



**Global Employment
Compass
Estonia**

Contents

- 1. Summary of applicable rights for different categories of workers 2
- 2. Legal requirements/rights/practices for different categories of workers 3
 - a. Employees 3
 - b. Independent contractors/consultants* 15
 - c. Volunteers..... 19
 - d. Non-citizen employees and consultants, including refugees and others forcibly displaced 21

PILnet and partners participating in this Global Employment Compass guide are not liable towards third parties for the accuracy of the information contained in this guide. The information contained herein does not set out a comprehensive picture of the law and is not tailored to any particular circumstances. It should not therefore be seen as a substitute for obtaining legal advice. The guide was last updated in March 2024 and responds to the legal framework in effect at that time.





1. Summary of applicable rights for different categories of workers

	Employees (part-time or full-time)	Independent contractors/service providers	Volunteers
Employment laws and regulations	Yes	No	No
Employees' compensation/remuneration requirements	Yes	No	No
Minimum wage requirements	Yes	No	No
Mandatory provident fund/retirement benefit fund contributions	Yes	No	No
Immigration requirements including the right to work in your country	Yes	Yes	Yes
Personal Data (Privacy) laws and regulations	Yes	Yes	Yes
Anti-discrimination laws and regulations	Yes	Yes	Yes



2. Legal requirements/rights/practices for different categories of workers

a. Employees

Section Contents

1 Contracts of Employment.....	3
2 Conditions of employment.....	6
3 Safe and supportive work environment	11
4 Tax.....	12
5 Remote work.....	12
6 What to do when things go wrong?.....	12

Definition of an employee

Under the Employment Contracts Act, an employee is a natural person who performs work for another person (the employer) in subordination to the management and control of the employer. The employer pays the employee remuneration for such work.

1 Contracts of Employment

What types of employment contracts are available? E.g. fixed term, part time, zero hour contracts, other? Are there any specific employment contracts available for non-profit organizations?

Fixed-term and part-time employment contracts are available, however zero-hour contracts are not permitted.

Contracts for remote working (teleworking) are possible (i.e. where the employee works from home or a location which is not on the employer's premises).

It is also possible to agree a contract which specifies that the number of hours worked can vary from week to week. However, the total number of hours over the appropriate reference period (which must not be more than four months' long) must be agreed to and provided to the employee under the contract. The reference period can be as short as one week. However, the contract must indicate the agreed working time (for example 40 hours per week) and reference how the working schedule will be made available. It is not legal to agree on floating working time that varies from one reference period to another.

In the event the legal requirements applicable to employment contracts are too strict for the employer, it may consider contracts for provision of services instead.

An employee may be paid for production units (for instance, in marketing/retail industry for amount of sold goods or concluded contracts). The employer is obliged to pay the employee a minimum





statutory wage even if the employee has not sold any goods or has not concluded any contracts etc. (unless through fault of the employee).

An employee may be employed by a temporary work agency to provide work on a temporary basis to a third party and under the supervision and control of that third party.

What are the key terms of employment contracts?

An employment contract must be in writing unless the employment lasts for less than two weeks.

An employment contract must include at least the following information:

- the name of the employee and employer, the personal identification code or registry code, place of residence or seat of the employer;
- the date the employment contract was entered into and the date the employee will commence work;
- a description of duties;
- the official job title if this conveys a legal responsibility;
- the agreed remuneration payable for the work (wages), including remuneration payable based on the economic performance and transactions, and the manner of calculation, the procedure for payment and the time of falling due of wages (pay day), also taxes and payments payable and withheld by the employer, including a reference to the authorities receiving the taxes and payments and protection accompanied by the payment thereof;
- the training entitlement provided by the employer and other benefits if agreed upon;
- the time when the employee performs the agreed duties (i.e. working time);
- the place of work;
- the duration of annual holiday and a reference to other holiday compensated by the employer;
- a reference to the termination terms for the advance notice of the cancellation of the employment contract;
- a reference to the rules of work organization established by the employer;
- a reference to a collective agreement if a collective agreement is applicable to the employee;
- a reference to the procedure for performing and compensating overtime work;
- the duration of the probationary period.

If the contract is concluded or altered orally, the employer is obliged to provide the employee with a written document containing the key terms of the contract. The employer is required to provide the contract within two weeks as of the receipt of such a request.

Any restrictive agreements must be in writing.

There is no requirement that the contract must be provided in Estonian, however the contract and any subsequent amendments must be communicated in a way reasonably understandable to the employee.

Is it acceptable to have a probation period for employees? If yes, for how long?

Yes. The law provides for probationary periods of four months in the private and public sector (private sector employers/employees may agree in the employment contract on the non-application or shortening of the probationary period).

In case of a fixed-term employment contract with a duration of up to eight months, the probationary period may not be longer than half of the contract term.

Either party may terminate the employment during the probationary period on 15 days' notice. However, the employer may only terminate the contract if the employee's health, knowledge, skills, abilities, or personal characteristics do not correspond to the level required for performance of the work.

Are fixed term employment contracts permissible? Are there any limitations on fixed term contracts? Are there any requirements to have a fixed term contract?

Yes fixed-term employment contracts are permissible.





