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EIT-Food Startup Guide Estonia



Contact

EIT Food accelerates innovation to build a future-fit food system that produces healthy and sustainable food for all.

We believe inclusive systems innovation, which enables all people and places to participate and benefit, is essential to a strong food system that is better for everyone. With teams on the ground across Europe, we bridge the gap between countries and regions with low innovation capacity and those leading the way. And we put consumers at the heart of our work, helping build trust by reconnecting them to the origins of their food, directly involving them in the innovation process, and working with the food sector to increase transparency. Collaboration is central to all our work, which spans the whole food value chain, and is vital to meet the big challenges we face. Together with our community, we will build an innovative and resilient food system that in turn creates a healthier society and planet.

**This report was prepared by Enky Consulting
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Disclaimer: The guide is intended to help entrepreneurs and startups. However, it does not replace seeking professional advice and guidance. As such, although EIT Food has made every effort to ensure that the information in this book is useful, they do not assume any responsibility for the outcome of your business.



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Welcome to the market!

We are pleased to hand over to you this very latest edition of the EIT-Food's startup guide. Doing business requires strength and resilience, but doing business in agriculture and in the food industry requires passion and willingness to overcome specific challenges. Some of those challenges are nature driven to which we may just need to be able to adapt and manage. The other group of challenges stem from complexity of the markets, regulatory environments or geographical differences. These we can address and that is precisely the aim of this guide. We want to help you in your business location decisions, whether you are at the start of your entrepreneurial journey or already plan to internationalize your business across Central & Eastern Europe.

As an entity building the EIT-Food network in Central & Eastern Europe (as well as in the Nordics region), our Co-Location Centre (North-East) implements a variety of programmes targeting the key challenges and priorities of agricultural and food system development. We are pleased to see your interest in making it happen through products and services brought to our market.

In current macroeconomic environment where supply chains remain volatile and market transparency is hampered, the access to information about the ecosystem is essential. That is why we focus in this guide on helping you quickly determine how a local ecosystem in Estonia in the ag-food sector works. In view of that we give you a picture of top regulators, policy makers and startup community developers. We hope the guide would serve as a reference for your entrepreneurial efforts all across the way from being technology developer to acting as a solid market player on the market.

Wishing you all the best for your ag-food business,

Marja-Liisa Meurice
Director of EIT-Food CLC North-East

EIT-Food Startup Guide Estonia 2022

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EXECUTIVE SUMMARY

Population: **1.3 million** (2022)

GDP PPP: **\$59.56 billion** (2022)

GDP PPP per capita: **\$44,778** (2022)

Member of the European Union, NATO, OECD,
WTO and Schengen zone

Total area: **45,339 sq. km** (17,505 sq. mi)

Europe's **#1** entrepreneurial country

#1 in Europe in number of start-ups per capita

#4 in urban air quality in the world

#2 in food cleanliness in the world according to
FAO study

Estonia is the second-largest organic farming
country in Europe

23% of farmland is organic and nearly half of
the forests are organic collection areas (45%
and growing)

Food sector accounts for **8%** of Estonia's
GDP – biggest branches: dairy (**23%**), meat
(20%) and beverage (**12%**) products

The food industry today employs
approximately **16,000** people and
contributes **14%** of the processing industry,
exporting **10%** of the overall volume of the
said industry

Estonian food products can be found in over
100 export markets around the globe,
with the top export markets remaining in
Nordic-Baltic regions

LOCAL AGRIFOOD MARKET INSIGHTS



1.1. Introduction

"As a small country, Estonia can never impress with quantity, therefore we have to find wise ways to make ourselves recognized. We must be leaders in technological and scientific development to prove our worthiness. Estonia is well-known for its highly developed IT sector but technological innovations are also emerging from other industries. Until today, the Estonian agri-food sector has cherished small local production, high quality and naturality. However, the past years have shown a significant increase in the emerging novel food- and biotechnology companies such as Äio tech and Gelatex which drive biotechnological innovation. We also have knowledgeable universities and research organizations such as TalTech and TFTAk that support strong collaboration between companies and researchers. Much more innovation is yet to come, so make sure to keep your finger on the pulse!" - Kaisa Orgusaar, Founder & CEO at ProProtein

Estonia is a fast-moving, innovative nation in Northern Europe known for its digital ambitions. Thanks to smart e-solutions created here, it takes only a few hours to start a company and minutes to declare taxes. Estonia is also the first country to offer e-Residency, a government-issued digital ID available to anyone in the world. E-Residency offers the freedom to easily start and run a location-independent business online using the convenient digital business services of Estonia. Estonia is also a very start-up-minded country. The average number of start-ups in Europe is five per 100,000 people. Estonia ranks six times higher than the European average, taking third place in Europe.¹

At the same time, Estonia is proud of its clean and natural environment – clean air, forests and an organic lifestyle are some of the keywords Estonians are equally proud of. Estonia holds fourth place in urban air quality in the world, with forests covering about half of Estonian territory. of its farmland is organic and nearly half of the forests are organic collection areas (45% and growing).

The food industry in Estonia benefits from ecological raw materials, skilled workers and modern production facilities. With an established export capability and growing application of food science and technology, Estonia is the ideal location for export- and R&D-oriented investment.²

In 2021, 784 million euros of added value, or 2.9% of the added value created in Estonia, was created in companies engaged in agriculture, fishing and the food industry.³ A rapidly developing digital society, a start-up mindset, an agricultural sector that values innovation and environmental friendliness are just some of the reasons why you should consider establishing your own agrifood start-up in Estonia. This document will guide you through the process of setting up a company in Estonia and gives you the best insights into the Estonian agrifood sector.

