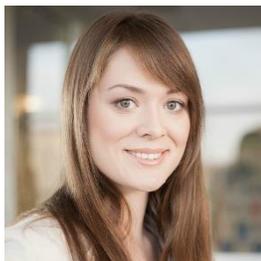


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Changes in the Commercial Code and other Associated Acts

The Estonian Parliament Riigikogu has passed the Act on the Amendments to the Commercial Code and other Associated Acts. The amendments primarily concern the location of the legal persons and their management boards, as well as abolish the possibility to personally attend the offices of the Commercial and Land registries.

Although the Commercial Code provisions, which required that at least half of the management board members of the company must be located either in Estonia, some other country in the European Economic Area or in Switzerland have been abolished already in 2011, the valid General Part of the Civil Code Act still stipulates that both a company and its management board must be located in Estonia. With the new amendments this requirement is being abolished, which means that as of 15.01.2018, when the new law comes into force, it will be possible to manage the Estonian companies also from abroad. However, the location requirements for the company itself have not changed, which means that the location of the company still has to be in Estonia and the respective address has to be established by the articles of association or articles of incorporation, as well as be reflected in the Commercial Registry.

If it is really the intention of the management board to manage an Estonian company from abroad, then they have an obligation to nominate a contact person, who will have the right to receive all the documents intended for the attention of the company. If this obligation is not complied with, then the Commercial Registry registrar will have the right to initiate the compulsory dissolution of the respected company. This is why it is important that the company, whose management is located abroad, duly nominates itself a contact person, which can, for example, be an attorney, notary or auditor. In addition to receiving the documents, the role of the contact person is to make sure that a company managed from abroad is in possession of a solid point of contact that holds a relevant professional experience and is well informed about the local business operating conditions in Estonia.

In addition, the amendments oblige the companies to submit their email addresses to the Commercial Registry, which until now has been merely voluntary.

The aim of the abolishment of the location requirement of the company's management is to make the entrepreneurship more flexible, whilst creating a possibility for, first and foremost, e-residents, but also for local entrepreneurs to run their businesses in Estonia, whilst being physically present elsewhere.

Another change concerns the fact that as of 01.07.2017 the Commercial and Land Registry departments are not going to offer the on-site services anymore, which means that in order to have a look at the Registry information and file documents (including the information from the Commercial Registry and Land book) it will be necessary to either do it electronically or make an appointment with the notary's office. The confirmed copies from the Commercial Registry will be issued only at the notary's office. The aim of this change is to decrease the workload of the registrar, optimize client services and their amount, thus also decreasing the economic expenses of the registries and increasing the use of e-services.

In practice, the abolishment of the on-site services in the registry and land departments will mean that the projects, which involve the

registry operations may become more time-consuming, due to the fact that it will now only be possible to submit the paper documentation to the Commercial Registry either via a notary or by post.

More details about the law and procedural information can be found [here](#) (in Estonian).