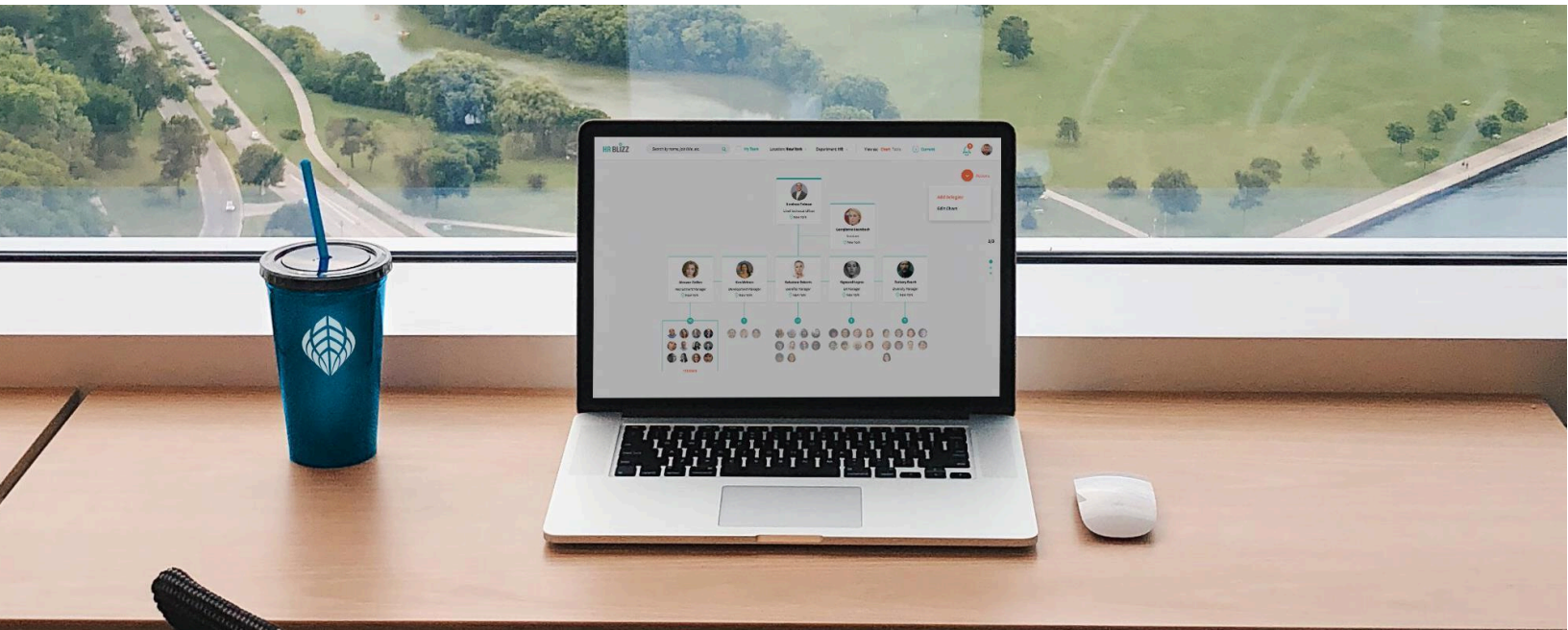




Simplifying Employment  
Tasks Worldwide

# Statutory Change Alert

**Estonia – Change In Income Tax, Exempt Compensation  
Social Security Ceiling, Minimum Wage And  
Introduction Of Security Tax – 1 January 2025**



**ESTONIA**



Jan 7, 2025

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# We help you achieve your global ambitions

Thank you for trusting Mercans to outsource your HR and Payroll functions. We propose HR consulting services, actionable solutions, and cost-effective global payroll processing tools to energize your human capital management in real-time and augment your performance. We are dedicated to becoming your business growth facilitator.



## Global Payroll Solutions – Boost your HR brand and employee satisfaction

Rationalize your HR budgets, monitor your data, and optimize your global payroll tasks in real-time. Systematize processes and streamline HRM lifecycles with HR Blizz™, our unified SaaS platform, to ensure your employees are paid accurately and on time.



## PEO/GEO Services – Easily hire, deploy and manage your workforce abroad

A reliable Professional Employer Organization (PEO), Mercans is your trusted employer of record to globally select, engage, and manage highly qualified personnel on your behalf, through integrated Global Employment Outsourcing (GEO).



