

Estonia

Transfer Pricing Country Profile¹

October 2025

		SUMMARY	REFERENCE
The Arm's Length Principle			
1	Does your domestic transfer pricing framework² make reference to the arm's length principle?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subsection 50 (4) of the Income Tax Act
2	Does your domestic transfer pricing framework give the OECD Transfer Pricing Guidelines any role or status (e.g. legal binding effect, subsidiary application in the absence of domestic legislation, source of interpretation of domestic legislation and/or treaty provisions, other)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Article 20 of the Transfer Pricing Regulation The TPG have no legal status within the Estonian tax system. However, they have been translated into Estonian and, according to Article 20 of the Regulation no. 53 (Transfer Pricing Regulation) drafted by MoF (in force since 1.01.2007), taxpayers and tax administrations are encouraged to use the TPG for those situations not covered by the Transfer Pricing Regulation, as far as the guidance in the TPG is not in contradiction with it.
3	Does your domestic transfer pricing framework provide for a definition of related parties applicable for transfer	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Article 8 of the Income Tax Act

¹ Information in transfer pricing country profiles is provided directly by jurisdictions. By publishing the transfer pricing country profiles on the OECD website, the OECD does not certify the accurateness of the information provided therein. Importantly, transfer pricing country profiles published on the OECD website are made available to stakeholders for information purposes only, and are not intended to be used in substitution to a jurisdiction's legal instruments, jurisprudence, or administrative guidance or practice nor relied on as an accurate and complete description of domestic law.

² For purposes of transfer pricing country profiles, the term "domestic transfer pricing framework" refers to a jurisdiction's domestic legislation, regulations, administrative guidance or practice, jurisprudence or governing general principles in the jurisdiction.

<p>pricing purposes? If so, please provide the definition contained under your domestic transfer pricing framework.</p>	<p>The definition of the related parties is contained in Article 8 of the Income Tax Act and, according to that, parties are deemed to be associated if they have common business interest or if one party has dominant influence over another. This article also includes an illustrative list of associated persons:</p> <p>(1) Persons are deemed to be associated if they have a common commercial interest or if one person has dominant influence over the other. The following persons are always deemed to be associated:</p> <ol style="list-style-type: none"> 1) spouses, civil partners, direct or in-law relatives; 2) companies belonging to one group as defined in Article 6 of the Commercial Code; 3) a legal person and a natural person who owns more than 10% of the share capital, total number of votes or rights to the profits of the legal person; 4) a legal person and a person who owns, together with other associated persons, more than 50% of the share capital, total number of votes or rights to the profits of the legal person; 5) legal persons if more than 50% of their share capital, total number of votes or rights to the profits belongs to one and the same person or associated persons; 6) persons who own more than 25% of the share capital, total number of votes or rights to the profits of one and the same legal person; 7) legal persons whose management board members or bodies substituting the management board are the same persons; 8) an employer and an employee, the employee's spouse, civil partner or direct blood relative; 9) a legal person and a member of its management board or controlling body (Article 9), the spouse, civil partner or a direct blood relative of a member of the management or controlling body. <p>Transfer pricing rules apply to transactions of resident legal persons, non-resident persons operating in Estonia through a permanent establishment and transactions of sole proprietors with any related persons.</p>	
<h3 style="margin: 0;">Transfer Pricing Methods</h3>		
<p>4 Does your domestic transfer pricing framework provide for transfer pricing methods to be used in respect of transactions between related parties?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If affirmative, please check those provided for in your legislation:</p>	<p>Article 11 of the Transfer Pricing Regulation</p>

		CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (<i>If so, please describe</i>)	
		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	If the circumstances related to the transaction do not allow for using the listed methods, another method may be used for determining the market value of the transfer price. Justifications must be given for such use of another method.							
5	Which criterion is provided for in your domestic transfer pricing framework for the application of transfer pricing methods?	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p>						
		<p>The method providing the most reliable result shall be selected on the basis of the specifics of the inspected transaction, the reliability of the available data about comparable transactions, the justification of the assumptions, and the level of similarity of comparable transactions.</p>						
6	Does your domestic transfer pricing framework contain specific guidance on commodity transactions?	<p><input checked="" type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input type="checkbox"/> Domestic transfer pricing framework provides for the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input type="checkbox"/> No</p>						
		<p>Domestic legislation recognizes the comparable uncontrolled price method as most reliable if there are comparable information available or small differences could be adjusted.</p>						

