Official registries and resources

- e-Business Register
- Company Registration Portal
- e-Residency
- Tax and Customs Board

Figures as of November 2026. Rates, thresholds and procedures change; confirm with the official registry, the tax authority or a local adviser before filing.

See also

- Comparison of company formation by country
- Company formation in the United Kingdom
- Company formation in Germany
- Company formation in Poland
- Company formation in Ireland
- All countries

References

Entries marked **Official** are the registry, government and tax authority sources for this country; footnote numbers in the infobox point to them.

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6. Estonia: Taxes on corporate income . PwC Worldwide Tax Summaries. Accessed November 2026.
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