A fixed-term employment contract may be concluded if it is justified by good reasons arising from characteristics of the work, especially a temporary increase in work volume or performance of seasonal work. If a permanent employee is temporarily absent, a fixed-term employment contract with a replacement employee may be justified to cover the period of absence.

A fixed-term employment contract may be made for up to five years.

If an employee and an employer have on more than two consecutive occasions entered into a fixed-term employment contract for similar work or extended the fixed-term contract more than once in five years, the employment relationship shall be deemed to have been entered into for an unspecified term from the start. Entry into fixed-term employment contracts shall be deemed consecutive if the time between the termination of one employment contract and entry into the next employment contract does not exceed two months.

In case of a fixed-term employment contract of up to eight months' duration, the probationary period may not be longer than half of the contract term.

If the employment contract is entered into for a fixed-term, the employer shall notify the employee of the duration of the contract and the reason for entry into a fixed-term contract. Entering into the employment agreement for a specified term can only be justified by good reasons arising from the temporary characteristics of the work and parties may not agree otherwise.

An employer is obliged to notify employees working under a fixed-term employment contract of vacant jobs corresponding to their knowledge and skills regarding which an employment contract can be entered into for an unspecified term.

To avoid disputes it may be reasonable to conclude an employment contract for an unspecified term instead of a fixed-term contract (for instance, if the employer is not quite sure whether conclusion of a fixed-term contract is legal).

Upon cancellation of a fixed-term employment contract for economic reasons, except the case where an employer becomes bankrupt, an employer shall pay the employee compensation to the extent that corresponds to the wages that the employee would have been entitled to for the whole period until the expiry of the contract term. No compensation shall be paid if the employment contract is cancelled due to *force majeure*.

Do employment contracts have to be in writing? Are there any signatory requirements for employment contracts? For example, could they be signed in-person or electronically, etc.)?

An employment contract must be in writing unless employment lasts for less than two weeks.

An employment contract in Estonia can be signed electronically or by "wet ink" signature.

Do employees have to be issued with a written employment contract before they start work?

No, an employment contract is also deemed entered into if an employee commences work which, under the circumstances, can be expected to be done only for remuneration. However, if the employment contract has not been provided to the employee before commencement of work, the employee may demand it at any time. The employer is required to provide the employment contract within two weeks as of the receipt of such a request.

Can you provide a simple template of the contracts mentioned above?

N/A.

Is there an obligation for an employer to run a criminal record check to the extent that any individual they hire will be working with children or vulnerable people?





The employer shall submit an application to the Criminal Records Database to verify the individual's background.

Can employers request references from former employers for new hires?

Employers may request a reference from former employers for new hires with the consent of the candidate.

Is an employer required to set up any form of employee representative body? If so, what is the trigger for this?

A labour union may be established by five employees. The employer has no obligation to convene an establishment meeting.

The employees may elect a trustee, who will represent the employees in any negotiations with the employer. The employer has no obligation to convene an election meeting.

In companies with more than 10 employees, the employees must elect a working environment representative(s). The employer is obliged to call a general meeting of all employees in order to elect this representative.

The collective bodies have the right to be informed and consulted as well as the right to provide an opinion. Certain measures are regulated by law in great detail. Collective bodies do not have co-determination rights.

A working environment representative must be informed and participates only in issues related to safety and environment. The work environment representative has the authority to tell the employees to stop work if they are at risk of harm.

The employer must inform and consult the labour union and trustee on changes affecting the workers (for example predicted substantial changes concerning organization of work, termination/significant amendments to employment contracts or lay-offs).

Is it common to have collective agreements in your jurisdiction that apply to all employers in a particular region or sector?

No. Collective agreements are only common in large companies or where there is an effective labour union.

Collective agreements which are concluded between the employer and trade union, or a group of employees usually apply to all employees who are members of the union and to other employees, if so agreed.

2 Conditions of employment

What is the minimum age requirement for employment?

An employer must not enter into an employment contract with a minor under 7 years of age. Employers are obliged to make an entry in the employment register 10 working days before a 7-12 year old starts work. A worker who has reached the age of 13 may also be entered in the register on the day of taking up employment. Employers are required to obtain the consent of the legal representative of a minor (i.e. a worker under the age of 18) before concluding an employment contract with them. Different rules apply for different age groups.

What type of work may a child undertake? For example, are there any specific restrictions?

Minors of 13-14 years of age and minors of 15 and 16 years of age who attend school may only be employed for light work (i.e. if duties do not require any major physical or mental effort).

Minors of 13 years of age can perform agricultural work, ancillary work performed in trade or service establishments, ancillary work performed in catering or accommodation establishments, other work





that is not beyond the minor's physical or psychological capacity, is not likely to harm the moral development of the minor, does not involve risks which the minor cannot recognize or avoid owing to lack of experience or training, is not likely to hinder the minor's social development or the acquisition of their education and is not likely to harm the minor's health due to the nature of the work or the working environment.

Minors of 7–12 years of age can carry out light work in culture, art, sports or advertising. The minor must of course consent to the work, however, the employer must also gain the prior consent of the minor's legal representative, i.e. from parent or legal guardian. In the case of minors who are under the age of 14, the consent of a labour inspector is also needed.

Wages

What is the minimum wage requirement for employees? Are there any exceptions in minimum wages for young persons or people with disabilities?