¹ <https://investinestonia.com/business-in-estonia/establishing-company/establishing-a-startup>

² <https://investinestonia.com/business-opportunities/food/>

³ <https://www.agri.ee/sites/default/files/content/valjaanded/valjaanne-2022-pokat-2021-02.pdf>

1.2. Overview of the Estonian Agrifood Industry

Thanks to the country's relatively small size and innovative approach to scientific advancements, Estonian food products are some of the healthiest and safest available.

The agricultural and fishing sector, in cooperation with the food industry, plays an important role in supplying Estonians with food, but they also make a significant contribution to Estonia's economy and employment. The aforementioned sectors provide around 3% of the added value created in Estonia and around 4% of the employed work there. In 2021, 784 million euros of added value or 2.9% of the added value created in Estonia were raised in companies engaged in agriculture, fishing and the food industry.¹

There are over 700 food production companies in Estonia, which account for 14% of the total production of the processing industry and 14% of the total employment. Some 70% of food producers are micro-enterprises (0–9 people), 23% are small and medium-sized companies in the European sense (up to 250 employees) and 7% are large companies. The latter make the main turnover, i.e. 81% and 60% of the employees in the food sector are employed by large companies. In Estonia, 35% of production is exported, which is 8% of the total export volume of the manufacturing industry. The most important export markets are with the neighbouring countries, as Latvia, Lithuania, Finland and Sweden are the countries where the largest amount of export revenue was earned between 2015 and 2019.

The dairy industry exports the most (about 20%), and the meat, beverage and bakery industries (all a little less than 10%) export in smaller volumes. Investment volumes in 2020 were EUR76 million. Some 65% of investments are invested in machinery and equipment. Each new device/technology uses less water, electricity and fuel, and also allows the use of waste heat in production. About 25% of the investments are made in buildings.

In addition, internal and external R&D activities are also continuously carried out. External scientific research is carried out by four major research institutions in Estonia: Tallinn University of Technology, TFTAk, BioCC and Estonian University of Life Sciences.²

¹ <https://www.agri.ee/sites/default/files/content/valjaanded/valjaanne-2022-pokat-2021-02.pdf>

² <http://www.koda.ee/sites/default/files/inline-files/QUALIFY%20Estonian%20Online%20library.pdf>



Organic farming as a big chance for Estonian agriculture

The global trend is increasingly moving towards healthier food that provides consumers with extra benefits, such as more vitamins and protein. This is one area where Estonians truly stand out for their innovation and product development. Thanks to its relatively small size and innovative approach to scientific advancements, Estonian food products are some of the healthiest and safest available.¹

The country possesses environmentally clean and fertile soil, which is reflected in local produce containing considerably fewer chemicals and organic farming that is gaining popularity.

In recent years, the organic agriculture sector has grown rapidly globally, in Europe and in Estonia. In 2021, there were 229,400 ha of organic agricultural land in Estonia, which is approximately 23% of all agricultural land in Estonia. Compared to the previous year, organic agricultural land increased by 5,587 hectares, or 2.5%. There were 2,043 agricultural enterprises engaged in organic production in 2021.²

Also, the organic agricultural enterprises have grown larger and larger over the years – in 2020, the average organic agricultural enterprise had approximately 109 ha of organic agricultural land.³

A strong emphasis is put on high nature value and agri-environmental issues, with 16.5% of the country defined under NATURA 2000 (including 55,000 ha of farmland).⁴ One of the challenges is the shortage of processors of organic products in Estonia, and therefore a large proportion of organically grown products reaches consumers as conventional products.⁵

AgTech & FoodTech in Estonia

Estonia has a long history of food science innovation, including supplying Soviet space missions as early as 1962. Today Lallemand operates a cutting-edge, global R&D hub for functional molecules and directed evolution in Estonia in collaboration with TalTech. Finnish dairy giant Valio conducts R&D into lactose-free and digestion improving foodstuffs.

Estonia is also emerging as a centre of expertise in food technology thanks to close collaboration with its world-class IT industry. Blockchain technologies, which will guarantee global supply chains, have been used daily in Estonia since 2008.

Estonia is the ideal location for export- and R&D-oriented investment with its strong track record of successful investment and innovation supported by a highly competitive business environment and digital capability.⁶

AgTech & FoodTech start-ups' turnover accounted for 1% of the total turnover generated by the start-up sector in the first quarter of 2022. Compared to the last quarter of 2021, we can see an increase in employment taxes paid (25%) and the number of employees in the sector (11%).⁷

¹ <https://tradewithestonia.com/sectors/food/sector-info>

² <https://www.agri.ee/sites/default/files/content/valjaanded/valjaanne-2022-pokat-2021-02.pdf>

³ <https://epkk.ee/mahepollumajandus/>

⁴ <https://www.eitfood.eu/in-your-country/country/estonia>

⁵ <http://www.maheklubi.ee/tootlejale/>

⁶ <https://investinestonia.com/business-opportunities/food/overview>

⁷ <https://startupestonia.ee/startup-database/sector-insights/?sector=AgTech%20%26%20FoodTech>

**MAIN
STAKEHOLDERS IN
THE LOCAL AGRIFOOD
INDUSTRY**

2



2.1. Key Estonian companies

Agriculture provides about 1–2 % of the added value created in Estonia, and 2% of the employed work in this field. The food industry also employs about 2% of the employed and contributes 2% of the added value. Milk (28%) and cereals, pulses and oilseeds (24%) account for the largest share of the value of total agricultural production. Estonian agriculture and the food industry are export-oriented fields of activity, accounting for about 8% of the total export of Estonian goods.

