

## SELECTED LEGISLATION AND SIGNIFICANT DOCUMENTS

### SEPTEMBER–DECEMBER 2003

#### 24 September

The Financial Supervision Authority approved advisory guidelines “Rotation of Auditors of Certain Subjects under State Financial Supervision”.

#### 26 September

The Supervisory Board of the Guarantee Fund appointed **Veiko Hintsov** from the Deloitte & Touche Audit AS auditing company to examine the operations of the Guarantee Fund and evaluate the accuracy of the reports for the 2003 fiscal year.

#### 1 October

The Governor of Eesti Pank’s regulation enacted **conditions of selling numismatic-bonistic products**.

#### 9 October

The Governor of Eesti Pank’s Decree No 9 **approved payment statistics reports of credit institutions** (reports on payments, bank card transactions and mobile payments, bank cards, ATMs and points of sale), **also the terms used in the payment statistics reports along with the deadlines for submitting the reports**. The Decree entered into force on 1 January 2004.

The Governor of Eesti Pank’s Decree No 16 from 16 June 1998, “Reporting on the Statistics of Payments by Credit Institutions”, was repealed.

#### 15 October

Riigikogu passed the **report on the implementation of the state budget of 2002**.

#### 16 October

The Governor of Eesti Pank’s Decree No 10 **amendments to “The Transactional Financial Flow Report” and “The Non-transactional Financial Flow Report” were made**. Both were approved by Decree No 17 of the Governor of Eesti Pank from 31 October 2002. The Decree entered into force on 1 January 2004.

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To maintain the size of the holding of the Republic of Estonia in the International Bank for Reconstruction and Development (World Bank) the Government of the Republic by its order decided **to issue bonds totalling 5,351,162 kroons**. This is related to the appreciation of the US dollar against the Estonian kroon from 1992.

#### 22 October

Riigikogu passed the **Act on Amendments to the Taxation Act and the Land Tax Act**. The act entered into force on 1 January 2004.

#### 21 November

The Governor of Eesti Pank’s Decree No 11 amended **Annex 6 (“Investment**

services report”) and Part III of Annex 7 (“Explanations to the terms used in the investment services report”) of the Governor of Eesti Pank’s Decree No 13 from 11 July 2002 “Credit institutions’ reports on off-balance sheet transactions”, and approved in a new wording. The Decree entered into force on 1 January 2004.

The Governor of Eesti Pank’s Decree No 31 “Credit institutions’ reports on off-balance sheet transactions” of 24 December 1998 was repealed.

## 26 November

The Council of the Financial Supervision Authority approved the budget of the authority for 2004 totalling 42,265,925 kroons. For the first time the Authority fully covers its expenditures with surveillance fees.

## 27 November

Based on the long-term fiscal strategy of Eesti Pank, the Board approved the budget for 2004 totalling 205,822,000 million kroons.

## 3 December

Riigikogu passed **the Act on Amendments to the Money Laundering Prevention Act, the Financial Supervision Authority Act, the Credit Institutions Act, the Police Act and the Securities Market Act**, which in its main part entered into force on 1 January 2004.

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The Governor of Eesti Pank’s Decree No 12 amended the Decree No 18 by the Governor of Eesti Pank from 18 November 2002, **“Complementary reports to the balance sheet of credit institutions”**. The Decree entered into force on 1 January 2004.

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The Governor of Eesti Pank’s Decree No 13 **“The balance sheet and profit and loss account of credit institutions and the balance sheet, profit and loss account and off-balance sheet liabilities of the consolidated group of a credit institution”** approved:

- General principles of drafting a balance sheet and a profit and loss account;
- Balance sheet layout of a credit institution, instructions for drawing up a balance sheet and the “Balance sheet of credit institutions” report;
- Layout of a profit and loss account of a credit institution, instructions for drawing up the report and the profit and loss account of a credit institution;
- Balance sheet layout of a credit institution consolidating group and the “Balance sheet of a credit institution consolidating group” report;
- Profit and loss account layout of a credit institution consolidating group and the profit and loss account of a credit institution consolidating group;
- Layout of an off-balance sheet liabilities report of a credit institution consolidating group and the “Off-balance sheet liabilities of a credit institution consolidating group” report;
- Explanations to the terms used in these documents;
- Entry codes of the balance sheet annex, “Accounting of intangible and tangible assets”.

The Decree also approved the deadlines for submitting the above-mentioned reports to the Financial Supervision Authority and made amendments to Decree No 2 by the Governor of Eesti Pank from 31 January 1997, **“Reports by credit institutions”**. The Decree entered into force on 31 January 2004.

Also the Governor of Eesti Pank’s Decree No 9 from 6 March 1998, “Principles of compiling consolidated reports on credit institutions”,

No 25 from 17 November 1998, "Electronic report forms for the consolidated accounts presented by credit institutions", and No 12 from 22 December 2000, "Reports by credit institutions", were repealed.

## 5 December

The Decree of the Minister of Finance established **supervision fee shares calculated on the basis of assets in the 2004 budget of the Financial Supervision Authority.**

## 10 December

Riigikogu passed **amendments to the 2003 state budget of Estonia.**

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Riigikogu passed the **Value Added Tax Act**, which is to enter fully into force upon Estonia's accession to the European Union.

## 17 December

Riigikogu passed the **2004 state budget with projected revenues amounting to 47,619,732,025 kroons and expenditure to 47,699,931,444 kroons.** The gap between revenue and expenditure is to be covered by financial transactions so as to secure fiscal balance.

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Riigikogu passed the **Act on Amendments to the Income Tax Act, the Social Tax Act and the Land Tax Act.** Under the act the **tax-free income minimum** rises to **1,400 kroons per month in 2004** from 1,000 kroons. According to the Act, the flat income tax rate is to decline to 24% in 2005, 22% in 2006 and 20% in 2007. The tax-exempt minimum is to stand at 1,700

kroons per month in 2005 and at 2,000 kroons in 2006.

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Riigikogu approved the **Act on Amendments to the State Budget Act, the Accounting Act, the State Audit Office Act, the Rural Municipality and City Budgets Acts, the Local Government Organisation Act, and the Use of Privatisation Proceeds Act.**

## 18 December

The Governing Council of the European Central Bank passed a decision under which the countries acceding to the European Union join the euro exchange rate mechanism, ERM II, in the first stage as Member States with a derogation within the European Monetary Union (EMU). The ten countries are obligated to adopt the euro after meeting the convergence criteria stipulated in the Treaty establishing the European Union. The document is available in the languages of all the current and future Member States of the European Central Bank on its web site (<http://www.ecb.int>).

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Riigikogu passed the **Act on Amendments to the Alcohol, Tobacco and Fuel Excise Act and the Fiscal Marking of Liquid Fuel Act**, which is to fully enter into force upon Estonia's accession to the European Union.

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By the Decree of the Government of the Republic the **minimum hourly wage** imposed in Estonia as of 1 January 2004 is **14 kroons and 40 cents** and the **minimum monthly wage for full-time work 2,480 kroons.** So far the respective minimum rates stood at 12 kroons and 90 cents and 2,160 kroons, respectively.