

Estonia is a small country located in the Baltic region of Northern Europe. While it may seem small, it's highly developed and considered one of the most internet-savvy countries in Europe. The country is also a member of the European Union (EU).

However, along with all the pros of working in Estonia, you also face some challenges. You'll need to set up your Estonia payroll to comply with local compliance laws on top of hiring employees, giving out compensation and benefits, and setting up a subsidiary. Globalization Partners makes it easier to expand through Estonia payroll outsourcing. We'll act as the Employer of Record as well to take all the stress of compliance off your shoulders and onto our own.

Estonia Payroll Taxation Rules

Estonia has a robust and complicated tax law that applies to both employers and employees. Employers need to pay a social tax up to 33% of gross salary for all employees, and the threshold depends on the state. Additionally, 20% of the total tax goes to pension insurance, and 13% goes to health insurance.

Estonia's social security system includes both contributory and non-contributory benefits, such as:

- Health insurance
- Unemployment insurance
- Unemployment allowances
- Family benefits
- Benefits for disabled individuals
- Funeral benefits
- Pension insurance

Estonia Payroll Options

You can choose one of several Estonia payroll options, including:

- Remote: If your parent company already uses its own payroll, you can add employees from other countries to the same payroll. If you do, you still need to make sure you follow the right compliance laws for each country.
- Internal: Larger subsidiaries committed to working in Estonia for years to come may want to create an internal payroll. Keep in mind, however, that with this option, you'll need a larger staff and an expert to help you stay compliant.
- Estonia payroll processing company: Working with an Estonia payroll processing company is one way to outsource your payroll, but your business will still be held responsible for the local company's actions.
- Estonia payroll outsourcing: Estonia payroll outsourcing with Globalization Partners is truly the best outsourcing option. We'll handle both your payroll and your compliance so that you can focus exclusively on running your business.

Requirements for Establishing Payroll

Companies cannot set up their Estonia payroll until they incorporate in the country. This lengthy process can take anywhere from a few weeks to a few months depending on where you are and what type of entity you choose, but you won't have to worry about this requirement when you work with a global PEO such as Globalization Partners. You can use our existing Estonia payroll to begin working in a day or two, starting with a painless expansion to the country.

Entitlement and Termination Terms to Know

Figuring out entitlement and termination terms before choosing an Estonia payroll option will help you create a clear agreement between you and the employee. Estonia allows probationary periods for up to four months, and notice periods range from 15 to 90 calendar days depending on how long the employee has worked for the company.

Contact Globalization Partners Today

Globalization Partners will help you get the most benefit out of your expansion. Contact us today for more information about Estonia payroll outsourcing.