Since joining the European Union, exports have continuously increased and Estonian agriculture has made a big leap in development in the last 15 years. The Common Agricultural Policy of the European Union has provided a relatively stable economic environment for the development of domestic agriculture and encouraged entrepreneurs to make large-scale investments to modernize production and increase resource efficiency and environmental protection. Small producers of food have made a relatively strong development leap, offering both traditional and new and innovative products, mainly handmade.¹

Key Estonian Companies in 2018:

#	Company name	Field of activity	Sales revenue (2018) in mln EUR
1	Rakvere Farmid AS	Pig farming	26,838
2	Jagudi Mets OÜ	Cereal (except rice) and legume cultivation; cultivation of oilseeds	17,250
3	Estonia OÜ	Dairy farming	13,002
4	Atria Farmid OÜ	Pig farming	10,734
5	Grüne Fee Eesti AS	Growing of vegetables (including pumpkins), root vegetables and tubers, including mushroom growing	10,144
6	Rhumveld Baltic OÜ	Processing and storage of other fruits and vegetables	9,715
7	Valjala Söödatehas AS	Pig farming	9,676
8	Väätsa Agro AS	Dairy farming	9,604

¹ <https://www.agri.ee/sites/default/files/content/arengukavad/arengukava-pollumajandus-toit-2030.pdf>

9	Dava Foods Estonia AS	Poultry	8,876
10	Eesti Tõuloomakasvatajate Ühistu Tuü	Other cattle and buffalo breeding	8,468
11	Tartu Agro AS	Mixed farming	6,662
12	Vändra OÜ	Dairy farming	6,253
13	Mangeni Pm OÜ	Dairy farming	6,168
14	Halinga OÜ	Dairy farming	6,064
15	Sagro AS	Growing of vegetables (including pumpkins), root vegetables and tubers, including mushroom growing	5,583
16	Põlva Agro OÜ	Dairy farming	5,278
17	Pae Farmer OÜ	Dairy farming	4,907
18	Härjanurme Mõis OÜ	Dairy farming	4,715
19	Laheotsa OÜ	Growing of vegetables (including pumpkins), root vegetables and tubers, including mushroom growing	4,689
20	Aravete Agro AS	Mixed farming	4,510

2.2. Public institutions

Ministry of Rural Affairs of the Republic of Estonia

<https://www.agri.ee/en>

The area of government of the Ministry of Rural Affairs covers the planning and implementation of rural policy, agricultural policy, fisheries policy of the fishing industry and the trade policy of agricultural products, the organization of ensuring food safety and compliance, the coordination of the activities related to animal health and protection and plant health and protection, the organization of agricultural research and development and agricultural education and the preparation of corresponding draft legislation.

The Estonian Rural Development Foundation

<https://mes.ee/en>

The Estonian Rural Development Foundation supports economic development in Estonian rural areas via specific programmes implemented for promoting business activities in those areas. The Foundation's specific programmes are aimed at expanding the availability of financial resources, supporting balanced development in rural areas, disseminating information on rural life, maintaining cultural traditions, supporting vocational education, and building the image of rural life with a view to improving the business environment and creating better living conditions in rural areas.

The Agricultural Registers and Information Board (ARIB)

