



## **EMN FOCUSED STUDY 2014**

### **Admitting third-country nationals for business purposes**

## Top-line "Factsheet" (National Contribution)

### National contribution

Overview of the National Contribution – introducing the study and drawing out key facts and figures from across all sections of the Focussed Study, with a particular emphasis on elements that will be of relevance to (national) policymakers.

- Foreign investors have equal rights and obligations with local entrepreneurs. All foreign investors may establish a company in Estonia in the same way as local investors; no special restrictions are made.
- In several policy documents and programmes<sup>1</sup> the need to facilitate the admission of foreign investments and investors is named as a priority of the government.
- Issuing temporary *residence permit for enterprise* is one measure to implement the named policy goal. Aliens Act stipulates that the purpose of the grant of residence permit for enterprise is to contribute to the establishment of such companies and branches of foreign companies in Estonia and the settling of sole proprietors and their activities in Estonia which would significantly contribute to the development of the Estonian economy.
- There is no special regulations for immigrant investor or other business people. The general idea is that business people who do not need to permanently reside in Estonia for business purposes, i.e. at least 183 days per year, can visit the country with a visa. Thus, to this group of business immigrants general visa rules apply.
- Business people who do not permanently reside in Estonia but have a business here or would like to establish one, can apply an e-residency ID. This card gives secure access to Estonia's private and public digital services and an opportunity to give digital signatures. One aim of this card is to facilitate investors to come to Estonia and establish a company here.
- Immigration for business reasons to Estonia constitutes a small part of the immigration flows. From 2009-2013 only 2% of the residence permits issued were for business reasons. Thus, it is the smallest immigration route to Estonia. Most residence permits for enterprise have been issued to Russian nationals (80%) and Ukrainian nationals (12%) during the years 2009-2013. Most of the entrepreneurs have been male (62%) in the age group 35-49. Women are a bit younger, mainly 30-39. The average age of the business immigrant is 40-41, which makes them older than other immigrants, i.e. labour (average age 36), family (average age 25), study (average age 24) immigrants.
- During the years 2010-2013 visas issued for business reasons constituted 13% of all the visas issued. Visas issued for business reasons have increased 38% when compare the years 2009 and 2013.
- 2011 it was discovered that some third-country nationals have misused the residence permit for enterprise. After that incident the Police and Border Guard Board started with ex-post check, asked additional documents from the applicant to prove real investment to a company (bank transfers). Also, economic experts were involved in the business plan assessment process.

<sup>1</sup> Estonian Entrepreneurship Growth Strategy 2020, [http://kasvustrateegia.mkm.ee/index\\_eng.html](http://kasvustrateegia.mkm.ee/index_eng.html) ; National Reform Programme "Estonia 2020", <https://riigikantselei.ee/en/national-reform-programme-estonia-2020>; Made in Estonia 3.0, <http://black.velvet.ee/mkm/3.0/html/>

## Section 1: National frameworks for admitting third-country nationals for business purposes

For the national policies, the questionnaire asks first for information about the national policies in relation to **immigrant investors** (Sections 1.1 – 1.2) , then for **immigrant business owners** (1.3 - 1.4) and finally for **other business persons** (Sections 1.5 – 1.6)

### Section 1.1: Immigrant investors: overview of national policies

*This section asks for information on the national institutional framework and the main policy objectives in relation to **immigrant investors** from third-countries. It will provide a mapping of the national stakeholders involved in the design and implementation of the policies to attract such investors, and the incentives that apply.*

*EMN NCPs are asked to answer the following questions, at times guided by a non-exhaustive list of prompts.*

*Q1. How does the national legislation of your (Member) State define immigrant investors?*

Immigrant investor is not defined in Estonian national legislation. The reason might be that Estonian current national legislation does not foresee a special programme or scheme for admitting third-country nationals for the purpose of making a (substantial) financial investment to our economy. However, there are discussions going on to create a scheme for investors who have made a considerable investment to Estonian economy. As there is no consensus reached between different stakeholders on the requirements of this type of residence permit, the author will not discuss the proposals made for such residence permit.

Currently, third-country investors can visit and stay in Estonia for a short periods of time on the basis of a visa or according to the visa free scheme. There are no simpler visa rules made for immigrant investors. Thus, they have to meet the general requirements set for C-visa (Schengen visa) or D-visa (long-stay visa).

Schengen visas are issued in accordance with the regulation establishing a Community Code on Visas (Visa Code)<sup>2</sup>. Schengen visas are issued for transit and stays in the territory of the Member States not exceeding three months in any six-month period. Long-stay visas may be issued for single or multiple entries into Estonia with a period of stay up to six months and with a period of validity up to twelve months. Both types of visas may be issued for business purpose, although type D-visas are mainly issued for study, work or family relations.

In the visa application process documentation supporting the purpose of the journey must be submitted. When visiting Estonia for business reasons one of the following supporting documentation can be submitted: 1) confirmation letter from an organization organizing the meeting, conference or other event; 2) documentation that verifies business relationships, 3) invitations/ tickets to seminars, fairs etc.; 4) documentation verifying applicant´s involvement/status in a company<sup>3</sup>.

Thus, business people who do not need to reside in Estonia for at least 183 days in a year, can visit the country with a visa or according to the visa free scheme. For this group of business people Estonian government has foreseen a possibility to apply an e-resident status. Estonia is issuing e-resident digi-ID as of 1<sup>st</sup> December 2014.

An e-resident is a foreigner, for whom, as a benefit, Estonia has created a digital identity and issued digital identity card – an e-resident digi-ID, on the basis of the identification credentials of their own country of

<sup>2</sup> Regulation (EC) No 810/2009 of the European Parliament and the Council of 13 July 2009 establishing a Community Code on Visas (Visa Code), 15.09.2009, OJ L243/1

<sup>3</sup> [www.vm.ee](http://www.vm.ee)

citizenship. The e-resident digi-ID is a digital document that only can be used in the electronic environment in order to identify the person and to give digital signatures. The e-resident digi-ID enables a foreigner to participate in public and private administration of Estonia, notwithstanding their physical residence. Thus, the e-resident digi-ID allows the owner to register a company in Estonia electronically, use e-banking, e-tax board, sign documents digitally etc.

The e-resident digi-ID can be issued to a foreigner who has links with the country of Estonia or a reasonable interest in using public e-services in Estonia, and who:

- is not a foreigner who is residing in Estonia in terms of a residence permit or the right of residence;
- is not a foreigner who is staying in Estonia on the basis of the International Military Co-operation Act, and is holding an identity card or residence card issued by the Police and Border Guard Board.

The application for the e-resident digi-ID shall be personally submitted at the Police and Border Guard Board's service point, where all applicants are fingerprinted and security checks conducted. The decision on issue (or refusal) of an e-resident digi-ID shall be taken within 10 working days. E-resident digi-ID shall be issued to an applicant personally at the earliest opportunity at the service point. Probably at a later stage the application to receive a digi-ID can be submitted to an Estonian consular office.

*Q2a. Does your (Member) State have a specific policy, programme or scheme for immigrant investors?*

**No**

*Q2b. If yes, please provide more information about the specific policy, programme or scheme, including a) the name of the policy / programme / scheme: b) its main policy objectives (Neutral, pro-active); whether it targets c) specific investment types e.g. real estate, transfer of capital, national funds / bonds, business investments, endowment to public projects, mixed investments, joint ventures, etc. or d) economic sectors / geographical areas / strategic partners; and whether e) a quota / limitation system is in place to govern the number of entries or permits that can be issued to migrant investors?*

a) Name of policy / programme and legal basis

b) Main policy objectives

c) Type of investment (e.g. real estate, transfer of capital, national funds / bonds, business investments, endowment to public projects, mixed investments, joint ventures, etc.)

d) Priority national economic sectors / priority national geographical areas / countries of origin targeted / strategic partners required.

e) Quotas in place

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Q3a. What is/are the main actor(s) and institution(s) involved in the development of policies to attract immigrant investors? If multiple authorities are involved, how are they coordinated? Is there an official mandate – e.g. an Action Plan – governing the involvement of these authorities?

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Q3b. Which actor / institution is responsible for the promotion of the policy with the target group?

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Q4a. Does your (Member) State have specific measures in place to attract immigrant investors?

**Yes/No**

Q4b. If yes, Please complete the table below with regard to the (applicable) policy measures in place to attract immigrant investors in your (Member) State.

Measures	Brief description of the measure in the (Member State)
<b>What do these specific measures entail?</b> (active promotion / information dissemination / campaigns / events including in third countries, etc.)	
<b>Does a list of specific procedural facilitations for admission exist? If yes, please explain what they entail</b> (reduced costs, shortened processing time, reduced documentary requirements, minimum residence period required (per year), possibility of renewal, etc.)	
<b>Are there specific tax incentives?</b> (benefits, exemptions, etc.)	
<b>Does the possibility exist for immigrant investors to be accompanied by family members?</b> <b>Are family members allowed to access the labour market?</b>	
<b>Are immigrant investors granted access to social benefits?</b>	
<b>Are immigrant investors granted access to citizenship?</b>	
<b>Other</b> (please state)	

Q5a Does your (Member) State have any bilateral or other agreements in place with Third Countries to attract immigrant investors?

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Q5b. Does your (Member) State share information with other (Member) States? Does your (Member) State consult other (Member) States on the issuing of the documents listed in Q4.b to immigrant investors?

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## Section 1.2: Immigrant investors national policies: pre-arrival stage (admission criteria) and stay (renewal)

Section 1.2 aims at providing an overview of the admission criteria applied by (Member) States in order admit immigrant investors from third-countries to the national territory. The section also examines whether (Member) States require investors to submit an investment plan and the specific procedures in place with regard to this. Finally, this section touches upon also criteria linked to the renewal / withdrawal of their residence permit / long-stay visa.

EMN NCPs are asked to provide their answers to the questions below.

Q6a. Please indicate which of the list act as *criteria to admit immigrant investors* in your (Member) State in the table below. All listed requirements imply a Yes/No answer: in affirmative cases, EMN NCPs are asked to describe the criteria. If possible, EMN NCPs should also explain whether the same criteria apply to third-country nationals admitted to the national territory under a different immigration channel (family reunification, study, etc.) but willing to change their status into immigrant investors.

Admission criteria	Explanation	Do the same criteria apply to third-country nationals present in your Member State who have another status and are willing to change it into investor?
<b>Minimum financial amount to invest</b> (please indicate the financial amounts applied to each of the investment types identified above in Question 2b point c)		
<b>Source of the investment amount</b> (where does the investment originate)		
<b>Investment plan</b> If Yes, please complete the table in Q6b		
<b>Expected Impact of proposed investment in the Member State</b>		

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(economy, public life etc)		
<b>Minimum Education / Professional skills</b>		
<b>Language knowledge</b> (certification, pre-entry tests, mandatory courses, etc.)		
<b>Age requirement for applicants</b> (minimum / maximum)		
<b>Security / health / background checks in place</b> (fraud checks, previous bogus activities, money origin / money laundering, etc.)		
<b>Other</b> (please state)		

Q6b. In case an *investment plan* is required, EMN NCPs are asked to complete the table below. All listed requirements imply a Yes/No answer: in affirmative cases, EMN NCPs are asked to describe the requirements with additional information.

<b>Investment plan requirements</b>	<b>Explanation</b>
<b>Information required on legal aspects of the investment.</b>	
<b>Information required on the commercial and financial aspects</b> (nature of the investment, origin of the capital to invest, target groups, preliminary contracts, performance indicators, etc.)	
<b>National institution responsible for the assessment/ approval</b>	
<b>Duration of examination / due diligence phase</b>	
<b>Documentation required</b> (If a list exists, please report it here)	
<b>Review period</b>	

<b>Other</b>	
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Q6c. If the criteria for admission are satisfied, to what extent is it verified if investors invest in the way that is laid out in the investment plan (i.e. follow-up on the investment plan)?

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Q7. If the criteria for admission are satisfied what initial document is issued? Please provide any detail on:

- type of document issued (e.g. short-stay visa, authorisation to stay, long-stay visa, residence permit, etc.)
- its duration
- whether it is longer than the usual duration which applies to other categories of third-country nationals
- whether its validity differs (and how) from its renewal.

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Q8. Where and by which institution / organisation (internal or abroad) are the documents issued? (e.g. diplomatic mission in the third country; other responsible representative; intermediary agency, etc.)

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Q9. EMN NCPs are asked to provide information on the criteria to be met in case of extension of the document issued for the stay of immigrant investors. Please provide details of the type of document issued and its duration.

Renewal criteria	Explanation
<b>What are the requirements related to the purpose of stay (investment) that need to be met in order to prolong/extend the initial authorisation of stay/ long-stay visa/residence permit?</b>	

### Section 1.3: Immigrant business owners: overview of national policies

This section asks for information on the national institutional framework and the main policy objectives in relation to **immigrant business owners** from third-countries. It will provide a mapping of the national stakeholders involved in the design and implementation of the policies to attract business owners, and the incentives that apply.

