

## List of amendments

**1.** A new subsection (2) (amending the numbering of the following subsections) is added to section 7 of the draft Act:

‘(2) On the fixed-term registration of a motor vehicle, motor vehicle tax shall be payable for the fixed-term registration period.’.

**Explanation:** *if a vehicle is registered in the motor register only for a certain period (e.g. temporary admission with a customs declaration), both motor vehicle tax and registration fee are charged only for that period. If a person wishes to remain in Estonia after the end of the period, the registration in the motor register shall be amended accordingly and a new tax period is calculated.*

**2.** The following technical and specific amendments are made to the draft:

**1.** Subsection 12 (3) of the draft Act is amended to read as follows:

‘(3) For a motor vehicle referred to in subsection (1) of this section for which no data on the specific CO<sub>2</sub> emissions are available in the register, the WLTP method reference value for the specific CO<sub>2</sub> emissions in grams per kilometre shall be calculated as the sum of the following three components, rounded up to the nearest whole number, taking into account the provisions of subsection (5):

- 1) the power in kW of the internal combustion engine shall be multiplied by 0.29;
- 2) the unladen mass in kilograms of the motor vehicle shall be multiplied by 0.07;
- 3) the age of the motor vehicle in years by the date of the beginning of the taxation period from the date of first registration shall be multiplied by 4.92.’.

**Explanation:** *a requirement for rounding to the nearest whole number when calculating the CO<sub>2</sub> reference value is introduced in the subsection. In addition, it is specified that the power parameter is that of the internal combustion engine.*

**2.** Subsections 13 (3)–(5) of the draft Act are amended to read as follows:

‘(3) For a motor vehicle referred to in subsection (1) of this section for which no data on the specific CO<sub>2</sub> emissions are available in the register, the WLTP method reference value for the specific CO<sub>2</sub> emissions in grams per kilometre shall be calculated as the sum of the following three components, rounded up to the nearest whole number, taking into account the provisions of subsections (4) and (5):

- 1) the power in kW of the internal combustion engine shall be multiplied by 0.4;
- 2) the unladen mass of the motor vehicle in kilograms, multiplied by 0.07;
- 3) the age of the motor vehicle in years by the date of the beginning of the taxation period from the date of first registration, multiplied by 5.16.

(4) In the case of a petrol-fuelled vehicle, 22 grams of CO<sub>2</sub> per kilometre shall be added to the sum obtained by adding up the amounts specified in clauses (3) 1)–3) of this section.

(5) From the sum of the amounts provided for in clauses 1)–3) of subsection (3) of this section, 20 grams of CO<sub>2</sub> per kilometre shall be deducted in the case of a motor vehicle fitted with a diesel engine without external recharging and bearing the indication ‘NOVC-HEV’ in the motor register, and in the case of a motor vehicle fitted with a petrol engine without external recharging and bearing the indication ‘NOVC-HEV’ in the motor register.’.

**Explanation:** a requirement for rounding to the nearest whole number when calculating the CO<sub>2</sub> reference value is introduced in subsection (3) to be amended. In addition, it is specified that the power parameter is that of the internal combustion engine. Subsections (4) and (5) round to the nearest whole number the value to be subtracted or the value to be added, as appropriate, for vehicles with different engine types.

3. The current subsection 16 (2) of the draft Act (section 17 under the new numbering) is amended to read as follows:

‘(2) The purpose of the motor vehicle tax register shall be the processing of information necessary for the administration of motor vehicle tax.’

**Explanation:** Subsection (2) is corrected as follows. The word ‘calculated’ is replaced by the word ‘managed’ and the words ‘collection and’ shall be deleted. The tax authorities have started to map the creation of the vehicle tax register and therefore the characteristics and tasks of the register have been better defined. The concept of calculation remained too narrow because the register not only calculates the amount of tax, but also manages data from related tax assessments, etc. The collection function was deleted because the processing already includes this word.

4. The current clause 16 (3) 1) (section 17 under the new numbering) of the draft Act is amended to read as follows:

‘1) the general details of the owner or the authorised user of the motor vehicle;’.

**Explanation:** In section (3), the word ‘authorised’ is erroneously missing.

5. The text of section 21 (section 23 under the new numbering) of the draft Act is amended to read as follows:

‘The following amendments shall be made to the State Fees Act:

- 1) subsection 142<sup>72</sup> (1) is amended to read as follows:

‘(1) A state fee of 150 euros is payable for the registration of a vehicle other than a moped, a trailer with a maximum weight of up to 3 500 kilograms, and a vehicle referred to in section 190<sup>14</sup> of the Road Traffic Act. Where this action is requested electronically via the e-services information system, a state fee of 120 euros shall be paid.’;

- 2) subsection (1<sup>1</sup>) is added to section 142<sup>74</sup> to read as follows:

‘(1<sup>1</sup>) The fee referred to in subsection (1) of this section shall not be payable if, in connection with a change of ownership of the vehicle, the registration fee provided for in clause 190<sup>15</sup> (2) 2) of the Road Traffic Act is payable.’.

**Explanation:** In clause 1), the rate is changed, because on 1 January 2025, an amendment to the State Fees Act will enter into force (amending the wording of the State Fees Act RT I, 30.12.2023, 1), which will increase some of the state fee rates. The new clause 2) provides for an exemption from state fees in cases where an obligation to pay a registration fee is provided for in respect of the action.

3. Subsection 12 (9) of the draft Act is amended to read as follows:

‘(9) A motor vehicle of category M1 which, according to the motor register, is registered as a ‘caravan’, is subject to the motor vehicle tax rate for a motor vehicle of category N1.’.

**Explanation:** in the section to be amended, the reference to both the length of the motor caravan and the non-application of the tax rate multiplier (age coefficient) is deleted. Although motor caravans are more commonly between 5.1 and 7 metres in length, motor caravans are also sold with a length of less than 5.1 metres and produced as such in the factory. On the basis of a uniform treatment, it is appropriate to apply an age multiplier to the annual tax, irrespective of the subject matter of the tax or the form of ownership. The proposal for an amendment was submitted by the Ministry of Finance.

**4.** The text of section 14 of the draft Act is amended to read as follows:

‘(1) The tax rate on the motor vehicles of categories M1 and N1 shall be multiplied by the age coefficient of the motor vehicle, which is:

- 1) 0.92 if at least 5 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 2) 0.84 if at least 6 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 3) 0.75 if at least 7 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 4) 0.67 if at least 8 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 5) 0.59 if at least 9 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 6) 0.51 if at least 10 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 7) 0.43 if at least 11 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 8) 0.35 if at least 12 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 9) 0.26 if at least 13 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 10) 0.18 if at least 14 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 11) 0.1 if at least 15 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period;
- 12) 0 if at least 20 years have passed from the date of first registration of the motor vehicle by the date of the beginning of the taxation period.

(2) The multiplier of the motor vehicle tax rate shall be applied to the amount of motor vehicle tax less the base component.’;

**Explanation:** the amended section introduces the application of an age multiplier for annual tax also for motor vehicles of category N1. In this way, the age multiplier is applied to all categories of motor vehicles, irrespective of the form of ownership. The values of the multiplier remain the same.

**5.** The text of section 15 of the draft Act is amended to read as follows:

‘The motor vehicle tax shall not be levied on:

- 1) power-driven vehicles registered as emergency vehicles in the traffic register;
- 2) a diplomatic mission and consular post of a foreign state, a special mission, a representation or headquarters of an international organisation recognised by the Ministry of Foreign Affairs, an institution of the European Union or an agency or agency established on the basis of Union law, a diplomatic representative and consular officer of a foreign state accredited to Estonia, with the exception of an honorary consul, a representative of a special mission and an international organisation, as well as motor vehicles belonging to the administrative staff of the diplomatic mission, consular post and special mission;
- 3) the motor vehicles belonging to the military headquarters, the armed forces of a NATO member state participating in a common defence action or of a Member State of the European Union participating in a common defence action conducted in the framework of the Common Security and Defence Policy, and the civilian staff accompanying them, as well as to their members, the members of the armed forces and civilian staff of a foreign State and their dependants, the personnel of contractors of the armed forces of a foreign State, the members of international military headquarters and their dependants, and the personnel of contractors of headquarters and their dependants, as well as the armed forces and civilian staff of a foreign country which is not a Member State of the European Union or a NATO member state, and an international military training institution, in respect of the application of the tax relief provided for in the international agreement;
- 4) a motor vehicle owned by a natural person which is specially designed or adapted for the transport of disabled persons or for use by a disabled person.’.