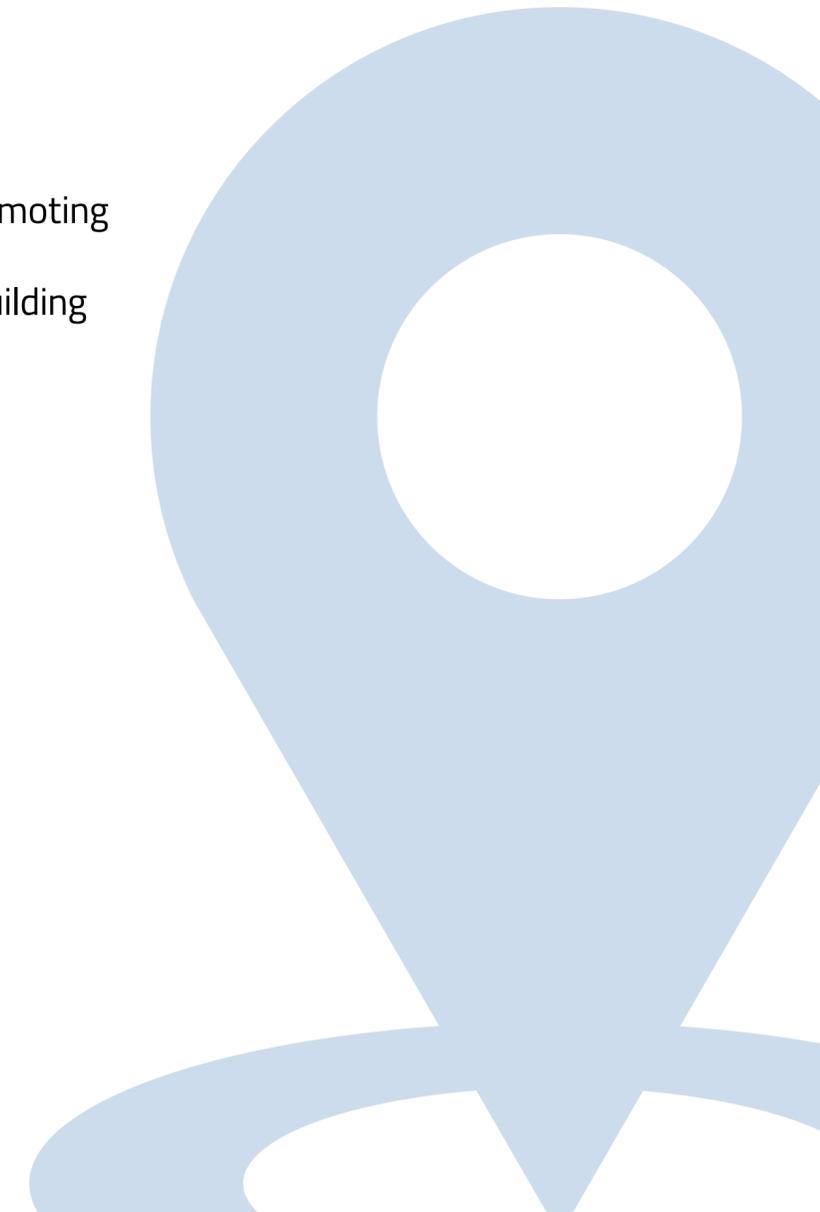
<https://www.pria.ee/en>

The Agricultural Registers and Information Board (ARIB) is responsible for organizing the granting of national subsidies, European Union agricultural and rural development subsidies, European Maritime and Fisheries Fund subsidies, and market management subsidies. ARIB is also responsible for maintaining national registers and other databases related to agriculture.

The Estonian Chamber of Agriculture and Commerce

<https://epkk.ee/about-us/>

The Estonian Chamber of Agriculture and Commerce has united agricultural producers and their unions, processors of agricultural products and their unions, and companies providing services to the agricultural sector since 1996. The Estonian Chamber of Agriculture and Commerce offers help in finding business partners, exchanges market and price information, organizes forums and information days, and makes arrangements for participation in trade fairs in Estonia and abroad.



The Estonian University of Life Sciences

<https://www.emu.ee/en/>

The Estonian University of Life Sciences is the only university in Estonia whose priorities in academic and research activities provide the sustainable development of natural resources necessary for the existence of man as well as the preservation of heritage and habitat. The Estonian University of Life Sciences is one of the top 50 universities in the world in the field of agriculture and forestry, ranked 48.

Tallinn University of Technology

<https://taltech.ee/en/>

Tallinn University of Technology (TalTech) is the only flagship in engineering and IT science and education in Estonia, providing higher education at all levels in engineering and technology, information technology, economics, science and maritime.

The University of Tartu

<https://www.ut.ee/en/university>

The University of Tartu (UT) is Estonia's leading centre of research and training. It preserves the culture of the Estonian people and spearheads the country's reputation in research and the provision of higher education. The UT belongs to the top 1.2% of world's best universities.

The Estonian Farmers' Central Union

<https://www.taluliit.ee/>

The Estonian Farmers' Central Union is an Estonian non-profit association that unites farmers' associations, rural economic associations and unions and central cooperatives.

The Estonian Centre for Environmental Research

<https://www.klab.ee/firma/>

The Estonian Centre for Environmental Research performs physical and chemical laboratory analyses and geotechnical research.



The Environmental Board of the Republic of Estonia

<https://keskkonnaamet.ee/en>

The Environmental Board of the Republic of Estonia conducts wildlife and nature protection, and also gives permits for environment use and collects charges.

The Estonian Food Industry Association

<https://toiduliit.ee/toiduliidust/tutvustus>

The Estonian Food Industry Association was founded on November 3, 1993 by Estonian food industry companies and professional associations as a non-profit association operating on the basis of voluntary membership.

The Agricultural Research Centre

<https://pmk.agri.ee/en>

The Agricultural Research Centre (ARC) is a state agency supporting agriculture and rural development managed by the Ministry of Rural Affairs. The aim of the ARC is to contribute to the development of agriculture and rural life.

The Estonian Crop Research Institute

<https://etki.ee/en/>

The Estonian Crop Research Institute is a state research and development institute operating in the area of governance of the Estonian Ministry of Rural Affairs.

The National Institute for Health Development

<https://en.tai.ee/en/>

The National Institute for Health Development is a government-established research and development body collecting, connecting and providing reliable national information from a multitude of sources related to the health of the Estonian population.