Comparability Analysis

7	<p>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Articles 3 and 20 of the Transfer Pricing Regulation</p>
		<p>Article 3 of the Transfer Pricing Regulation lays the foundation for comparability analysis. According to Article 20, it is recommended to follow the TPG.</p>	
8	<p>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Subsection 3 (3) of the Transfer Pricing Regulation</p>
		<p>Upon comparing transactions, data of transactions between the taxpayer and a non-associated person shall generally be preferred to the data of transactions between a third party and a non-associated person, and data in Estonian databases shall be preferred to data in databases of foreign states.</p>	
9	<p>Does your domestic transfer pricing framework permit the use of secret comparables for transfer pricing assessment purposes?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>Subsection 18 (4) of the Transfer Pricing Regulation</p>
		<p>The comparable data necessary to determine the market value of the transfer price must be available to both the tax authorities and the taxpayer.</p>	
10	<p>Does your domestic transfer pricing framework allow or require the use of an arm's length range and/or statistical measure (e.g. the interquartile range or other percentiles) for determining arm's length remuneration?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The transfer price shall be considered conformant to the market value if it is within the price range determined on the basis of the comparison data. If the transfer price is outside such price range, the tax administrator shall have the right to correct the transaction price in such a way that the result is within the price range. If the determined price range of market values is very wide, the analysis shall be repeated with more specific data or with other methods.</p> <p>Price range shall mean a series of results in interquartile range determined with the same method of determining the transfer price using different comparable data or with different methods of determining the transfer price.</p>	<p>Subsections 11 (8) and 2 (6) of the Transfer Pricing Regulation</p>

11	<p>Are comparability adjustments required under your domestic transfer pricing framework?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Subsection 3 (4) of the Transfer Pricing Regulation</p>
<p>Comparability adjustments principles in the Transfer Pricing Regulation are applied based on the TPG.</p>			
Intangible Property			
12	<p>Does your domestic transfer pricing framework contain guidance specific to the pricing of controlled transactions involving intangibles?</p>	<p><input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VI of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below)</p>	<p>Article 5 of the Transfer Pricing Regulation</p>
		<p>Domestic Transfer Pricing Regulation follows the main principles of the TPG on intangibles. Among other things, the list of the comparability characteristics for intangibles covers expectation of future profit from the assets, stage of development and useful life of the assets, if the assets are accompanied by rights to enhancements and updates, as well as uniqueness and value of the assets.</p>	
13	<p>Are there any other rules outside your transfer pricing framework that are relevant for the pricing of controlled transactions involving intangibles?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
Hard-to-Value Intangibles³			
14	<p>Does your domestic transfer pricing framework contain guidance specific to hard-to-value intangibles (HTVI)?⁴</p>	<p><input type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow the guidance on HTVI in Chapter VI of the TPG? <input type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below)</p>	<p>Article 20 of the Transfer Pricing Regulation HTVI Implementation Questionnaire</p>

³ Please note that questions in this section are imported from the HTVI questionnaire and integrated into this TPCP to centralise all jurisdiction-related transfer pricing information.

⁴ In the case of jurisdictions that do not apply the HTVI approach (i.e. they responded “no” to question 14), it is not necessary to respond to the remaining questions in the HTVI section and these questions will not be published as part of jurisdiction’s transfer pricing country profile.