**Explanation:** *The beginning of clause 2) shall be modified and new clause 3) shall be added to the section. An application by the Ministry of Defence or the Ministry of Foreign Affairs, which is submitted to the Transport Administration in the course of registration procedures, forms the basis for granting tax relief under foreign treaties and other international agreements, and the relevant entry is made in the register and forwarded to the Tax and Customs Board, which does not issue a tax notice on the basis of this entry. Therefore, the range of beneficiaries of the exemption is controlled and limited. As the registration of these vehicles is already taking place today on the basis of evidence from these ministries, there is no practical change in the process. Clause 3) is added at the proposal of the Ministry of Defence, as clause 2) would remain inadequate in the field of foreign contracts under their jurisdiction.*

*Clause 3) of the draft Act shall be considered as clause 4) and shall be supplemented for the sake of legal clarity. This tax exemption is intended for natural persons. The clause is also supplemented by the words ‘or adapted’ because a vehicle intended for use by disabled persons may be both converted and adapted.*

*The proposal for an amendment was submitted by the Ministry of Finance.*

## **6.** The following amendments are made to the draft Act:

1. The title of Subchapter 1 of Chapter 5 of the draft Act is amended to read as follows:  
**‘Transitional provisions’.**

**Explanation:** *The previous title of Subchapter 1 of Chapter 5 of the draft Act, ‘Ex-post evaluation’, was due to the content of the subchapter, which only provided for a section relating to ex-post evaluation. As the following proposed amendment complements the subchapter, it is also necessary to make the title more general.*

2. The current section 17 of the draft Act is deemed to be section 19 and section 18 is added to the Act (taking into account the amendment to the numbering of amendment proposal number 7) to read as follows:

**‘§ 18. Specificity of the tax notice**

A tax notice shall be issued by 15 February 2025, at the latest, in respect of the tax liability for a motor vehicle registered in the motor register for the first time between 1 and 31 January 2025.’.

***Explanation:** The draft Act shall be supplemented by a new section and the numbering of the draft Act shall be corrected accordingly. In accordance with section 9 of the draft Act, a tax notice shall be issued within 15 working days of the date of registration for a tax liability for a motor vehicle registered for the first time during the tax period. The implementing provision mitigates the risk of technical anomalies that may arise from the introduction of a new IT system by the tax authority. Therefore, in January 2025, a person may not receive a tax notice within 15 days, but no later than 15 February. In the absence of technical anomalies, tax notices shall be issued in the normal way.*

**7.** The following amendments are made to the draft Act:

1. The current clause 19 6) (section 21 under the new numbering) of the draft Act is deemed to be clause 5) and clause 5) to be clause 6), thus replacing the order, and clause 6) (according to the new numbering) shall read as follows:

‘6) Chapter 12<sup>2</sup> is added to the Act to read as follows:

**„Chapter 12<sup>2</sup>  
REGISTRATION FEE**

**§ 190<sup>13</sup>. Registration fee**

The registration fee shall be paid for the registration of a motor vehicle belonging to the category specified in subsection 190<sup>14</sup> (1) of this Act in the Estonian motor register or for the change of ownership thereof.

**§ 190<sup>14</sup>. Object of registration fee**

(1) The object of the registration fee is a motor vehicle belonging to one of the following categories:

- 1) passenger car (hereinafter: *motor vehicle of category M1*);
- 2) truck with a maximum mass of up to 3500 kilograms (hereinafter: *motor vehicle of category N1*).

(2) The categories of vehicles referred to in subsection (1) of this section shall also include their subcategories.

**§ 190<sup>15</sup>. Obligation to pay registration fee**

(1) The registration fee shall be paid by the person in whose interest or in respect of whom an act of entry in the register specified in subsection (2) of this section is made.

(2) The obligation to pay the registration fee shall arise:

- 1) when the vehicle is registered in the motor register; or

2) on the first change of ownership of the vehicle, unless the registration fee has been paid for the vehicle in accordance with clause 1) of this section.

(3) The amount of the registration fee to be paid shall be determined by the Transport Administration after carrying out the pre-registration roadworthiness test provided for in subsection 76 (9) of the Road Traffic Act and prior to the entry in the register of the change of ownership of the vehicle.

(4) A change of ownership of a vehicle registered in Estonia shall not be considered to be the first time and no tax liability arises if:

1) at the expiry of the leasing contract, the vehicle becomes the property of a person who, at the time of the expiry of the leasing contract, was entered in the vehicle register as the authorised user, instead of the lessor; or

2) the vehicle has been acquired by inheritance.

(5) If a vehicle specified in subsection (4) of this section is transferred, it shall be deemed to be the first change of ownership.

(6) In the case of fixed-term registration, the registration fee shall be payable only in respect of the fixed-term registration period.

#### **§ 190<sup>16</sup>. Time of payment of registration fee**

The registration fee shall be paid before the vehicle is first registered in the Estonian motor register or before the first change of ownership of a vehicle registered in Estonia, subject to subsection 190<sup>15</sup> (4) of this Act.

#### **§ 190<sup>17</sup>. Registration fee authority**

The Transport Administration shall be the authority responsible for registration fees.

#### **§ 190<sup>18</sup>. Receipt of registration fee**

The registration fee is paid to the state budget.

#### **§ 190<sup>19</sup>. Rates of registration fee for motor vehicles of category M1**

(1) For a motor vehicle of category M1 which is not fully electric and for which data on specific CO<sub>2</sub> emissions, calculated in accordance with the harmonised World Harmonised Light Vehicles Test Procedure (hereinafter: *WLTP*), are available in the motor register, the rate of the registration fee shall be calculated as the sum of the following three components:

1) the base component of 150 euros per motor vehicle;

2) the specific CO<sub>2</sub> emissions component where each gram of CO<sub>2</sub> shall be multiplied by 5 euros in the range of 1–117 grams per kilometre, by 10 euros in the range of 118–150 grams per kilometre, by 30 euros in the range of 151–200 grams per kilometre, and by 50 euros in the range of 201 or more grams per kilometre;

3) the mass component where each kilogram of a motor vehicle exceeding the maximum mass of 2 000 kilograms is multiplied by 2 euros up to the amount of 2 000 and, for a motor vehicle with external charging capability, which bears the indication ‘OVC-HEV’ in the motor

register, each kilogram exceeding the maximum mass of 2 200 kilograms is multiplied by 2 euros up to the amount of 2 000 euros.’;

(2) For a motor vehicle referred to in subsection (1) of this section, for which information on specific CO<sub>2</sub> emissions is available in the motor register solely on the basis of the New European Drive Cycle (hereinafter *NEDC method*), the rate of the registration fee shall be calculated as the sum of the following three components:

- 1) the base component specified in subsection (1) of this section;
- 2) the mass component;
- 3) the specific CO<sub>2</sub> emissions component where the specific CO<sub>2</sub> emissions value is first multiplied by a coefficient of 1.21 and thereafter each gram of CO<sub>2</sub> in accordance with clause (1) 2) of this section.

