



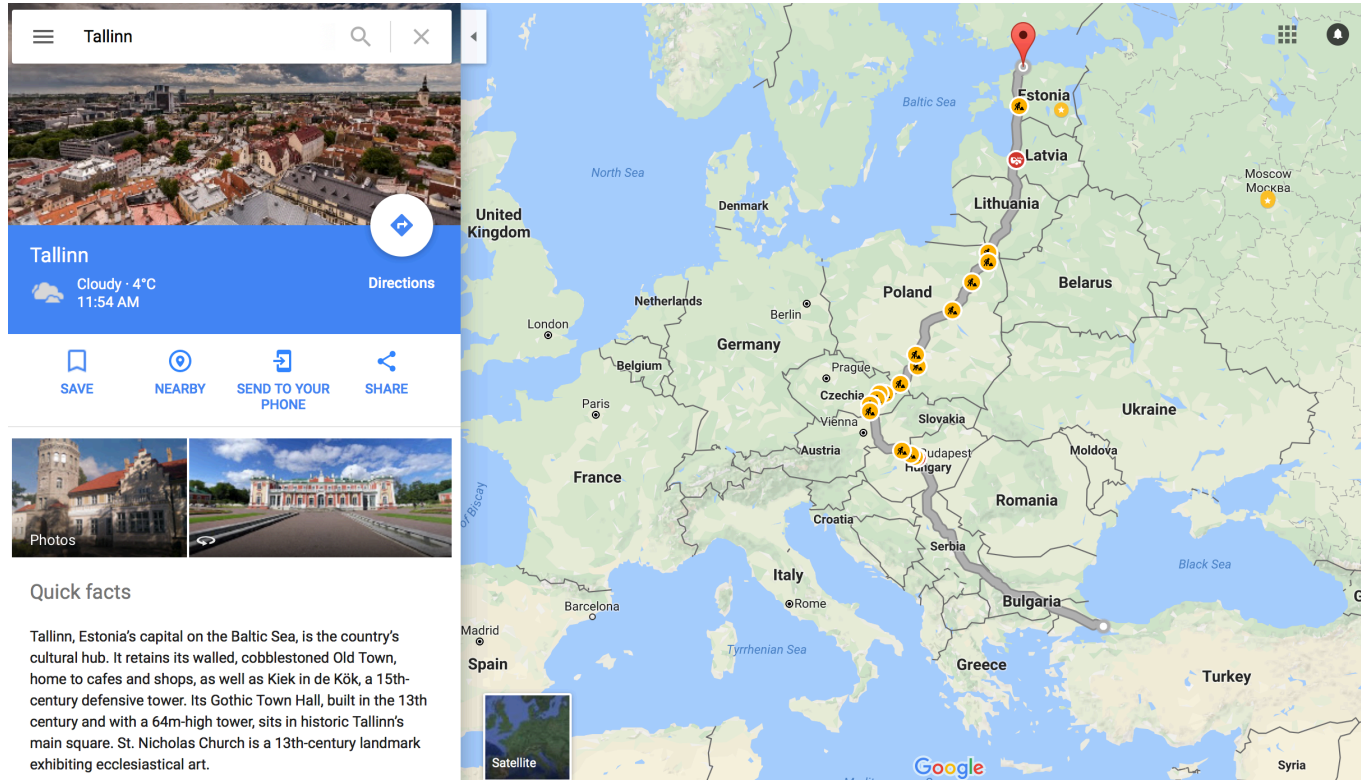
# ESTONIAN RESIDENCE PROGRAM FOR CONDUCTING BUSINESS AT A START-UP AND OTHER ESTONIAN ALTERNATIVES

May, 26th 2020  
Online seminar Uzakrota, Istanbul

# Estonia a small, digital country in Northern Europe



# Tallinn - Istanbul – 3200 km, direct flight 3 h 15 min and video conferencing = no flight time needed



# Why Estonia and why Estonian start-ups?

- z Estonia is a country in the Baltic region of Northern Europe
  - z World-class human capital, unique digital capabilities and competitive business environment make Estonia a smart, agile location for businesses with global ambitions
  - z Estonia consistently ranks as a world leader in human capital, digital capability and ease of doing business
  - z From multinational companies to high growth startups, Estonia has more than two-decade track record of successful investments and innovations
- z World-changing start-ups originate from Estonia. For example:
  - z TransferWise, GrabCAD, Fortumo, Pipedrive, Starship Technologies, and Skype
  - z Estonia has developed an interactive and strong ecosystem for startups (<https://startupestonia.ee/startup-ecosystem>)



# Doing business and living in Estonia – content of next pages

- z Startup visa - [official site](#)
- z Startup residency permit – [official site](#)
- z E-residency – [official site](#)
- z Tax residency – [official site](#)
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# Startup visa

- z The Estonian Startup Visa helps non-EU founders grow their startup in Estonia
- z The startup visa gives foreign entrepreneurs the opportunity to settle in Estonia for up to 18 months to establish their startup. A visa for startup entrepreneurship may be issued for up to 365 days and extended for up to 183 days
  - z 500 founders and 1350 employees have received it already
- z Approval from the Startup Committee stating that you meet the definition of a startup and can pursue the Startup Visa
- z You may also visit other Schengen countries with the visa for a stay of up to 90 days