		Domestic Transfer Pricing Regulation follows the main principles of the TPG on intangibles and, although there are no special measures regarding HTVI, the principles on the TPG are followed and adjustments based on the HTVI guidance can be made within the standard statute of limitation applicable for all transactions.	
15	If your jurisdiction applies the HTVI approach, what are the conditions for the application of the HTVI approach?	N/A	
16	Are transactions falling within the scope of the HTVI approach subject to a transfer pricing analysis different from the one established in Chapters I and VI, or to other compliance requirements specifically applicable to transfer prices (e.g. domestic anti-abuse rules)?	N/A	
17	What is the statute of limitations applicable to transactions falling within the scope of the HTVI approach in your domestic transfer pricing framework? Does this statute of limitations differ from those applicable to other transactions?	N/A	
18	Can taxpayers request a bilateral or multilateral advance pricing agreement (“APA”) for transactions falling within the scope of the HTVI approach under your domestic transfer pricing framework?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
19	What measures exist or approaches have been adopted to avoid the use of hindsight (e.g. training of tax administrators, internal circulars/informative notes)?	N/A	
20	Is it possible for your tax administration to make adjustments under the HTVI approach in open	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

	years amounts pertaining to closed years?		
21	Does your domestic transfer pricing framework allow the tax administration to make corresponding adjustments under the HTVI approach in open years for amounts pertaining to closed years?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
22	Is it possible for your tax administration to make several adjustments for one single HTVI transaction under the HTVI approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Intra-group Services			
23	Does your domestic transfer pricing framework provide guidance specific to intra-group services transactions?	<input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VII of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No	Article 6 of the Transfer Pricing Regulation
		Domestic Transfer Pricing Regulation follows the main principles of the TPG on services.	
24	Does your domestic transfer pricing framework provide for or allow the application of a simplified approach for low value-adding intra-group services?	<input checked="" type="checkbox"/> Yes. If so, does it follow (largely follow) the low value-adding services approach in Chapter VII? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No	Article 6 of the Transfer Pricing Regulation
		Transfer Pricing Regulation contains a simplified approach (which is in line with Section D of Chapter VII of the TPG) for low value-added intra-group services.	

25	<p>Are there any other rules outside your transfer pricing framework for pricing intragroup services?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Financial Transactions			
26	<p>Does your domestic transfer pricing framework provide guidance specific to financial transactions?</p>	<input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter X of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No	<p>Subsection 3 (8) and Article 18 of the Transfer Pricing Regulation</p>
27	<p>Are there any other rules outside your transfer pricing framework that are relevant for the tax treatment of financial transactions? (e.g. whether your jurisdiction has implemented the measures in BEPS Action 4 to limit interest deductions and other financial payments or any similar rules)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Given the peculiarities of the Estonian income tax system (taxation of profits in its distribution), no limit on the deduction of interest can be imposed in Estonia.</p> <p>Instead, to prevent undermining the tax base and shifting profits through excessive interest payments, the residual borrowing costs, similar to other non-business costs, is taxed (exceptions apply).</p> <p>Loans granted to employees with an interest rate below the market conditions, except if the interest at the moment of the payment thereof is at least twice the interest rate last published pursuant to subsection 94 (2) of the Law of Obligations Act, are considered as fringe benefits and taxed accordingly.</p> <p>Loan granted to parent company or subsidiary of the same parent company could be regarded under certain circumstances as hidden profit distribution triggering 22% CIT. Additionally, granting, repayment and interest received of aforementioned loan should be declared.</p>

Cost Contribution Arrangements

28	Does your jurisdiction allow cost contribution arrangements?	<input checked="" type="checkbox"/> Yes. If so, does your domestic transfer pricing framework follow (or largely follow) the guidance in Chapter VIII of the TPG? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please provide further explanations below) <input type="checkbox"/> No	Article 17 of the Transfer Pricing Regulation
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Transfer Pricing Documentation