EMN NCPs are asked to answer the following questions, at times guided by a non-exhaustive list of prompts.

Q9. How does the national legislation of your (Member) State define immigrant business owners?

<p>Estonia's national legislation does not explicitly define immigrant business owners. Aliens Act lays down certain criteria for immigrant business owners to settle in Estonia. According to the aforementioned Act immigrant business owners have the possibility to apply for a "residence permit for enterprise". The Aliens Act stipulates that temporary residence permit for enterprise may be issued if the settling of a third-country national in Estonia is significantly contributing to the development of the Estonian economy and the following conditions are met:</p> <p>1) a third-country national has a holding in a company or he/she operates as a sole proprietor;</p>
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- 2) the company or the sole proprietor is entered into the commercial register of Estonia;  
 3) a third-country national has sufficient monetary resources for engaging in enterprise in Estonia.

Thus, both self-employed persons as well as shareholders of a company have the possibility to apply for a residence permit for enterprise in Estonia.

Q10a. Does your (Member) State have a specific policy, programme or scheme for immigrant business owners?

**Yes / No**

Q10b. If yes, please provide more information about the specific policy, programme or scheme, including a) the name of the policy / programme / scheme: b) its main policy objectives (Neutral, pro-active); whether it targets c) specific typ of businesses and / or d) economic sectors / geographical areas / strategic partners; and whether d) a quota / limitation system is in place to govern the number of entries or permits that can be issued to immigrant business owners?

a) Name of policy / programme

*Residence permit for enterprise*

*Estonia is issuing residence permit for enterprise to third-country business owners. This can be considered a scheme to facilitate the admission of third-country business owners.*

b) Main policy objectives

*The purpose of the grant of residence permit for enterprise is to contribute to the establishment of such companies and branches of foreign companies in Estonia and the settling of sole proprietors and their activities in Estonia which would significantly contribute to the development of the Estonian economy.*

c) Type of business (e.g. any specific sector, knowledge-based sector, start-up / spin-off, etc.)

*There are no limits set to the type of businesses that immigrant business owners can own or invest in the framework of the residence permit for enterprise scheme. Of course there are other policy documents that prefer investments to knowledge-based sector or sectors with a higher value<sup>4</sup> (e.g. ICT, R&D).*

*Estonia is also supporting start-up companies. For that reason amendments were made to the Aliens Act in September 2013, which included simpler rules for establishing a start-up company in Estonia (e.g. no minimum investment is needed in certain cases, simpler rules to hire workforce etc.).*

d) Priority national economic sectors / priority national geographical areas / countries of origin targeted / strategic partners required.

*In the residence permit for enterprise scheme there are no priority national economic sector or geographical areas named. There are no restrictions made to foreign investors in which sector or region they can establish their company or which country they are from. In the process of issuing the residence permit the value to Estonian economy that establishing a company in Estonia brings with, is assessed.*

e) Quotas in place

*Estonia has in place annual immigration quota, which applies to third-country nationals, including immigrant*

<sup>4</sup> Estonian Entrepreneurship Growth Strategy 2014–2020, [http://kasvustrateegia.mkm.ee/index\\_eng.html](http://kasvustrateegia.mkm.ee/index_eng.html)

business owners. The annual immigration quota is set each year by the Government, and it cannot be more than 0.1% of the permanent population. Usually the annual immigration quota is set around 1000 persons per year, i.e. 0.75% of the permanent population. Within the limits of the immigration quota, the Minister of the Interior may, by a ruling, establish a distribution of the immigration quota according to the grounds for application and the basis for the issue of a residence permit, as well as the temporal distribution within a year.

As seen from the table below more than 90% of residence permit issued for business purposes in the years 2010-2012 are issued under the quota system (Table 1). In 2013, the respective percentage was 80%. Citizens of US and Japan are not included in calculating the fulfilment of the immigration quota.

**Table 1. Number of residence permits issued for enterprise and number of permits for enterprise issued under immigration quota**

	2010	2011	2012	2013
Total number of residence permits issued for business reasons	68	142	61	54
Residence permits issued for business purposes under the annual quota system	62	137	56	43
(%)	91%	96%	92%	80%

Source: Police and Border Guard Board

Q11a. What is/are the main actor(s) and institution(s) involved in the development of policies to attract immigrant business owners? If multiple authorities are involved, how are they coordinated? Is there an official mandate – e.g. an Action Plan – governing the involvement of these authorities?

There are several actors involved in the development and implementation of policies to attract immigrant business owners. The area of immigration and visa policy is developed by the Ministry of Interior and implemented by Police and Border Guard Board. Meaning that residence permits which are issued to third-country national business owners to enter, reside and work in Estonia are issued by the Police and Border Guard Board.

Country's general policy to attract business owners and foreign investors is regulated by the Ministry of Economic Affairs and Communication. As of March 26, 2014 the Ministry is divided between two ministers and one of them (Anne Sulling) is specifically responsible for foreign trade and entrepreneurship. The Ministry of Economic Affairs and Communications devises and implements its policies in close co-operation with Enterprise Estonia, a government agency, which offers for both Estonian enterprises and foreign investors support in the business context. More specifically the Estonian Investment Agency (EIA), division of Enterprise Estonia, is promoting foreign investments in Estonia and assisting international companies in finding business opportunities in Estonia.

Furthermore, Ministry of Foreign Affairs is involved in the development and implementation of visa policy and promoting Estonia as a business destination via its embassies and consular offices.

11b. Which actor / institution is responsible for the promotion of the policy with the target group?

Main institution responsible for the promotion of the policy with the target group is Enterprise Estonia via Estonian Investment Agency (EIA).

EIA offers comprehensive, one-stop investment consultancy services, free of charge, which are always tailored to meet potential and existing investors' precise needs. Their goal is to increase the awareness of business

opportunities in Estonia and the image of Estonia as an attractive country for investments in order to help investors to be more successful in their global markets. EIA's activities focus on the target markets where their foreign representations are located, like in Finland, Sweden, Russia, Germany, Great Britain, Ukraine, Japan, United States of America and China. Representative of EIA work in these markets to bring foreign investments to Estonia by organising contact events and business missions for foreign investors and advising them personally, as well as by organising awareness and reputation-creating events (ads in the foreign press, visits for the journalists, trade fairs, contact days, presentations at the seminars etc.).

Furthermore, Enterprise Estonia offers services for all potential foreign investors on the general bases through the website [www.investinestonia.com](http://www.investinestonia.com)<sup>5</sup> meant for foreign investors by providing the macroeconomic and sector-specific information, up-to-date information on the entrepreneurship, investments and activities of Enterprise Estonia. They also offer the opportunity for submission of the individual inquiries regarding Estonian business environment, admission rules for third-country business men etc.

For finding jobs in Estonia and get information on Estonia's labour market Enterprise Estonia also created a webpage [www.workinestonia.ee](http://www.workinestonia.ee) for foreigners.

Q12a. Does your (Member) State have specific measures to attract immigrant business owners?

**Yes/No**

Q12b. If yes, Please complete the table below with regard to the policy measures in place to attract immigrant business owners in your (Member) State.

Measures	Brief description of the measure in the (Member State)
<p><b>What do these specific measures entail?</b> (active promotion / information dissemination / campaigns / events including in third countries, etc.)</p>	<p>One aim of Enterprise Estonia via Estonian Investment Agency is to promote Estonia as a business destination and to find investors to internationalise local businesses. For that reason Enterprise Estonia is creating reputation and contact events with the objective to create the positive image of Estonia and the Estonian economic environment and establish contacts with the potential partners of the Estonian companies. Therefore, Enterprise Estonia has established its representations on site at the foreign markets in ten countries. Almost half of the representations are in third countries: in USA (Silicon Valley), China (Shanghai), Japan (Tokyo) and Russia (Moscow and St. Petersburg).</p> <p>Enterprise Estonia works at these target markets to involve foreign investments in Estonia by organising the contact events and business missions for the foreign investors and advising them personally. In addition they organise awareness and reputation-creating events, which might include ads in the foreign press, visits for the journalists, trade fairs, contact days, presentations at the seminars etc.</p> <p>Enterprise Estonia has also created a webpage (<a href="http://www.investinestonia.com">www.investinestonia.com</a>) for foreign investors, that promotes Estonia has a business hub in Northern Europe. Booklets on immigration rules and business environment are also available for information purposes for foreign investors (e.g. a special</p>

<sup>5</sup> <http://www.investinestonia.com/en/>

	handbook "Destination: Estonia – Relocation Guide").
<p><b>Does a list of specific procedural facilitations for admission exist? If yes, please explain what they entail</b> (reduced costs, shortened processing time, reduced documentary requirements, minimum residence period required (per year), possibility of renewal, etc.)</p>	<p>There are some procedural measures which make the admission rules easier to third-country businessmen compared to other groups of immigrants. For example residence permit for enterprise can be applied from the Police and Border Guard Board in cases<sup>6</sup>:</p> <ul style="list-style-type: none"> <li>-the company or the branch of a foreign company has been entered into the register in Estonia for at least four months before the submission of the application for a residence permit and the applicant has been engaged in business activities in Estonia during at least four previous months and the alien is staying in Estonia on the basis of a visa or visa-free in relation to the activities of the company or the branch of a foreign company.</li> <li>- the third-country national is applying for a residence permit for enterprise in a start-up company.</li> </ul> <p>Thus, in these two cases the immigrant business owner does not need to start the application process abroad in an Estonian consulate, which is the general rule, but can apply for a residence permit in Estonia.</p> <p>There is a minimum residence period required per year. A third-country national has to stay in Estonia for at least 183 days per year to keep a temporary residence permit. As business people usually travel a lot for business reasons, then the possibility of registration of absence from Estonia is foreseen with the national legislation. Thus, if a third-country national who holds a residence permit, wishes to stay outside Estonia for more than a total of 183 days during a year, he/she is required to register his/her absence from Estonia in the Police and Border Guard board. It is possible to register the absence from Estonia for up to two years at a time. If the third-country national fails to register his/her absence and he/she stays outside of Estonia for more than half a year, then this is a reason to revoke the residence permit issued to him/her.</p>
<p><b>Do specific support measures exist?</b> (financial / logistic, business support to applicants to establish a business plan, recognition of qualification etc.)</p>	<p>Enterprise Estonia is offering different support possibilities and solutions to help a starting entrepreneur kick-start their business. They offer comprehensive information to starting businesses, starting with information on the web and ending with personal counselling under the mentoring program. Enterprise Estonia also organizes training days for new entrepreneurs on how to start a company, write a business plan etc.</p> <p>In addition, starting companies can apply for direct aid. Entrepreneurs may apply for start-up grant (max. 5000 EUR), which provides support for starting companies in investments related to starting a business. Or development grant (max. 32,000 EUR), which provides additional financial means for developing a growing an exporting start-up company.</p>
<p><b>Are there specific tax incentives?</b> (benefits, exemptions, etc.)</p>	No.

<sup>6</sup> Aliens Act Article 216, [www.riigiteataja.ee](http://www.riigiteataja.ee)

<p><b>Are immigrant business owners granted access to social benefits?</b></p>	<p>All third-country nationals who hold a valid residence permit in Estonia have access to social benefits. Furthermore, if they work in the company and social tax is paid from the payments made to the employee, then they have access to national health insurance as well. Otherwise they must have a private health insurance policy guaranteeing that any costs related to their medical treatment as a result of illness or injury during the period of stay in Estonia will be met.</p> <p>Immigrant business owners who work as a member of the management body or procurator have no possibility to register as unemployed person as of May 1<sup>st</sup> 2014. Thus, they cannot receive benefits and support services foreseen for unemployed persons.</p>
<p><b>Are immigrant business owners granted access to citizenship?</b></p>	<p>There are no restrictions made to immigrant business owners to be granted access to citizenship. They have to fulfil the general requirements set for naturalization.</p>
<p><b>Does the possibility exist for immigrant business owners to be accompanied by family members?</b></p> <p><b>Are family members allowed to access the labour market?</b></p>	<p>Yes.</p> <p>Estonia has not imposed any limitations to immigrant business owners to reunite with family members or arrive with family members. Regulation of the Aliens Act rather facilitates family reunification. Meaning that the requirement for prior residence of a spouse in Estonia for at least two years is not applied if the other spouse has received a residence permit for enterprise<sup>7</sup>.</p> <p>In addition to a spouse, the national legislation foresees the possibility to arrive or reunite with minor child, an adult child, if the child is unable to cope independently due to health reasons or a disability, and a ward in order to settle with the guardian.</p> <p>The reunification of parents or grandparents is only foreseen in case the parent need care and the sponsor has a long-term residence permit. Thus, there is no immediate possibility to arrive to Estonia with parents or grandparents.</p> <p>There are no limitations for family member to access the labour market. If family members are issued a temporary residence permit they receive a right to work as well. There is no separate work permit needed.</p>
<p><b>Other</b> (please state)</p>	

*Q13a Does your (Member) State have any bilateral or other agreements in place with Third Countries to attract immigrant business owners?*

Internal law and international agreements protect foreign investments in Estonia. Estonia has concluded treaties for the protection of investments with 31 countries including third-countries like USA, Turkey, Morocco, Azerbaijan, Jordan, Moldova, China, Vietnam, United Arab Emirates, Kazakhstan, Ukraine, and Israel. Other countries that have concluded an agreement on the reciprocal promotion and protection of investments are EU and EEA member states, like Germany, France, Finland, Sweden, Norway and Switzerland

<sup>7</sup> Aliens Act, Article 137 (3), [www.riigiteataja.ee](http://www.riigiteataja.ee)

(you may find a complete list of countries in the table 2 below).

