

## Estonia's digital residency clicks with Indian entrepreneurs

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Their E-residency programme, which offers digital signatures that are legally recognized across the EU, can help Indian nationals grow business overseas.

Kiran, a Brussels-based entrepreneur, has been looking for ways to expand his business dreams across Europe. Keen to launch a digital magazine and a multi-city accelerator programme for start-ups, he found it difficult to do with an Indian citizenship as it involved too much paperwork and few doors opened. When he heard about Estonia's E-residency programme, he jumped at it. "It takes hardly a few minutes to set up a company, or a bank account online — no kidding! Best of all, one can operate from anywhere in the world and not necessarily live in Estonia. I see it as a super opportunity for entrepreneurs looking to venture into Europe," says Kiran, founder of Eat, Sleep, Drink Start-ups and host of August Fest, a large start-up conference in India.

Estonia, the tiny but technologically savvy Baltic nation of around 13 lakh people, last December took the bold step towards a borderless world — by throwing open E-residency to all foreigners above 18. As Estonia is a part of the European Union (EU) many foreigners who wish to expand their business operations in Europe are keenly exploring this option. A steady trickle of Indians has expressed interest, says Siret Schutting, managing director, E-Estonia Showroom. "When we launched the beta phase last December we were very surprised to see hundreds of applications from more than 50 countries, including some from India."

An E-residency, which has a two week waiting period and costs 50 euros (approximately Rs 3,500), is not a citizenship. It does not provide physical residency or rights of entry to Estonia or the EU. Instead, E-residents are given a smart micro-chipped embedded card that contains two certificates -for digital authentication and digital signatures.

This digital signature, which is recognized by other EU countries following the EU Resolution 9102014 on E-identity, enables an entrepreneur to carry on his business virtually. For instance, a company launched in Estonia can be managed by an entrepreneur from India or anywhere in the world, and with limited paperwork; entrepreneurs can conduct business across the EU or even set up branches of their company in other EU countries.

"An E-residency gives a valid electronic identity with right of representation and digital signing. With E-residency a foreign citizen can set up a company in Estonia within an hour, which would work as a base for European entrepreneurship," explains Elvira Tulvik, attorney-at-law, with a KPMG Law Firm in Estonia.


"For example, the (digital) identification will be valid between a bank in Belgium and a bank in Estonia for money transfer; it will also be legally recognized by a German authority, should the E-resident wish to open a branch in Munich," adds Tulvik, while Viljar Lubi, ambassador, Embassy of Estonia, adds, "Digital signing would allow a E-resident holder, who is a businessman to securely sign any type of documents with his 5-12 digit PIN code from anywhere in the world."

Corporate laws in Estonia also help the global businessman. "It is possible for an Indian person to be the sole shareholder and director of his Estonian company. There is no legal requirement to

appoint any locals to manage the company, which reduces costs," says Marek Herm, partner at Attela Law Firm in Estonia.

## E-RESIDENCY EXPLAINED

- It is a secure digital identity issued by Estonia which allows digital authentication and the digital signing of documents.
- Since December 2014, foreigners (including Indians) can apply for it
- It is not a citizenship nor a visa (It does not provide any rights of entry to Estonia or any EU country)
- An E-resident can set up a company in Estonia, and the digital signature recognized across EU facilitates ease of doing business in the region
- At present, applicants have to travel to Estonia to apply for E-residency, which is awarded after a two week wait period, background check and payment of 50 euros (approximately Rs 3,500)



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While E-residency allows you to open up a company, starting your business is not a requirement. Currently, a visit to Estonia is a must for applying for and obtaining E-residency, however in the coming months, local embassies may be permitted to accept applications.

The tiny Indian community in Estonia (300 odd, nearly half are students) is excited about E-residency. Krishnan Bashyam and his wife Nirmala have been residing in Estonia since October 2013. Krishnan is the CEO-Chairman of a manufacturing company, a subsidiary of a Singapore MNC group. "My son Nikhil who is studying engineering in Canada has shown interest in opting for E-residency. When I move from Estonia to the corporate office in Singapore or to India, I shall opt for E-residency," says Bashyam.