## Global Talent Acquisition – Quickly fill vacancies with only the best candidates

Mercans supports you in designing/deploying long-term HR strategies and processing full-cycle recruitment. Our ATS Suite Mesaar™ and our hiring experts help to screen, select, attract the right candidates for your organization and populate your pipeline of prequalified talents.



## BPO Services – Reclaim the focus on your core activities to expand your business

Concentrate on the essentials: outsource non-primary activities and your front- and back-office functions to Mercans. Save the time, money, and energy needed to refine the value chain engagement of your customers and suppliers and increase revenue.



## HR Management SaaS – Access customizable cloud-based online platforms

Centralize your HR function on an all-in-one user-friendly and self-service platform. Combined with the expertise of our consultants, the Mesaar SaaS offers a built-in applicant tracking system and easy-integration features to improve internal processes.



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### **Local Statutory Compliance – Forget the hassle of setting up branches abroad**

Mercans seasoned HR advisory team are compliance experts specialized in local cultures, business protocols, and tax and legal specificities. They are committed to ensure quick go-to-market abroad and achieve a compliant global expansion, risk-free from A to Z.



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## Mercans at a Glance

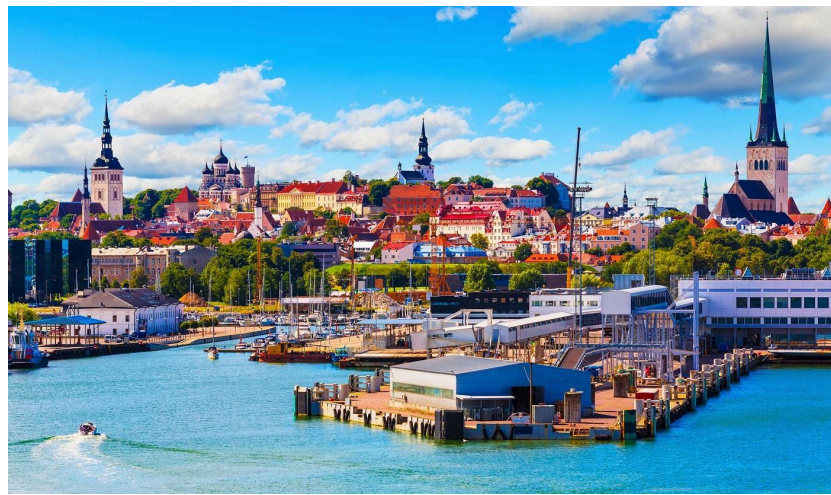
<b>160+</b> Countries	<b>20</b> Years of Success	<b>1K+</b> Payroll and HR Specialists
<b>22k+</b> Clients Worldwide	<b>97%</b> Client Retention Rate	<b>1.5X</b> Annual Revenue Growth
<b>95k+</b> Largest Single Country Payroll	<b>25M+</b> Pay Slips per Annum	<b>0</b> Security Breaches

**Number one** for outsourced payroll services, we are endorsed by international authorities.



**Mercans has the highest industry quality and IT security certificate certificate**





# Change In Income Tax, Exempt Compensation Social Security Ceiling, Minimum Wage And Introduction Of Security Tax

## Income Tax

The income tax rate will increase from 20% to 22%, effective from 2025.

## Tax-Exempt Daily Allowance for Foreign Business Travel

The tax-exempt daily allowance for foreign business travel will increase from **EUR 50 to EUR 75**, regardless of the destination country. However:

- This allowance can be applied for **only the first 15 days** of business travel.
- It is also limited to a maximum of **15 days per calendar month**.

For travel days exceeding this limit, the tax-exempt amount will increase from **EUR 32 to EUR 40**.