Also agreements on avoiding double taxation are made with 53 countries including EU countries. Out of those 53 countries 25 are third-countries like Albania, USA, Mexico, Moldova, Russia, Turkey, Singapore, Thailand etc.

Although, there are agreements in place to promote investments and protect investments between Estonia and countries named in the table below, these international agreements do not regulate (simple) admission rules for immigrant business owners to enter or reside in the country.

**Table 2. International agreements that Estonia has concluded for the protection of investments and on avoiding double taxation**

Type of agreement/ Countries	reciprocal promotion and protection of investments	avoiding double taxation
United States of America	X	X
Albania		X
Armenia		X
Azerbaijan	X	X
Bahrein		X
Belorussia		X
Canada		X
China	X	X
Georgia		X
India		X
Israel	X	X
Jordan	X	
Kazakhstan	X	X
Korea		X
Macedonia		X
Mexico		X
Moldova	X	X
Morocco	X	
Russia		X
Serbia		X
Singapore		X
Thailand		X
Turkey	X	X
Turkmenistan		X
Ukraine	X	X
United Arab Emirates	X	X
Uzbekistan		X
Vietnam	X	

Source: Riigi Teataja

Q13b. Does your (Member) State share information and coordinate its policies with other (Member) States? Does your (Member) State consult other (Member) States on the issuing of the documents listed in Q15 to immigrant business owners?

No.

### Section 1.4: Immigrant business owners national policies: pre-arrival stage (admission criteria) and stay (renewal)

Section 1.4 aims at providing an overview of the admission criteria applied by (Member) States in order admit immigrant business owners from third-countries to the national territory. The section also examines whether (Member) States require business owners to submit a business plan and the specific procedures in place with regard to this. Finally, this section touches upon also criteria linked to the renewal / withdrawal of their residence permit / long-stay visa.

EMN NCPs are asked to provide their answers to the questions below.

Q14a. Please indicate the criteria to admit immigrant business owners in your (Member) State in the table below. All listed requirements imply a Yes/No answer: in affirmative cases, EMN NCPs are asked to describe the criteria. If possible, EMN NCPs should also explain whether the same criteria apply to third-country nationals admitted to the national territory under a different immigration channel (family reunification, study, etc.) but willing to change their status into immigrant investors. If possible, EMN NCPs should also explain whether the same criteria apply to third-country nationals admitted to the national territory under a different immigration channel (family reunification, study, etc.) but willing to change their status into immigrant investors.

Admission criteria	Explanation	Do the same criteria apply to third-country nationals present in your Member State who have another status and are willing to change it into business owners?
<b>Evidence of entrepreneurial skills</b> (experience in running businesses, turnover of activities in the country of origin, etc.)	No.	
<b>Minimum level of educational achievement / professional skills</b> (please specify)	No.	
<b>Evidence of capital</b> (minimum sum required)	<p>Yes.</p> <p><b>Company</b></p> <p>An alien who has a holding in a company is required to have the capital in the amount of at least 65,000 euros, which is invested in business activity in Estonia.</p> <p>Investment can be: 1) equity capital, 2) subordinated liability and 3) registered amount of fixed assets of a company.</p> <p>The investment requirement applies to each applicant, not per company.</p> <p><b>Sole proprietor</b></p> <p>A sole proprietor is required to have the capital in the amount of at least 16,000 euros invested in Estonia.</p>	Same requirements.

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	<p><b>Start-up company</b></p> <p>No investment requirement for those companies that have been registered in Estonia for less than 12 months and have received investment or loan from the state or a private management company licenced by the Financial Supervision Authority or a support from a public support measure to start a company.</p>	
<p><b>Contribution to the economy / employment of the (Member) State</b> (<i>national interest, "jobs - created", contribution to specific sector, innovativeness of activity, introduction of new technologies, etc.</i>)</p>	<p>Yes.</p> <p>Aliens Act names contribution to Estonian economy as the overall purpose of granting the residence permit for enterprise. The Act does not list specific criteria based on which to assess the contribution, besides the minimum investment. The contribution to the economy is evaluated by the special "residence permit committee", which makes the suggestion to the Police and Border Guard whether to grant the residence permit or not to the applicant. The assessment is mainly made based on the business plan and other supporting documents. The contribution to the Estonian economy may be taxes paid, jobs created etc.</p>	
<p><b>Business plan</b> <i>If a business plan is required, please complete the table in Q14b</i></p>	<p>Yes.</p> <p>In the residence permit application process, third-country nationals are requested to submit the description of the business plan on the basis of which it is possible to assess if the grant of a residence permit to him/her is in compliance with the purpose of the residence permit for enterprise.</p> <p>The business plan shall be submitted in Estonian or English language.</p>	<p>Same requirement.</p>
<p><b>Language knowledge</b> (<i>certification, pre-entry tests, mandatory courses, etc.</i>)</p>	<p>No.</p>	
<p><b>Age requirement for applicants</b> (<i>minimum /</i></p>	<p>There are no restrictions to persons who can be a shareholder of a company. However, as the purpose of the residence</p>	<p>Same requirement.</p>

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<i>maximum)</i>	permit for enterprise is to be actively involved in company's management activity, then labour legislation applies here. According to that labour contract can be conclude with persons from the age of 15 years. Restrictions apply to all minors when they work (e.g. limited hours).	
<b>Insurance requirement</b> <i>(personal and/or for the investment)</i>	Yes. Personal health insurance policy is required from immigrant business owners during their temporary stay in Estonia. The health insurance policy should guarantee that any costs related to third-country nationals' medical treatment as a result of illness or injury during the period of stay in Estonia will be met.	Same requirement.
<b>Security / background checks in place</b> <i>(fraud checks, tax avoidance, previous bogus activities, money origin / money laundering, etc.)</i>	Yes. Immigrant business owners have to submit evidence on the trustworthiness of his/her own current and planned business activities or of the company, of the business associates or financial resources when applying a residence permit for enterprise. Otherwise they may be refused of granting a residence permit.  In addition Aliens Act places personal requirements to the applicant as well as to the company. According to the Article 195 of the Aliens Act residence permit is not granted in case: 1. the explanations of the third-country national about his/her own current and planned business activities or about the company are not convincing or are controversial; 2. lack of sufficient explanations on how his/her own activities or the activities of a company would contribute to the achievement of the purpose of the temporary residence permit for enterprise; 3. the current activities of the third-country national or a company are not in accordance with the plans in the description of the business plan; 4. third-country national has failed to meet the condition related to the temporary stay, residence and employment in Estonia arising from any national law.	Same requirements.

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Q14b. In case a business plan is required, EMN NCPs are asked to complete the table below. All listed requirements imply a Yes/No answer: in affirmative cases, EMN NCPs are asked to describe the requirements with additional information:

<b>Business plan</b>	<b>Explanation</b>
<b>National institution responsible for the approval / Self-assessment</b>	In the residence permit proceedings an immigrant business owner has to submit the description of the business plan on the basis of which it is possible to assess if the grant of a residence permit to him/her is in compliance with the purpose of the grant of the residence permit for enterprise. The business plan is assessed by the Police and Border Guard Board, where a commission was formed to evaluate if the planned business activities have a positive impact to Estonian economy or not, and if the planned activities are realistic. Economic experts (from Estonian Unemployment Fund, Enterprise Estonia, Estonian Chamber of Commerce and Industry) are involved in the commission's work to help the case-officer assess the impact to Estonian economy. Furthermore, information from the Estonian Tax and Customs Board is asked regarding taxes the company as payed.
<b>Information required on legal aspects of the business</b> (form of the business, principal activity, subsidiary of existing activity)	Usually in the business plan the form of the business is described, its principal and/or subsidiary activities.
<b>Information required on the commercial and financial aspects</b> (type of business / services, origin of the capital to invest, target groups, preliminary contracts, nature of the investment, performance indicators, feasibility analysis, etc.)	The description of the business plan should include at least the business idea. Thus, it must contain the following information: proposed action of the company, potential customers and suppliers, development plans, equipment at the disposal of the company, capital resources, and labor employed.  Furthermore, the business plan should include financial projections of the company for the next two years. Thus, in the business plan the profit forecast, balance sheet and cash flow forecast should be indicated.
<b>Duration of examination of the business plan</b>	The business plan is examined within 2 months, i.e. the processing time for the residence permit for enterprise.
<b>Documentation required</b> (please provide a list of the documents required)	CV-s of persons who carry out managing and supervisory function in the company.
<b>Review period</b>	When the residence permit for enterprise is extended, then in some cases (based on necessity or risk analysis) the business plan is reviewed by the residence permit commission based in the Police and Border Guard Board.
<b>Other</b>	

Q15. If the criteria for admission are satisfied what initial document is issued? Please provide any detail on:

- *type of document issued (e.g. short-stay visa, authorisation to stay, long-stay visa, residence permit, etc.),*
- *its duration*
- *whether it is longer than the usual duration which applies to other categories of third-country nationals*
- *whether its validity differs (and how) from its renewal.*

If the applicant meets the admission criteria a residence permit for enterprise is granted to him/her for up to 5 years<sup>8</sup>. However the national legislation gives the opportunity to issue the permit for a shorter period than five years in case there is no evidence provided of the trustworthiness of current or planned business, or business associated or finances. Furthermore, the duration of residence permit may be shorten when the business activities of the company, whether current or planned, are not convincing or controversial<sup>9</sup> or there is doubt that issuing a residence permit does not significantly contribute to the achievement of the purpose of the temporary residence permit for enterprise.

The length of the residence permit issued to an immigrant business owner is suggested by the "Residence permit Commission", which evaluates the business plans and the value of the business to Estonian economy.

The maximum length of residence permit issued to business owners is longer than residence permits issued to other categories of migrants. For example, labour migrants may receive a residence permit valid up to 2 years, students receive a permit for up to 1 year and residence permit issued to family migrants is valid for 1-3 years. All the residence permits are renewable and are extended for the same time period.

Temporary residence permit for business owners can be extended by five years at a time from the date of the grant or extension of the temporary residence permit for enterprise. However, the time period can be shorten for the same reasons as for issuing the first permit. Documents for the residence permit extension should be submitted at least 2 months prior expiry of the valid residence permit. It should be done in person at a Service Office in case the applicant has to be fingerprinted. If less than 2 years have passed from the previous applying for residence permit and from capturing of fingerprints, the applicant can also apply for extension of residence permit by post or by e-mail.

The decision on extension or refusal to extend the temporary residence permit is made at the latest 10 days prior the expiry of the validity term of the temporary residence permit. The residence card is issued at the Service Office of the Police and Border Guard Board.

*Q16. Where and by which institution / organisation (internal or abroad) are the documents issued? (e.g. diplomatic mission in the third country; other responsible representative; intermediary agency, etc.)*

According to the general regulation applicants for temporary residence permit have to submit their applications in person to a foreign representation of the Republic of Estonia, where it is sent to the Police and Boarder Guard Board for decision-making. That rule also applies to immigrant business owners. However, there are some exceptions made to some group of business immigrants, who may submit their residence permit application in Estonia. The application for residence permit may be submitted in Estonia in case<sup>10</sup>:

- the company has been registered in Estonia at least 4 months prior the submission of an application for residence permit;
- the company has conducted business activities in Estonia at least during the last 4 months;
- the person is staying in Estonia legally on the basis of visa-free stay or visa in connection with the activities of the company.

Thus, business owners who have entered Estonia with a visa (or visa free) for business purposes have the opportunity to apply a residence permit in the country directly from the Police and Border Guard Board. Granting or refusal of temporary residence permit is decided within 2 months from the acceptance of the application. In case of granting a residence permit, a residence card is issued within 30 days at the foreign

<sup>8</sup> Aliens Act § 197<sup>1</sup> [www.riigiteataja.ee](http://www.riigiteataja.ee)

<sup>9</sup> Aliens Act § 195 [www.riigiteataja.ee](http://www.riigiteataja.ee)

<sup>10</sup> Aliens Act § 216 [www.riigiteataja.ee](http://www.riigiteataja.ee)

representation of the Republic of Estonia or at the Police and Border Guard's Service Office.