29	Does your domestic transfer pricing framework require the taxpayer to prepare transfer pricing documentation?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If affirmative, please check all that apply:</i> <input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG <input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG <input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG <input type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return) <input type="checkbox"/> Other (specify): _____	Article 18 of the Transfer Pricing Regulation Article 20 ³ of the Tax Information Exchange Act
30	Please briefly explain the relevant requirements related to each transfer pricing documentation requirement (i.e. timing for preparation or submission, languages, etc.)	The tax authority shall give the company a term of at least sixty days for submitting the transfer pricing documentation. The tax authority may request a translation of the documents into the Estonian language, if the documents have been prepared in a foreign language by assigning a reasonable timeline for submitting the translation. The country-by-country report should be submitted to the tax authority by 31 December of the calendar year following the financial year that is a reporting year.	Subsection 50 (7) of the Income Tax Act Subsection 18 (9) of the Transfer Pricing Regulation Subsection 205 (1) of the Tax Information Exchange Act
31	Does your domestic transfer pricing framework provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No There are no special transfer pricing penalties. The law provides for penalties in case of concealment of tax liability and increase of claim for refund without basis. Failure to submit information to a tax authority	Articles 1531 and 154 of the Taxation Act Subsection 44 (8) of the Penal Code

		<p>intentionally or submission of false information if the tax or withholding obligation is decreased thereby or the claim for refund is increased is punishable by a fine of up to EUR 32 000 (Article 1531 of the Taxation Act).</p> <p>In case of obstruction of activities of the tax authority (failure to submit a tax return, other document or thing by the due date, failure to register with a tax authority, failure to comply with the requirements for the keeping of records or failure to comply with an order of a tax authority) the fine is up to EUR 3 200 (Article 154 of the Taxation Act). Intentional submission of wrong information in tax return may also cause criminal proceedings where the fine is up to EUR 16 million (Article 44 of the Penal Code).</p>	
32	Does your domestic transfer pricing framework provide for exemption from transfer pricing documentation obligations?	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Documenting the transfer prices shall follow the general requirements for documenting economic transactions.</p> <p>The additional requirements for documentation as provided for in Article 18 of the Transfer Pricing Regulation shall be applied only:</p> <ol style="list-style-type: none"> 1) to a resident credit institution, insurance undertaking and business association registered in a securities market; 2) if one transaction party is a person situated in a non-cooperative jurisdiction for tax purposes; 3) to a resident business association having 250 or more employees including associated persons, or having together with associated persons a turnover of EUR 50 million or more in the financial year preceding the transaction, or having together with associated persons a balance sheet total of EUR 43 million or more; 4) to a non-resident being active in Estonia via a permanent establishment and having 250 or more employees including associated persons or having together with associated persons a turnover of EUR 50 million or more in the financial year preceding the transaction, or having a consolidated balance sheet total of EUR 43 million or more. 	Subsection 18 (1) of the Transfer Pricing Regulation

Administrative Approaches to Avoiding and Resolving Disputes

33	Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?	<p>Please check those that apply:</p> <p><input type="checkbox"/> Rulings</p> <p><input type="checkbox"/> Enhanced engagement or cooperative compliance programmes</p> <p><input type="checkbox"/> Advance Pricing Agreements (APA)</p>	<p>Article 87 of the Administrative Procedure Act</p> <p>Article 19 of the Transfer Pricing Regulation</p> <p>Estonia's MAP Profile</p>
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	<p><input type="checkbox"/> Unilateral APAs</p> <p><input type="checkbox"/> Bilateral APAs</p> <p><input type="checkbox"/> Multilateral APAs</p> <p><input type="checkbox"/> International Compliance Assurance Programme (ICAP)</p> <p><input checked="" type="checkbox"/> Mutual Agreement Procedures</p> <p><input type="checkbox"/> Other (<i>please specify</i>):</p>	
	<p>Currently, there are no provisions enabling taxpayers to negotiate APAs with the tax authorities.</p> <p>Disputes are generally resolved between taxpayers and the tax authorities. If they fail to reach an agreement, the taxpayer has the right to turn to administrative court.</p> <p>Cross-border disputes may also be subject to MAPs.</p> <p>For further information, please refer to Estonia's MAP Profile.</p>	

Simplified and Streamlined Approach for Baseline Marketing and Distribution Activities