## Compensation for Personal Car Use for Business Purposes

The compensation for using a personal car for business purposes will increase:

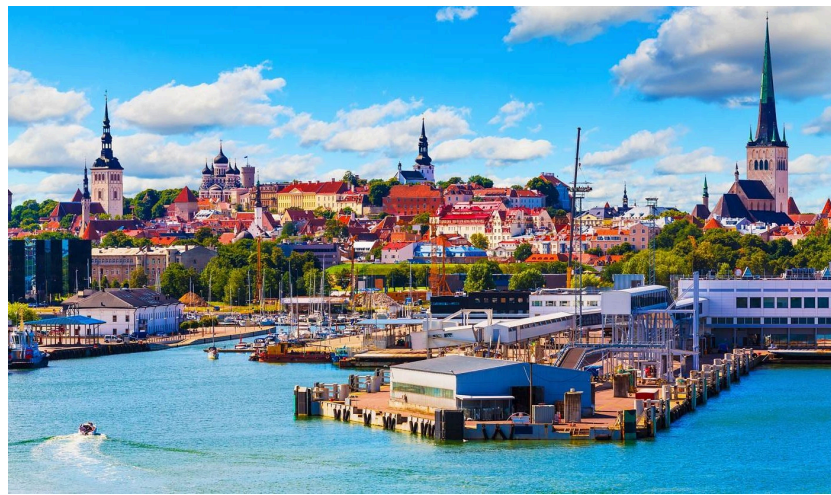
- From EUR 0.30 to EUR 0.50 per kilometer.
- The total monthly limit will increase to EUR 550 (currently EUR 335, applicable until the end of 2024).

## Compensation for Health and Sporting Costs

The total tax-exempt compensation for health and sporting costs will be:

- Limited to EUR 400 per annum per employee.
- The current quarterly restriction of EUR 100 will be abolished.





The list of tax-exempt health compensations will also be expanded to include:

- Massage services, and
- Services from licensed professionals in dental care, psychological treatment, and nutritional consultation.

## Tax-Exempt Accommodation Expenses

For employees working under an employment contract and whose place of residence is at least 50 km away from their workplace (with no residential property closer), the tax-exempt limits for accommodation expenses will increase:

- From EUR 200 to EUR 500 per month in Tallinn or Tartu.
- From EUR 100 to EUR 250 per month in other areas of Estonia or abroad.

## Social Security Minimum Base

Increased from €725.00 to €820.00.

This results in a minimum SSI contribution of  $€820.00 \times 33\% = €270.60$ .

## Increase In Minimum Wage

Increased from €820.00 to €886.00, with the hourly rate rising from €4.86 to €5.31.

## Security Tax

The 2% security tax on personal income will be levied on the taxable income of both resident and non-resident natural persons from 2026 until 2028.

The security tax withheld is to be remitted by the 10th of the month following the month of payment along with a security tax return.

Please contact your Mercans' services delivery team for any additional information regarding the implications of the above change.

# They already trust Mercans





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# What Makes Mercans your HR and Payroll Partner of Choice?

## We Simplify Employment Tasks Worldwide

### Everywhere for Everyone

We are a borderless people engagement enabler, driven by technology and innovation. We deliver bespoke human capital management services and global payroll solutions to empower businesses across 110+ countries regardless of their organizations' size and their industry. We pride ourselves on being global people experts with a striking local presence, committed to making your teams happy, and ensuring the consistent and sustainable growth of your organization.

### Local Presence. Regional Strategy. Global Success

Supported by 500+ payroll and HR specialists with in-depth local knowledge, Mercans operate globally. Our pioneering human resources consulting services and trailblazing SaaS platforms are already satisfying 5,000+ international clients, ensuring timely measurable results and bottom-line savings. Thanks to success-oriented teams striving for excellence and taking care of our clients' tasks within budget, we have gained the trust of major multinational companies.

### A Revolutionary Service Delivery System

Say goodbye to third-party service providers, offshore call centers, fragmented data, and endless chains of sub-contracts.

Mercans cloud-based SaaS Products, HR Blizz™ & Mesar™, combine the performance of proprietary technologies with a human touch. Cost-effective, they are fully-compliant self-service tools, packed with smart built-in features for your peace of mind. All your data are integrated into single interfaces accessible from everywhere and on any device.

### Trailblazing Cloud-Based SaaS Products

HR Blizz & Mesar, our Software-as-a-Service platforms, both propose a preconfigured API integration capability with all the major global HRMS platforms, including SuccessFactors, Workday, Oracle HCM, and MS Dynamics. All Mercans systems and processes are GDPR compliant, ISO 9001, 20000, 27001 certified, and SOC 1 and SOC 2 audited. A registered Finpro expert, Mercans is also a member of the Global Payroll Association and the Global Payroll Management Institute.





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Tasks Worldwide

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