Q17. EMN NCPs are asked to complete the information requested in the table below in relation to registration of businesses by immigrant business owners in your (Member) State::

Registration of businesses by immigrant business owners in your (Member) State	Explanation
<b>National institution responsible for the registration of the business in the (Member) State</b>	All legal entities and self-employed persons are entered in the <a href="#">Commercial Register</a> . The commercial register is maintained by the registration departments of the county courts. Overall, this register belongs in the administrative area of Ministry of Justice.
<b>Type of business</b> (main business, subsidiary or branch. Please explain whether it is a transparent or non-transparent entity for tax reasons, i.e. determining if the business owners registers himself/herself as an individual or as a legal entity).	<p>According to the Commercial Code there are five forms of business entities, which are created by entry into the Commercial Register:</p> <ul style="list-style-type: none"> <li>- private limited company;</li> <li>- public limited company;</li> <li>- general partnership;</li> <li>- limited partnership;</li> <li>- branch of foreign company.</li> </ul> <p>Thus, the immigrant owner registers in the Commercial Register a legal entity, where he/she has invested capital, i.e. is a shareholder.</p> <p>The most popular type of legal entity being set up by foreigners in Estonia is the private limited company. This is due to their most essential characteristic the limitation of the shareholders' liability. According to Statistics Estonia two thirds of the companies' which have been registered in Estonia are private limited companies.</p> <p>In <b>private limited company</b> and also <b>public limited company</b> a shareholder is not personally liable for the obligations of the company. The company is liable for the performance of its obligations with all of its assets. Both types of businesses must have a management board, which is a directing body. Besides the management board public limited company must have a supervisory board. If more than half of the board members are not residing in Estonia, then the company must provide the Commercial Register with a contact in Estonia where necessary documents can be sent. The foreign owner must give the Commercial Register his/her address and e-mail address.</p> <p><b>General partnership</b> and <b>limited partnerships</b> are commercial undertakings in which two or more partners operate under a common business name. In these types of businesses only the general partners are liable for the obligations of the partnership with all of their assets. There is no minimum capital requirement and partners make monetary or non-monetary contributions in the amount prescribed by the partnership agreement.</p> <p><b>Branch of foreign company.</b> If a foreign commercial undertaking wants to permanently offer goods or services in its own name in Estonia, it should enter its branch in the Commercial Register. A branch is not a legal person. The company is liable for the obligations arising from the activities of the branch. A</p>

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	<p>foreign company must appoint a director or directors for the branch. The residence of at least one director must be in Estonia, in a member state of EEA or in Swiss Confederation.</p> <p>In addition to the above-named entities, the Commercial Code stipulates that any natural person may act as a <b>self-employed entrepreneur</b> (also named sole proprietorship). He/she only has to register him-/herself in the Commercial Register. A sole proprietor is liable for his/her obligations with all his/her assets.</p>
<p><b>Place of registration of business</b> (in the (Member) State or in the country of origin / a third country. Is it mandatory for a third country national to be present in a country when registering a business or can this be done outside (using an agent / third party)?</p>	<p>In Estonia, there is two possibilities to register a company or sole proprietorship:</p> <ol style="list-style-type: none"> <li>1. Electronic filing request to the <b>Commercial Register</b>: possible for the holders of Estonian, Portuguese, Finnish and Belgian ID-card or Lithuanian Mobile-ID</li> <li>2. Or verification of foundation documents by the notary who will present those to the Commercial Register.</li> </ol> <p>The second option, which is more likely for new immigrant business owners, demands that he/she comes to Estonia and starts the registration process in the notary's office. Or when at least one of the founders cannot use digital signing of the documents, the documents should be verified by the notary at the notary's office as well.</p> <p>For entering a company in the Commercial Register, the founders must draft a Memorandum of Association, and also approve the Articles of Association of the private limited company as an annex to the Memorandum of Association. Both documents must be notarised and signed by all founders. A representative of a founder may sign the documents approved thereby, if the authorisation document granted to the representative is notarised. In case the third-country national also belongs to the managing body, he/she must be present at the notary's office.</p>
<p><b>Main requirements for registration of business</b> (capital, employees. Please state whether the requirements is different from that applied to EU nationals)</p>	<p>The requirements set for registration of a business are the same for EU citizens and to third-country nationals. The differences come to play when the third-country national business owner wishes to apply a residence permit to stay in Estonia. Then the requirements set for residence permit application apply as well. This means that the minimum investment made to the company is regulated and according to the general regulation it's higher for third-country nationals then to EU citizens.</p> <p><b>Capital:</b></p> <p>According to the Commercial Code the minimum share capital for establishing a Private Limited Company is 2,500 EUR. To establish a Public Limited Company the minimum share capital is 25,000 EUR. There is no minimum share capital for other types of businesses. This is a general regulation and applies to EU nationals as well as to third-country nationals. However, if a third-country national applies a right to resided in Estonia (a residence permit), because of his/her business activities here, then requirements set for residence permit for enterprise apply. That means, the immigrant business owner has to invest in the business activity at least 65,000 euros or 16,000 euros if he/she is self-employer.</p>

	<p><b>Employees:</b></p> <p>There is no obligation of creating new workplaces in a company when applying a residence permit. However, the purpose of the residence permit for enterprise is among other thing to facilitate the establishment of new workplaces. For that reason an amendment was made in the Aliens Act in 2012, where the possibility was given to replace the requirement of the minimum capital of 65,000 euros with the amount of social tax paid for the employees. More precisely the Act stipulates that after one year has passed from the issue of a residence permit, the capital of 65,000 euros may be replaced with the amount of social tax paid monthly for the persons employed by the company, which should be at least equal with the social tax paid from fivefold Estonian annual average gross wages. Thus, the legislation does not stipulate the number of workplaces (to be) created or the salary paid to employees, but foresees general criteria.</p> <p><b>The process of establishing a company</b></p> <ul style="list-style-type: none"> <li>• Choosing the right legal form</li> <li>• Choosing and checking the business name from the Commercial Register.</li> <li>• Verification of foundation documents by the notary or electronic filing request to Commercial Register.</li> <li>• Acquiring licenses (if necessary)</li> <li>• Entry in the Commercial Register</li> <li>• Registration in the local tax office (if a person is liable to value added tax)</li> <li>• Registration in the Register of Economic Activities (if necessary)</li> <li>• Registration of employees (electronically in the Estonian Tax and Customs Board)</li> </ul> <p>The foundation documents should set out the following details:</p> <ul style="list-style-type: none"> <li>• the business name and address of the company;</li> <li>• the names and residences of the founders;</li> <li>• the proposed amount of share capital;</li> <li>• the number of shares and the division of shares among the founders;</li> <li>• information on the members of the management board and supervisory board, and the auditor; information on procurators, if appointed.</li> </ul>
<p><b><i>Does your (Member) State impose restrictions to admit immigrant business owners based on the type of business, the specific sector or their country of origin?</i></b></p>	<p>Business activities of immigrant business owners may be limited in order to ensure public security and safety of residents. There are several sectors where restrictions are imposed to companies which are active in the areas where a licence is required. To receive the licence among other things personal requirements are set for board members of private legal entity (including major shareholders). Meaning that higher requirements for previous experience, competence and reputation are set for these persons. Thus, if a third-country national applies a residence permit for enterprise in sectors where licence is needed, the applicant needs to provide evidence that there are no circumstances which would preclude his or her nomination as a member of the management body, procurator or the acquisition of a major holding or prohibit</p>

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	<p>to be an actual beneficiary<sup>11</sup>.</p> <p>For example, in sectors related to weapons and ammunition, the licence is issued only to a person who is a citizen of European Economic Area (EEA) or a legal person established in the EEA<sup>12</sup>. Likewise the Security Act stipulates that the Government may establish restrictions on the amount of capital belonging to citizens or legal persons of states which are not members of the EEA in the composition of the assets of security firms<sup>13</sup>. Also companies offering financial services higher requirements are set for receiving a licence.</p> <p>There might be some limits also working in the regulated professions. For example, Bar Association Act limits the activities of advocates of foreign state<sup>14</sup>, who may not practise on a permanent basis in Estonia and need to represent a client in the court with a sworn advocate, i.e. who is Member of Estonian Bar Association.</p> <p>Thus, depending on the area of activity, there might be some limits for immigrant business owners. With the temporary residence permit issued for entrepreneurs, the areas of activity permitted for the undertaking and, where necessary, the licensed territory is established. If the area of activity or region is limited with the residence permit, a note of that is made in the national registry of residence permits.</p>
<b>Other</b> (health, etc.)	No.

Q18. EMN NCPs are asked to provide information on the criteria to be met in case of extension of the document issued for the stay of immigrant business owners. Please provide details of the type of document issued and its duration.

Renewal criteria	Explanation
<b>What are the requirements related to the purpose of stay (business) that need to be met in order to prolong/extend the initial authorisation of stay/ long-stay visa/residence permit?</b>	<p>Residence permit for enterprise can be extended if the requirements set for issuing the first permit are met again. Meaning that the previous activities of the immigrant business owner has been in compliance with the requisite conditions set for the grant and extension of the residence permit. As an exception the investment of 65,000 euros may be replaced with one of the following conditions:</p> <ul style="list-style-type: none"> <li>the sales revenue of a company is at least 200,000 euros per year or</li> <li>the social tax paid in Estonia monthly for the persons employed by the company is at least equal with the social tax paid in Estonia monthly on the remuneration equalling fivefold Estonian annual average gross wages.</li> </ul> <p>Also the Aliens Act Article 195 stipulates additional grounds for refusal to extend temporary residence permit and revocation thereof. The following reasons are mentioned:</p> <ul style="list-style-type: none"> <li>third-country national does not provide evidence of the trustworthiness of his/her own current and planned business activities or of the company, of the business associates or financial resources</li> </ul>

<sup>11</sup> Aliens Act Article 192 (2), RT I 2010, 3, 4 [www.riigiteataja.ee](http://www.riigiteataja.ee)

<sup>12</sup> Weapons Act Article 66-67, RT I 2001, 65, 377, [www.riigiteataja.ee](http://www.riigiteataja.ee)

<sup>13</sup> Security Act, Article 16, [RT I 2003, 68, 461](http://www.riigiteataja.ee)

<sup>14</sup> Bar Association Act, Article 74, RT I 2001, 36, 201

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	<ul style="list-style-type: none"> <li>• the explanations of his/her own current and planned business activities or about the company are not convincing or are controversial;</li> <li>• third-country national does not provide evidence that his/her stay in Estonia on the basis of the residence permit would significantly contribute to the achievement of the purpose of the temporary residence permit for enterprise</li> <li>• third-country national does not provide evidence of how his/her own activities or the activities of a company would contribute to the achievement of the purpose of the temporary residence permit for enterprise;</li> <li>• the current activities of the third-country national or a company are not in accordance with the plans in the description of the business plan;</li> <li>• the current activities of the third-country national or a company are not in accordance with the purpose of the temporary residence permit for enterprise;</li> <li>• third-country national has failed to meet the condition related to the temporary stay, residence and employment in Estonia of an alien arising from this Act or any other law.</li> </ul>
<p><b>Is there a requirement that a business is active during the extension of permits?</b></p> <p><b>If so, what indicators are used to assess this?</b> (volumes of turnover, amount of paid taxes, staff employed, compliance of immigrant investors and their investment, etc.)</p> <p><b>Who assesses this information?</b></p>	<p>Yes.</p> <p>The investment made to the business has to be active during the extension of the residence permit. This is assessed based on the following criteria:</p> <ul style="list-style-type: none"> <li>- the investment of 65,000 euros made in the business activity still exists</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>- sales revenue of the company is at least 200,000 euros per year</li> </ul> <p>or</p> <ul style="list-style-type: none"> <li>- social tax paid by the company for employees is at least in the amount of the social tax paid in Estonia monthly on the remuneration equalling fivefold Estonian annual average gross wages.</li> </ul> <p>The applicant submits proof that at least one of the above mentioned requirements is fulfilled when extending the residence permit. At the request of the Police and Border Guard Board the Tax and Customs Board is submitting the data about the remuneration on which the company has paid social tax. This information is assessed by the case-officer who is looking through the application for residence permit extension.</p>
<p><b>Are there time-related requirements during which a business needs to have been started up, taxes paid and staff employed in order to get the validity of the document extended?</b></p>	

### [Section A1.5: Other business persons: overview of national policies](#)

This section examines the conditions for the admission of **other third-country nationals who travel to the EU for business reasons** ("other business persons"). These categories include (but are not limited to) the temporary

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admission of third-country nationals under international trade agreements (i.e. the pre-defined six "Mode 4" categories tackled by the EU free-trade agreements listed in Annex 2).