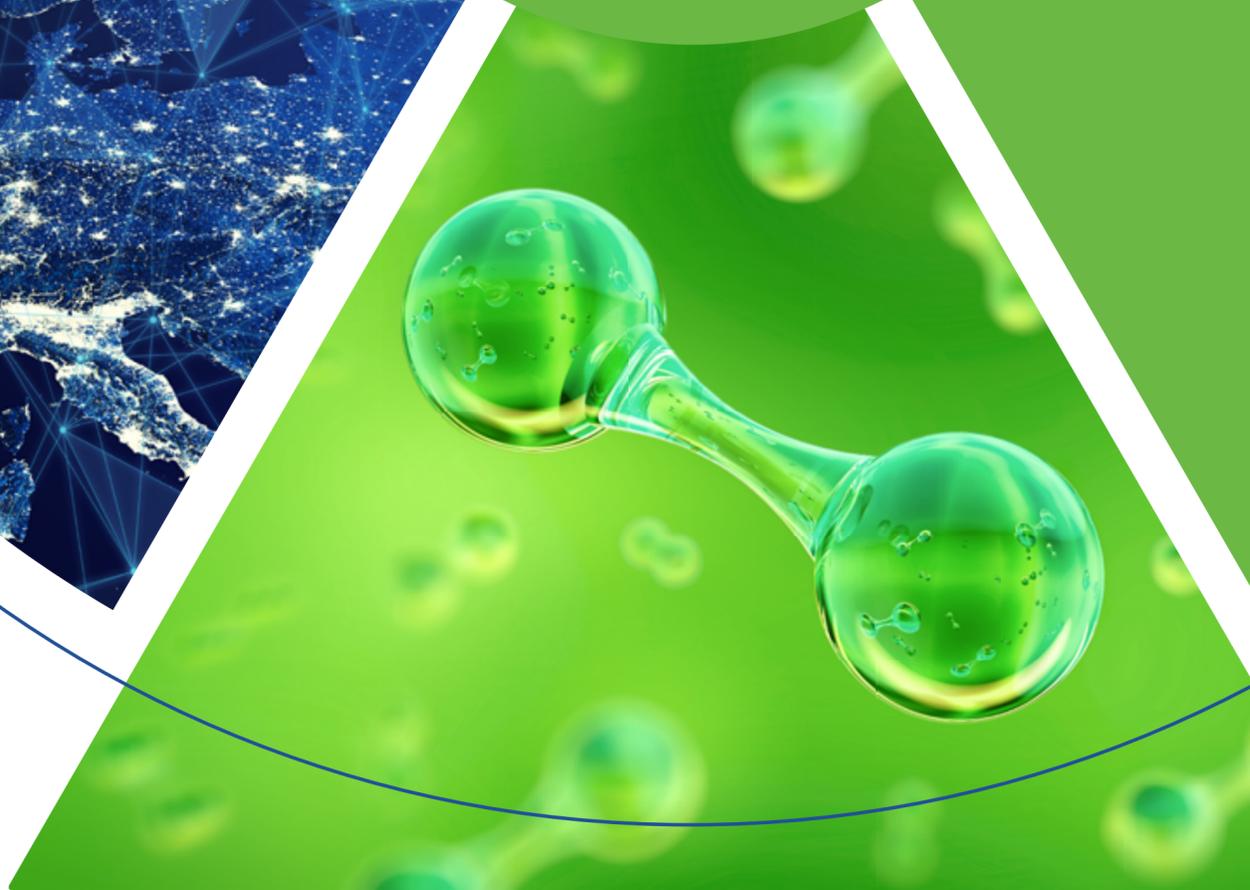
The Estonian Chamber of Commerce and Industry

<https://www.koda.ee/en>

The Estonian Chamber of Commerce and Industry works to promote entrepreneurship in Estonia through facilitating the development of an entrepreneur-friendly environment and providing high-quality, relevant and practical services for our members.



AGRIFOOD ECOSYSTEM



3.1. Funding opportunities for agrifood start-ups

The Agricultural Registers and Information Board (ARIB) is a government agency and the paying agency of the European Union. They are responsible for organizing the granting of national subsidies, European Union agricultural and rural development subsidies, European Maritime and Fisheries Fund subsidies, and market management subsidies.

Aid/grants are given out in the following fields:

Fields and forestry

The largest proportion of the amount paid out each year through ARIB is made up of subsidies to cultivators of agricultural land, caretakers of semi-natural communities and Natura areas, and forest owners. In total, there are nearly 20 different hectare-based subsidies.

Animals and fisheries

Farmers of agricultural animals, birds and bees can receive subsidies based on the number of animals they raise or specified subsidy rights. Separate subsidies are provided for organic production, raising animals of endangered breeds, ensuring animal welfare, keeping bee colonies and breeding activities. Support in the field of fisheries helps breeders of aquatic organisms (aquaculture), professional fishermen, owners of fishing vessels, producer organizations and distributors, as well as scientific institutions and local initiative groups in fishing areas in making investments.

Business development

Support can be obtained for buildings, facilities, infrastructures, equipment and machinery; and for land improvement, bioenergy production, innovation activities, production marketing, investments in agricultural production processing, activities of producer groups and joint investments.

Market organization and school plans

ARIB is the administrator of the import and export licences and agricultural products quota system in Estonia. The school plan grant helps finance the free distribution of dairy products, fruit and vegetables in kindergartens and schools.

Rural development

The general progress of rural areas is directly or indirectly supported by all grants mediated by ARIB. They are not only related to agriculture or fishing – grants can also be obtained for investments in the development of the living environment, valuing local traditions and community cooperation.

Please see ARIB [Estonian page](#) for more information.

Enterprise Estonia (EAS) is an Estonian governmental agency that supports:

1. business model development and innovation acceleration
2. trade development
3. raising foreign direct investments
4. attracting foreign talent
5. developing tourism.

<https://www.eas.ee/teenused/?lang=en>

The State Shared Service Centre (official abbreviation SSSC) is a government agency under the administration of the Ministry of Finance. The SSSC provides various support services to the central government agencies that have entered into an agreement on the provision of support services and performs the function of the managing and paying authority for the European Union structural funds and cross-border programmes; the Liaison Office for Financial Mechanisms in Norway and the European Economic Area; and, where specified by law, the tasks of the implementing entity.

<https://www.rtk.ee/en>

Ministry of Finance

In order to improve the development preconditions of different regions of Estonia and to direct the regional development of the country, a dozen regional development support programmes are financed from the state budget every year, part of which is aimed at supporting special regions and the other part at all Estonian regions.

<https://www.rahandusministeerium.ee/et/regionaalareng-ja-poliitika/siseriiklikud-toetused>

Estonian Unemployment Insurance Fund.

