

Estonian e-Residency: The easiest way to start and manage a company in the EU

with Alex Wellman, Marketing & Communications Lead,
e-Residency

Maddie Duke 00:01

You're listening to *The State Of Work*, the podcast by Lano. *The State Of Work* is about finding your place in the changing world of work as an individual or an organization. In each episode, we dive into some of the benefits and limitations that we face when it comes to remote and flexible work. We discuss how we work, how we hire and manage people and how we live in this increasingly global workplace. I'm your host, Maddie Duke. And today's episode is about how one of the most digitally advanced countries in the world is serving people beyond its borders by offering e-Residency. Estonia was the first country in the world to offer e-Residency, allowing people from all over the world to access Estonian government services, all online, without even setting foot in the country. I spoke with Alex Wellman from e-Residency Estonia to find out what e-Residency is, who it benefits and what it allows you to do. We also chatted about the Estonian Digital Nomad Visa, which allows location-independent workers to live and work in Estonia for up to a year. Estonia is ahead of the game when it comes to empowering location independent businesses and workers alike. *The State Of Work*, is brought to you by Lano helping businesses build and scale remote teams. With Lano, it's easy to hire and pay employees or contractors in over 150 countries.

Welcome, Alex, and thanks for joining me today.

Alex Wellman 02:03

Thank you, happy to be here.

Maddie Duke 02:05

Great. So you're originally from Michigan in the US? Is that right?

Alex Wellman 02:09

That's right. It's very similar to Estonia weather wise but it's a lot different otherwise.

Maddie Duke 02:14

So yeah, you've been living in Estonia for about five years now working on Estonia's e-Residency program. Was it the program that drew you there in the first place? Or what led you to moving to Estonia?

Alex Wellman 02:26

Sure. So e-Residency is a government project. So it is kind of strange. And it's one of the questions I get, you know, how are you as an American working for an Estonian government project. So it is kind of an interesting thing to consider. I guess for me, I had always been interested in government, I studied political science at university. And I used to work for a US Congressman for a while. And one thing I did there during my time was I helped constituents of the Congressman, you know, with dealing with different federal agencies, and I kind of saw how big and massive the US government was and how it kind of failed at some very basic things when trying to help its citizens. And I started looking, you know, what other countries were doing and I noticed Estonia right away. They were digital. First, they, you know, have everything online. And it was really attractive. So when I saw there was a job opening here for the program, I applied, and then I made my way over here.

Maddie Duke 03:18

Wow, fantastic. Good for you. And very unique as a country to have such an incredible digital first government and government services. Can you elaborate on why Estonia is so advanced in that area?

Alex Wellman 03:34

Sure. So Estonia was occupied by the Soviet Union for, you know, 50 or 60 years, and it regained its independence in the early '90s. along, you know, with the other Baltic countries. And you know, one thing they did was they weren't saddled with the kind of legacy technology and legacy infrastructure that some other countries maybe had. So they had a chance to kind of rebuild from scratch in a way. And there's a kind of nice anecdote that the former Estonian President Ilves tells where they were offered a telephone exchange from Helsinki, that was an analog one, because the city of Helsinki, which is just across the bay from the city of Tallinn, was getting a digital one. And he said no, it's actually just we're going to get the digital one. First, we're not going to take the analog one. And that's just one kind of anecdote about how Estonia has worked for 20 or 25 years to actually develop its e-services to the point now where 99% of government services are available online. So basically, the only thing that you can't do right now, when you interact with the Estonian government is getting married or getting divorced, which you can imagine is probably a good idea right? Because we don't want people making those decisions late at night to something that takes some consideration so it's not that we it's not that it's only I couldn't offer those services online. It's just maybe those are two that they feel you know deserve some in person decision making, so.

Maddie Duke 04:55

Right and I presume that that put them into a really fantastic position for the last year and a half where a lot of other governments around the world have had to deal with shifting things to online, in, you know, in the midst and in the wake of pandemic challenges.

Alex Wellman 05:13

Yeah, yeah, I think so. I mean, I think Estonia or you know, not that Estonia hasn't had challenges with the pandemic, certainly we have, I don't think any Estonian would pretend that it's that Estonia hasn't been affected by it. But, you know, just some, just when you see people, you know, typically who need to queue at a government office to do something, or when you need to shuffle around to multiple government offices to start a business or to take care of some, you know, something ah, then in Estonia, that doesn't happen. So certainly, it did help build some resiliency into the economy, as we you know, fought through the pandemic.