(3) For a motor vehicle referred to in subsection (1) of this section for which no data on the specific CO<sub>2</sub> emissions are available in the register, the WLTP method reference value for the specific CO<sub>2</sub> emissions in grams per kilometre shall be calculated as the sum of the following three components, rounded up to the nearest whole number, taking into account the provisions of subsection (4):

- 1) the power in kW of the internal combustion engine shall be multiplied by 0.29;
- 2) the unladen mass in kilograms of the motor vehicle shall be multiplied by 0.07;
- 3) the age of the motor vehicle, in years, at the time of the registration fee from the date of first registration, shall be multiplied by 4.92.’;

(4) The following shall be deducted from the sum obtained by adding up the values specified in points (3) 1)-3) of this section:

- 1) 35 grams of CO<sub>2</sub> per kilometre for a vehicle equipped with a compression-ignition engine;
- 2) 52 grams of CO<sub>2</sub> per kilometre for a motor vehicle equipped with a compression-ignition engine, which has no external charging capability and bears the notation “NOVC-HEV” in the motor register;
- 3) 39 grams of CO<sub>2</sub> per kilometre for a motor vehicle equipped with a petrol engine, bearing the notation “NOVC-HEV” in the motor register.

(5) The maximum WLTP reference value for specific emissions of CO<sub>2</sub> referred to in subsection (3) of this section shall be 350 grams of CO<sub>2</sub> per kilometre.

(6) The rate of the registration fee for a motor vehicle referred to in subsections (3) and (4) of this section shall be calculated as the sum of the following three components:

- 1) the base component specified in subsection (1) of this section;
- 2) the mass component;
- 3) the specific CO<sub>2</sub> emissions component determined from the WLTP reference value.

(7) The rate of the registration fee for a motor vehicle referred to in subsection (3) of this section, which bears the notation “OVC-HEV” in the motor register, shall be calculated as the sum of the following three components:

- 1) the base component specified in subsection (1) of this section;
- 2) the mass component;
- 3) the specific CO<sub>2</sub> emissions component, which shall be equal to 46 grams of CO<sub>2</sub> per kilometre.

(8) The registration fee rate for a motor vehicle referred to in subsection (1) of this section that is fully electric shall be calculated as the sum of the following two components:

- 1) the base component of 150 euros per motor vehicle;
- 2) the mass component in such a way that each kilogram exceeding the maximum mass of 2 400 kilograms of the motor vehicle is multiplied by 2 euros up to the amount of 2 200 euros.

(9) The registration fee for a motor vehicle of category M1 registered under the name of 'caravan' is calculated on the basis of the registration fee rate for a motor vehicle of category N1.

### **§ 190<sup>20</sup>. Rates of registration fee for motor vehicles of category N1**

(1) For a motor vehicle of category N1 which is not fully electric and for which data on the specific CO<sub>2</sub> emissions, calculated in accordance with WLTP, are available in the motor register, the rate of the registration fee shall be calculated as the sum of the following two components:

- 1) the base component of 300 euros per motor vehicle;
- 2) the specific CO<sub>2</sub> emissions component where each gram of CO<sub>2</sub> shall be multiplied by 2 euros in the range of 1–204 grams per kilometre, by 30 euros in the range of 205–250 grams per kilometre, by 35 euros in the range of 251–300 grams per kilometre, and by 40 euros in the range of 301 or more grams per kilometre.';

(2) For a motor vehicle referred to in subsection (1) of this section, for which information on specific CO<sub>2</sub> emissions is available in the motor register only on the basis of the NEDC method, the rate of the registration fee shall be calculated as the sum of the following two components:

- 1) the base component specified in subsection (1) of this section;
- 2) the specific CO<sub>2</sub> emissions component where the specific CO<sub>2</sub> emissions value is first multiplied by a coefficient of 1.3 and thereafter each gram of CO<sub>2</sub> in accordance with clause (1) 2) of this section.

(3) For a motor vehicle referred to in subsection (1) of this section for which no data on the specific CO<sub>2</sub> emissions are available in the register, the WLTP method reference value for the specific CO<sub>2</sub> emissions in grams per kilometre shall be calculated as the sum of the following three components, rounded up to the nearest whole number, taking into account the provisions of subsections (4)–(5):

- 1) the power in kW of the internal combustion engine shall be multiplied by 0.4;
- 2) the unladen mass in kilograms of the motor vehicle shall be multiplied by 0.07;
- 3) the age of the motor vehicle, in years, at the time of the registration fee from the date of first registration, shall be multiplied by 5.16.

(4) In the case of a petrol-fuelled vehicle, 22 grams of CO<sub>2</sub> per kilometre shall be added to the sum obtained by adding up the amounts specified in clauses (3) 1)–3) of this section.

(5) From the sum of the amounts provided for in clauses 1)–3) of subsection (3) of this section, 20 grams of CO<sub>2</sub> per kilometre shall be deducted in the case of a motor vehicle fitted with a diesel engine without external recharging and bearing the indication 'NOVC-HEV' in the motor register, and in the case of a motor vehicle fitted with a petrol engine without external recharging and bearing the indication 'NOVC-HEV' in the motor register.



(6) The maximum WLTP reference value of the specific CO<sub>2</sub> emissions referred to in subsection (3) of this section shall be 350 grams of CO<sub>2</sub> per kilometre.

(7) The rate of the registration fee for a motor vehicle referred to in subsections (3)-(5) of this section shall be calculated as the sum of the following two components:

- 1) the base component specified in subsection (1) of this section;
- 2) the specific CO<sub>2</sub> emissions component determined from the WLTP reference value.

(8) The rate of registration fee for a motor vehicle referred to in subsection (3) of this section, which bears the notation "OVC-HEV" in the motor register, shall be calculated as the sum of the following two components:

- 1) the base component specified in subsection (1) of this section;
- 2) the specific CO<sub>2</sub> emissions component, which shall be equal to 69 grams of CO<sub>2</sub> per kilometre.

(9) The rate of the registration fee for a motor vehicle referred to in subsection (1) of this section, which is fully electric, shall be 200 euros per motor vehicle.

(10) The registration fee for motor vehicles of category N1 with a specific power exceeding 0.20 kW per kilogram according to the motor register shall be paid on the basis of the rate of the registration fee for motor vehicles of category M1.

#### **§ 190<sup>21</sup>. Vehicle age multiplier applicable to the registration fee**

(1) The registration fee for category M1 and category N1 motor vehicles is multiplied by a coefficient depending on the age of the motor vehicle, which is:

- 1) 0.87 if at least 1 year has elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 2) 0.75 if at least 2 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 3) 0.65 if at least 3 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 4) 0.56 if at least 4 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 5) 0.48 if at least 5 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 6) 0.42 if at least 6 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 7) 0.36 if at least 7 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 8) 0.31 if at least 8 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;

- 9) 0.26 if at least 9 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 10) 0.22 if at least 10 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 11) 0.19 if at least 11 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 12) 0.16 if at least 12 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 13) 0.14 if at least 13 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 14) 0.12 if at least 14 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 15) 0.10 if at least 15 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 16) 0.09 if at least 16 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 17) 0.08 if at least 17 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 18) 0.07 if at least 18 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 19) 0.06 if at least 19 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership;
- 20) 0.05 if at least 20 years have elapsed from the date of first registration of the motor vehicle to the date of its registration in the Estonian motor register or the date of the first change of ownership.

(2) The registration fee multiplier shall be applied to the amount of the registration fee less the base component.

(3) The amount obtained by applying the registration fee multiplier shall be rounded to the nearest cent.

### **§ 190<sup>22</sup>. Exemption from payment of registration fee**

The registration fee shall not be payable:

- 1) for a motor vehicle registered in the motor register as an emergency vehicle;
- 2) for motor vehicles belonging to a foreign diplomatic mission and consular office, a special mission, a mission of an international organisation recognised by the Ministry of Foreign Affairs, an institution of the European Union or any agency or institution established under

European Union law, a foreign diplomatic representative and consular official accredited to Estonia (with the exception of honorary consul), a representative of a special mission and an international organisation, as well as the administrative staff of the diplomatic mission, consular authorities, and special missions at the request of the Ministry of Foreign Affairs;

3) for the motor vehicles belonging to the military headquarters, the armed forces of a NATO member state participating in a common defence action or of a Member State of the European Union participating in a common defence action conducted in the framework of the Common Security and Defence Policy, and the civilian staff accompanying them, as well as to their members, the members of the armed forces and civilian staff of a foreign State and their dependants, the personnel of contractors of the armed forces of a foreign State, the members of international military headquarters and their dependants, and the personnel of contractors of headquarters and their dependants, as well as the armed forces and civilian staff of a foreign country which is not a Member State of the European Union or a NATO member state, and an international military training institution, at the request of the Ministry of Defence and in respect of the application of the tax relief provided for in the international agreement;

4) for a motor vehicle owned by a natural person which is specially designed or adapted for the transport of disabled persons or for use by a disabled person.

