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**Estonia – Immigration,  
Work Permit, and  
Residence Rights  
Developments**

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## *flash* International Executive Alert

A Publication for Global Mobility and Tax Professionals by KPMG's International Executive Services Practice

In this *Flash International Executive Alert*, we highlight some recent immigration and work permit developments in Estonia that may affect international executives and their multinational employers.<sup>1</sup>

### **No Issuance of Separate Work Permits as of 1 September 2013**

In general, aliens residing in Estonia on the basis of a residence permit are allowed to work in Estonia. Starting from 1 September 2013, separate work permits are no longer issued in Estonia. Work permits issued before 1 September lose their legal effect in respect of an alien's right to be employed in Estonia; additionally, the employment right of such person will be based directly on the Aliens Act.

A citizen of a member state of the European Union (EU) or European Economic Area or Swiss Confederation, may reside and work in Estonia without registration of his/her right of temporary residence for a term of up to three months.

### **Introducing an Expedited Procedure of Registration of Short-term Employment for Teachers, Lecturers, and “Tipp-Spetsialist”**

In addition to an individual's employment in Estonia on the basis of a residence permit, short-term temporary employment of up to six months during a year<sup>2</sup> in Estonia without a work permit is also permitted. This option is available to an alien who stays legally in Estonia on the basis of a visa or on the basis of a visa-free stay and whose employment has been registered prior to the commencement of work. From 1 September 2013, employers in Estonia may apply under expedited procedures for registration on behalf of an individual coming into Estonia for short-term employment as a teacher, lecturer, or as a “tipp-spetsialist” (top specialist or highly-qualified specialist).<sup>3</sup> In practice this means that short-term employment is registered at the latest on the next business day following the date of submission of the application (ordinary procedure, within 10 business days) and the person can start working from the date on which the employer registered the employee's short-term employment in Estonia with the Police and Border Guard Board.

It is worth noting that the registration of short-term employment will not be refused, but compliance with the requirements will be checked after the registration and, if deemed necessary, the registration can be repealed afterwards.

In cases of highly-qualified specialists, there are some additional requirements for registration. The short-term employment of such individuals can be registered (i) if the company where the alien is to be employed has been registered in Estonia for at least 12 months and (ii) provided that at least one of the following requirements has been complied with:

- The company is required to have capital in the amount of at least EUR 65,000,

which is invested in a business activity in Estonia; or

- the sales revenue of the company will be at least EUR 200,000 per year; or
- the social tax paid in Estonia on a monthly basis for the person employed by the company will be at least equal to the social tax paid in Estonia on a monthly basis on the remuneration that equals five-fold the Estonian annual average gross wages.

Also, short-term employment can be registered if the company where the specialist will be employed has been registered in Estonia for less than 12 months and it starts its activities by means of state support (government funding) or private investment, i.e., having received an investment or loan from the state or from a private investor whose activity license was issued by the Financial Inspectorate, or the support has come by means of other national promotional policies.

It is critical that the employer fulfills its obligation of notification: the employer must notify the Police and Border Guard Board immediately and in writing about (i) the failure to enter into a contract which serves as the basis for employment relations in respect of the specialist who has registered for short-term employment, (ii) the failure of a person to come to work, (iii) the termination of the corresponding contract in advance of the start date, and (iv) the actual termination of employment.

Moreover, there are criteria concerning the amount of salary paid to a specialist. The amount of the salary has to be constant (or rising) throughout the employment relationship until the end of the term of employment (again, it should be constant, though increases are allowed (just not decreases)). In addition, said salary cannot be less than double the median Estonian yearly salary most recently published by the country's Statistical Office. Until 16 June 2014, the gross monthly remuneration of a specialist should be at least EUR 1,774.

*Footnotes:*

1 For the legislation, see:

a) *Välismaalaste seadus* (Aliens Act)

Available in Estonian at: <https://www.riigiteataja.ee/akt/102072013066>.

b) *Siseministri määrus 14.07.2010 nr 24 Välismaalase lühiajalise Eestis töötamise registreerimise kord ning välismaalase lühiajalise Eestis töötamise registreerimise taotluse vormide kehtestamine koos 01.09.2013 jõustunud muudatustega* (Decree No 24 of the Minister of Interior from 14.07.2010 with amendments taking effect from 01.09.2013 – procedure for registration of alien's short-term employment in Estonia and establishing of formats of application for registration of alien's short-term employment in Estonia).

Available in Estonian at: <https://www.riigiteataja.ee/akt/129082013010>.

c) *Siseministri määrus 14.07.2010 nr 25 Välismaalaste seaduses sätestatud teavitamiskohustuse täitmise kord koos 01.09.2013 jõustunud muudatustega* (Decree No 25 of the Minister of Interior from 14.07.2010 with amendments taking effect from 01.09.2013 – Fulfilment of Notification Obligation provided for in the Aliens Act).

Available in Estonian at: <https://www.riigiteataja.ee/akt/129082013012>

*Footnotes (cont'd):*

- 2 The year is a rolling 12-month period, starting from the month the temporary employment starts (e.g., 6 months starting September 2013).
- 3 There are no restrictions regarding the areas of activities for so-called “highly-qualified specialists.” The main point is that the specialist should have appropriate professional training for employment in his or her sphere.

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### **Right Around the Corner: 2013 KPMG Global Mobility Forum!**

KPMG's 2013 Global Mobility Forum will be held in Barcelona, Spain from 8-10 October 2013, at the Hilton Diagonal Mar Hotel.

The 2013 Global Mobility Forum is designed to provide insights, leading practices, and ideas to help turn marketplace challenges into opportunities. We have invited corporate professionals – with experiences ranging from international human resources and tax, to immigration and employment law – to join together and discuss new strategies for integrating global mobility and talent management.

Please 'Save the Date' in your calendar today and join us in Barcelona, Spain, at KPMG's 2013 Global Mobility Forum. We have planned a fantastic line-up and look forward to seeing you there!

For more information, please visit <http://www.kpmg.com/GLOBAL/EN/SERVICES/TAX/GLOBAL-MOBILITY-FORUM/Pages/default.aspx> and/or contact your local KPMG IES/People Services professional.

The information contained in this newsletter was submitted by the KPMG International member firm in Estonia. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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