Notification Number : 2024/0313/EE (Estonia)

Estonian motor vehicle tax and registration tax

Date received : 12/06/2024
End of Standstill : Not applicable
Fiscal Measures : Yes

Message

Message 001

Communication from the Commission - TRIS/(2024) 1526

Directive (EU) 2015/1535

Notification: 2024/0313/EE

Notification of a draft text from a Member State

Notification – Notification – Notifzierung – Нотификация – Oznámení – Notifikation – Γνωστοποίηση – Notificación – Teavitamine – Ilmoitus – Obavijest – Bejelentés – Notifica – Pranešimas – Paziņojums – Notifika – Kennisgeving – Zawiadomienie – Notificação – Notificare – Oznámenie – Obvestilo – Anmälan – Fógra a thabhairt

Does not open the delays - N'ouvre pas de délai - Kein Fristbeginn - Не се предвижда период на прекъсване - Nezahajuje prodlení - Fristerne indledes ikke - Καμμία έναρξη προθεσμίας - No abre el plazo - Viivituste perioodi ei avata - Määräaika ei ala tästä - Ne otvara razdoblje kašnjenja - Nem nyitja meg a késéseket - Non fa decorrere la mora - Atidėjimai nepradedami - Atlikšanas laikposms nesākas - Ma jiftaħx il-perijodi ta' dewmien - Geen termijnbegin - Nie otwiera opóźnień - Não inicia o prazo - Nu deschide perioadele de stagnare - Nezačína oneskorenia - Ne uvaja zamud - Inleder ingen frist - Ní osclaíonn sé na moilleanna

MSG: 20241526.EN

1. MSG 001 IND 2024 0313 EE EN 12-06-2024 EE NOTIF

2. Estonia

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4. 2024/0313/EE - T40T - Urban and road transport

5. Estonian motor vehicle tax and registration tax

6. Vehicles of categories M and N with an unladen mass not exceeding 3,500 kg or L3e, L4e, L5e, L6e, L7e, MS2, T1b, T3, and/or T5.

7.

8. Motor vehicle tax rates:

1. Motor vehicle tax for light vehicles

Motor vehicle tax shall be between EUR 30 and EUR 90 for motor vehicles of categories L3e, L4e, L5e, L6e and L7e, motor vehicles of category MS2 with an unladen mass not exceeding 1000 kilograms, motor vehicles of category T3 and motor vehicles of categories T1b and T5 with an unladen mass not exceeding 1000 kilograms, for which up to ten years have passed from the date of initial registration to the date of the beginning of the tax period.

Motor vehicle tax shall be between EUR 30 and EUR 75 for motor vehicles of categories L3e, L4e, L5e, L6e and L7e, motor vehicles of category MS2 with an unladen mass not exceeding 1000 kilograms, motor vehicles of category T3 and motor vehicles of categories T1b and T5 with an unladen mass not exceeding 1000 kilograms, for which over ten years but not over 20 years have passed from the date of initial registration to the date of the beginning of the tax period.

2. Motor vehicle tax for passenger cars

Annual fee for M1 and M1G as the sum of 3 components:
The base amount EUR 50
The CO2 component – from 118 to 150 g/km = EUR 3/g; 151-200 = EUR 3.5/g; 201+ = EUR 4/g
The maximum mass component starts from 2,000 kg for conventional cars, from 2,200 kg for plug-in hybrids, and from 2,400 kg for electric cars, and ranges from EUR 0.40/kg to EUR 400 and to EUR 440 for electric cars

In the absence of a CO2 indicator, the fee shall be calculated by adding up the three components:
The base amount EUR 50
The mass component
The specific CO2 emissions component determined from the WLTP reference value

In the case of fully electric vehicles: base amount + mass component

The age ratio reduces tax liability for all cars
Reduces the tax in the case of the age from 5 to 15 years (CO2 and mass components drop to 10 % of the initial amount).
From 20 years onwards, only the base amount remains
The ratio does not reduce the base amount

3. Motor vehicle tax for vans

The mass of the van is not taken into consideration separately, it correlates very well with the CO2 indicator

The annual fee is the result of the aggregation of the two components
The base amount EUR 50
The CO2 component: 205-250 = EUR 3, 251-300 = EUR 3.5, and 301+ = EUR 4
In the absence of CO2, a separate formula is used for calculation
The base amount EUR 50
The specific CO2 emissions component determined from the WLTP reference value

The annual fee for fully electric vans = EUR 30
The age ratio reduces the tax liability similarly with passenger cars

4. Passenger car registration fee

The fee for M1 and M1G passenger cars consists of three components:

The base amount of EUR 150 (instead of 300)
The CO2-based component (EUR 5-50)
The maximum mass component starts from 2,000 kg for conventional cars, from 2,200 kg for plug-in hybrids, and from 2,400 kg for electric cars, and is lower by half, that is 2 €/kg up to EUR 2,000 and up to 2,200 for electric cars
The CO2 is determined by using the WLTP method. In the case of vehicle for which the NEDC method is used for calculation, the CO2 indicator is multiplied by 1.21

In the absence of a CO2 indicator, the fee is calculated on the basis of the three components:
The base amount EUR 150
The mass component
The specific CO2 emissions component which is based on the WLTP reference value (taking into consideration power, unladen mass, fuel, and age).