#### **§ 190<sup>23</sup>. Exemption from registration fees for natural persons of another Member State**

(1) Registration fee shall not be payable on the registration of a vehicle which is used in the territory of Estonia by a student who has their permanent residence in another Member State of the European Union and where the student resides temporarily only in connection with their studies.

(2) The exemption from the registration fee shall apply to the person referred to in subsection (1) if:

- 1) the person has their habitual residence in a Member State other than Estonia;
- 2) the person does not use the vehicle for commercial purposes in Estonia;
- 3) that motor vehicle is not transferred, rented or lent in Estonia; and
- 4) the person applies for registration of a vehicle registered and owned in the country of their habitual residence.

(3) In order to apply for exemption from registration fees, a person shall, upon registration of a vehicle, submit to the Transport Administration a certificate from the educational institution on the studies, legalised documents attesting to the facts specified in subsections 2 (1) and (4) of this section, and a declaration of compliance with the requirements laid down in clauses (2) 2) and 3).

(4) When using the exemption for registration of a vehicle of a person specified in subsection (1) of this section, the Transport Administration shall enter in the motor register the prohibitions on the disposal of the vehicle in order to secure the requirement specified in clause (2) 3).

(5) If a person who has been granted an exemption from registration fee is excluded from an educational institution, they shall delete the vehicle from the Estonian motor register within 30 days of exclusion from the educational institution.

(6) If the Transport Administration establishes that a person exempted from registration fee is excluded from an educational institution and the requirement laid down in subsection (5) of this section has not been met, the Transport Administration shall temporarily delete the vehicle from the register 30 days after establishing the situation.

(7) If a vehicle has been temporarily deleted for one year on the basis of subsection (6) of this section, the Transport Administration shall delete the vehicle from the register.

#### **§ 190<sup>24</sup>. Refund of registration fees**

(1) A person may apply for a refund of the registration fee within 60 days of the deletion of the vehicle belonging to them from the motor register if the vehicle was deleted with a view to being used outside Estonia.

(2) The registration fee shall be refunded if less than ten years have elapsed since the vehicle was first registered. The amount of the registration fee to be refunded is equal to the amount of the registration fee calculated on the date on which the vehicle was deleted from the motor register, in accordance with the registration fee rates in force at the time when it was paid.

(3) Registration fees of less than 300 euros shall not be refunded.

(4) The submission of an application for the refund of the registration fee and the procedure for the refund of the registration fee shall be laid down by the minister responsible for the field by regulation.’.

**Explanation:** section 19 (section 21 under the new numbering) of the draft Act adds the new Chapter 12<sup>2</sup> to the Road Traffic Act (‘Registration fee’). As the chapter to be included is presented in its entirety and only some of its sections are amended, the entire content of the chapter shall be restated and only the sections that are amended and their content are reflected below:

**In section 190<sup>13</sup>** the concept of the registration fee shall be modified for the sake of legal clarity.

**Sections 190<sup>15</sup> and 190<sup>16</sup>** shall be modified throughout. The purpose of the additions is to provide that the registration fee is to be paid not only for the first registration of the vehicle but also at the time of the first change of owner of the vehicle, provided that no registration fee has previously been paid on that vehicle. Each vehicle can be burdened with the registration fee only once. The reason for the additions is the incompatibility of the original legislation with Article 110 of the Treaty on the Functioning of the European Union, which manifests itself in a situation where, since the planned entry into force of the law, the sale of second-hand vehicles has been placed at a tax disadvantage.

This is also referred to by the European Commission in its Opinion C(2024)2099 of 25 March 2024, stating that the registration fee may be inconsistent as the new tax applies only to newly registered cars (bought or brought to Estonia from outside Estonia, including from other Member States), without taxing cars already registered in Estonia (domestic cars), and that this situation could lead to discrimination against cars imported from other Member States, as the treatment of domestic cars would be more favourable than for imported cars.

*Although the purpose of the draft Act was to avoid charging the registration fee for vehicles already registered in Estonia, its implementation is not possible and it is therefore proposed to apply the principle of taxation of the first-owner exchange as proposed in the draft Act.*

*Subsection (1) is amended because the current wording is restrictive. It is immaterial who pays the registration fee at the time of registration or first change of owner of the vehicle, instead, it is important that it has been paid prior to the motor register procedure (analogous to the state fee). Under the current wording of the draft Act, only the person in whose name the vehicle is registered could pay the registration fee.*

*Subsection (2) is supplemented and provides that the obligation to pay the registration fee also arises at the time of the first change of ownership of the vehicle within Estonia. If the registration fee has been paid, the vehicle shall be registered.*

*Subsection (4) is added to the section, which provides that no registration fee is payable if, at the end of the leasing period, the vehicle becomes the property of the former authorised user. Leasing is a means of financing the acquisition of a vehicle and the basic user of the vehicle remains unchanged. Similarly, no registration fee is paid for a vehicle acquired by inheritance.*

*Subsection (5) is added to the section, which provides that, when a vehicle is registered for a fixed period, the registration fee shall be paid in respect of the duration of that fixed-term registration. If the vehicle is expected to leave Estonia after the deadline, there is no need to go through the refund process. If the person decides to remain in Estonia and prolongs the use of the vehicle or registers it permanently, an additional registration fee is also calculated.*

*The text of **section 190**<sup>19</sup> is amended. The amendment of subsection (1) is necessary in connection with the levying of fees on vehicles in the Estonian motor register in the event of a primary change of ownership of such vehicles after the entry into force of this Act.*

*The Court of Justice has held that a tax levied by a Member State on the first registration of a vehicle for the purpose of being put into circulation in its territory constitutes an internal tax and shall be examined in the light of Article 110 of the Treaty on the Functioning of the European Union (TFEU). The purpose of Article 110 TFEU is to ensure the free movement of goods between the Member States under normal conditions of competition. Under that article, the application of an internal tax which has a discriminatory effect on goods from other Member States is prohibited. Accordingly, the Member States may not impose on the products of other Member States internal taxation in excess of those imposed on similar domestic products.*

*The Court of Justice has found that a second-hand vehicle, within the meaning of Article 110 TFEU, used in a Member State and then put up for sale in that Member State, and a second-hand vehicle imported from another Member State, i.e. imported into a Member State, are competing products. This is the case if the vehicles are of the same type, characteristics, and wear. The tax or fee imposed on a vehicle shall not favour the sale of second-hand vehicles existing in a Member State and thereby disadvantage the import of similar second-hand vehicles, without infringing the neutrality of the internal tax under Article 110 TFEU.*

*The Court of Justice has held that a vehicle registration fee is neutral where, in addition to the fee levied on the first registration of an imported second-hand vehicle in a Member State, a similar fee is payable on the transfer of ownership of a second-hand vehicle already entered*

in a Member State's register after the entry into force of the fee, where the vehicle has not previously been subject to that fee. In the view of the Court of Justice, charging a fee for registering a vehicle in this way is compatible with Article 110 TFEU.

When charging a fee for the change of first owner from vehicles in the Estonian motor register, the fee rates as a whole should be lower than those set out in the draft Act. The rates of the registration fee and the rates for the change of first owner shall also be uniform. The proposed fee rates have been chosen in such a way that, in conjunction with the application of the age coefficient to both natural and legal persons, the overall burden of the fee would, on average, be less than 10 % of the approximate value of the vehicle. At the same time, it shall be borne in mind that only the application of the age coefficient makes it possible to take into account approximately the reduction in the value of the vehicle. The price of a vehicle depends on a number of factors in addition to age (e.g. make, model, engine power, mileage, technical condition, accessories, market situation, etc.) to an extent that it is not possible to achieve a situation in which the total pay burden is the same for all vehicles at once. With the proposed rates, the total fee burden on new and underused vehicles is generally lower compared to vehicles aged ten years and over. Compared to the draft, the proposal has a half of the base component and a half of the mass component, as well as lower but more progressive fee rates for the specific CO<sub>2</sub> emissions.