EMN NCPs are asked to indicate if and how these categories are defined by the national legislation of their (Member) State. They are required to indicate whether they are targeted by specific policies (programmes, schemes), whether they are admitted and registered as such in their administrative practices and/or separately from those entering via different migration channels.

EMN NCPs are also requested to provide information on current admission criteria, including the length of their stay, any other specific eligibility condition and collect available data.

Q19. How are the following categories (listed in Annex 2) defined under the national legislation of your (Member) State?

<b>Categories of other business persons</b>	<b>Definitions</b>
<i>Business visitors for establishment purposes (BVEP)</i>	No definition.
<i>Intra-corporate transferees (ICT)</i>	There is no definition for intra-corporate transferees in Estonian legislation. Current legislation contains the definition of posted workers, which includes all workers posted to Estonia, not only manager and specialists. According to the <i>Working Conditions of Employees Posted to Estonia Act</i> <sup>15</sup> a posted employee is a natural person who usually works in a foreign state on the basis of an employment contract, and whom the employer posts to work in Estonia for a specified period of time for the provision of a service.
<i>Business sellers (BS)</i>	No definition.
<i>Independent professionals (IP)</i>	No definition.
<i>Contractual services suppliers (CSS)</i>	No definition.
<i>Graduate trainees (GT)</i>	No definition.
<i>Other (please describe)</i>	

Q20. Does your (Member) State have a specific policy (programme, scheme) for other business persons as defined by the study template? EMN NCPs are asked to complete only the sections that are relevant to their national context.

<b>Categories of other business persons</b>	<b>Is there a specific policy, for this categories of other business persons? Is it based on tailored multilateral/bilateral trade agreements with third countries?</b>	<b>Name of policy / programme</b>	<b>What are its main policy objectives (include info on priority national economic sectors / geographical areas / countries of origin if relevant)</b>	<b>Are there any quota in place?</b>
<i>Business visitors for establishment purposes</i>	No.			

<sup>15</sup> Working Conditions of Employees Posted to Estonia Act, RT I 2004, 19, 134, [www.riigiteataja.ee](http://www.riigiteataja.ee)

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<i>(BVEP)</i>				
<i>Intra-corporate transferees (ICT)</i>	No.			
<i>Business sellers (BS)</i>	No.			
<i>Independent professionals (IP)</i>	No.			
<i>Contractual services suppliers (CSS)</i>	No.			
<i>Graduate trainees (GT)</i>	No.			
<i>Other (please describe)</i>	No.			

Q21. Considering the specific policy (programme, scheme) in the previous question, what are the actor(s) and institution(s) involved in the development and implementation of policies on other business persons? If multiple authorities are involved, how are they coordinated? Is there an official mandate – e.g. an Action Plan - governing the involvement of these authorities? Which actor / institution is responsible for the promotion of such policy abroad?

<b>Categories of other business persons</b>	<b>Actors/institutions involved in the development of these policies</b>	<b>Actors/institutions involved in the implementation of these policies</b>	<b>If multiple authorities are involved, how do they coordinate?</b>	<b>Is there an official mandate governing their roles?</b>	<b>Actors/institutions responsible for the promotion of such policy abroad</b>
<i>Business visitors for establishment purposes (BVEP)</i>					
<i>Intra-corporate transferees (ICT)</i>					
<i>Business sellers (BS)</i>					
<i>Independent professionals</i>					

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(IP)					
Contractual services suppliers (CSS)					
Graduate trainees (GT)					
Other (please describe)					

### Section 1.6: Other business persons national policies: pre-arrival stage (admission criteria) and stay (renewal)

Section 1.6 aims at providing an overview of the admission criteria applied by (Member) States in order admit subcategories within other business persons from third-countries to the national territory.

Q22. What are the criteria for the admission of other business persons to your (Member) State? Please answer by completing the table below entering in the last column also useful information on any pre-entry assessment which may be required (labour market test, proof of minimum period of employment, evidence of commitment to return after the temporary stay, minimum education / professional skills, language knowledge, qualifications/certifications, entry quotas, age requirement, insurance requirement, etc.).

**As there is no specific regulation for the admission of MODE-4 category, they have to arrive, stay and work in Estonia based on visa, visa free or residence permit regulations.**

Categories of other business persons	Are these categories admitted/endorsed in your systems (under a different name)? (Yes/No)	If yes, under which name are they registered in your systems?	What is the maximum duration of their stay?	What is the nature of the initial document issued?	Is there a (exhaustive) <u>list</u> of admission criteria? If yes, please indicate the criteria.
Business visitors for establishment purposes (BVEP)					
Intra-corporate transferees (ICT)					
Business sellers (BS)					
Independent professionals					

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(IP)					
Contractual services suppliers (CSS)					
Graduate trainees (GT)					
Other (please describe)					

Q23. EMN NCPs are asked to provide information on the criteria to be met in case of extension of the document issued for the stay of other business persons. Please provide details of the type of document issued and its duration.

Categories of other business persons	What are the requirements related to the purpose of stay (business) that need to be met in order to prolong/extend the initial documents issued?
Business visitors for establishment purposes (BVEP)	
Intra-corporate transferees (ICT)	
Business sellers (BS)	
Independent professionals (IP)	
Contractual services suppliers (CSS)	
Graduate trainees (GT)	
Other (please describe)	

## **Section 2: Measures to prevent misuse / abuse of immigration channels for business purposes**

This section aims to provide an overview of the measures carried out by (Member) States for monitoring, detecting and preventing misuse of the migration channels in place for **immigrant investors, immigrant business owners and other business persons** and to explore and map the specific mechanisms in place. EMN NCPs are asked to describe the procedures involved and to provide information on the challenges associated to the detecting, monitoring and preventing misuses, and to distinguish where relevant between the different categories (if the mechanisms are different). This Sections aim to identify also the criteria for withdrawing

Q24. Please provide the following information with respect to the prevention and detection of misuse abuse of immigration channels for immigrant investors, business owners and other business persons at admission stage and during stay. EMN NCPs are first asked to provide the definitions of misuse and abuse according to their national legislation and identify differences where possible.

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Issue	Immigrant investors	Business owners	Other business persons
<p><b>Does your national legislation provide for a definition of misuse and and/or abuse?</b></p> <p><b>If yes, do they differ? Please describe</b></p> <p><b>If no, how are they defined in practice?</b></p>	<p><b>N/A</b></p>	<p>Estonian national legislation does not explicitly define misuse of abuse. Furthermore, it does not make a difference between these two terms.</p> <p>In practice it is considered misuse of the residence permit if the applicant is not using the permit according to the aim for which it was issued. Thus, if residence permit for enterprise is issued to be actively involved in the company's business activity in Estonia and the residence permit holder is not doing that or not staying in Estonia for at least 183 days, this is a ground for revoking the permit. Furthermore, the company must be active during the entire period of the validity of the residence permit. Therefore, if the business is not active (e.g. there is no turnover) it gives a reason to believe that the residence permit is misused or the at least that the business is not successful and the Police and Border Guard Board should assess if the residence permit should be kept to the person.</p>	<p><b>N/A</b></p>
<p><b>What are the specific measure in place in the Member States to monitor, detect and prevent misuse/abuse at <u>admission stage</u>? (in addition to the criteria to be satisfied as reported under Sections 1.2)</b></p>		<p><b>Prevention</b></p> <ul style="list-style-type: none"> <li>- Police and Border Guard Board has concluded guidelines for consular officials for interviewing the applicants. Based on these guidelines the consular official fills out a questioner, which is submitted with all the residence permit documents to the Police and Border Guard Board for processing. Furthermore, if the consular official has a suspicion that an applicant might misuse the permit, s/he submits his opinion with the additional document to the Board.</li> <li>- Residence permit committee was formed to assess the successfulness of the business and its possible gain to Estonian economy. The committee includes experts from the field of economy and internal security. Thus, both aspects (security risk and gain to economy) are assessed before the residence permit is issued.</li> <li>-If the suspicion is that an applicant might</li> </ul>	

		<p>abuse its residence permit, the Police and Border Guard Board can ask for additional documents to prove his/her motivation for the residence permit.</p> <p>- The applicant must prove with a bank statement that s/he has invested at least 65,000 euros to a company in Estonia or 16,000 euros for acting as self-employed person. Before 2011, the Police and Border Guard Board only checked the commercial register for the sizes of investment made to a company, but some applicant didn't actually transfer the money to the company.</p> <p><b>Monitor / detect</b></p> <p>Police and Border Guard Board conducts randomly ex-post checks (based on risk analysis) of the companies, whether the company is active (turnover), pays taxes etc. This can be mainly done after the company has submitted its annual financial report to the Commercial register, i.e. each year by the end of June. Police and Border Guard may ask Tax and Customs Board for information on social taxes paid for the employees.</p> <p>Furthermore, residence permit holder are controlled if they live permanently in Estonia and need the residence permit to be actively involved in company's everyday activity.</p> <p>Police and Border Guard Board is doing random checks to some of the third-country business owners, but all applicants are re-assessed in the residence permit extension procedure.</p>	
<p><b>Which national entities are responsible for implementing these measures?</b> (Labour Inspectorate, Labour Exchange office, Police, Tax authorities, Ministry of Interior, Migration services, Services abroad, etc.).</p> <p><b>Does a national referral mechanism or its equivalent exist?</b></p> <p><b>Is there an obligation to inform about misuse/abuse identified by other institution</b> (migration services, police, tax</p>		<p>Police and Border Guard Board is responsible for implementing measures to detect, prevent and monitor misuse of residence permits issued for enterprise.</p> <p>The Board has the right to request from the Tax and Customs Board data of the remuneration on which the company has paid social tax. Furthermore, Police and Border Guard Board checks data from the Commercial Register, which shows whether the company is active (pays taxes, turnover, if the company has submitted annual</p>	

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<p>authority, etc.)</p> <p><b>If abuse / misuse is detected, how is information shared between institutions?</b></p>		<p>financial reports, or VAT application etc.).</p> <p>There is no national referral mechanism in Estonia. Police and Border Guard Board can be notified by other institutions or persons about misuse of residence permit for enterprise, but no such obligation exists.</p>	
<p><b>What are the entities responsible for the monitoring of compliance of immigrant business owners and investors and what are their specific responsibilities?</b></p> <p><i>(Labour Inspectorate, Labour Exchange office, Tax authorities, Ministry of Interior, Migration services)</i></p>		<p>The Aliens Act names three actors which have the right to exercise state supervision over the facts regarding the temporary stay, residence and employment in Estonia of an alien and the absence from Estonia of an alien. These institutions are: 1) the Police and Border Guard Board, 2) the Estonian Internal Security Service; 3) the Estonian Unemployment Insurance Fund.</p> <p>The Estonian Internal Security Service exercises state supervision over the facts named above for the prevention of crime. The Estonian Unemployment Insurance Fund is exercising supervision over the compliance with the labor market test upon employment of an alien in Estonia.</p> <p>Police and Border Guard Board is the main authority to monitor the compliance of immigrant business owners' and investors' right to stay and work in the country.</p> <p>Furthermore, the Tax Board is responsible for supervising that companies pay taxes correctly.</p>	
<p><b>What is the frequency of control?</b></p>		<p>Check are conducted randomly, but all the immigrant business owners are controlled when they extend their residence permits.</p>	
<p><b>What are the main sectors where misuse/abuse occurs?</b> <i>(real estate, transfer of capital, national funds / bonds, business investments, etc.)</i></p> <p><i>Please list the top three</i></p>		<p>Police and Border Guard has identified common features of persons who have been issued a residence permit for enterprise and have misused it. For example they are active in certain area of activity, have a same address for their business etc. These persons are controlled and rechecked more carefully. The analysis Police and Border Guard Board makes regarding misuse is not a public information. For that reason no specific sectors can be named.</p>	