As of 1 January 2024, the statutory minimum wage is €820 per month, €4.86 per hour.

Are there any conditions which warrant a pay raise or extra pay? If yes, what are they?

Bonuses are common and paid annually. Bonuses may be at the discretion of the employer or concluded in an employment contract or collective agreement. If a bonus has been agreed between the employer and the employee in for example an employment contract, the employee has the right to demand the bonus.

When are wages due? For example, is there any obligation to pay wages weekly, or monthly?

An employer must pay wages to an employee once a month unless a shorter term has been agreed upon for payment of remuneration.

Are employers obliged to provide employees with paid leave on public holidays?

There are 12 public holidays. If the working time falls on a public holiday, the employer must pay two times the wages for the work or grant additional time off.

Are employers obliged to provide employees with annual leave?

The minimum annual holiday is 28 calendar days for adult workers in addition to any public holidays (of which there are 12).

Are employees entitled to receive their usual salary during their annual leave?

Yes.

Is there a requirement to pay overtime? How is overtime compensated?

If the employee works more than the time agreed upon, it is overtime. Overtime is compensated with time off equal to overtime or upon compensation for overtime work in money, an employer must pay an employee 1.5 times the wages.

Are there any extraordinary circumstances that could be relied on to temporarily cease paying employees for the hours worked?

In cases of redundancy, the employer has the right to terminate the employment contract due to economic reasons, therefore payment to employees may be temporarily ceased.

Are employees entitled to an end-of-year payment?

Employees are not entitled to a mandatory end-of-year payment.





Are employees entitled to payments when their employment contract is terminated, such as notice or notice pay, accrued or untaken holiday and/or statutory severance?

During the probationary period, the minimum notice to be given by the employer and the employee for termination is 15 calendar days.

After the probationary period, the employer is required to give the following minimum notice to the employee:

- 15 days in advance if length of service is less than a year
- 30 days in advance if length of service is one to five years
- 60 days in advance if length of service is five to 10 years
- 90 days in advance if length of service is 10 or more years

The employer is not obliged to give the minimum notice if the employer pays the employee an amount equal to what would have been paid had the employer adhered to the notice requirements as a “payment in lieu”.

For notice given by the employee, the minimum notice period is 30 calendar days.

The requirement to give the requisite notice may only be avoided within certain extraordinary circumstances, e.g. in case of extraordinary cancellation of the agreement by the employee. The employer may cancel an employment contract without adhering to the term for advance notice if, considering all circumstances and mutual interests, it cannot be reasonably expected that the performance of the contract be continued until the expiry of the agreed term or term for advance notice.

Working hours

What is considered a full time working week? If the employee is contractually required to work less than this amount, are they considered a part time employee?

Generally, employees work 40 hours per week and eight hours per day. If the employee is contractually required to work less than 40 hours per week, they are considered a part time employee. The maximum hours an employee can be expected to work is 48 hours per seven days, calculated as an average over a period of four months. This can be increased to 52 hours over the same period by agreement in certain circumstances.

Various exemptions to this general rule apply.

Are there fixed public/statutory holidays each year? Can employees be required to work on public/statutory holidays? Are employees entitled to any other type of leave besides public/statutory holidays?

There are 12 public holidays each year. Employees can be required to work on public holidays if their work time falls on a public holiday. Employees are entitled to the following type of leaves besides public holidays:

- Maternity leave: Women have the right to 100 calendar days’ maternity leave. The maternity leave can be taken not earlier than 70 calendar days before the estimated birth date given by a doctor or midwife. If a woman starts their maternity leave less than 70 days before the estimated birth date given by a doctor or midwife, the maternity leave is shortened by the respective period. There is a right to obtain compensation for maternity leave in accordance with the Family Benefits Act.
- Paternity leave: As of 1 July 2020, fathers have the right to receive up to 30 calendar days of paternity leave from 30 days before the estimated date of birth (as per the estimate given by a doctor or midwife) until the child reaches the age of three. There is a right to obtain compensation for paternity leave according to the Family Benefits Act.





- Parental leave: A mother or father is entitled to parental leave until their child reaches the age of three. Parental leave can be used in one part or in several parts at any time. Parental leave may be used by one parent at a time. It is presumed that employees will notify employers of taking or interrupting parental leave 30 calendar days in advance unless the parties have agreed otherwise.
- Adoptive parent leave: An adoptive parent has the right to adoptive parent leave of a total of up to 70 calendar days in one period or a number of periods within six months as of the date of entry into force of the court judgment approving the adoption. The employer has the right to refuse to grant adoptive parent leave for periods of less than seven calendar days in duration. Both adoptive parents have the right to adoptive parent leave at the same time for up to 35 calendar days. If both adoptive parents take adoptive parent leave at the same time, the period of the adoptive parent leave is shortened by the number of calendar days used at the same time. A foster parent has the right to adoptive parent leave. The right to adoptive parent leave arises for the foster parent as of the day of entry into a foster parent contract. An employee must inform their employer that they would like to take adoptive parent leave or interrupt their adoptive parent leave at least 30 calendar days in advance, unless the parties have agreed otherwise.

