

Must a non-resident estate seller pay income tax in Estonia for inherited real-estate properties?

Since 2014 Supreme Court case law No 3-3-1-97-13, inherited real-estate properties (hereinafter estate) that have been transferred during the ownership reform are no longer taxable with income tax, because the principle of equal treatment states that we must account the expenses made while acquiring the estate.

After the disclosure of the Supreme Court case law, income tax declarations were adjusted and the income tax paid for the sale of the estate were acquired for refunding.

Even though, the popularity of tax refunds is in the past, an increasing amount of questions have arisen regarding the sale of estates by non-residents (i.e. people, who neither live in Estonia or stay here for minimum required period of time for work).

Keep in mind, that the exemption deriving from the Supreme Court case law and the Income Tax Act is only applicable to the Estonian residents. Non-residents have the obligation to declare and subsequently pay the income tax earned from the sale of the transferred estate to the Estonian Tax and Customs Board.

Unsure of your place of residency when selling your inherited estate or whether you have the right to deduct income taxes paid in Estonia? We are happy to help with any further questions on the matter.



VIRGI NAEL
HEAD OF BANKING AND
FINANCE

(+372) 524 1668

VIRGI.NAEL@NJORDLAW.EE