Business start-up support and other services for employers.

<https://www.tootukassa.ee/content/teenused/ettevotluse-alustamine-toetus>

Competitions

["The Best Young Farmer"](#)

["Baltic Sea Friendly Farmer"](#)

["The Best Farm"](#)

["The Best Food Product"](#)

sTARTUp Day – pitching in front of 3,000 attendees from all over the world: potential investors, clients, partners and international media. In addition to visibility, the best start-ups will be listed among the best in the region and awarded unbelievable prizes.

<https://www.startupday.ee/program/pitching>

Prototon – a fund launched by Swedbank, Tehnopol Science Centre and Tallinn University of Technology, designed to give smart and innovative ideas a real shape, i.e. to make a first tangible prototype. Price EUR35,000.

<https://prototron.ee/en/>

3.2. Local incubators and accelerators that support agrifood start-ups

Tartu Biotechnology Park provides physical infrastructure as well as business development and consultancy services to companies and R&D institutions in the fields of biotechnology, medicine and veterinary medicine, and from 2021 agrifood companies as well.

<https://biopark.ee/?lang=en>

The Estonian Investment Agency, a part of Enterprise Estonia, is a government agency promoting foreign investments in Estonia and assisting international companies in finding business opportunities in Estonia.

<https://investintonia.com/business-opportunities/>

Tartu Science Park is an organization where start-up companies are nurtured into global businesses for more than 27 years; it has supported business innovation activities in the region by offering rental space and infrastructure, business support and incubation services.

<https://teaduspark.ee/en/>

Tehnopol Startup Incubator offers a growth programme worth up to €10,000 to develop your world-changing idea. With the help of the best business angels in Estonia and Europe, entrepreneurs, marketers, lawyers and other experts, they will help you to reach the required investment or stable turnover.

<https://www.tehnopol.ee/en/startup-incubator>

Accelerate Estonia is a testbed for moonshot ideas. They combine the urgency of start-ups and the power of the public sector to test, validate and build solutions to global wicked problems.

<https://accelerateestonia.ee/missions/>

The Network of County Development Centres – the largest counselling network in Estonia – supports the development of businesses with consultations and training sessions. They counsel potential, start-up and operating companies in each county in Estonia.

<https://www.arenduskeskused.ee/en/>



Ajujaht (Brain Hunt) is Estonia's best-known start-up accelerator, where you can test your business idea and team in the hands of professionals.

<https://ajujaht.ee>

South-Estonian food network

<http://www.maheklubi.ee/koostookogu/toiduvorgustik/>

Agriculture and Food Board

<https://pta.agri.ee/en>

Local angel investors and VCs

The Estonian Business Angels Network (EstBAN), established in late 2012, is an umbrella organization for business angels and business angel groups seeking investment opportunities in Estonia and its neighbouring regions with the aim of growing the quantity and quality of local seed stage investments.

<https://estban.ee/>

EstVCA is the representative body of the private equity and venture capital industry in Estonia. Its main focus has been on strengthening and developing the local ecosystem and international relations and providing industry knowledge, research and training to all our members, associate members and other key stakeholders.

<https://www.estvca.ee/>

A fresh review of VCs available can be found here:

<https://vestbee.com/blog/articles/top-vc-funds-in-estonia-to-finance-your-startup>

3.3. EIT Food RIS HUB contact point in Estonia

EIT Food Hub in Estonia – Tartu Biotechnology Park

Address: Tiigi 61B, 50410 Tartu, Estonia

E-mail: eitfood@biopark.ee

Phone: +372 383 053

Website: <https://biopark.ee/?lang=en>

Facebook: @tartubiotehnoloogiapark

Instagram: @tartubiotechpark

LinkedIn: @Tartu Biotechnology Park

HOW TO SET UP A COMPANY IN ESTONIA



4



4.1. Setting up a legal entity in Estonia

The first stage in establishing a company is selecting the form of business, which depends most of all on your company's area of activity and related risks and needs, amount of capital and objectives.

According to the Commercial Code, there are five forms of business entities in Estonia:

- [private limited company \(OÜ\)](#)
- [public limited company \(AS\)](#)
- [general partnership \(TÜ\)](#)
- [limited partnership \(UÜ\)](#)
- [commercial association \(ühistu\)](#)

The most common forms of business in Estonia are private limited company (OÜ), public limited company (AS) and sole proprietor (FIE). More information on the types of corporate entities in Estonia can be found in the article ["Comparison of each form of business"](#).

Foreign companies can also offer their goods or services by establishing a [branch](#). It should be borne in mind that a branch is not a business entity, and a foreign enterprise is liable for obligations arising from the activities of the branch.

A non-profit organization (NPO) is a voluntary association of persons founded for the fulfilment of purposes established in its articles of association. A non-profit association is governed collectively. The activity of a non-profit association is regulated by the [Non-profit Associations Act](#).

Estonia even has a residence permit programme in place for start-ups. Read more about the Estonian start-up visa [here](#) or on Startup Estonia's [web page](#).

e-Residency

Holders of an [e-Residency](#) card and a growing number of EU member states' ID cards can establish a company in Estonia fully online. If an ID or e-Residency card is not available, a visit to a notary in Estonia is needed to verify the foundation documents.

Holders of an e-resident's digital ID card can sign documents digitally, and digital ID provides access to all Estonian e-services. More information on applying for a digital identity document is available on the e-residency [website](#) – [Applying for e-Residency](#).