Adoptive parents are also entitled to claim compensation from the Estonian Health Insurance Fund for the period of their parental leave, in accordance with the Family Benefits Act.

- Child leave: Both parents have the right to 10 working days leave per child until the child reaches the age of 14 years. If a parent has several children, the parent has the right to no more than 30 calendar days of child leave in one calendar year. If one of the parents is deceased or the population register contains no entry concerning the father of the child, a parent has the right to child leave of up to 20 working days per child until the child reaches the age of 14 years, but if the employee has several children no more than 30 calendar days of child leave in one calendar year.

For child leave, employees are entitled to a benefit the amount equivalent to 50% of the amount of one calendar day's parental benefit calculated under the Family Benefits Act.

A mother or father of a disabled child is entitled to one working day a month of leave until the child reaches 18 years of age. The employee would be entitled to a benefit equivalent to one working day's parental benefit calculated in accordance with the Family Benefits Act.

Do part time employees receive any particular protection on the basis of their part-time status?

An employer is obliged to notify full-time employees of the possibilities of part-time work and part-time employees of the possibilities of full-time work.

An employer may not cancel an employment contract if a full-time employee does not want to move onto a part-time contract or if a part-time employee does not want to move onto a full-time contract. An employee's refusal to move from a full-time employment contract onto a part-time contract or visa-versa does not justify employment contract cancellation. On the other hand, in a real employment contract cancellation situation, i.e. when the continuance of the employment relationship on the agreed conditions becomes impossible due to a decrease in the work volume or reorganization of work or other cessation of work, the employer offers other work to the employee, including a part-time job, and the employee refuses such job, then the cancellation of employment contract is justified.

Do part-time employees receive the same pro-rated terms to full time employees, e.g. in relation to pay and benefits?





Yes.

Social security

What social security contributions are employers obliged to pay? Presumably, pro-rated contributions are required for part time employees?

Employers must pay social tax at the rate of 33%. Unemployment insurance is also required to be paid by employers at a rate of 0.8%.

Social tax contributions are pro-rated for part-time employees. The same rate applies, however the actual amount paid will be adjusted based on the employee's working hours and their income.

Are employers obliged to provide health insurance to their employees?

Yes. Health insurance is paid for through a social tax rate of 33%. Health insurance in Estonia for example covers the cost of health services and purchasing medication(s).

Are employees entitled to unemployment insurance/benefits following the end of employment?

Yes, employees are entitled to unemployment insurance benefits following the end of their employment.

Employees who do not have an income and have worked at least 180 days within the 12 months preceding registration can receive an unemployment allowance. The allowance is paid at least for 180 days depending on the unemployment insurance period, which may be prolonged due to market conditions. An employee must visit their unemployment Insurance Fund department or use a self-service option to claim unemployment benefit.

Are employers obliged to provide sick leave? If yes, for how long? How many days have to be paid by employers? Is it possible to have unpaid sick leave?

Yes. The employer and the Health Insurance Fund pay the sickness benefit to a person based on a certificate of sick leave, the purpose of which is to partially compensate the employee for the loss of earnings during the period of sickness.

No benefit is paid for the first three days of sickness. The employer pays the sickness benefit on days four–eight of sickness. The Health Insurance Fund pays the benefit from the ninth day. The sickness benefit can be paid up to 182 days.

As a rule, the Health Insurance Fund pays out the benefit within a few working days of receiving the information from the employer.

Are employers obliged to provide maternity leave for employees? If yes, for how long? How many days/months have to be paid by employers? Is it possible to have unpaid maternity leave?

Yes. Please see [above](#).

Is paternity leave available to employees? If yes, for how long? How many days/months have to be paid by employers? Is it possible to have unpaid paternity leave?

Yes. Please see [above](#).

Are employers liable for absence due to work-place injuries?

Yes. An employee has the right to receive compensation for health damage that has been caused by work (e.g. an accident at work). Pursuant to subsection 1 of § 4 of the procedure for registration, reporting and investigation of occupational accidents and occupational diseases, the employer is





obliged to investigate all occupational accidents in order to ascertain the circumstances and causes of the occupational accident and to determine the measures to prevent the recurrence of a similar incident.

In the event of illness or injury resulting from an accident at work, the sickness benefit is paid by the Health Insurance Fund at a rate of 100% from the second day of leave. The employee can claim for compensation under of the Law of Obligations Act § 130 (1).

Are employees entitled to retirement benefits from the employer? If yes, what benefits?

Yes, The I and II pillars are state pensions and the III pillar is private. The I and II pillars are mainly funded by social tax, which is mandatory for employers. Contributions to the III pillar are only made by persons themselves or their employers if agreed so. As of 6 November 2020, due to the Estonian pension reform, workers are allowed to withdraw money from the mandatory pension fund and pensioners have the right to terminate the pension contract concluded before 2021 and require a lump sum payment. If the person decides to withdraw money and stop making payments into the fund, the person will only receive the state pension unless the person decides to start making payments into the fund again.

Are employers obliged to introduce reporting channels and legal safeguards for whistleblowers?

Not yet. As of March 2024, the draft law on whistleblowing protection to transpose the Whistleblowing Directive is in progress.

3 Safe and supportive work environment

Broadly what measures have to be in place to ensure employers uphold health and safety? (such as fire or earthquake drills)

The Occupational Health and Safety Act outlines the rights and obligations of employers regarding health and safety at work.