Maddie Duke 05:44

Yeah, given what people have to go through to access government and health services. Even in a pre-pandemic world, you can really see the benefits to having these services established in a digital capacity. One thing I really want to talk to you about today is Estonian e-Residency. And for listeners who might not be familiar with the concept of e-Residency, what is it? And who is it for?

Alex Wellman 06:09

Sure. So, the name e-Residency also, you know, bring some confusion which we understand, I think, you know, we've we've thought about this several times, should we change the name or does the name clear enough, but basically, at the core is think of the concept of identity, but on a digital scale. So you normally think of yourself as a resident of a place, which means you physically live there. But what we're offering is a digital form of that. So what that really means is that Estonia is the first country that issues a government issued digital identity, to people who live beyond its borders. So normally, you know, you get a driver's license, or some kind of identity document from the place where your resident/residency permit or passport, what have you. So we, since Estonia, you know, can do everything online, all of its citizens and residents already have this kind of digital identity when they're interacting with the government services. You know, five or six years ago, they thought, Wait a minute, we could just give this to other people. So you know, we/they started issuing e-Residency. So when you become an EU resident, you get a digital ID card, which allows you to log in and access e government services here in Estonia, in the same way that Estonian citizens and residents can already do. The main difference being of course, that it's not a passport, it's not a visa, it doesn't allow you to live or move here physically, but it's really about accessing Estonia as digital infrastructure from anywhere in the world.

Maddie Duke 07:35

Okay, so if it doesn't give you the permission to live in Estonia, what is the benefit? Why would someone want to get e-Residency?

Alex Wellman 07:43

So, so far, you know, I think, I think when the program was launched, we weren't really sure what the use would be. Because I think when you normally think of the ways you interact with governments, it's, it's really location based, right. Whereas in the private sector, you know, especially over the last year, it's been highly accelerated. You can do things from anywhere, it doesn't really matter where you live in, you know, people live location independent lifestyles. With governments, it's still very location based. So with the residency, you know, the first kind of use case, if you're thinking in like software development terms, was actually accessing Estonia's business environment. So the main reason and the main motivation why people apply for e-Residency is in order to establish and manage a company from anywhere in the world. So they get their ID card, then they access Estonia's Business Registry. And they set up a company online, which they can operate and manage from anywhere. So they could if they're outside of the European Union, for example, they get a nice European Union based entity, or if they're in the EU, then they get a nice way to kind of cut down on some bureaucracy and access Estonia as paperless infrastructure for running their company. So that's been really the main, the main reason we've seen so far.

Maddie Duke 08:57

Okay, so we see the benefit, how much does e-Residency cost?

Alex Wellman 09:01

When you apply for residency, it's about 100 to 130 euros depending on where you pick it up in the world. If you pick it up at one of Estonia's embassies, then it's 100 euros. But we've just recently launched some new locations around the world. We're working with a private sector kind of delivery company, pickup location company, where the costs are a little bit higher. So but that's, that's a one time fee, and the card is valid for five years.

Maddie Duke 09:29

Right. And that means that you don't even have to go to Estonia to register for e-Residency.

Alex Wellman 09:34

Exactly. So that is one limitation currently because it is a government issued identity. You know, it's recognized by Estonia and you know, within the European Union, we do require one face to face meeting. So you do have to go get your fingerprints and you know, have one face to face meeting so we can't you know, issue this digitally yet at least or directly, you know, send you this card in the in the post or something. So currently, you have to go to one of Estonia's embassies or one of these, kind of, trusted service providers that can do this verification.

Maddie Duke 10:06

Yeah, that's still pretty amazing, though that you don't necessarily need to enter the country itself in order to register. So does e-Residency benefit someone like a digital nomad? Or a freelancer that's also location-independent? Or is it mainly for people wanting to establish a business within the EU?