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<p><b>If misuse/abuse is detected, what are the penalties imposed on the third-country national concerned</b> (<i>withdrawal of long-stay visa/residence permit, loss of any other related right/benefit, loss of the certificate of establishment, legal proceedings, fines, removal order, confiscation of activities/revenues, etc.</i>)</p>		<p>If a third-country national is not acting in accordance with national law then his/her visa or residence permit will be revoked. That includes cases when he/she is not doing what for the residence permit was issued (i.e. conducting business).</p>	
<p><b>What other circumstances might result in the withdrawal / non-renewal of a long-stay visa / residence permit?</b></p>		<p>General grounds for withdrawal of residence permit:</p> <ol style="list-style-type: none"> <li>1) an alien has failed to register his/her place of residence in the Population Register within the term provided by law;</li> <li>2) an alien does not have an actual place of residence in Estonia or;</li> <li>3) an alien does not have an insurance contract guaranteeing that any costs related to his or her medical treatment as a result of illness or injury during the period of validity of the residence permit will be met.</li> <li>4) a circumstance which is a prerequisite for the issue of a residence permit to an alien or extension thereof is not complied with;</li> <li>5) a basis for refusal to issue or extend the temporary residence permit exists in respect of an alien;</li> <li>6) the activity of an alien constitutes a threat to public order or national security;</li> <li>7) the conditions of the issue of a residence permit have not been met during the period of validity of the temporary residence permit;</li> <li>8) an alien submits a personal request therefor or;</li> <li>9) an alien stays outside Estonia more than 183 days in total during a year and has not registered his or her stay away from Estonia.</li> </ol> <p>Specific grounds for revoking a residence permit for enterprise:</p> <ol style="list-style-type: none"> <li>1) the third-country national does not provide evidence of the trustworthiness of his or her own current and planned business activities or of the company, of the business associates or financial resources;</li> <li>2) the explanations of an alien about his/her own current and planned business activities or about the company are not convincing or are controversial;</li> <li>3) an alien does not provide evidence that his/her stay in Estonia on the basis of the residence permit would significantly</li> </ol>	

		<p>contribute to the achievement of the purpose of the temporary residence permit for enterprise;</p> <p>4) an alien does not provide evidence of how his/her own activities or the activities of a company would contribute to the achievement of the purpose of the temporary residence permit for enterprise;</p> <p>5) the current activities of an alien or a company are not in accordance with the plans in the description of the business plan;</p> <p>6) the current activities of an alien or a company are not in accordance with the purpose of the temporary residence permit for enterprise;</p> <p>7) an alien has failed to meet the condition related to the temporary stay, residence and employment in Estonia of an alien arising from Aliens Act or any other law.</p>	
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*Q25a. Is there any evidence of the effectiveness of the measures used in your (Member) State to monitor, detect and prevent misuse / abuse and the problems/challenges faced (lack of instruments, lack of cross-analysis, access to data, etc.)?*

*Q25b. If yes, please indicate the business persons the evidence refers to (investors, business owners, other business people) and please summarise the main findings here and include a reference to the source in an annex to your national report.*

In May 2012 an analysis of the Parliament's Commission of Inquiry<sup>16</sup> regarding the misuse of residence permit was published. The analysis pointed out problems in the legal regulation, administrative practise and supervision regarding issuing residence permit for enterprise. The main criticism was that there was not a system place for ex-post checks for residence permits issued for business reasons. There was lack of knowledge in the economy of the case-officers to evaluate the business plans. As well it was not suspected that third-country nationals misuse this migration route, because of the investment criteria.

As a result of this inquiry Police and Border Guard Board started to conduct ex-post checks of residence permits issued for business reasons, not to all applicant, but to certain applicant. Also, a residence permit committee was formed to assess the gain of the businesses to Estonian economy, where experts in economy are involved. Also the legal regulation was changed to be clearer about the admission rules.

Like table 1 in Annex shows the number of residence permit revoked after 2011 is remarkably higher than in 2009-2010. When 2009 4 permits were revoked, then in 2012 it was 67. This shows that effective changes were made to the residence permit procedure and to the supervision procedure.

The background for this Commissions actions was that in 2011 it was noted by the Police and Border Guard Board that the number of residence permits applied for enterprise raised suddenly and it was suspected that some people are misusing this migration channel. Also media pointed out that a parliament and a city government official might be involved helping third-country business men to get residence permits in Estonia. Therefore, Police and Border Guard Board conducted ex-post checks of residence permits issued for business reasons to over 60 persons who have been

<sup>16</sup> Final Report of the Parliament's Commission of Inquiry regarding issuing temporary residence permit to aliens; [http://www.riigikoju.ee/public/Riigikoju/Dokumendid/Uurimiskomisioni\\_lopparuanne\\_29\\_05\\_12.pdf](http://www.riigikoju.ee/public/Riigikoju/Dokumendid/Uurimiskomisioni_lopparuanne_29_05_12.pdf)

issued residence permit for business reasons from the year 2008. Furthermore, an inquiry was started by the parliament.

### **Section 3: Evaluation of policies to admit third-country nationals for business purposes, challenges and barriers**

*This section aims to explore the impact of policies to admit **immigrant investors** (Section 3.1), **business owners** (Section 3.2) and **other business people** (Section 3.3) on the economy / society of the (Member) States. In particular, the questions below aim to understand to what extent such policies (programmes or schemes) have been evaluated and what are the results achieved.*

#### **Section 3.1: Immigrant investors**

*Q26a. Have any evaluations or studies in your (Member) State considered the effectiveness of national policies to attract immigrant investors?*

**Yes / no**

*Q26b. If yes, please summarise the main findings here and include a reference to the evaluation or study in an annex to your national report.*

*If no, please provide also any other evidence/indicator that may be available in your (Member State) in this regard (media reporting, media debates, assessment by experts etc.).*

No. There is no assessment made on immigrant investors and their impact to Estonian economy. However, Bank of Estonia collects and publishes statistics on all foreign investments made to Estonia. According to that analysis Estonia has received a total of 15.7 Billion euros in direct investments (data of 30.06.2014), i.e. 84% compared to Estonian GDP. TOP5 investors in Estonia (as of June 2014) have been Sweden, Finland, Netherlands, Norway and Russia (Table 3). Main third-countries that have made direct investments to Estonia are Russia and USA, also Belorussia, Canada and Hong Kong (Table 4). Almost one quarter (26%) of the investments have been to finance and insurance sector, 17% of the investments have been made to real estate activities and 14% to wholesale and manufacturing (Table 5).

As the amount of investments made to Estonia by foreign investments compared to GDP is remarkable, then we can state that foreign investments have had a clear influence on Estonian economy, including transfer of skills, technologies and business models. Furthermore international companies often role models in export capacity and productivity.<sup>17</sup>

**Tabel 3. Proportions of direct foreign investments to Estonia (30.06.2014)**

Sweden	26%
Finland	22%
Netherlands	11%
Norway	5%
Russia	5%
Lithuania	3%
Cyprus	3%
UK	2%
Denmark	2%
USA	2%
Luxembourg	2%

<sup>17</sup> Heinsoo, J. FDI in ESTONIA. Enterprise Estonia. Presentation at the 4th EE EMN NCP's Migration Forum 4.12.2014.

Other	17%
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Source: Bank of Estonia (Eesti Pank)

**Table 4. Direct foreign investments from third-countries (million euro)**

Russia	784,7
USA	383,3
Belorussia	45,9
Canada	38,6
Hong Kong	15,8
Japan	7,8
China	6,6
Kazakhstan	4,4
Turkey	4,4

Source: Bank of Estonia (Eesti Pank)

**Table 5. Proportion of total direct foreign investment to Estonia by sectors (30.06.2014)**

Financial and insurance activities	26%
Real estate activities	17%
Wholesale and retail trade	14%
Manufacturing	14%
Professional, scientific, technical activities	9%
Transportation and storage	6%
Administrative and support service activities	3%
Agriculture, forestry and fishery	2%
ICT	2%
Other	7%

Source: Bank of Estonia (Eesti Pank)

Q27a. Have any evaluations or studies in your (Member) State considered the effectiveness of the national policies to attract immigrant investors to the growth of the national economy and/or in competing with other larger economies, and have specific indicators been developed?

**Yes / no**

Q27b. If yes, please summarise the main findings here and include a reference to the evaluation or study in an annex to your national report.

If no, please provide also any other evidence/indicator that may be available in your (Member State) in this regard (media reporting, media debates, assessment by experts etc.).

Q28a. Have any evaluations or studies in your (Member) State considered the impact of the national policies to attract immigrant investors on other social issues (employment, access to housing, discrimination, etc.) and have specific indicators been developed?

**Yes / no**

Q28b. If yes, please summarise the main findings here and include a reference to the evaluation or study in an annex to your national report.

If no, please provide also any other evidence/indicator that may be available in your (Member State) in this regard (media reporting, media debates, assessment by experts etc.).

Q29. What evidence exists (policy documents, political discourses, media coverage, NGO campaigns, case law examples etc.) that immigrant investors are perceived as abusing national migration rules in your (Member) State?

### Section 3.2: Business owners

Q30a. Have any evaluations or studies in your (Member) State considered the effectiveness of national policies to a business owners?

**No.**

Q30b If yes, please summarise the main findings here and include a reference to the evaluation or study in an annex to your national report.

If no, please provide also any other evidence/indicator that may be available in your (Member State) and provide any examples of good practice in this regard.

Q31a. Have any evaluations or studies in your (Member) State considered the effectiveness of the national policies to attract immigrant business owners to the growth of the national economy, and/or in competing with other larger economies, and have specific indicators been developed?

For this question please consider also the contribution of immigrant business owners who are already present on the territory of your (Member) State.

**No.**

Q31b. If yes, please summarise the main findings here and include a reference to the evaluation or study in an annex to your national report.

If no, please provide also any other evidence/indicator that may be available in your (Member State) and provide any examples of good practice in this regard.

Q32a. Have any evaluations or studies in your (Member) State considered the impact of the national policies to attract immigrant business owners on other social issues (employment social security, discrimination, etc.) and have specific indicators been developed?

**No.**

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Q32b. If yes, please summarise the main findings here and include a reference to the evaluation or study in an annex to your national report.

If no, please provide also any other evidence/indicator that may be available in your (Member State) in this regard (media reporting, media debates, assessment by experts etc.).

Q33. What evidence exists (policy documents, political discourses, media coverage, NGO campaigns, case law examples etc.) that immigrant business owners are perceived as abusing national migration rules in your (Member) State?

### Section 3.3: Other business persons

Q34a. Have any evaluations or studies in your (Member) State considered the effectiveness of national policies to attract other business persons?

**No.**

Q34b If yes, please summarise the main findings here and include a reference to the evaluation or study in an annex to your national report.

If no, please provide also any other evidence/indicator that may be available in your (Member State) and provide any examples of good practice in this regard.

Q35a. Have any evaluations or studies in your (Member) State considered the effectiveness of the national policies to attract immigrant business owners to the growth of the national economy, and/or in competing with other larger economies, and have specific indicators been developed?

**Yes / no**

Q35b. If yes, please summarise the main findings here and include a reference to the evaluation or study in an annex to your national report.

If no, please provide also any other evidence/indicator that may be available in your (Member State) and provide any examples of good practice in this regard.

Q36a. Does any evidence exist on the impact of other business persons on increased volume of trade, increased mobility, increased visibility, etc. for your (Member) State? EMN NCPs are asked to corroborate information provided with any available data or source.

Q36b. What is the expected impact of the recently adopted Intra Corporate Transfers Directive Proposal in your (Member) State?

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Q37. What evidence exists (policy documents, political discourses, media coverage, NGO campaigns, case law examples etc.) that other business persons are perceived as abusing national migration rules in your (Member) State?

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### Section 3.4: Challenges and obstacles to admitting third country nationals for business purposes

This Section examines the existing challenges and obstacles for the design and implementation of specific policies aiming to attract immigrant investors, immigrant business owners and other business persons and those challenges and barriers reported by the business community. EMN NCPs are asked to address any obstacle to their admission (eligibility criteria, investment plan, business plan, obtaining visa, etc.) or to other macro-level areas such as visa policy, education, trade, etc.).

EMN NCPs are asked to present the findings and analysis of any existing studies / evaluations or evidence collected in any other way and to provide any available statistics in the corresponding tables Annex 1.

Q38. What are the main challenges related to the admission of immigrant investors, immigrant business owner and other business persons in your (Member) State?