The fee for a fully electric vehicle = base amount + mass component

5. Van registration fee

The mass is not counted separately in vans, it correlates very well with the CO2 indicator
The fee for N1 and N1G consists of two components:
The base amount of EUR 300 (instead of 500)
The CO2-based component (EUR 2-40)

The CO2 is determined by using the WLTP method. In the case of a car with the CO2 indicator calculated by using the NEDC method, the CO2 indicator is multiplied by 1.3

If there is no CO2 indicator in the registry, the fee is calculated on the basis of the two components:
The base amount EUR 300
The specific CO2 emissions component determined from the WLTP reference value

The fee for a fully electric van = the base amount of EUR 200
For vans with a specific power exceeding 0.20 kilowatts of per one kilogram according to LR, the registration fee is the M1 category rate = the so-called ‘false vans’

9. The draft Motor Vehicle Tax Act introduces a new tax in Estonia – the motor vehicle tax, which is paid annually on the vehicles registered in the motor register. Secondly, a motor vehicle registration tax is levied when motor vehicles of categories M or N are first registered in Estonia or upon the first change of ownership.

Estonia has almost the oldest and most polluting car fleet in the European Union in everyday use. We also have a higher than average number of vehicles per person. European law sets a mandatory target for Estonia to reduce total greenhouse gas emissions by 24 % by 2030 compared to 2005 levels (previously 13 %). These circumstances have led us to a situation where more attention must be paid to pollution, i.e. excessive carbon dioxide emissions. The application of the tax is a very effective measure affecting consumer behaviour, and the Estonian motor vehicle tax planned under this draft Act will be modelled accordingly.

The motor vehicle tax and registration tax shall not be levied on the following vehicles:
1) power-driven vehicles registered as emergency vehicles in the traffic register;
2) motor vehicles belonging to diplomatic missions and consular posts of foreign states, special missions, representations or headquarters of international organisations recognised by the Ministry of Foreign Affairs, institutions of the European Union or agencies or authorities established on the basis of European Union law, diplomatic representatives and consular

officers of foreign states accredited to Estonia, with the exception of honorary consuls, representatives of special missions and international organisations, as well as motor vehicles belonging to the administrative staff of diplomatic missions, consular posts or special missions;
3) power-driven vehicles which have been specifically rebuilt for the transport of persons with disabilities or for use by disabled persons.

When establishing the motor vehicle tax and the registration tax, compliance with the following principles was taken into consideration:
solvency-based – an important principle of taxation is solvency, i.e. the distribution of the tax burden must be fair; the motor vehicle tax must also not be too regressive, so that owners of cheaper (older) vehicles pay significantly more tax on their income than owners of a more expensive vehicle;
automated – the tax calculation is based on traffic register data and on the TCB and TRAM tax collection platform;
non-manipulated – does not depend on the owner's status or place of residence or place of residence;
simple – tax liability with as few distinctions as possible and calculated on the basis of a comprehensible formula;
with a wide base – we charge all vehicles, including electric motors;
with a low administrative burden – the tax is paid in the course of fulfilling other obligations;
difficult to avoid – for example, by checking that it has been paid on due date during normal vehicle inspections;
public – the amount of motor vehicle tax on vehicles subject to tax can be seen in the motor register at the data of the power-driven vehicle;
pollution-reducing – motor vehicle tax design has less impact on vehicle ownership;
car-reducing – the motor vehicle tax affects the number of vehicles in use in Estonia and slows the growth trend in the total number of vehicles;
organises the register – avoids the registration of a vehicle in the wrong category for the purpose of tax reduction, motivates the vehicle not to be left lying around as waste, i.e. the tax liability of the vehicle is suspended only when the vehicle is finally deleted from the traffic register, i.e. when the vehicle is written off.

Please note that the Commission made comments on the transposition of Directive 182/83 in its first replies to the communications by which Estonia notified on 2 February 2024 of its intention to introduce motor vehicle tax and registration tax. With the draft, we transpose the Directive and make the following remarks:

1. We have analysed the scope of Council Directive 83/182/EEC and come to the conclusion that it does not cover motor vehicle tax and therefore no transposition is necessary. The Directive provides for the application of exemptions from the value added tax, excise duty, and any other consumption tax, but the Estonian motor vehicle tax is a capital duty. Pursuant to the ESA2010 methodology, corporation tax, personal income tax on capital income, gambling tax, advertising tax, land tax, heavy goods vehicle tax, state tax on activity licences and licences, special water use tax, road and street closure tax, other taxes and charges, and motor vehicle tax are considered capital duty.

2. In the regulation of registration fees, we also transpose the Directive by introducing an exemption for students from other Member States while they are studying in Estonia. In our opinion, there is no need to specifically introduce the tax exemption provided for in the Directive for employees of another Member States, as, pursuant to the current Road Traffic Act, it is not in any case necessary in Estonia to register a vehicle that remains here consecutively for less than one year. Thus, a worker who commutes between their place of residence and their place of work is not required to register their vehicle and will not incur any tax liability. The registration fee is payable only when the vehicle is registered in Estonia.

The 'Others' document contains a more detailed list of amendment proposals and accompanying amendment proposals arising from the feedback from the European Commission, as well as an economic analysis.

10. References to related legislation: The referred legislation texts were forwarded with an earlier notification:
2024/0060/EE
2024/0061/EE

11. No

12.

13. No

14. Yes

15. Yes

16.
TBT aspects: No

SPS aspects: No

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