Alex Wellman 10:26

Yeah, I think those are, I think those are two kinds of groups. There's a few different groups that we see, certainly one of the one of the largest groups that we see kind of applying for residency are the digital nomads location independent entrepreneurs. I mean, I think a good example is if you're, you know, if you're from a western country, or maybe a wealthier country, and then maybe you spend your time, outside of your home region, you know, maybe in Southeast Asia or Central America or any of those kind of typical hotspots, then, you know, it can be difficult to kind of register a company locally, maybe, you know, so. So as a digital nomad, you can set up your company in Estonia, and then your company can kind of travel with you, right? So you can have a digital home base for your company in a way. But then I would also say that it's not only for those types of people to write, I mean, a second group is we see people who are doing amazing, you know, software development and outsourcing projects and starting startups and in kind of the periphery of Europe, in Turkey, Ukraine, or even further afield, you know, in parts of Asia, etc. And then what they get is a great access to the EU single market for their companies. So they can, you know, find clients and find customers and access all the tools they need to scale their business.

Maddie Duke 11:40

Yeah. Amazing. It's pretty amazing. What is the benefit to Estonia, then with this program?

Alex Wellman 11:48

Yeah, that's a really good question. I mean, that's a question we get all the time. Right. So I think there's a couple things, one of them, of course, is the financial benefits, you know, for an economic benefit, I would say. So, um, you know, anytime Estonia gets another company from any residence, and, you know, they, there's a potential chance that they'll, they'll hire people here, for example, hire local Estonians, maybe they need some, some web development, or some marketing, you know, consulting or something. So, you know, it doesn't grow the job market here a little bit. And also, um, taxes, which we can, we can talk at length about it for free, if we want to talk about that. But Estonia does, you know, collect some taxes through these companies as well. So that's been a really big impact on the economy. So, so that's been one benefit. And then I think a third benefit, which is maybe a softer benefit, but also really important is that, you know, we talked about Estonia being occupied by the Soviet Union for many years. And it's, it's always been in a precarious position, you know, in the world, somewhat, so they lost their independence for a long time. So they're also keen to build a network of friends around the world, people who support them learn about their culture, and just you know, the more people who care about Estonia, the better, the better it is for the country. So that's kind of a third benefit, we hope to kind of, you know, just share, share Estonia with the world really.

Maddie Duke 13:05

Yeah, that's fantastic. I know that there are some other countries that are doing that, that offer similar things like Portugal has an e-Residency and the UAE has a kind of entrepreneur visa. How does e-Residency in Estonia compare to what some other countries might be offering?

Alex Wellman 13:24

I think, you know, there's lots of countries around the world who compete all the time for having the best business environment. I mean, you know, countries like the UK, for example, have had this for a long time, it's quite easy to set up a company in the UK, for example, or the US as well, you know, a lot of people choose to incorporate in Delaware or something. So those are, you know, two big standard bearers and, and you know, and you can do lots of things online there and do it remotely as well. And those are still good options for many people. And then I think you have a second second group, which is kind of the tax haven, kind of countries, right? So I won't name them here. But, you know, countries who are maybe a little bit below board, if you will, and are, you know, are really trying to help people optimize their taxes. And then I think with a residency, you've seen a third, a third kind of group of countries emerge with Estonia kind of leading the charge, which is in the efficient business environment, that's meant to be a an administrative haven, you know, that's located in a reputable place, but doesn't necessarily aim for the lowest common denominator of being a tax haven, right. So Estonia does have a very efficient tax system, very entrepreneurial-friendly. We're number one on the international taxation index every year for the last four years. But you know, I think I think you're seeing countries say, wait a minute, we can compete for entrepreneurs without kind of going down that road. So that's, that's interesting.

Maddie Duke 14:50

That so that also maybe answers another question. I was gonna ask about the risk of kind of being a haven for shell companies and..

Alex Wellman 14:57

Yeah, that's a good question. I mean, so you know, one example we have is Estonia tries to combat some of that with its transparency. So maybe some people will hear this next statement, and they'll just turn off the podcast and leave now. But when you register a company in Estonia, the information is public, we you, it's listed in our public business registry. So you can see who the beneficial owner of the company is. You can see if they've paid any taxes to Estonia, you can see if they have any tax debts, you can see what their torrent turnover has been. So we try to fight this kind of shell company thing with transparency. So you know, we publish all this information. And this is a high contrast to somewhere like the UK, for example, where, or the US even where, you know, you can set up a company, and you're not really quite sure who owns the company. Right? Right. They can kind of hide it. So here, it's it's, you know, it's, it's really difficult to do that. So that's one way we kind of combat that.