**Subsection (2)** is not amended.

A requirement for rounding to the nearest whole number when calculating the CO<sub>2</sub> reference value is introduced **in subsection (3)**. In addition, it is specified that the power parameter is that of the internal combustion engine. Also in clause (3), the reference to the taxation period is replaced by a reference to the time of the registration fee.

**Subsections (4)–(7)** shall not be modified.

The proposed amendment of **subsection (8)** is related to the amendment of subsection 190<sup>19</sup> (1). It is also necessary to reduce the registration fee rate for electric cars, which implies a reduction of the sums of the base and mass component.

**In subsection 9**, the reference both to the length of the motor caravan and to the non-application of the registration fee multiplier is deleted. Although motor caravans are more commonly between 5.1 and 7 metres in length, motor caravans are also sold with a length of less than 5.1 metres and produced as such in the factory.

It is also appropriate to apply an age multiplier for motor caravans, the application of which is necessary for the registration fee for all categories of motor vehicles, irrespective of the form of ownership.

The text of **section 190**<sup>20</sup> shall be modified. The amendment of **subsection (1)** is necessary in connection with the levying of fees on vehicles in the Estonian motor register in the event of a primary change of ownership of such vehicles after the entry into force of this Act. In the absence of a reduction in the base component of motor vehicles of category N1, the first sale of older vehicles in the motor register in Estonia would become disproportionately heavy. This is because the age coefficient does not apply to the base component of the registration fee. We estimate that the total fee burden is on average less than 10 % of the approximate value of the vehicle, which is generally lower for new and underused vehicles compared to vehicles aged ten years and over.

The text of **subsection (2)** shall not be modified.

A requirement for rounding to the nearest whole number when calculating the CO<sub>2</sub> reference value is introduced **in subsection (3)**. In addition, it is specified that the power parameter is that of the internal combustion engine. Also in clause (3), the reference to the taxation period is replaced by a reference to the time of the registration fee. In subsections (4) and (5), the value to be subtracted or the value to be added is rounded to the nearest whole number for vehicles with different engine types, respectively.

**Subsections (6)–(8)** shall not be modified.

The amendment to **section 9** reduces the rate of the registration fee for a fully electric motor vehicle of category N by 100 euros, i.e. to 200 euros per motor vehicle. In this way, the fully electric vehicle remains in a lower load compared to internal combustion engine vans.

**In section 10**, the reference to the non-application of a multiplier to the registration fee rate is deleted. The application of the age multiplier is necessary for the registration fee for all categories of motor vehicles, irrespective of the form of ownership.

**Subsection 190<sup>21</sup>** (1) extends the age multiplier to all categories of motor vehicles, i.e. both categories M1 and N1, regardless of form of ownership.

The Court of Justice has clarified that from the moment registration fee is paid in a Member State, this amount is included in the value of the vehicle. Thus, where a vehicle registered in the Member State concerned is subsequently sold as a second-hand vehicle in the same Member State, its market value, including the residual registration tax, is equal to the percentage of the vehicle's original value determined on the basis of depreciation of the vehicle. In order to achieve that result, the depreciation of imported second-hand vehicles, i.e. depreciation, shall be taken into account in the calculation of the tax.<sup>1</sup>

The European Commission also pointed out as one of the shortcomings in its reply to the Estonian communication on the registration fee for motor vehicles (2024/61/EE) that it does not provide for tax depreciation (this is the case only if the owner of a motor vehicle of category M1 is a natural person).

The proposal applies the age multiplier for the first time if at least one year has elapsed since the date of first registration of a motor vehicle either on the date of registration in the Estonian motor register or on the date of the first change of owner. The age multiplier decreases faster in the first years, then reaching a minimum of 0.05 if the motor vehicle is 20 years old or more.

The beginning of clause **190<sup>22</sup>** 2) shall be modified and new clause 3) shall be added to the section. An application to the Ministry of Defence or the Ministry of Foreign Affairs, which is submitted to the Transport Administration as part of the registration procedures, provides the

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<sup>1</sup> <https://curia.europa.eu/juris/document/document.jsf?text=&docid=81056&pageIndex=0&doclang=ET&mode=lst&dir=&occ=first&part=1&cid=6744440>

basis for granting tax relief under foreign treaties and other international agreements. Therefore, the range of beneficiaries of the exemption is controlled and limited. As the registration of these vehicles is already taking place today on the basis of evidence from these ministries, there is no practical change in the process. Clause 3) is added on the proposal of the Ministry of Defence, since clause 2) would be inadequate in the field of foreign agreements.

**Section 190<sup>23</sup> is added.** The provisions transposing Directive 83/182/EEC, as proposed by the original amendment, are clarified. These amendments are essential in so far as further analysis of the Directive has shown that the wording so far would have led to a situation where the provision in question could not have been implemented in practice.

It can be assumed that the application of the exemption under the provision is rather infrequent. In accordance with subsection 76(3) of the Road Traffic Act, a motor vehicle and a trailer put into service by a natural person permanently resident abroad, a legal person registered in a foreign country and a self-employed person and a trailer that has been continuously resident in Estonia for more than one year is to be registered. In other words, if, for example, a person moves continuously with a vehicle between the country of their normal residence (or another country) and Estonia, there is in fact no need to register the vehicle in Estonia and there is no need to apply for tax exemption at all. This provision therefore deletes the exemption from registration tax originally proposed for an employee's vehicle used for regular journeys from their residence in one Member State to their place of work in another Member State.

Since the Directive refers to temporary admission, i.e. to move to another country for a limited period of time, the vehicle shall be removed from Estonia if the reason for using the temporary admission exemption ceases to exist. A temporarily deleted vehicle is not authorised to be used in road traffic and is considered to be an unregistered vehicle. In the event that the owner of the vehicle does not export the vehicle or does not notify its transfer to a third country, the vehicle shall be removed from the register for the sake of timeliness of the registration data.

**Section 190<sup>24</sup> is added.** The refund of the registration fee is intended to eliminate double taxation of a vehicle when it is used in another country. Thus, the right to apply for the refund of the registration fee arises when the vehicle is sold for use in another country or is permanently used by the owner in another country. In both cases, the vehicle is removed from the Estonian motor register and registered in the register of another country. Refund can be requested within 60 days of deletion of the vehicle from the Estonian register.

The amount to be refunded is the same as that which would have been paid as the registration fee for that vehicle on the date of its deletion. Since the draft Act envisages provisions on the increase of the registration fee, the upper limit of the refundable registration fee shall be limited to the amount paid for that vehicle for the first time. The registration fee of less than 300 euros shall also not be refunded. A vehicle for which the registration fee has not been paid cannot be refunded either.

The registration fee for a vehicle older than ten years is not refunded.

2. The new clause 15) is added to section 19 (section 21 under the new numbering) of the draft Act to read as follows:



‘15) the legislative note to the Act is added after the text ‘(OJ L 91, 29.3.2019, p. 45–76)’ with the text ‘Council Directive 83/182/EEC on tax exemptions within the Community for certain means of transport temporarily imported into one Member State from another (OJ L 105, 23.4.1983, p. 59)’.’

**Explanation:** the Road Traffic Act transposes Council Directive 83/182/EEC on tax exemptions within the Community for certain means of transport temporarily imported from one Member State to another, and more specifically Article 5 thereof. The Act shall be supplemented by an appropriate legislative note.

