

# Amendments to Estonia's Aliens Act: Stricter Controls, Digitalization, and Economic Prerequisites

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A major change in Estonia's immigration and labour policy framework was marked on 26 March 2025, when the Riigikogu (Estonian Parliament) adopted important amendments to the Aliens Act. Modernizing the migration system, strengthening immigration control, preventing the abuse of residence permits and visas, and making sure Estonia doesn't turn into a gateway for illegal labour entry into the EU are the main goals of these reforms.

## New Preconditions for Short-Term and Temporary Agency Employment

A fundamental principle of the amendments pertains to the tightening of eligibility criteria for short-term employment and temporary residence permits. Following the entry into force of the amendments on 1 January 2026, employers seeking to register short-term foreign workers will be required to satisfy three primary conditions:

1. Be registered in the Estonian commercial register or be a company based in another European Economic Area (EEA) member state;
2. Operate as a temporary work agency;
3. Demonstrate actual economic activity in Estonia or another EEA member state for a continuous six-month period prior to the application.

Exemptions apply to legal persons under public law and posted workers, who are not required to be listed in the Estonian commercial register.

## Economic Activity: A Central Requirement

Perhaps the most consequential change is the expanded requirement for "actual economic activity." Going forward, companies applying for temporary residence permits for foreign employees must have conducted tangible business activity in Estonia for at least one year.

Exceptions are made for:

- Posted workers;
- Academic and research professionals employed by qualifying institutions;
- Startups, due to their inherently nascent business structure;
- Film production companies, given the project-based nature of their activities.

These distinctions acknowledge the operational uniqueness of certain sectors while preserving the law's restrictive intent.

## Toward Full Digitalization

The amendments also signify the transition of the residence permit process to its complete digitalisation. All communication with the state is required to be directed through the Police and Border Guard Board, thereby eliminating paper-based interactions and third-party intermediaries. The objective of this initiative is to enhance administrative efficiency and oversight.

## National Security and Migration Integrity

Officials from the Ministry of the Interior underscore that these measures are not just bureaucratic - there is a national security dimension. According to Janek Mägi, director of the Border Guard and Migration Policy Department, the revised regulations seek to curtail the practice of setting up shell companies to funnel labour into the EU via Estonia.

This tightening is expected to deter misuse of Estonia as a transit state for entry into the broader EU labour market and limit potential exploitation of the residence permit system.



## Business and Labour Market Implications

The private sector's reaction has been mixed. While the Estonian Employers' Confederation supports steps that promote lawful employment, its chairman, Arto Aas, has voiced concern over the increased administrative burden and the potential deterrent effect on foreign talent. Aas emphasized that Estonia's already stringent immigration policies hurt its global competitiveness - especially in light of an annual labour shortage estimated at 6,000 workers.

The Estonian Employers' Confederation advocates for a more flexible immigration quota and streamlined procedures to attract skilled workers amid fierce regional competition.

## Conclusion

The revised Aliens Act of Estonia is a delicate balancing act between regulatory integrity and economic necessity. The implementation of such measures has been demonstrated to have a dual impact on the international mobility of labour. On the one hand, it has been shown to enhance the efficiency of immigration control measures and to address legal ambiguities. However, it has also been demonstrated to serve to increase the barriers experienced by foreign workers when attempting to enter the country. The potential ramifications of these modifications on Estonia's labour market, its capacity for innovation, and its global reputation are yet to be ascertained. These will become evident as the novel system attains full operational capacity over the ensuing years.