The Act sets out the general requirements for the working environment such as:

- Workplace: the layout, lighting, ventilation
- Work equipment: safety and maintenance

Is there a requirement for an employer to issue any form of non-discrimination policies? (such as gender equality policies, equal employment opportunities, diversity, and inclusion policies, etc.)

No, this is not mandatory.

Is there a requirement to provide employees with training designed to combat discrimination and harassment?

No.

Is there a requirement to have a data protection policy?

Yes.

Is it mandatory for employers to have a Child Protection Policy (CPP)? Are employees obliged to provide training on CPP to its employees?

No.





4 Tax

Which taxes are mandatory for employers to pay and deduct on behalf of their employees?

The Employer withholds 1.6% of the employee's wages for unemployment insurance, 20% for income tax and 2% for the state pension (pillar II).

Are all employee taxes deducted from the salary that the employer pays or is there a requirement for employees to pay certain taxes directly?

The employer deducts the taxes directly from the employee's salary.

5 Remote work

Are employers required to have a registered legal entity in the jurisdiction in order to employ employees in the jurisdiction?

Yes.

Are employers required to provide any form of physical working space for employees working in your country?

Employers are not required to provide a physical workplace. Job duties may be performed remotely however, the employer must ensure compliance with the Occupational Health and Safety Act. § 13⁵ of the Act sets out the employer obligations in the case of teleworking.

Please provide general instructions for employers on what to check if the employer has remote employees, including concerning employee tax liabilities.

There must be a telework agreement with the employee. Remote employees are subject to income tax, unemployment insurance tax and state pension contribution.

Employers should discuss health and safety to ensure the employee has a safe working environment.

Employers should also ensure the employees confidential information is protected when working remotely.

6 What to do when things go wrong

Dispute resolution

Do employees (including volunteers) need to go through any form of dispute resolution before bringing a claim to a court or tribunal?

Yes, this can be done through conciliation where a conciliator is an impartial third party who helps the parties find a solution. The negotiations are confidential and the decision is not legally binding.

Before lodging a claim in court, a pre-litigation body, the labour dispute committee, should also be passed.

Resignation

What grounds do employees have for resignation?

An employee has the options of an ordinary and extraordinary cancellation of employment contract. In addition, an employee can at any time propose to their employer that the employment contract be cancelled by agreement between the parties.





Ordinary cancellation of employment contract with an unspecified term can be initiated by an employee at any time, i.e. the employee does not need a reason for initiating ordinary cancellation. By way of exception, ordinary cancellation of a fixed-term employment contract cannot be initiated by an employee, unless it has been concluded to find a replacement for another employee.

An employee can initiate extraordinary cancellation of their employment contract only if they have a valid excuse. An employee can request extraordinary cancellation of an employment contract in case of a substantial breach of obligations on the part of the employer (e.g. the employer treats the employee improperly, the employer significantly delays the payment of remuneration, the continuation of work may cause a real risk to the employee's life or health, etc.). Extraordinary cancellation may also be based on the employee's personal circumstances, e.g. when their health or family obligations do not enable them to continue working as agreed.

In order to cancel an employment contract, an employee must submit to their employer a notice of cancellation by means which leaves a written record. In order for the notice of cancellation to become valid, the employer must receive it and have a chance to examine it. If an employment contract is exceptionally cancelled, the employee must state in their notice of cancellation the reasons for employment contract cancellation.

An employee must inform their employer of ordinary cancellation at least 30 calendar days in advance. If an employee is subject to a probation period, notice of cancellation must be given at least 15 calendar days in advance. In the event of extraordinary cancellation of an employment contract, there is no notice period, and therefore, the employee does not have to inform the employer of extraordinary cancellation in advance if, in the light of all the circumstances and in the interests of both parties, the continuation of the contract may not reasonably be required until the end of the agreed period or the expiry of the notice period.

Termination

What grounds do employers have for the termination of employment contracts?

An employer cannot terminate a contract without cause and an employee can only be dismissed for economic reasons such as lay-off or bankruptcy, or for reasons related to the employee's performance, for example low productivity or misconduct.

The employee may cancel the contract at any time and without cause by serving 30 days advance notice unless the contract is entered into for a fixed-term.

How do employers have to document the termination of an employment contract?

Firstly, there has to be a warning for cancellation of an employment contract. An employment contract may be cancelled by a declaration of cancellation which must be in writing or in a format reproducible in writing (e.g. e-mail), reasoned and served on the other party. The party's intention to cancel the contract must be clear. Conditional and retrospective declarations are void.

If the employer does not observe the notice period for termination and does not have reason to cancel the contract without prior notice, it must pay to the employee compensation equivalent to the employee's daily average salary for each working day short of the notice period as a "payment in lieu". If the employee does not observe the notice period for cancellation, the employer may claim compensation from the employee for damages caused by leaving their employment early.

If possible, the employer must offer the employee another position prior to extraordinarily cancelling the employee's employment contract.

The employer must always justify cancellation of the employee's contract of employment. However, a breach of the obligation to justify termination does not affect the validity of the cancellation, but the party in breach of this obligation shall compensate the other party for the damage caused thereby.