Maddie Duke 15:51

That's great. Well done. And I guess that's also part of just that comprehensive, and maybe more traceable elements of everything being online, that you can oversee that stuff a lot more, I guess. Yeah. Well, obviously, when you establish your business anywhere, there's usually a lot of administrative tasks that go along with it, is getting e-Residency and establishing a business in Estonia kind of just one step, or what else does a company or a person have to do if they want to set up a business on an online business in Estonia?

Alex Wellman 16:28

So we do have a couple of things. So once you know once you're in the residence, and you have your digital ID card in your hand, then if you want to set up a company in Estonia, there are two mandatory, kind of, services that you need. One of them is a local contact person in the legal address, it's something that kind of feels like a throwback or like a legacy thing. But it does have an important role. So this person is not a director of your company, they're not, they don't have any ownership rights or anything. But it's just somewhere where, you know, we can say this company is registered here, and this person is a representative of my company in the country. So you do have to pay for that. And we have a marketplace on the e-Residency website where you can find a number of service providers who offer those services. And then in terms of administrative things, you know, everything else can be done online. So for example, if you, you know, registration of the company is done online, if you if you do need to do any tax declarations in Estonia, that can be done online, if you need to sign a contract with the service providers that we mentioned, that can be done the digital signature, for example. So most of the business administration, things that you need to take care of, you know, for your company are done using your e-Residency card.

Maddie Duke 17:42

So how many e-Residents are there at the moment? Do you know off the top of your head?

Alex Wellman 17:48

Yeah, so actually, we just hit a milestone last week—we now have 80,000 e-Residents from 170 countries around the world. And they have set up, I want to say about 16,000 companies in Estonia since the program's inception.

Maddie Duke 18:04

That's great. Well, congratulations on the milestone.

Alex Wellman 18:07

Thanks.

Maddie Duke 18:08

So with that number of companies, and I know, you know, Skype, for example, as an Estonian company as well. Are there any e-Residents that we may have heard of, or his companies we may have heard of?

Alex Wellman 18:21

What I would say is that Estonia has a really great business environment. And that's also why e-Residency works for Estonia. So you know, Estonia itself has the most unicorn companies per capita in Europe. So that's one that we'll talk about. So companies like TransferWise (which is now called Wise), Skype, like you mentioned, Wolt, Pipedrive. These are Estonian companies started by Estonian, so Estonia has this really entrepreneurial mindset. And they've, you know, Estonians themselves have generated lots of companies, in terms of e-Residents, most of our e-Residents are kind of small, solopreneurs, one-person companies so, so we don't have a ton

of big successful startups yet, but I think that's down the road. At some point, right. There are some, there are a few companies that you might be familiar with who are e-Residents and who have set up their other entities here, for example, there's one called Wolt, or “*volt*”

Maddie Duke 19:18

The food delivery service?

Alex Wellman 19:20

Food delivery, exactly. So they they have, you know, the founders are e-Residents, they've set up their company in Estonia, and they kind of operate that part of their European business through Estonia in and, you know, they've been on record saying, it's, it's helped them make that decision. So, that's been one interesting thing, but then we have all kinds of interesting people who have set up companies here, doing really, really fun things. For me the proudest stories are actually people who are, who really benefit from the program in terms of getting access to the tools they need. So there's a really good company that's based in Sri Lanka. They have their, you know, their company registered in Estonia, and they've been able to kind of scale globally, you know, through this. So that's been really, ah, you can check out our blog to see more.

Maddie Duke 20:04

Great. We'll have a link to the blog in the show notes as well for listeners who want to follow that up.

Alex Wellman 20:09

Cool.

Maddie Duke 20:09

So, you mentioned that you've got yeah, 80,008 residents from 170 countries. Are there any specific countries that that e-Residency is particularly interesting for or useful for the overcomes a specific barrier for a particular part of the world, the top kind of historically, two biggest countries are actually our neighbors like Finland, for example, where they already had a lot of existing investment into Estonia.

