

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE****Working Party No. 2 on Competition and Regulation****Taxi, ride-sourcing and ride-sharing services - Note by Estonia****4 June 2018**

This document reproduces a written contribution from submitted for Item 3 of the 65th meeting of Working Party No 2 on Competition and Regulation on 4 June 2018.
More documents related to this discussion can be found at www.oecd.org/daf/competition/taxis-and-ride-sharing-services.htm

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JT03431150

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1. New modern business models based on digital solutions have been developed in several areas of activity including the transport sector which replace or complement traditional business practices. For this very reason, on first of November 2017 the amendments to the Public Transport Act¹ entered into force. As a result of the amendments, a flexible and balanced taxi regulation which takes into account different interests, and which at the same time does not make any compromises regarding the rights of passengers, was created in Estonia². The amendments eased the differences between traditional taxi services and ride-sharing. The Act establishes passenger service through an information society service, where both the ordering and the calculation of price take place via an IT platform, as a separate category of taxi service.

2. The new law divides taxi services into two:

- Traditional taxi service, where the price is calculated by taximeter and the illuminated taxi sign has been installed on the vehicle and the name of the carrier or the carrier's trademark is visible on the outer right side of the vehicle. In addition a price list and a printer must be installed on a vehicle.
- Platform based taxi service, where the only condition is that a ride is ordered and priced through an information society service.

3. The following requirements have to be fulfilled in both services:

- A taxi licence -certifies the right of the carrier to provide taxi services;
- A service provider card - proves the right to work as a driver providing taxi services;
- Vehicle card - a document given to a carrier holding a taxi licence or to a service provider card holder, which certifies the right to use the vehicle specified in the vehicle card for the provision of taxi services.

4. All licences are granted by the rural municipality government. The Act makes it possible to provide taxi services on the whole territory of Estonia, taking into account the requirements in force on the territory of each local government.

5. As it was said before it is possible to provide the service also “through a platform” via an information society service. If a taxi is ordered and the price is calculated through an information society service, taximeter will not be mandatory upon the provision of such service. Also, the price limits established by the local government will not be applied, because the passenger will see the price of the ride already when ordering the taxi via an information society service (mobile application). In other cases, a taximeter will have to be used, for example if passengers are picked up from the street or the taxi stop, or if a taxi is ordered through a call centre. Where the buying and

¹ <https://www.riigiteataja.ee/en/eli/ee/Riigikogu/act/509042018005/consolide>

² <https://www.riigikogu.ee/en/press-releases/plenary-assembly/the-riigikogu-passed-an-act-on-platform-based-taxi-service/>

calculation of the price of taxi services takes place without the intermediation of an information society service, the holder of the vehicle card must program the prices of taxi services provided on the road into the taximeter installed in the vehicle and the prices must be indicated in the taximeter adaptation certificate and in the price list.

6. The traditional taxi service providers are also entitled to use platform based taxi service but it have to be clear to customer which service it provides when ordering a taxi. A taximeter entitles the holder to serve customers without a mobile application. The illuminated sign and the name of the carrier on the right hand side of the car or trademark entitles the holder to drive in the public transport lane. A taxi service provider without an illuminated sign or taximeter cannot use the public transport lane.

7. In addition the Act also eliminated the requirement of passing a taxi driver training course, and every carrier will have to take care of the organisation of the trainings.

8. As an exception, according to the Act the carriage of passengers using an automobile is not deemed as taxi service where the carrier does it on a route planned for personal purposes and where the aim of carriage is not the earning of income. So, pure ride-sharing is not a taxi service.

9. Regarding the price of taxi services, the prices of taxi services are established by the carrier. The local government may establish by a regulation the following conditions for traditional taxi services:

1. the form of the price list of taxi services, thereby distinguishing between the journey commencement fee, the fare per kilometre or the time-based fee;
2. the maximum permitted level of the journey commencement fee, fare per kilometre and time-based fee, thereby taking into account that the carrier must be able to bear the direct costs relating to the provided service, the capital costs and a proportion of its overheads as well as make at least a reasonable operating profit;
3. the list of services for which a price may be established, thereby it is permitted to distinguish between daytime and night time services or based on some other time criterion.

10. During the process of amending the legislation the Competition Authority was asked opinion about the new rules. In its opinion the Authority was in the opinion that taking account how the Uber and other ride-sharing services operated, it is possible to consider them as traditional taxi services in Estonia. According to the outcome of the amendments it is possible to conclude, that the amendments to public transport act relaxed the taxi service requirements and platform based taxi services are now placed on more equal legal footing with traditional taxi services.

11. The growth of platform based taxi services are supported also by Estonian Tax and Custom Board, who simplified tax declaration process of these kind of companies. In 2017 Estonian Tax and Customs Board announced that the last year's income declared through Uber and Taxify was five times higher than in the preceding year. Instead of 69 people in the previous year, the number of persons who lodged their income tax returns through Uber ja Taxify platforms this year was 319, the declared sum amounted to EUR

450 000 as compared with the earlier EUR 67 800. The increase in both figures show that if simpler services are available, people will prefer to comply with their tax obligations³.

12. There are several platform based taxi services operating in Estonia. The most popular is Taxify, followed by Uber and 3 others. In 2016 two traditional taxi service providers jointly established a new taxi service platform, to compete with the bigger and more popular platforms. This merger was controlled by the Estonian Competition Authority and it was cleared without any competition concerns found⁴.

13. Regarding the other competition cases, as the amendments to Public Transport Act entered into force in the end of last year, the Competition Authority have not concluded any official cases in the light of the new law.

³<https://www.emta.ee/eng/income-declared-through-uber-and-taxify-has-overwhelmingly-increased>

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http://www.konkurentsiamet.ee/public/Koondumised/2016/03_ARAKIRI_26.02.2016_Otsus_nr_5_1-5-16-006.pdf