# Start-up residency permit characteristics

- z Estonia enables non-EU individuals to apply for residency permit for business for conducting business at a start-up
  - z Start-up company is a company starting its activities aiming at developing and launching a model that is with global growth potential, innovative and reproducible and shall make a substantial contribution to Estonia's environment
  - z The start-up must have been previously evaluated by the expert committee
  - z For start-up investor, there are no minimum investment requirements established. It needs to be an investment from a private individual and it would be possible to invest into already established start-up or you can start a start-up of your own
  - z Family members can apply as spouses and children under 18 years old
  - z No exact day count on living in Estonia, but the presence has to be meaningful and trackable. Need to have a place of residence in Estonia
- z What does residency permit allow?
  - z The right to live in Estonia
  - z Free movement within the Schengen area
  - z No obligation to declare private person's taxes in Estonia
  - z Work in Estonia and other EU countries
  - z Admission to educational institutions in the EU
  - z Possibility to obtain EU driver's license

# Estonian E-residency

## WHAT IS E-RESIDENCY?

**E-residency** is provided by the government of the Republic of Estonia. E-residency gives secure access to Estonia's digital services and an opportunity to give digital signatures in an electronic environment. Such digital identification and signing is legally fully equal to face-to-face identification and handwritten signatures in the European Union

**E-residency** does not entail any residential or citizen rights and cannot be used as a physical identification card or travel document. The card is not a physical ID-card or even a travel document because it has no photo on it, but it does have a microchip with security certificates (certificate for authentication and certificate for digital signatures). Digital authentication allows you to access different e-services (provided both by the public and private sector), and to log in to any online portals that recognize this type of authentication (such as internet banks, government portals etc.)

## SERVICES CAN BE USED AS AN E-RESIDENT

- z Register your company online. Information on the Business Portal can be found ([www.rik.ee](http://www.rik.ee))
- z Sign documents digitally with partners, employees and the government
- z Exchange encrypted documents
- z Do online reporting to business register
- z Conduct secure online bank transfers (with Estonian bank account)
- z Declare taxes online
- z Submit annual reports online
- z Digital prescriptions in Estonian pharmacies

**APPLY HERE:** <https://e-resident.gov.ee/>



# Estonian tax residency



- z Individuals are residents in Estonia if:
  - z they reside there; or
  - z they stay in Estonia for 183 days or more during any 12-month period
- z Becoming a resident only requires a notification to the tax authority
- z In terms of taxation, Estonia offers attractive taxation environment for HNWI's:
  - z Income is subject to income tax at a flat rate of 20% on world-wide income
  - z Foreign dividends are exempt if they have been subject to withholding tax in the country of the paying company or if the profits have been subject to corporate income tax in that country
  - z Employment income received for working abroad is exempt if the recipient has stayed in the foreign country for the purpose of employment for at least 183 days during any 12-month period and the income has been subject to tax in that country
  - z No gift tax
  - z No inheritance tax
  - z No net wealth tax
  - z No tax on real estate (except land tax)

# Estonian limited liability company - Osaühing

Estonian osaühing (OÜ) – is a limited liability partnership which capital is divided into shares. OÜ is the most common form of business in Estonia. The founder can be both legal or private person from any country in the world with a minimum registered capital of 2,500 euros.

Due to favourable and simple tax system in Estonia, the use of Estonia-based company has a number of advantages:

- z No corporate income tax as long as the income is not distributed to shareholders
- z Favourable tax regime for financial companies from other jurisdictions
- z No tax on assets, including real estate (except land tax)
- z All dividends paid from which income tax is paid or withhold in any other jurisdiction in the world are not subject to additional income tax
- z In Estonia, there is no requirement of hiring a local director or other employees
- z All taxes can be declared through e-tax / e-customs
- z Companies that are non-residents are not taxable in Estonia
- z Grants from different EU programs as well as bank financing is widely available
- z The Estonian OÜ gives the opportunity to get e-residency or residence permit



# Estonian limited partnership fund - Usaldusühing

Estonian limited partnership fund (LPF) is a transparent, flexible and tax efficient vehicle for private equity and venture capital investments

The use of LPFs has a number of advantages:

- z Allowing for participation of investors (min 2 investors are needed) irrespective of investors origin
- z Providing flexibility as LPFs are always non-public. The Estonian Investment Funds Act allows for great deal of freedom for investors to regulate the most important matters among themselves in a partnership agreement
- z Providing privacy as LPFs are exempt from the obligation to register the details of the limited partners (investors) and their contributions in the Commercial Register. The relevant register is kept only internally by the fund or the fund manager
- z The principle of pass-through tax treatment applies to the taxation of income received from LPF. This means that the fund itself is not a tax subject and the investors are taxed as if they had made the investments themselves







# Zenith Family Office



Zenith is a privately owned independent wealth and investment management company of professionals exclusively devoted to the investments, legacy and personal needs of wealthy individuals, families and corporates owned by them. Zenith Family Office has a FSA license no.FIU000141 to provide service of trust funds and companies

## WEALTH MANAGEMENT

- z Assistance with organizing banking connections, including financing
- z Providing access to and monitoring financial markets, private equity and real estate investments
- z Administration and protection of entire estate
- z Assistance with organizing philanthropic and life style services
- z Assistance with residency planning

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## PHYSICAL ASSET MANAGEMENT

- z Property search and acquisition
- z Transaction support
- z Investment and asset management
- z Customized private portfolio establishment
- z Re-conception of property and analytics
- z Fund rising and organizing bank financing
- z Advisory on acquisition and sale of luxury real estate, yachts, planes

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## CORPORATE FINANCE

- z Mergers & acquisitions
- z Access to expansion capital
- z Early stage and project financing arrangements
- z Buy-outs
- z Restructuring
- z Database on businesses as potential acquisition targets

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## BUSINESS ADVISORY

- z Advisory on strategic business optimizing and restructuring issues
- z Helping with entering new markets, incl. target markets evaluation, product development, partnership moderation and sales model design
- z Active hands-on role in sales management focusing on export-driven sales

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