

Fact 2:

Great business environment with a simple and transparent flat-rate tax system

Estonia scores consistently high as business-friendly environment. It ranks **#21 globally in the World Bank's Ease of Doing Business Index** thanks to its business friendly policy-making and low levels of

red tape, and **#3** in terms of countries with small populations. More importantly, within this index it ranks as the **#7** best global location for "trading across borders".

Estonian Business Environment; diverse global indices; ranking

Ease of Doing Business		Trading Across Borders		Burden of Government Regulation	
Denmark	5	Denmark	4	Finland	6
Norway	6	Finland	6	Estonia	17
Finland	11	Estonia	7	Sweden	31
Sweden	13	Sweden	8	Norway	64
Germany	20	Germany	13	Latvia	67
Estonia	21	Latvia	16	Denmark	69
Latvia	25	Norway	21	Germany	71
Lithuania	27	Lithuania	24	Lithuania	111
Poland	55	Poland	50	Poland	131

Source: World Bank, Ease of Doing Business 2012 & WEF, Global Competitiveness Report 2012–2013.

The economy is highly flexible, supported by modern business infrastructure, open to international capital and trade flows.



Business environment is supported by a **simple, transparent and stable flat-rate tax system**, which encourages long-term value creation. There is no tax on retained

profits, no capital gains tax, no withholding tax on interest or dividends and numerous double taxation treaties, facilitating efficient flows.

Tax rates; %; 2012

	Dividends	Capital gain	Withholding tax
Estonia	0/21	0/21	10
Lithuania	0/15	15	10
Denmark	0/15/27	25	25
Norway	0/25	28	0
Latvia	10	15	5/15
Poland	19	19	20
Finland	24.5	24.5	24.5
Germany	25	25	15
Sweden	30	26.3	0/26,3

Source: EY, KPMG, Deloitte.

0%

Corporate tax of 21% is payable only on the distribution of profits and is 0% at all other times.