<b>Categories of other business persons</b>	<b>Challenges for national stakeholders associated with the design and implementation of policies for other business persons.</b> <i>If possible studies should be included (sourced as appropriate).</i>	<b>Challenges for applicant at both admission (pre-arrival) and stay stages</b> (e.g. documentation required, waiting times, restrictions, etc.) <i>If possible, the views of the business community, of the immigrant community and studies should be included (sourced as appropriate).</i>
<i>Immigrant investors</i>		
<i>Immigrant business owners</i>		<p>The Estonian Chamber of Commerce has pointed out several times, that residency requirement of 183 days permanent residency in Estonia can be an obstacle for some entrepreneurs. As business people are traveling a lot.</p> <p>Ministry of Interior contrasts to these concerns with the possibility for business owners to register their absence from Estonia for up to 2 years, which will not result in the withdrawal of residence permit. Ministry has stressed that all residence permits are issued to reside permanently in Estonia, not for visitation. Those entrepreneurs who are not staying in Estonia for at least 183 days in a year, may visit the country with a visa.</p>
<i>Business visitors for establishment purposes (BVEP)</i>		

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<i>Intra-corporate transferees (ICT)</i>		
<i>Business sellers (BS)</i>		
<i>Independent professionals (IP)</i>		
<i>Contractual services suppliers (CSS)</i>		
<i>Graduate trainees (GT)</i>		
<i>Other (please describe)</i>		

#### **Section A4: Good practices and lessons learned**

*This Synthesis report will highlight any good practices of (Member) States that have successfully attracted and facilitated the arrival of immigrant investors, business owners and other business persons. This section will also tackle the extent to which these practices have favored the (positive) contribution of third-country nationals to the national economy and their likelihood to be promoted and replicated in other (Member) States and also the extent to which has created monitoring mechanisms to detect misuse / abuse of these migration channels.*

*This section will include also lessons learned from the practical implementation of specific policies, programmes or schemes for the targeted categories of third-country nationals: lessons learned may address also assessments of the expected and/or unintended (positive and negative) consequences of specific policies, programmes or scheme (i.e. A so-called investor programme has facilitated the admission of wealthy third-country nationals to boost national economy in the real-estate sector. However, as consequence, admitted third-country nationals have invested their money but many properties remain empty due to inflated market rates).*

*If there are specific examples of good practices that you would like to highlight, please do so below:*

Estonia has created a scheme for third-country immigrant business owners who need to reside in Estonia to run their business. The main criteria to receive residence permit for enterprise is to invest at least 65.000 euros to a company registered in Estonia. Furthermore, the applicant's stay in Estonia must be necessary for business purposes and s/he must reside in Estonia for at least 183 days per year.

Immigration for business reasons to Estonia constitutes a small part of the immigration flows. From 2009-2013 only 2% (i.e. 397 permits in total) of the residence permits issued were for business reasons. Thus, it is the smallest immigration route to Estonia. Each year approximately 55-70 permits were issued, except 2011 when ca 140 permits were issued (Annex 1, Table 1). The reason for the increase was the misuse of residence permits issued to employment reasons working at a company's management board. As this route was closed, the number

of other permits increased. Also misuse of residence permits was discovered in the business migration route later.

During the years 2010-2013 visas issued for business reasons constituted 13% of all the visas issued. Visas issued for business reasons have increased 38% when compare the years 2009 and 2013 (Annex 1, Table 1). Mainly Schengen or C-type visas are issued for business purpose.

It is positive that Estonia has created a scheme for business immigrants, which helps to facilitate entrepreneurs from third-countries to come to Estonia. However, the residency requirement has been criticised by the entrepreneurs. Also, there is no scheme for investors, who do not want to reside in Estonia. To facilitate more investments to Estonia, maybe a "carrot" in the immigration admission rules for this group of migrants should be considered. As it has been noted by the Chamber of Commerce, that visa does not give the certainty to entrepreneurs, that access to the country is ensured.

Although, the scheme for immigrant business owners exists already for 10 years, the number are quite modest. However, the number of businesses created by foreign owners has tripled in 10 years. As business immigrants do not form a big part of the immigration flows to Estonia, then the effects to economy has not been researched. Thus, the lack of monitoring can be consider a shortcoming, especially when we would like to assess the effectiveness of the policy created for business immigrants. A positive lesson has been, that when misuse of residence permits for enterprise was discovered, the Police and Border Guard Board started with ex-post check. Furthermore, additional documents were asked to prove real investment to a company (bank transfers). Also, economic experts were involved in the business plan assessment process.

EIA is promoting Estonia has a target country for investments, their focus has been on the target markets where their foreign representations are located, like in Finland, Sweden, Russia, Germany, Great Britain, Ukraine, Japan, United States of America and China. Most of the named countries are in the top10, where direct foreign investments have come to Estonia. 5% direct investments have come from Russia and 2% from the USA. Investments from Asia have been quite modest so far. Thus, more work can be done to promote Estonia as a destination for investments.

The latest thing Estonia has done to facilitate business migration, is e-residency digi-ID, which we started to issue from 1<sup>st</sup> December 2014. The e-resident digi-ID enables a foreigner to participate in public and private administration of Estonia, notwithstanding their physical residence. Thus, the e-resident digi-ID allows the owner to register a company in Estonia electronically, use e-banking, e-tax board, sign documents digitally etc. Currently, it is hard to assess the success or failure of this card, but it is something new in the world to facilitate economic migrants to tie themselves with Estonia.

Another good practise that Ministry of Interior has started to apply in the recent years, is to involve other stakeholders, public and private to the discussions on changing the policy on economic migrants, i.e. labour as well as business immigrants. The discussion on creating a residence permit to major investors is currently going on.

## **Section 5: Conclusions**

*The Synthesis Report will outline the key findings, main observations of the Study, present conclusions relevant for policymakers at national and EU level and identify policy pointers for future actions. Specific conclusions drawn by Member States should be included in the Top Line Factsheet to prevent duplication of efforts.*

Already the Constitution<sup>18</sup> states that all persons residing in Estonia have the right to engage in business, regardless of nationality, unless the law provides otherwise. Thus, foreign investors have equal rights and obligations with local entrepreneurs. All foreign investors may establish a company in Estonia in the same way as local investors; no special restrictions are made. Restrictions are regulated mainly with residence permit requirement.

In several policy documents and programmes<sup>19</sup> the need to facilitate the admission of foreign investments and investors is named as a priority of the government. Issuing temporary residence permit for enterprise is one measure to implement the named policy goal. Aliens Act stipulates that the purpose of the grant of residence permit for enterprise is to contribute to the establishment of such companies and branches of foreign companies in Estonia and the settling of sole proprietors and their activities in Estonia which would significantly contribute to the development of the Estonian economy.

The main criteria to receive a residence permit for enterprise is to invest at least 65.000 euros to a company registered in Estonia and the applicant's stay in Estonia must be necessary for business purposes. Aliens Act names contribution to Estonian economy as the overall purpose of granting the residence permit for enterprise. The contribution to the economy is evaluated by the special "residence permit committee" based on the description of business plan and other supporting documents. The contribution to the Estonian economy may be taxes paid, jobs created etc.

There is no special regulations for immigrant investor or other business people according to the concept of this study. The general idea is that business people who do not need to permanently reside in Estonia for business purposes, i.e. at least 183 days per year, can visit the country with a visa. Thus, to this group of business immigrants general visa rules apply.

Immigration for business reasons to Estonia constitutes a small part of the immigration flows. From 2009-2013 only 2% of the residence permits issued were for business reasons. Thus, it is the smallest immigration route to Estonia. Each year approximately 55-70 permits were issued, except 2011 when ca 140 permits were issued (Annex 1, Table 1). The reason for the increase was the misuse of residence permits issued to employment reasons working at a company's management board. As this route was closed, the number of other permits increased. Also misuse of residence permits was discovered in the business migration route later.

Most residence permits for enterprise have been issued to Russian nationals (80%) and Ukrainian nationals (12%) during the years 2009-2013 (Annex 1, Table 2). Other nationals are around 1%. Most of the entrepreneurs have been male (62%) in the age group 35-49 (Annex 1, Chart 1). Women are a bit younger, mainly 30-39. The average age of the business immigrant is 40-41, which makes them older than other immigrants, i.e. labour (average age 36), family (average age 25), study (average age 24) immigrants.

During the years 2010-2013 visas issued for business reasons constituted 13% of all the visas issued. Visas issued for business reasons have increased 38% when compare the years 2009 and 2013 (Annex 1, Table 1). Business people who do not permanently reside in Estonia but have a business here or would like to establish one, can apply an e-residency ID. This card will not entail full legal residency or citizenship or right of entry to Estonia. Instead, e-residency gives secure access to Estonia's digital services and an opportunity to give digital signatures. This gives foreigners the possibility to establish a company in Estonia electronically, do taxes online, use e-banking, sign all business related documents digitally etc. The aim of e-residency is to boost the business environment in Estonia and facilitate the establishment of foreign companies.

Enterprise Estonia is promoting Estonia as a destination for investments and highly qualified labour. A webpage *InvestinEstonia* has been created, furthermore they consult and mentor new entrepreneurs on how to start a business

<sup>18</sup> Constitution of Republic of Estonia § 31

<sup>19</sup> Estonian Entrepreneurship Growth Strategy 2020, [http://kasvustrateegia.mkm.ee/index\\_eng.html](http://kasvustrateegia.mkm.ee/index_eng.html) ; National Reform Programme "Estonia 2020", <https://riigikantselei.ee/en/national-reform-programme-estonia-2020>; Made in Estonia 3.0, <http://black.velvet.ee/mkm/3.0/html/>

in Estonia. Also, they have agents in Russia, USA, Japan and China to find new investors who would like to invest in Estonia or cooperate with local business men.

As business immigration has been quite modest to Estonia, there has not been a lot of problems with that migration route. However, in 2011 it was discovered that some third-country nationals who have received a residence permit for enterprise do not conduct business activities in Estonia, or the necessary investment has not been invested to the company or the money was transferred somewhere else after the permit was issued to them. A positive lesson has been learnt from that. The Police and Border Guard Board started with ex-post check. Furthermore, additional documents were asked to prove real investment to a company (bank transfers). Also, economic experts were involved in the business plan assessment process.

## Annex 1

Statistics from (Member) States will be used in the Synthesis Report to contextualise the statistics provided in this annex.

**Table 1: Statistics on immigrant investors and immigrant business owners**

Indicators	2009	2010	2011	2012	2013	Source / further information
<b>Statistics on immigrant investors</b>						
Number of visa applications (national D-type visas)	n/a	n/a	n/a	n/a	n/a	
Number of visa applications (Schengen C-type visas)	n/a	n/a	n/a	n/a	n/a	
Number of visa issued (national D-type visas)						
Number of visa issued (Schengen C-type visas)	13,789*	18,158*	21,361*	23,176*	22,192*	Ministry of Foreign Affairs *might include D-type visas
Number of visa refused (national D-type visas)	n/a	n/a	n/a	n/a	n/a	
Number of visa refused (Schengen C-type visas)	n/a	n/a	n/a	n/a	n/a	
Number of applications for residence permits (perhaps an estimate e.g. admissions)	n/a	n/a	n/a	n/a	n/a	
Number of residence permits issued (perhaps an estimate e.g. admissions)	n/a	n/a	n/a	n/a	n/a	
Number of residence permits refused / withdrawn (perhaps an estimate e.g. admissions)	n/a	n/a	n/a	n/a	n/a	
Average age of migrant investors who were granted residence permits (and national D-type visas?)	n/a	n/a	n/a	n/a	n/a	
<b>Statistics on immigrant business owners</b>						
Number of visa applications (national D-type visas)	n/a	n/a	n/a	n/a	n/a	
Number of visa applications (Schengen C-type visas)	n/a	n/a	n/a	n/a	n/a	
Number of visa issued (national D-type visas)	n/a	n/a	n/a	n/a	n/a	
Number of visa issued (Schengen C-type visas)	n/a	n/a	n/a	n/a	n/a	
Number of visa refused (national D-type visas)	n/a	n/a	n/a	n/a	n/a	
Number of visa refused (Schengen C-type visas)	n/a	n/a	n/a	n/a	n/a	
Number of applications for residence permit	66	77	188	127	77	Police and Border Guard Board
Number of residence permits issued (perhaps an estimate e.g. admissions)	72	68	142	61	54	Police and Border Guard Board
Number of residence permits refused / withdrawn (perhaps an estimate e.g. admissions)	4	3	22	67	39	Police and Border Guard Board
Number of residence permits reflecting a change of status into business owner (specifying, if	n/a	n/a	n/a	n/a	n/a	

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possible, from which category – i.e. student, family member, beneficiary of international protection, etc.)						
Average age of immigrant business owners	40	40	41	41	41	<b>Police and Border Guard Board</b>
<b>Statistics on other business persons corresponding to Annex 2 (Mode 4) and other business persons as recognised by Member States</b>						
Number of third-country nationals admitted under Mode 4 categories or equivalent categories indicated in Q22	n/a	n/a	n/a	n/a	n/a	

**Table 2: indications of the average length of time needed for each of the following indicators**

The table below is not intended as having detailed, 'hard' statistics on the average length of time taken, but rather as approximate indications. In case you concrete statistics or data are available however, please provide them separately.

- Please indicate with 'X' the (approximate) average length of time needed for each of the indicators.

