

NJORD Estonia: Estonia – the new post-Brexit FinTech Hub

There was a time not very long ago when Estonia was seen as a small post-Soviet country lacking a fascinating business environment. In 2020, Estonia is seen as an attractive destination for a lot of Fintech companies, whether they are UK corporations themselves or American or Asian companies seeking restructuring opportunities to preserve the essential EU single market holding point.

What are the benefits of relocating your Fintech business to Estonia?

Firstly, Estonia is one of the few countries where a company can be established 100% online in just a few hours. Estonian e-Residency, available to anyone in the world, provides the freedom to start and run a location-independent business online using the convenient digital business services of Estonia.

Secondly, Estonia is an EU member state and relocating your Fintech business to Estonia provides your company an access to the biggest single market in the world, making it very valuable for the Fintech companies who aim to “passport” their licenses to another EU member state or for those who would like to provide services under the single market concept. The EU “passporting” system for Fintech companies enables companies that are authorized in any EU or EEA state to trade freely in any other member state with minimal additional requirements or authorizations. These “passports” are considered as the foundation of the EU single market for financial services. When the UK leaves the EU and the EEA it would become a “third country” and these “passports” are not available to “third country” companies, i.e. companies incorporated outside the EU. This leads to heavy regulatory barriers to providing cross-border financial services to customers in many EU countries. Relocating your business to Estonia enables your Fintech to remain operating in the EU single market to the extent it operates now.

Thirdly, Estonia is not a tax haven, however, it is one of the few EU countries where it is possible to run a profitable business entirely tax-free as income is not subject to taxation until it is distributed. In other words, there is no corporate income tax on retained and reinvested profits.

With all these benefits in mind, Estonia is surely one alternative to keep your Fintech business running successfully post-Brexit.

NJORD law firm has extensive know-how and knowledge to help your Fintech company in this complex legal environment. NJORD law firm has previously successfully advised Fintech companies to structure their business to retain the EU foothold in the light of Brexit.



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