What is the responsibility of employers for damages incurred by an employee's actions within his/her work?

- If an employee has intentionally breached the employment contract, they are liable for all damage caused to the employer as a result of the breach.
- If an employee has breached the employment contract due to negligence, they are liable for the damage caused to the employer to the extent which is determined taking into account the employee's duties, level of guilt, instructions given to the employee, working conditions, risk arising from the nature of the work, the length of employment with the employer, behaviour so far, the employee's wages, and also reasonably expected possibilities of the employer for reduction or insurance of damage. Compensation is reduced by the damage caused as a result of a typical risk of damage relating to the activities of the employer.
- An employer's claim for compensation for damage against an employee for damage caused upon performance of duties expires within 12 months as of the time when the employer learnt or should have learnt of the damage caused and the person obligated to compensate for it, but not later than three years after the damage was caused.





b. Independent contractors/consultants*

Section Contents

1 Contracts	15
2 Conditions of work for consultants.....	16
3 Safe and supportive work environment	18
4 Remote work.....	18
5 What to do when things go wrong	18

Definition of an independent contractor/consultant

Independent contractor - a person performing work on the basis of a contract under the Law of Obligations Act (usually an authorization agreement or a contract for services).

**The term consultant will be used to also refer to independent contractors, or any other term that would mean a natural person that provides goods or services under a written contract or a verbal agreement but does not work to meet the definition of employee.*

1 Contracts

What types of independent contractor/consultant agreements are available? Are there any specific agreements available to NGOs?

The contracts for independent contractors in Estonia are usually an authorization agreement or a contract for services, but depending on the service, other types of contracts, such as brokerage contract, agency contract, contract of commission can also be used.

NGO work can be carried out under an employment contract, a contract for services or an authorization agreement. It is also possible to volunteer by signing a volunteering contract.

What are the main elements of consultant agreements?

Some of the main elements of a consultant agreement are for example a statement of work, i.e. what the consultant is required to do, due time, compensation and termination. Contracts under the Law of Obligations Act do not have a subordination relationship, as is the case with employment contracts.

Is it possible to have probation periods for independent contractors/consultants? If yes, for how long?

No, probation periods are only applicable to employment contracts.

Is it possible to have a fixed term consultation/independent contractor agreement? Are there any restrictions around fixed term consultant/independent contractor agreements?

Contracts under the Law of Obligations Act are concluded for a fixed-term, but it is also possible to agree on an unspecified term. A contract of unspecified term may be cancelled at any time, taking into account the fact that the service which is the subject of the contract may be obtained or the transaction carried out by other means. If this is not taken into account, the damage must be compensated.





Do independent contractor/consultant agreements have to be in writing? Are there any signatory requirements? For example, could they be signed in-person or electronically, etc.)?

Contracts under the Law of Obligations Act are subject to the principle of freedom of form, which means that the parties can also agree on the form of the contract. However, for the purposes of evidence, a form that can be reproduced in writing is recommended.

Do all types of independent contractors/consultants have to be under contract in order to be able to work?

Yes, otherwise there is no contractual relationship and the party may be deprived of the benefits of the contract.

Can you provide a simple template of the agreements mentioned above?

N/A.

Is there an obligation to run a criminal record check to the extent that any independent contractor will be working with children or vulnerable people?

No.

2 Conditions of work for consultants

Are there any minimum age requirements for an individual to work under a consultant/independent contractor agreement?

A multilateral transaction (i.e. the conclusion of a contract under the Law of Obligations Act) entered into by a person with limited legal capacity (i.e. a person under the age of 18) without the prior consent of their legal representative is void, unless the legal representative subsequently ratifies the transaction.

Does a consultant/independent contractor need to obtain a license or any other permission in order to work?

No, they do not require a specific license in order to work.

Payment

Are there any minimum pay requirements for consultants/independent contractors?

No.

Are there any exceptions in minimum wages for young persons or people with disabilities?

No.

Is there any requirement to provide statutory/paid leave to consultants for statutory holidays?

No.

Is there any requirement to pay annual leave to consultant/independent contractors? If so, how is this compensated, if at all?

No.





Is there an obligation to provide consultant/independent contractors with overtime? How is this compensated if required?

No. Independent contractors/consultants are not entitled to statutory employment law protections such as ill-health insurance benefits, overtime regulations or benefits relating to absence from work and termination.

Are consultants entitled to an end-of-year payment?

No.

Are consultants entitled to a final payment when the contract is terminated?

No. If the consultant is to be remunerated after performance or expiry of the term granted for performance and if the contract expires before the work is performed or before the expiry of the term granted for the work thereof, the consultant is entitled to receive a reasonable part of the remuneration. In such case, the consultant is entitled to receive full remuneration only if the agreement was terminated due to circumstances not dependent on the consultant and if the payment of remuneration is justified under the circumstances.

Working hours

Are consultants entitled to any type of leave, whether paid or unpaid?

No, independent contractors/consultants are not legally entitled to paid annual leave.

Social security

Does the end user engager need to make any social security contributions on behalf of a consultant/independent contractor? Are independent contractors entitled to health insurance from the end user engager?

Yes. An independent contractor is insured if they are subject to social tax at a rate not lower than the monthly rate of social tax set by the state budget.