"Estonia is well known as a digitized country, where you can start a company within 5 minutes, declare your taxes within 2 minutes and very similar is a supporting approach. One important support direction is created from governmental institutions like Enterprise Estonia, who have a wide range of supporting tools and grants for new entrepreneurs. Companies can apply, fulfill and report online, which is fast, convenient and your positive track record will support your further developments in communications with officials. Another one is the supportive startup ecosystem where innovative greentech, fintech, medtech and others can have a wide range of supportive tools such as mentoring, workshops, accelerators, hackathons and experience sharings. In Estonia it would be difficult to claim that there is no assistance or support available, rather vice versa if you are proactive!"

Erlend Sild, CEO & Founder at BugBox

4.2. Setting up a private limited company (OÜ)

The private limited company (osaühing or OÜ in Estonian) is the most common form of business in Estonia.

The advantages of the private limited company are:

- simple and quick registration;
- a relatively low share capital requirement (2,500 euros);
- shareholders have no personal proprietary liability for the private limited company's obligations.

A private limited company can be established without contributing the share capital if the proposed area of activity does not require capital investments. The share capital of such a company will be formed by the liabilities of the founders amounting to the sum they promised to provide as a share capital contribution.

What must be done before establishing a private limited company?

Before establishing a private limited company, find the answers to the primary questions that will determine the most important rules governing your company's everyday activity.

- What will the company's business name be? Visit the [e-Business Register](#) to check that your chosen business name is available.
- What will your initial area of activity be? Search system for [EMTAK fields of activities](#)
- Who are the shareholders and how large are the partner's share capital contributions?
- What will the private limited company's place of business and the address of its location be?
- How will the management of the private limited company take place?

What documents do you need to establish a private limited company?

If you register the company electronically in the e-Business Register, you can prepare the articles of association for your company based on the provided template.

If you register your company with a notary, the notary will prepare an application for establishing a private limited company, the memorandum of association and articles of association for you.

More information and help in establishing a company can be found on the [website of Invest in Estonia](#).

Establishing a private limited company through a notary

To streamline the process of establishing a private limited company through a notary, you will have to submit the following information:

- memorandum of association, if the company is registered at the notary, or, if the company is registered under an electronic expedited procedure, a template articles of association, the form for which is provided;
- articles of association (except for in the case of electronic registration under an expedited procedure);
- application;
- information on communications devices;
- bank certificate regarding deposit of share capital;
- certificate regarding payment of state fee (except in the case of electronic registration).

Notary offices will also have the samples of documents necessary for establishing a private limited company.

[Find a suitable notary and contact information](#)

How to register a new private limited company?

You can register a private limited company [electronically](#) in the e-Business Register. To be established electronically, persons related to a legal person must be able to issue a digital signature.

A private limited company can be registered electronically in the e-Business Register only if:

- all persons related to the establishment (members of the management board, founding members, etc.) are able to sign the application of initial entry and establishment documents digitally;
- the private limited company is established without an immediate share capital contribution or with a monetary contribution made electronically in the course of preparing an application in the e-Business Register.

What are the costs of establishing a private limited company?

To establish a private limited company, you will have to pay a state fee of 200 euros. If you establish the private limited company electronically under an expedited procedure, the state fee will be 265 euros. The state fee can later be recognized as a business expense as the costs of establishing the private limited company.

If you are using a notary for the formation of a private limited company, the notary fees will be added. The precise amount depends on the size of the share capital and the number of founders. VAT will be added to all of the notary fees.

The private limited company contribution may be monetary or non-monetary. In the latter case, the contribution can be made in the form of equipment, computers or other monetarily appraisable assets. If the share capital of a private limited company is at least 25,000 euros and the value of a non-monetary contribution exceeds a tenth of the share capital, or if all non-monetary contributions of such a private limited company collectively form more than a half of the share capital, the valuation of the sufficiency of the value of the non-monetary contribution shall be verified by an auditor.

A private limited company can be established without contributing the share capital if the proposed area of activity does not require capital investments. The share capital of such a company will be formed by the liabilities of the founders amounting to the sum they promised to provide as a share capital contribution.

How long will it take to register a private limited company?

The registrar will review the petition for entry within five working days from its arrival and in an expedited procedure, by no later than the next working day from its arrival. In the e-Business Register, the founded company can register as a person liable to value added tax and register their employees when founding their company.

What must be done after founding a private limited company?

Depending on the company's area of activity and size, a varying number of additional steps must be taken. First you will have to open a bank account for the private limited company, where the company's share capital is to be deposited. You will already have transferred this sum to the court's deposit account or the bank's e-start-up account when you formed the company. It is not possible to open a bank account without the company's Commercial Register number.

- If you will be operating in an [area of activity subject](#) to special requirements, you will have to apply for an activity licence.
- If your annual turnover exceeds 40,000 euros, you will have to [register as a VAT payer with the Tax and Customs Board](#).
- If you hire employees, you will have to [register them with the Tax and Customs Board](#).

NB! In the e-Business Register, the founded company can register as a person liable to value added tax and register its employees when founding its company.¹

¹ <https://www.eesti.ee/en/doing-business/establishing-a-company/establishing-a-private-limited-company-oue>



4.3. Setting up a public limited company (AS)

The public limited company (aktsiaselts or AS in Estonian) is the form of business with the highest capital requirement (at least 25,000 euros) and must have a multi-tiered management structure.

The advantages of the public limited company are the following:

- the possibility of listing the company on the stock exchange;
- the possibility of involving a large number of shareholders;
- suitable for implementing major projects;
- shareholders have no personal proprietary liability for the public limited company's obligations.