## 8. The following amendments are made to the draft Act:

1. The new clause 7) is added to the current section 19 (section 21 under the new numbering) of the draft Act to read as follows:

‘7) subsection 190<sup>19</sup> (1) is amended to read as follows:

‘(1) For a motor vehicle of category M1 which is not fully electric and for which data on specific CO<sub>2</sub> emissions, calculated in accordance with the harmonised World Harmonised Light Vehicles Test Procedure (hereinafter: *WLTP*), are available in the motor register, the rate of the registration fee shall be calculated as the sum of the following three components:

- 1) the base component of 225 euros per motor vehicle;
- 2) the specific CO<sub>2</sub> emissions component where each gram of CO<sub>2</sub> shall be multiplied by 5 euros in the range of 1–93 grams per kilometre, by 15 euros in the range of 94–150 grams per kilometre, by 45 euros in the range of 151–200 grams per kilometre, and by 65 euros in the range of 201 or more grams per kilometre;
- 3) the mass component where each kilogram of a motor vehicle exceeding the maximum mass of 2 000 kilograms is multiplied by 3 euros up to the amount of 3 000 and, for a motor vehicle with external charging capability, which bears the indication ‘OVC-HEV’ in the motor register, each kilogram exceeding the maximum mass of 2 200 kilograms is multiplied by 3 euros up to the amount of 3 000 euros.’;

**Explanation:** the proposed amendment sets out the rates of the registration fee for motor vehicles of category M1 from 2028 onwards.

*One of the main objectives of the registration fee is to encourage people to acquire low-carbon vehicles. To this end, taxation is based on the vehicle’s carbon emissions and is progressive in relation to its value. The taxation schedule is based on the European Union’s CO<sub>2</sub> emission standard. This standard provides for the maximum average carbon emissions of vehicles sold in the EU (set from 2009 onwards). The average emissions target for passenger cars from 2021–2024 is 118 g CO<sub>2</sub>/km according to the WLTP measurement standard, and for the registration fee, the values have been used as the starting point for a higher rate of taxation relative to carbon emissions. This standard has also been used by other countries for taxation purposes<sup>2</sup>.*

*The fee rates to be set are slightly lower than this standard, as the new standard will apply as of 2025. For the period of 2025–2029, the standard for passenger cars is 94 g CO<sub>2</sub>/km and,*

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<sup>2</sup> For example, in Germany, the CO<sub>2</sub> component of the annual motor vehicle tax starts at 95 g CO<sub>2</sub>/km (the NEDC cycle, the equivalent of which is 118 g CO<sub>2</sub>/km under the newer WLTP cycle used in the drafting of the Estonian draft vehicle tax); in Latvia, the first major annual vehicle use tax rate is at 95 g CO<sub>2</sub>/km, and in Switzerland, there is a CO<sub>2</sub>-based registration fee with taxation starting from 95 g CO<sub>2</sub>/km.

for the period of 2030–2034, 50 g CO<sub>2</sub>/km<sup>3</sup>. From 2035 onwards, the aim is to phase out new internal combustion engine vehicles.

As the registration fee also extends to the initial change of ownership, the rates of the fee have been adjusted downwards because the tax base is broader and the market value of the vehicles already on our register has to be taken into account. As a consequence, the behavioural effect of the registration fee will be reduced to direct people to acquire low-carbon vehicles. The income collected from the first change of ownership is also of a temporary nature, with the result that the tax will not be able to raise the expected level of tax revenue in the long term.

In order to increase the focus of the registration fee on the reduction of CO<sub>2</sub> emissions from vehicles, in line with the carbon emission standard, and to avoid a significant reduction in the tax revenue collected, the following changes are proposed, as set out in the table below. It identifies two amendments in 2028 and 2031, respectively. For passenger cars, carbon emission ranges, charge rates, the base component, and the mass component will change.

**Table: Tax rates for motor vehicles of category M1**

	<b>Registration fee (M1)</b>		
	<b>2025</b>	<b>2028</b>	<b>2031</b>
<b>Base component of the fee, EUR</b>	150	225	300
Emission range 1, g/km	0–117	0–93	0–49
<b>Fee rate in range 1, EUR/g</b>	5	5	5
Emission range 2, g/km	<b>118–150</b>	<b>94–150</b>	<b>50–93</b>
<b>Fee rate in range 2, EUR/g</b>	10	15	10
Emission range 3, g/km	151–200	151–200	94–150
<b>Fee rate in range 3, EUR/g</b>	30	45	20
Emission range 4, g/km	201+	201+	151–200
<b>Fee rate in range 4, EUR/g</b>	50	65	60
Emission range 5, g/km	--	--	201+
<b>Fee rate in range 5, EUR/g</b>	--	--	80
<b>Fee rate per the mass component, EUR/kg</b>	2	3	4

The proposed change in emission ranges is planned in three-year phases (2028 and 2031). The rates are based on the current emission standard for the period 2021–2024, starting at the beginning of the new period (2025–2029) and are as such slightly delayed. The first amendment in emission ranges is planned for the second half of the next emission standard period, the second amendment to the first half of the next emission standard (2030–2034).

If these amendments are not made, the budget revenue from the motor vehicle tax will be significantly reduced over time, as the revenue from the national change of ownership is one-off. The increase in registration fee rates over a period of six years is sufficiently long for most of the first national changes of ownership to take place by 2031, given the size of the car fleet and the average annual number of changes of ownership.

<sup>3</sup> [https://climate.ec.europa.eu/eu-action/transport/road-transport-reducing-co2-emissions-vehicles/co2-emission-performance-standards-cars-and-vans\\_en](https://climate.ec.europa.eu/eu-action/transport/road-transport-reducing-co2-emissions-vehicles/co2-emission-performance-standards-cars-and-vans_en) 70

2. The new clause 9) is added to section 19 (section 21 under the new numbering) of the draft Act to read as follows:

‘9) subsection 190<sup>19</sup> (8) is amended to read as follows:

‘(8) The rate of the registration fee for a motor vehicle referred to in subsection (1) of this section, which is fully electric, shall be calculated as the sum of the following two components:

- 1) the base component of 225 euros per motor vehicle;
- 2) the mass component in such a way that each kilogram exceeding the maximum mass of 2 400 kilograms of the motor vehicle is multiplied by 3 euros up to the amount of 3 300 euros.’.

**Explanation:** the proposed amendment sets the registration fee rates for electric cars from 2028 onwards.

3. The new clause 11) is added to section 19 (section 21 under the new numbering) of the draft Act to read as follows:

‘11) subsection 190<sup>20</sup> (1) is amended to read as follows:

‘(1) For a motor vehicle of category N1 which is not fully electric and for which data on specific CO<sub>2</sub> emissions, calculated in accordance with WLTP, are available in the motor register, the rate of the registration fee shall be calculated as the sum of the following two components:

- 1) the base component of 400 euros per motor vehicle;
- 2) the specific CO<sub>2</sub> emissions component where each gram of CO<sub>2</sub> shall be multiplied by 2 euros in the range of 1–153 grams per kilometre, by 30 euros in the range of 154–199 grams per kilometre, by 35 euros in the range of 200–249 grams per kilometre, and by 40 euros in the range of 250 or more grams per kilometre.

**Explanation:** the amendment lays down the rates of the registration fee for motor vehicles of category N1 from 2028 onwards. The schedule of the registration fee has been established on the basis of the European Union CO<sub>2</sub> WLTP emission standard. Between 2021 and 2024, the WLTP emission standard target for vans:

205 g CO<sub>2</sub>/km and the registration fee rates have precisely used these values as the starting point for a higher rate of taxation relative to carbon emissions. For the period of 2025–2029, the standard for vans is 154 g CO<sub>2</sub>/km and for the period of 2030–2034, 91 g CO<sub>2</sub>/km, respectively.

In order to increase the focus of the registration fee on the reduction of CO<sub>2</sub> emissions from vehicles, in line with the carbon emission standard and to avoid a reduction in the tax revenue collected, the following changes are proposed, as set out in the table below. It identifies two amendments in 2028 and 2031, respectively. For vans, carbon emission ranges and the base component will change.