Are independent contractors/consultants entitled to unemployment insurance/benefits after termination of their independent contractor/consultancy agreement from the end user engager?

Yes. The person(s) providing the work pay(s) social contributions on behalf of the independent contractor and are thus entitled to pension insurance. The independent contractor is entitled to unemployment insurance.

Are independent contractors/consultants entitled to sick leave from the end user engager? If yes, for how long? How many days have to be paid?

No.

Are independent contractors/consultants entitled to maternity leave from the end user engager? If yes, for how long? How many days/months have to be paid?

No.

Are independent contractors/consultants entitled to paternity leave from the end user engager? If yes, for how long? How many days/months should be paid?

No.





Are employers obliged to cover work-place injuries for independent contractors/consultants?

No.

Are independent contractors/consultants entitled to retirement benefits from the end user? If yes, what benefits?

Yes. The person(s) providing the work pay(s) social contributions on behalf of the independent contractor and are thus entitled to pension insurance.

3 Safe and supportive work environment

Are there any differences in terms of the regime that applies to employees?

Independent contractors/consultants are responsible for their own health and safety when performing their duties.

4 Remote work

Are end user engagers required to have a registered legal entity in the jurisdiction in order to hire independent contractors/consultants there?

No.

5 What to do when things go wrong

Resignation

Do consultants/independent contractors need a reason to terminate the contract, or can they terminate it for any reason in accordance with the terms of the contract?

The reasons for termination are usually set out in the contract/agreement. Both parties have the right to cancel a contract entered into for a specified term and if it becomes evident that, bearing in mind all the circumstances and the interests of both parties, the party wishing to cancel the agreement cannot be expected to continue the work until expiry of the term for cancellation or the term of the agreement or until the work is performed.

Termination of agreement

What grounds do end user engagers have for the termination of consultant agreements?

The reasons for termination are usually set out in the contract/agreement. Termination usually occurs as a result of a party's breach of an obligation.

What is the responsibility of the end user engagers for damages incurred by a consultant's actions within his/her work?

The independent contractor's liability is to avoid damage. The claim for damages must be based on the existence of a presumption of liability.





c. Volunteers

Section Contents

1 Contracts	19
2 Conditions of employment.....	19
3 Safe and supportive work environment	20
4 Tax.....	20
5 What to do when things go wrong	20

Definition of a volunteer

There is no legal definition of a volunteer in Estonia.

Volunteers work primarily for their own self-fulfilment, not to earn an income. Legislation does not regulate the volunteer's work or their guarantees in a broad sense.

1 Contracts

Are organizations required to sign any form of agreement with volunteers?

Organizations are not legally required to sign any form of agreement with volunteers, however it is recommended to have one in place.

2 Conditions of employment

Is there a minimum age requirement for volunteers?

A multilateral transaction entered into by a person with limited legal capacity (i.e. a person under the age of 18) without the prior consent of their legal representative is void, unless the legal representative subsequently ratifies the transaction. Therefore, volunteers under the age of 18, prior consent of their legal representative is necessary.

What type of volunteering work may a child undertake? Are there any restrictions around this?

A child may undertake volunteering work in youth organizations, educational and cultural volunteering, sports and recreation and environmental projects. A parent or legal guardian must provide consent for a child to volunteer.

Payments and reimbursement

Are organizations allowed to pay stipends to volunteers?

Stipends are not commonly provided.

Are organizations allowed to reimburse volunteers? If yes, for what expenses (such as transportation, food, etc.).

Yes. It is possible for organizations to cover expenses for travel costs and training.

Working hours

Are there any obligations around how many hours volunteers can work?





There is no fixed limit on the number of hours a volunteer can work, yet it should be based on the time limits provided for in the Employment Contracts Act.

Are volunteers entitled to any type of leave?

No.

Social security

Are organizations obliged to pay any social security contributions on behalf of their volunteers?

No.

Are organizations obliged to provide health insurance to volunteers?

There is no legal provision concerning volunteer insurance.

Are organizations liable for absences of volunteers due to work-place injuries?

No. The protection of volunteers against risks of accident, illness and third-party liability related to their volunteering activity also depends on the organization.

3 Safe and supportive work environment

Are there any differences in terms of the regime that applies to employees?

There is no specific legal framework for volunteers in Estonia. Voluntary work cannot be performed as a replacement for an employee, this is illegal.

4 Tax

Are organizations obliged to pay taxes if they pay their volunteers stipends? If yes, what types of taxes are mandatory to pay?

Yes. Income tax is charged on stipends.

5 What to do when things go wrong

What grounds do organizations have for the termination of volunteer agreements/arrangements?

This will depend on the terms of the contract.

What is the responsibility of organizations for damages incurred by a volunteer's actions within his/her work?

Liability depends on the contract, but an organization may claim damages for damage caused by a volunteer on the basis of a claim for damages if there is a presumption of liability.





d. Non-citizen employees and consultants, including refugees and others forcibly displaced

Section Contents

1 Status and the right to work.....	21
2 Contracts	22
3 Conditions of employment.....	22
4 Safe and supportive work environment	23
5 What to do when things go wrong?.....	23

1 Status and the right to work

Are employers obliged to secure legal status for their employees or consultants if they are non-citizens? (such as refugee status, humanitarian visas, visas for trafficking survivors, other recognized protection statuses, etc.)