What must be done before establishing a public limited company?

Before incorporation you will have to find the answers to the primary questions that will determine the most important rules of your company's everyday activity.

- What will the company's business name be?
- What will your initial area of activity be? Do you need any activity licences or other licences?
- Who are the shareholders, what is the amount of share capital and what will be the rights of the shareholders?
- What will the public limited company's place of business and the address of its location be?
- How will the management of the public limited company take place?

What documents do you need to establish a public limited company?

In order to found a public limited company, a memorandum of association shall be signed and the articles of association confirmed. The memorandum of association is signed by the founders. If only one person is the founder, they shall sign a foundation resolution. The memorandum of association and the articles of association approved thereby shall be notarized.

The members of the supervisory board as well as the management board of the public limited company shall be appointed in the memorandum of association or the foundation resolution.

The consent of the person appointed is required for their appointment as a member of the supervisory or management board.

The shares of the public limited company shall be registered in the Estonian register of securities or another depository. Upon founding, a notice from the registrar of the Estonian register of securities or another depository shall be submitted to the registrar of the commercial register regarding the registration of shares.

A notice from a bank or payment institution regarding the contribution of the share capital shall be appended to a petition for entry of the public limited company in the commercial register. If the contribution is non-monetary, documents verifying the value, delivery, receipt and auditing thereof are required instead.

How to register a new public limited company?

The public limited company must be registered through a notary. Electronic registration is not possible. To streamline registration of the public limited company through the notary, make sure you know which documents you will need to register the company. Notary offices will also have samples of the documents necessary for forming a public limited company.

[Find a suitable notary and contact information](#)

What are the costs of establishing a public limited company?

To establish a public limited company, you will have to pay a state fee of 200 euros. The state fee can later be recognized as a business expense as the costs of establishing the public limited company.

The notary fee for establishing a public limited company depends on the number of founders and the amount of share capital.

How long will it take to register a public limited company?

The registrar will review the petition for entry within five working days from its arrival.

What must be done after founding a public limited company?

One of the primary special features of the public limited company is the requirement to register shares in the Estonian Central Register of Securities or in another depository.

A public limited company must have an auditor.

- If you will be operating in an [area of activity subject to special requirements](#), you will have to apply for an activity licence or registration.
- The public limited company [must be registered with the Tax and Customs Board](#) if the planned annual turnover exceeds 40,000 euros.
- If you hire employees, you will have to register them in the [employment register](#).¹

4.4. The start-up visa for non-EU founders

The [start-up visa](#) gives foreign entrepreneurs the opportunity to settle in Estonia for up to 18 months to establish their start-up. A visa for start-up entrepreneurship may be issued for up to 365 days and extended for up to 183 days. For prospective start-up entrepreneurs who have established their start-up in Estonia and wish to stay longer, it is possible to apply for a temporary residence permit for entrepreneurship. For start-ups, the general investment requirement (EUR65,000) to apply for a residence permit for entrepreneurship does not apply. A temporary residence permit for entrepreneurship may be issued for up to five years. More information on applying for a start-up visa can be found on the website of [Startup Estonia](#).²

¹ <https://www.eesti.ee/en/doing-business/establishing-a-company/establishing-a-private-limited-company-oue>

² <https://www.eesti.ee/en/doing-business/establishing-a-company/start-a-business-in-estonia>

4.5. Required permits for agrifood businesses

The company or self-employed person must submit a notice of economic activities to the Agriculture and Food Board before they start economic activities or apply for an activity licence.

A notice of economic activities must be submitted for the following activities:

- retail;
- wholesale, incl. storage and food distribution only;
- distance sale, e.g. online and mail trading;
- catering;
- preparation and sale of food at public events;
- preparation of food for sale at home;
- transport of food;
- import of food;
- production of primary plant products and selling them to a wholesale or manufacturing establishment;
- honey packaging;
- handling of hunted game at a game collection centre;
- handling of small quantities of hunted game carcasses and cuts;
- handling of small quantities of farm-slaughtered poultry and lagomorphs;
- import of food of animal origin from other EU member states;
- manufacturing, processing and marketing of materials and articles intended to come into contact with food.

You do not need to submit a notice of economic activities in the following cases:

- the company's livestock building or facility or an area for keeping animals has been registered in the register of farm animals under the Infectious Animal Disease Control Act;
- the operator has an activity licence for the handling of medicinal products;
- if the operator/handler is engaged in primary production in small quantities.

Filling in and submission of a notice:

The notice of economic activity can be submitted:

- through the [client portal of the Ministry of Rural Affairs](#) (use of the service requires authentication with an ID card or mobile ID);
- via e-mail to pta@pta.agri.ee or by post (Väike-Paala 3, Tallinn 11415) to the [local agency of AFB](#) of the location of the business;
- through a notary.

Contact details:

Agriculture and Food Board, tel: +372 605 1710, e-mail: pta@pta.agri.ee

Registry information and technical questions

Client portal of the Ministry of Rural Affairs, e-mail: kliendiportaal@agri.ee

4.6. Organizations providing support in setting up a company in the hub country

Useful contacts for setting up a company in Estonia:

- Police and Border Guard Board
- Tax and Customs Board
- Centre of Registers and Information Systems
- Kredex (Startup Estonia programme)

More information about setting up a company can be found at:

- Invest in Estonia
- e-Residency
- Application for e-resident's digital identity card
- Registration of a non-resident operating in Estonia as an employer
- Startup Estonia
- National portal eesti.ee