<b>Average length of time expected (in days)</b>	<b>A few days</b>	<b>From a few days to a week</b>	<b>Up to two weeks</b>	<b>Up to a month</b>	<b>More than a month</b>
Average time expected between lodging an application and the final decision for a visa application of an <u>immigrant investor (national D-type visa)</u>				X	
Average time expected between lodging an application and the final decision for a visa application of an <u>immigrant investor (Schengen C-type visa)</u>			X		
Average time expected between lodging an application and the final decision for a visa application of an <u>immigrant business owner (national D-type visa)</u>				X	
Average time expected between lodging an application and the final decision for a visa application of an <u>immigrant business owner (Schengen C-type visa)</u>			X		
Average time expected for registering a business (from application to establishment)		X			
If possible to change status: the average time expected for third-country nationals already present in the (Member) State to change their status into <u>immigrant investor</u> (from family reasons, study reasons, asylum)	n/a	n/a	n/a	n/a	n/a
If possible to change status : Average time expected for third-country nationals already present in the (Member) State to change their status into <u>immigrant business owner</u> (from family reasons, study reasons, asylum)					X (max 2 months)

- Please indicate if statistics are available on established business by immigrant business owners: (such as total number of established

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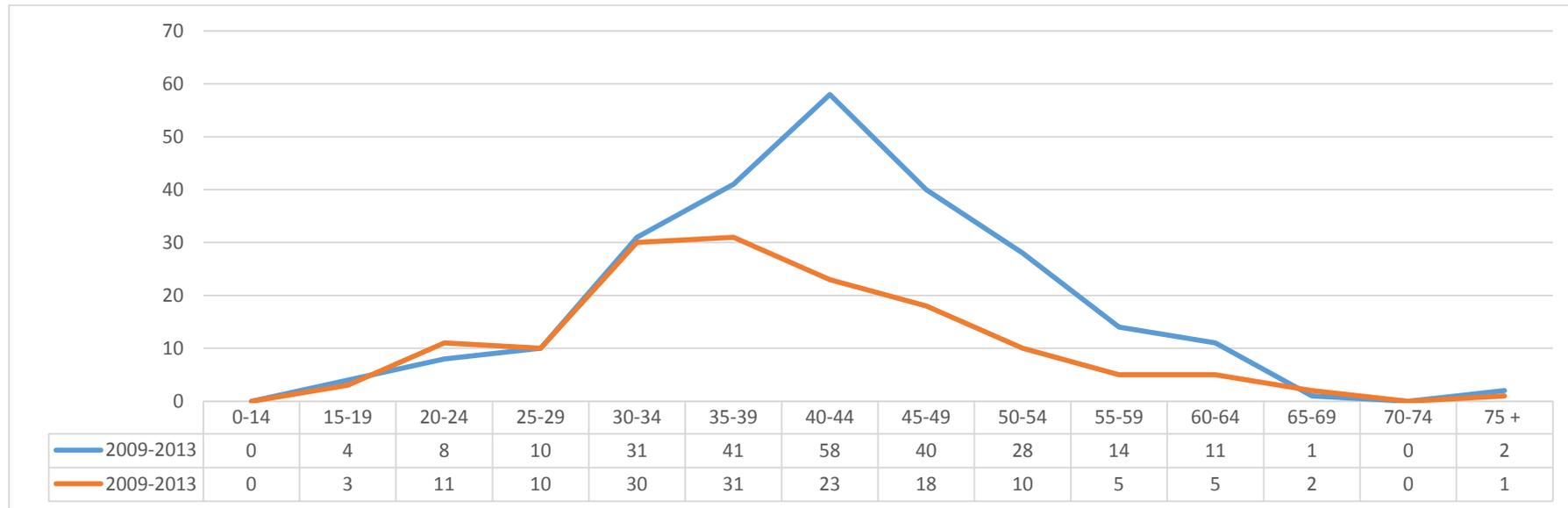
businesses by third-country nationals; number of FTEs created by migrant investors and business owners; number of survived / closed businesses; share of businesses per size (share of 1; 2-10, 11-19, 20-49, 50+ employees). If possible, EMN NCPs are asked to indicate whether data refer to newly admitted business owners or they include also those third-country nationals already living in their (Member) States

- Please indicate if statistics are available on the economic effects of immigrant investments or businesses (such as the share of migrant investments out of total annual national investments; number of FTEs created/supported as a result of investments by third-country nationals; the tax contribution to the national revenue systems of immigrant business owners and investors; the increased economic ties / trade volumes with specific third countries as a result of immigrant business owners and investors).

[Table 3. Residence permits issued for enterprise, disaggregated by citizenship and sex, 2009-2013](#)

Year	2009		2010		2011		2012		2013	
	M	F	M	F	M	F	M	F	M	F
Russia	33	29	32	24	73	48	29	16	30	5
Belorussia		1	1	2	2				1	
Ukraine	2	2	3	2	7	8	8	3	7	4
Serbia		1								
Egypt		1		1						
India	1				1					
Israel	1		1							
Azerbaijan	1						1		1	
Kazakhstan			1		1		1	0	1	
Australia			1				1			
USA					1			1	3	
Saint Kitts and Nevis					1					
Canada							1		1	1
<b>Total</b>	38	34	39	29	86	56	41	20	44	10

Source: Police and Border Guard Board

**Admitting third-country nationals for business purposes****National Report of Estonian NCP****Chart 1. Residence permits issued for enterprise disaggregated by age and sex, 2009-2013**

Source: Police and Border Guard Board

**Table 4. Total number of foreign private entities and branch of a foreign company registered in Estonia, 2000-2013**

	Foreign private entity	Branch of a foreign company	Total number of entities in Estonian Commercial Register
<b>2000</b>	2501		46853
<b>2001</b>	2588		54015
<b>2002</b>	2788	176	57183
<b>2003</b>	2859	173	56035
<b>2004</b>	3513	176	60882
<b>2005</b>	4662	180	65362
<b>2006</b>	5217	195	71012
<b>2007</b>	5403	210	76159
<b>2008</b>	5648	201	77948
<b>2009</b>	5824	216	81909
<b>2010</b>	6073	209	100216

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<b>2011</b>	6779	199	103833
<b>2012</b>	7626	197	108884
<b>2013</b>	7458	214	112760

Source: Statistic Estonia

Table 5. Foreign private entities by sector of activity, 2008-2013

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Economic activities total</b>	<b>5648</b>	<b>5824</b>	<b>6073</b>	<b>6779</b>	<b>7626</b>	<b>7458</b>
<b>Agriculture, forestry and fishing</b>	118	115	119	134	137	130
<b>Mining and quarrying</b>	20	19	22	22	26	22
<b>Manufacturing</b>	710	719	685	699	736	725
<b>Electricity, gas, steam and air conditioning supply</b>	22	23	22	24	25	33
<b>Water supply; sewerage, waste management and remediation activities</b>	16	16	19	21	20	16
<b>Construction</b>	374	336	329	347	360	304
<b>Wholesale and retail trade; repair of motor vehicles and motorcycles</b>	1784	1761	1754	2007	2368	2396
<b>Transportation and storage</b>	293	305	330	365	428	430
<b>Accommodation and food service activities</b>	108	117	126	133	136	119
<b>Information and communication</b>	270	280	323	398	491	494
<b>Financial and insurance activities</b>	246	233	236	294	308	302
<b>Real estate activities</b>	517	583	615	639	711	667
<b>Professional, scientific and technical activities</b>	647	671	674	805	943	883
<b>Administrative and support service activities</b>	381	490	594	675	707	709
<b>Public administration and defence; compulsory social security</b>	0	0	0	0	0	0
<b>Education</b>	30	32	37	31	31	33
<b>Human health and social work activities</b>	17	18	16	23	23	23
<b>Arts, entertainment and recreation</b>	35	40	50	64	73	76
<b>Other service activities</b>	60	66	122	98	103	96
<b>Activities of households as employers; goods and services production for own use</b>	0	0	0	0	0	0
<b>Activities of extraterritorial organisations and bodies</b>	0	0	0	0	0	0

Source: Statistic Estonia

Annex 2**Table 1: Temporary Movement of Natural Persons under international trade agreements – the EU “Mode 4” categories**

Category	Criteria	Length of stay
<b>BVEP: Business visitors for establishment purposes'</b>	<p>Natural persons</p> <ul style="list-style-type: none"> <li>- working in a senior position who:</li> <li>- are responsible for setting up an enterprise,</li> <li>- do not offer or provide services or engage in any other economic activity than required for establishment purposes.</li> <li>- do not receive remuneration from a source located within the host Party.</li> </ul>	Up to <b>90 days</b> in any twelve month period
<b>ICT: 'Intra-corporate transferees'</b>	<p>Natural persons who:</p> <ul style="list-style-type: none"> <li>- have been employed by a juridical person or have been partners in it for at least one year</li> <li>- are temporarily transferred to an enterprise that may be a subsidiary, branch or head company of the juridical person in the territory of the other Party,</li> <li>- belong to one of the following categories:</li> </ul> <p>1. Managers:</p> <p>Persons working in a senior position within a juridical person, who primarily direct the management of the enterprise, receiving general supervision or direction principally from the board of directors or from stockholders of the business or their equivalent, including at least:</p> <ul style="list-style-type: none"> <li>– directing the enterprise or a department or sub-division thereof</li> <li>– supervising and controlling the work of other supervisory, professional or managerial employees</li> <li>– having the personal authority to recruit and dismiss or to recommend recruitment, dismissal or other personnel-related actions..</li> </ul>	Up to <b>3 years</b>

	<p>2. Specialists:</p> <p>Persons working within a juridical person who possess specialised knowledge essential to the enterprise's production, research equipment, techniques, processes, procedures or management. In assessing such knowledge, account shall be taken not only of knowledge specific to the enterprise, but also of whether the person has a high level of qualification referring to a type of work or trade requiring specific technical knowledge, including membership of an accredited profession.</p>	
<p><b>GT:</b> <b>Graduate trainees</b></p>	<p>Natural persons who:</p> <ul style="list-style-type: none"> <li>- have been employed by a juridical person of one Party or its branch for at least one year,</li> <li>- possess a university degree</li> <li>- are temporarily transferred to a subsidiary, branch or representative office of the juridical person in the territory of the other Party, for career development purposes or to obtain training in business techniques or methods</li> </ul>	Up to <b>1 year</b>
<p><b>BS:</b> <b>Business sellers</b></p>	<p>Natural persons who:</p> <ul style="list-style-type: none"> <li>- are representatives of a services or goods supplier of one Party,</li> <li>- seeking entry and temporary stay in the territory of the other Party for the purpose of negotiating the sale of services or goods, or entering into agreements to sell services or goods for that supplier</li> <li>- do not engage in making direct sales to the general public</li> <li>- do not receive remuneration from a source located within the host Party</li> <li>- nor are they commission agents.</li> </ul>	Up to <b>90 days</b> in any twelve month period
<p><b>CSS:</b> <b>'Contractual services suppliers'</b></p>	<p>Natural persons:</p> <ul style="list-style-type: none"> <li>- employed by a juridical person of one Party which itself is not an agency for placement and supply services of personnel nor acting through such an agency, has not established in the territory of the other Party and has concluded a bona fide contract to supply services with a final consumer in the latter Party, requiring the presence on a temporary basis of its employees in that Party, in order to fulfil the contract to provide services</li> <li>- must be engaged in the supply of a service on a temporary basis as employees of a juridical person, which has obtained a service contract not exceeding twelve months.</li> <li>- should be offering such services as employees of the juridical person supplying the services for at least the year immediately preceding the date of submission of an application for entry into the other Party.</li> <li>- must possess, at the date of submission of an application for entry into the other Party, at least three years</li> </ul>	A cumulative period of not more than <b>6 months</b> or, in the case of Luxembourg, <b>25 weeks</b> in any twelve month period or for the duration of the contract, whichever is less.

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	<p>professional experience in the sector of activity which is the subject of the contract.</p> <ul style="list-style-type: none"> <li>- must possess a university degree or a qualification demonstrating knowledge of an equivalent level</li> <li>- must possess professional qualifications where this is required to exercise an activity pursuant to the laws, regulations and legal requirements of the Party where the service is supplied.</li> <li>- shall not receive remuneration for the provision of services in the territory of the other Party other than the remuneration paid by the juridical person employing the natural person..</li> </ul>	
<b>IP:</b> <b>'Independent professionals'</b>	<p>Natural persons:</p> <ul style="list-style-type: none"> <li>- engaged in the supply of a service</li> <li>- established as self-employed in the territory of a Party who have not established in the territory of the other Party</li> <li>- who have concluded a bona fide contract (other than through an agency for placement and supply services of personnel) to supply services with a final consumer in the latter Party, requiring their presence on a temporary basis in that Party in order to fulfil the contract to provide services</li> <li>- must be engaged in the supply of a service on a temporary basis as self-employed persons established in the other Party</li> <li>- must have obtained a service contract for a period not exceeding twelve months.</li> <li>- must possess, at the date of submission of an application for entry into the other Party, at least six years professional experience in the sector of activity which is the subject of the contract.</li> <li>- must possess a university degree or a qualification demonstrating knowledge of an equivalent</li> <li>- must possess professional qualifications where this is required to exercise an activity pursuant to the laws, regulations or legal requirements of the Party where the service is supplied.</li> </ul>	<p>A cumulative period of not more than <b>6 months</b> or, in the case of Luxembourg, <b>25 weeks</b> in any twelve month period or for the duration of the contract, whichever is less.</p>