**Table: Tax rates for motor vehicles of category N1**

	Registration fee (N1)		
	2025	2028	2031
<b>Base component of the tax, EUR</b>	300	400	500
<i>Emission range 1, g/km</i>	0–204	0–153	0–90
<b>Tax rate in range 1, EUR/g</b>	2	2	2
<i>Emission range 2, g/km</i>	205–250	154–199	91–136

<b>Fee rate in range 2, EUR/g</b>	30	30	30
<i>Emission range 3, g/km</i>	251–300	200–249	137–186
<b>Fee rate in range 3, EUR/g</b>	35	35	35
<i>Emission range 4, g/km</i>	301+	250+	187+
<b>Fee rate in range 4, EUR/g</b>	40	40	40

4. The new clause 13) is added to section 19 of the draft Act to read as follows:  
‘13) subsection 190<sup>20</sup> (9) shall be amended to read as follows:  
‘(9) The rate of the registration fee for a motor vehicle referred to in subsection (1) of this section, which is fully electric, shall be 300 euros per motor vehicle.’;

**Explanation:** the proposed amendment lays down the rate of registration fee for fully electric motor vehicles of category N from 2028 onwards. The fully electric vehicle shall continue to be burdened at a lower level compared to internal combustion engine vans.

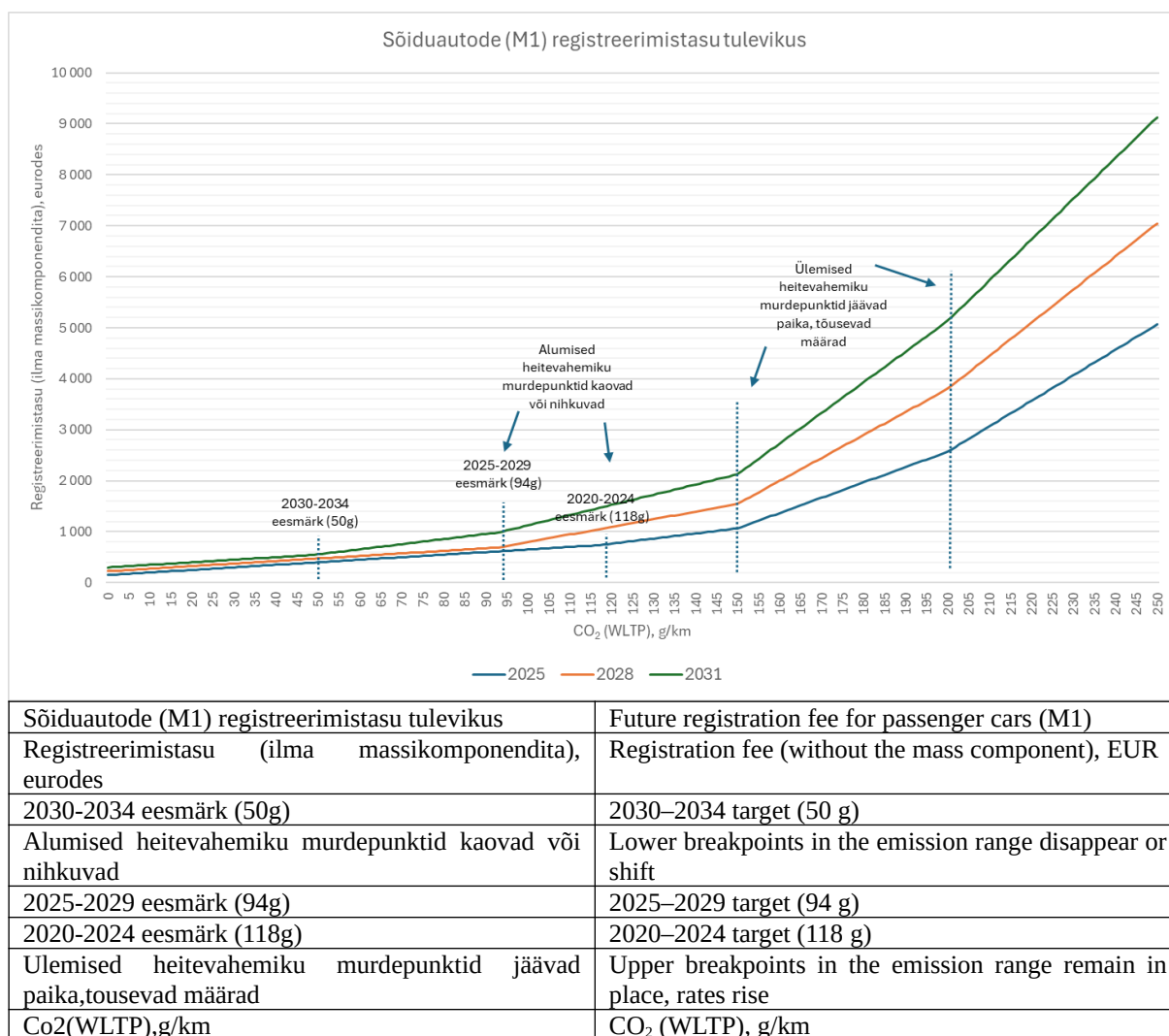
5. Subsection (3) is added to section 22 of the draft Act to read as follows:  
‘(3) Clauses 7), 9), 11), and 13) of section 19 (section 21 under the new numbering) of this Act shall enter into force on 1 January 2028.’

**Explanation:** Subsection 22 (3) of the draft Act provides for an increase in registration fees from 2028 onwards.

## 9. The following amendments are made to the draft Act:

1. The new clause 8) is added to section 19 (section 21 under the new numbering) of the draft Act to read as follows:  
‘8) subsection 190<sup>19</sup> (1) is amended to read as follows:  
(1) For a motor vehicle of category M1 which is not fully electric and for which data on specific CO<sub>2</sub> emissions, calculated in accordance with the harmonised World Harmonised Light Vehicles Test Procedure (hereinafter: *WLTP*), are available in the motor register, the rate of the registration fee shall be calculated as the sum of the following three components:  
1) the base component of EUR 300 per motor vehicle;  
2) the specific CO<sub>2</sub> emissions component where each gram of CO<sub>2</sub> shall be multiplied by 5 euros in the range of 1–49 grams per kilometre, by 10 euros in the range of 50–93 grams per kilometre, by 20 euros in the range of 94–150 grams per kilometre, by 60 euros in the range of 151–200, and by 80 euros in the range of 201 or more grams per kilometre;  
3) the mass component where each kilogram of a motor vehicle exceeding the maximum mass of 2 000 kilograms is multiplied by 4 euros up to the amount of 4 000 and, for a motor vehicle with external charging capability, which bears the indication ‘OVC-HEV’ in the motor register, each kilogram exceeding the maximum mass of 2 200 kilograms is multiplied by 4 euros up to the amount of 4 000 euros.’.

**Explanation:** the proposed amendment lays down the rates of the registration fee for motor vehicles of category M1 from 2031 onwards. The rhetoric on rates is partly described in the previous amendment. The proposed amendment is presented graphically below. The graph shows the CO<sub>2</sub> component of the registration fee without the mass component.



The table below provides examples of the registration fee for the change of owner of M1 vehicles for hypothetical vehicles purchased in 2024 for the first time between 2025 and 2031. This illustrates the expected registration fee on the first change of ownership of vehicles purchased as new before the entry into force of the motor vehicle tax. As the registration fee decreases with the age of the vehicle, it offsets increases in rates and emission ranges and, in general, the level of the registration fee is expected to be of a similar magnitude over time. For older vehicles, the fees are even lower.