The employer is required to verify if a foreign national has a legal basis for the stay in Estonia.

Are employers obliged to secure work permits for their employees or consultants?

The employer has to register short-term employment with the Police and Border Guard Board, so the foreign national who has a legal basis for temporary stay in Estonia would have the right to work. The employer submits an application for registration of short-term employment in Estonia to the Police and Border Guard Board. Foreigners do not have the right to work without short-term work registration.

NB: The registration of short-term employment by the employer is not enough. The employer is also responsible for the legal basis for temporary stay in Estonia. The employer is required to verify if a foreign national has a legal basis for the stay in Estonia.

Is it always necessary to obtain a work permit?

Foreign nationals who are not citizens of EU or EEA member states or Switzerland have no right to be employed in Estonia, except for in registered short-term employment. A foreign national who is staying temporarily in Estonia may work in Estonia if their employer has registered their short-term employment in the Police and Border Guard Board. Short-term employment is permitted for up to 365 days within 455 consecutive days. However, for short-term employment the foreigner must have a separate legal basis for their stay in Estonia (e.g. a visa, a visa-free movement right, residence permit of another Schengen member state).

Citizens of EU or EEA member states or Switzerland do not require such a permit but must register their Estonian residency and obtain an Estonian ID-card once working exceeds 3 months.

NB: The registration of short-term employment by the employer is not enough. The employer is also responsible for the legal bases for temporary stay in Estonia. The employer is required to verify if a foreign national has a legal basis for the stay in Estonia.

Can asylum-seekers and other persons forcibly displaced access the right to work if they do not have refugee status or other recognized protection statuses?





An applicant for international protection may take employment in Estonia if the decision on their application for international protection has not entered into force within six months as of the submission of the application for international protection due to reasons beyond the applicant's control. An applicant for international protection may take employment in Estonia until the termination of the proceedings of their application for international protection. An applicant is prohibited from taking employment in Estonia or engaging in enterprise in Estonia during proceedings for international protection or application for residence permit based on temporary protection except in the case provided for in § 10¹ of this Act. An applicant who violates the prohibition of taking employment or engaging in enterprise is held liable pursuant to the provisions of the Aliens Act.

2 Contracts

Are employment contracts or consultant agreements for non-citizens different to those for citizens?

No. The prohibition of discrimination applies if the person has a residence permit.

3 Conditions of employment

Does national law regulate the quotas for the number of non-citizens within one organization?

No, the number of non-citizens within one organization is not regulated. Although, there is a quota for non-citizens immigrating to Estonia, which shall not exceed 0.1% of the permanent population of Estonia annually.

Are employers obliged to report about employed non-citizens?

Employers have certain obligations under the Estonian Aliens Act to inform the Police and Border Guard Board of the employment of an individual holding a residence permit for employment, amendments to the working conditions and termination of the employment contract that is the basis for setting forth the working conditions in the work permit and ensure the employee is working in Estonia legally.

Are there any other differences in conditions of employment for non-citizens and citizens?

Non-EU citizens can live and work as seasonal workers by obtaining season work visas through a long-term (D) visa which is valid for one year and can be extended upon meeting the necessary criteria.

For EU citizens staying up to three months, a valid ID or passport suffices. Longer stays require resources and health insurance. No permit is needed, but registration might be. Permanent residency is obtained after five years of continuous stay, provided they have not been the subject of an expulsion decision. The right of permanent residence is lost only if the person is absent from the host Member State for more than two consecutive years.

Are there any specific employment terms that apply to citizens but not apply to non-citizens?

Non-EU citizens require a residence permit for work which is usually arranged by the employer.





4 Safe and supportive work environment

Are there any differences in a safe and supportive work environment approach for non-citizens? If yes, please elaborate here.

Employers are required to arrange a medical examination for its employees whose health may be impacted by workplace hazards or the nature of their work, as identified in the risk assessment. Examples include exposure to noise and prolonged forced positions.

Under the Occupational Health and Safety Act, the employer has the responsibility to investigate occupational accidents and illnesses. In the case of temporary agency work, this obligation is delegated to the user undertaking. If a temporary worker has an accident at work, the user undertaking must register the incident as soon as it is possible for them.

The employer is required to provide a report to the injured party or their representative as well as to the Labour Inspectorate. The report includes information about the preventive measures being implemented by the employer to avoid similar accidents.

Does the employer have additional obligations for non-citizens?

The registration of short-term employment by the employer is not enough. The employer is also responsible for the legal bases for temporary stay in Estonia. The employer is required to verify if a foreign national has a legal basis for the stay in Estonia.

5 What to do when things go wrong?

Is the process of termination of an employment contract for non-citizens different than for citizens? If yes, please explain here.

No, the same process applies to non-citizens as citizens in the process of termination of an employment contract.

Is the process of resignation for non-citizens different than for citizens? If yes, please explain here.

No, they are similar.

Are non-citizens entitled to the equal protection of employment laws in the event of employment-related disputes?

Yes, non-citizens can address employment-related disputes the same way as citizens through the Labour Inspectorate and court system.





For more information please visit pilnet.org