34	<p>Does your domestic transfer pricing framework allow the application of the simplified and streamlined approach for baseline marketing and distribution activities in the relevant Annex of Chapter IV of the TPG?</p>	<p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> Other (please elaborate)</p>	
35	<p>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach, how is it implemented?</p>	<p><input type="checkbox"/> In-scope tested parties resident within the jurisdiction can elect to apply the simplified and streamlined approach (i.e. safe harbour)</p> <p><input type="checkbox"/> In-scope tested parties resident within the jurisdiction are required to follow the simplified and streamlined approach for in-scope qualified transactions and tax administrations are allowed to impose the application of the simplified and streamlined approach to in-scope qualified transactions of tested parties resident within their jurisdiction (i.e. rule)</p> <p><input checked="" type="checkbox"/> N/A</p>	

36	<p>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach, what is the operating expense to sales (OES) upper bound chosen by your jurisdiction regarding scoping criterion 13.b?</p>	<input type="checkbox"/> 20% <input type="checkbox"/> 30% <input type="checkbox"/> Other (please specify) <input checked="" type="checkbox"/> N/A	
37	<p>Does your jurisdiction respect the outcome of the application of the simplified and streamlined approach by a covered jurisdiction in line with the Inclusive Framework political commitment?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
38	<p>If your domestic transfer pricing framework allows the application of the simplified and streamlined approach for resident in-scope tested parties, does your jurisdiction respect the outcome of the application of such approach by another jurisdiction that is not a covered jurisdiction?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Safe Harbours and Other Simplification Measures			
39	<p>Does your jurisdiction provide for any safe harbours or other simplification measures in respect of certain industries, types of taxpayers, or types of transactions (not listed in other sections of this questionnaire)?</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<p>There are no simplification measures besides the one for low-value adding intra-group services dealt with in question 24.</p>

Other Legislative Aspects or Administrative Procedures

40	Does your domestic transfer pricing framework allow downward corresponding adjustments in the absence of a mutual agreement procedure (e.g. unilateral corresponding adjustments)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Article 20 of the Transfer Pricing Regulation
41	Does your domestic transfer pricing framework allow or require taxpayers to make year-end adjustments?	<input type="checkbox"/> Yes. Year-end adjustments are required. <input checked="" type="checkbox"/> Yes. Year-end adjustments are allowed. <input type="checkbox"/> No	Article 20 of the Transfer Pricing Regulation
42	Does your domestic transfer pricing framework provide for secondary adjustments?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Articles 19-20 of the Transfer Pricing Regulation
		The guidance in the TPG is followed to make secondary adjustments.	

Attribution of Profits to Permanent Establishments

43	Which version of Article 7 of the OECD Model Tax Convention on Income and on Capital do your tax treaties contain?	<input checked="" type="checkbox"/> Article 7 as it read before 2010. <input type="checkbox"/> If so, please indicate in how many treaties: 60 <input checked="" type="checkbox"/> Article 7 as it reads after 2010. <input type="checkbox"/> If so, please indicate in how many treaties: 3 <input checked="" type="checkbox"/> Other (please provide additional details)	Out of those 60 treaties, some treaties contain a combination of the UN Model Convention Article 7 and pre-2010 OECD Model Convention Article 7.
44	For tax treaties containing Article 7 as it read before 2010, does your jurisdiction apply the authorized OECD approach (AOA)?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (please explain the approach used and which tax treaties are concerned)	

45	<p>Does your domestic transfer pricing framework contain specific guidance for the attribution of profits to permanent establishments of non-resident entities? If so, please provide a summary of the main features of this guidance.</p>	<p><input type="checkbox"/> Yes, they follow the AOA as described in the 2008 Report on the Attribution of Profits to Permanent Establishments</p> <p><input type="checkbox"/> Yes, they follow the AOA as described in the 2010 Report on the Attribution of Profits to Permanent Establishments</p> <p><input type="checkbox"/> Yes, they do not follow the AOA (please provide a summary of the main features of these rules)</p> <p><input checked="" type="checkbox"/> No</p>	
Other Relevant Information			
46	<p>Other legislative aspects or administrative procedures regarding transfer pricing</p>	N/A	
47	<p>Other relevant information (e.g. whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire)</p>	N/A	

For more information, please visit: <https://www.oecd.org/en/topics/sub-issues/transfer-pricing/transfer-pricing-country-profiles.html>