**Table: Examples of registration fee for the exchange of ownership of vehicles of category M1**

New passenger car purchased in 2024		First change of ownership and model fees								
		2025	2026	2027		2028	2029	2030		2031
Age coefficient	100 % (2025)	87 %	75 %	65 %	100 % (2028)	56 %	48 %	41 %	100 % (2031)	36 %
Passenger car 100 g CO <sub>2</sub> /km (e.g. Toyota Corolla), EUR	650	585	525	475	795	544	499	459	1125	597
Passenger car 120 g CO <sub>2</sub> /km (above current)	765	685	611	550	1095	712	643	582	1525	741

<i>EU average, e.g. Škoda Octavia), EUR</i>										
<i>Passenger car 140 g CO<sub>2</sub>/km (current Estonian average, e.g. VW Passat), EUR</i>	965	859	761	680	1395	880	787	705	1925	885
<i>Urban SUV 160 g CO<sub>2</sub>/km (2.2 t) (e.g. Toyota RAV4), EUR</i>	1765	1555	1361	1020	2595	1552	1363	1197	3525	1461
<i>Luxury SUV 200 g CO<sub>2</sub>/km (2.5 t) (e.g. MB GLC), EUR</i>	3565	3121	2711	2370	5295	3064	2659	2304	7125	2757
<i>Luxury SUV 250 g CO<sub>2</sub>/km (3.5 t) (e.g. Audi Q7), EUR</i>	7065	6166	5336	4645	10045	5724	4939	4251	13125	4917

*The registration fee contributes to the national greenhouse gas reduction target. If no provision is made for future increases in emission ranges and tax rates, the impact of the fee on the achievement of the targets will diminish over time. On the one hand, the car fleet will become more sustainable as newer vehicles are generally more sustainable, but also living standards are rising and the fee is less pronounced. Non-compliance with greenhouse gas reduction targets has a direct national budget cost.*

*Accurately assessing the budgetary impact of the amendments over a longer period is extremely difficult due to the large number of variables and uncertainties (including consumer preferences, pricing policies and competition between dealers, vehicle models on offer, technological developments, as well as the general economic climate), but it can be estimated as follows:*

- The revenue to the state from the registration fee on first registrations of passenger cars is estimated at 50 million euros in 2025, 65 million euros in 2028, and 80 million euros in 2031. The assessment has been found on the basis of vehicles first registered in 2023, but for the future, additional average CO<sub>2</sub> savings for imported vehicles have been expected in line with current trends (close to 5 g CO<sub>2</sub>/km per year).*
- The revenue to the state from the registration fee on passenger car ownership changes is estimated at 70 million euros in 2025. It starts to decline over time and is likely to be largely exhausted in 5–7 years. The exact rate of reduction cannot be reliably predicted.*
- The revenue of the registration fee for the state from the first registration of vans is estimated at 6 million euros in 2025, 9 million euros in 2028, and 12 million euros in 2031. The assessment has been found on the basis of newly registered vehicles in 2023, but for the future, additional average CO<sub>2</sub> savings for imported vehicles have been expected in line with current trends and the EU standard target (close to -10 g Co2/km/2/km per year).*
- The revenue to the state from the registration fee on changes of ownership of vans is estimated at 8 million euros in 2025. It starts to decline over time and is likely to be largely exhausted in 3–5 years. The exact rate of reduction cannot be reliably predicted.*

2. the new clause 10) is added to section 19 (section 21 under the new numbering) of the draft Act to read as follows:

‘10) subsection 190<sup>19</sup> (8) is amended to read as follows:

‘(8) The rate of the registration fee for a motor vehicle referred to in subsection (1) of this section, which is fully electric, shall be calculated as the sum of the following two components:

- 1) the base component of EUR 300 per motor vehicle;
- 2) the mass component in such a way that each kilogram exceeding the maximum mass of 2 400 kilograms of the motor vehicle is multiplied by 4 euros up to the amount of 4 400 euros.’;

**Explanation:** the proposed amendment provides for the entry into force of the rates of registration fees for electric cars from 2031 onwards.

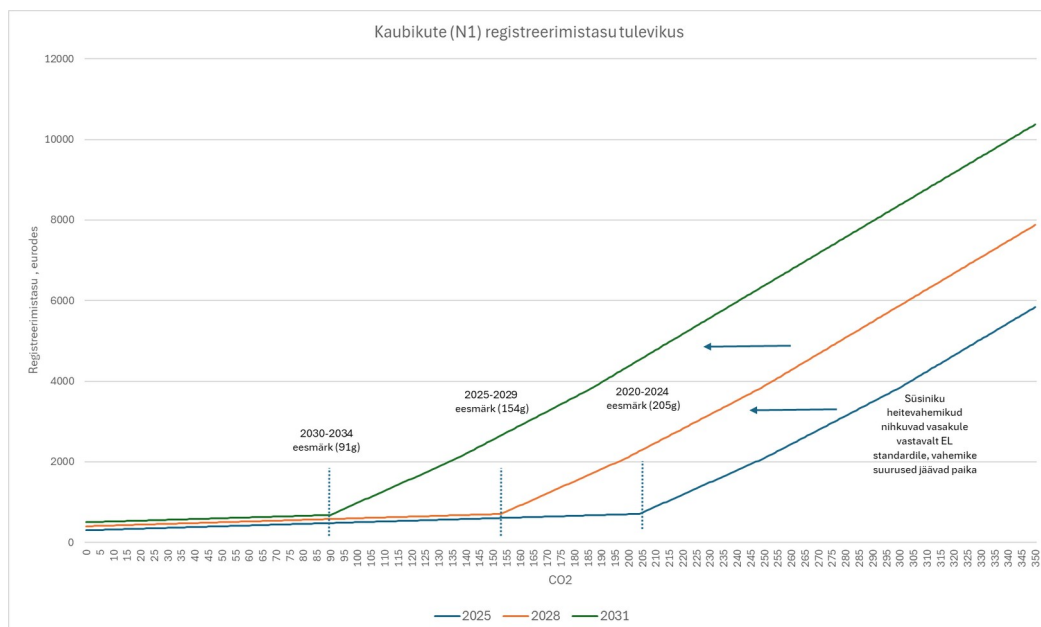
3. The new clause 12) is added to section 19 of the draft Act to read as follows:

‘12) subsection 190<sup>20</sup> (1) shall be amended to read as follows:

‘(1) For a motor vehicle of category N1 which is not fully electric and for which data on specific CO<sub>2</sub> emissions, calculated in accordance with WLTP, are available in the motor register, the rate of the registration fee shall be calculated as the sum of the following two components:

- 1) the base component of EUR 500 per motor vehicle;
- 2) the specific CO<sub>2</sub> emissions component where each gram of CO<sub>2</sub> shall be multiplied by 2 euros in the range of 1–90 grams per kilometre, by 30 euros in the range of 91–136 grams per kilometre, by 35 euros in the range of 137–186 grams per kilometre, and by 40 euros in the range of 187 or more grams per kilometre.’;

**Explanation:** the amendment lays down the rates of the registration fee for motor vehicles of category N1 from 2031 onwards. The rhetoric on rates is described in the previous amendment. The proposed amendment is presented graphically below.



Kaubikute (N1) registreerimistasu tulevikus	Registration fee for vans (N1) in the future
Registreerimistasu, eurodes	Registration fee, EUR
2030-2034 eesmärk (91g)	2030–2034 target (91 g)
2025-2029 eesmärk (154g)	2025–2029 target (154 g)
2020-2024 eesmärk (205g)	2020–2024 target (205 g)
Süsiniku heitevahemikud nihkuvad vasakule vastavalt EL standardile, vahemike suurused jäävad	Carbon emission ranges shift left in line with EU standard, range sizes remain in place

4. The new clause 14) is added to section 19 of the draft Act to read as follows:  
‘14) subsection 190<sup>20</sup> (9) is amended to read as follows:  
‘(9) The rate of the registration fee for a motor vehicle referred to in subsection (1) of this section, which is fully electric, shall be 400 euros per motor vehicle.’;

**Explanation:** *the proposed amendment lays down the rate of registration fee for fully electric category N motor vehicles from 2031 onwards. The fully electric vehicle shall continue to be burdened at a lower level compared to internal combustion engine vans.*

5. Subsection (4) is added to section 22 of the draft Act to read as follows:  
‘(4) Clauses 8), 10), 12), and 14) of section 19 (section 21 under the new numbering) of this Act shall enter into force on 1 January 2031.’

**Explanation:** *Subsection 22 (4) of the draft Act provides for the entry into force of the increase in registration fees from 2031 onwards.*