Alex Wellman 20:38

So at first, it was kind of just taken up by people who had investment here, but one of the more convenient ways to manage that, that business or that investment. Since that time, we've seen I talked about this earlier, but a couple different groups. One of them is kind of this periphery of the EU kind of countries like Ukraine and Turkey. I mean, Ukraine and Turkey have amazing entrepreneurs doing amazing things. But they're just outside of this kind of benefit of having access to the single market directly, and accessing the kind of financial tools that they need, and the kind of confidence in you know, and the ability to work easier with clients within the EU single market. So we see lots of growth from places like Turkey and Ukraine, for example. And then, you know, we see countries like Spain, or Germany, and many of these people are, are, are digital nomads who maybe don't live, they probably don't live there, actually, for most of the year. But, you know, some of these, you know, more Western established countries that you

think would have, you know, really good infrastructure. They're actually very bureaucratic, a lot of paper-based. I mean, you know, you can tell me, but I, I hear I hear a lot from the e-Residents about Germany and how bureaucratic it can be, despite being a good business environment.

Maddie Duke 21:47

It's very bureaucratic. Yes. And people do love to complain about it.

Alex Wellman 21:51

Yes. So I mean, some of that German efficiency is good. And, you know, I think we can all learn from that, but, but I think, you know, we have seen people from these countries as well, you know, setting up their company in Estonia, just to kind of fight some of that democracy, especially if they want to be location independent travel. Yeah. And then I think the third group is kind of Yeah, outside of the EU, or outside of the European kind of continent, actually. So you know, we're excited we opened these four new pickup locations, maybe I can just mention them quickly now. Yeah, absolutely. So you can pick, we're really excited. Just last week, before the recording of this, we launched pickup locations in Bangkok, Thailand, in Johannesburg, South Africa, in Singapore, and in Sao Paulo, Brazil. So this is really opening up more possibilities. Especially we're really excited about Sao Paulo, because that's a whole new continent for us in a way. So now, people from South America can travel there to get their car. So we really expect more, you know, entrepreneurs from Brazil and Latin America, to consider Estonia now as a kind of foothold into the European Union in a global business environment. We really want the possibility for e-Residency to be convenient for virtually everyone, everyone should have access to this, you know, that would be the goal.

Maddie Duke 23:06

Lano makes it easy to hire the best talent on the planet, wherever they may be. From compliant contracts to global payroll, Lano has you covered. No matter the size of your business, you can hire and train employees in more than 150 countries, check out our global hiring guides by visiting lano.io. So what about challenges? Have there been any challenges along the way in establishing e-Residency or in launching your new pickup locations?

Alex Wellman 23:38

Yeah, that's, that's a good question. It's something we're very happy to, you know, talk about, in a transparent way. So like we mentioned, like I mentioned before, you know, it is kind of a new concept, right? And the governments of the world haven't kind of caught up to location independence or having a business entity or business outside or outside of its territory, right. So a couple challenges. For example, as far as banking, you know, the world of banking is governed by anti money laundering rules and things like that. So you know, sometimes the e-Residents have trouble accessing some banking tools, especially if they're located outside of the EU. So that's something we've we've really put a lot of effort into, um, there are a number of FinTech companies now who offer you know accounts to virtually anyone who has a company in Estonia not everyone but virtually everyone. And then taxes are another big problem too. Like I said, it's not you know, Estonia does collect taxes people can pay their business taxes even their corporate taxes here but for location independent entrepreneurs, especially anyone

listening here they know this they know this I don't even need to say it they know that especially when you start to spend more time in other countries and and then you start to wonder Okay, where's my personal tax residency? Which is not in Estonia ever by the way unless you live here, e-Residency doesn't affect that. But then you wonder where's my, where's my corporate tax residency, my company's in Estonia, you know, but then I do business here for half of the year or I've clients there and, and this has been an immense challenge. And I think something that maybe, you know, the founders of the of the e-Residency program, you know, also didn't realize, and it's something we've been working on too, as well to help people understand, you know, what their tax obligations are, and in providing resources, like tax advisors, and as much information as we can.

Maddie Duke 25:21

Does that mean that if you're an individual who has set up a business, and it's your own consulting business, and your personal tax is elsewhere, wherever you're actually living, but your business taxes in Estonia? Life, I guess that's one of the problems that people need help solving. Right? Like, or is it? Is that a straightforward answer?

Alex Wellman 25:41

Yeah. So again, I think, you know, I'm not a tax advisor. So I'm happy to talk a little bit about the kind of overall picture but so basically, the general principle to remember is that when you're a resident, it doesn't affect your personal tax residency. So your personal tax residency, generally speaking, according to, you know, kind of OECD rules or etc, is, you know, wherever you spend more than 183 days per year, so for some location independent entrepreneurs would say, Well, wait a minute, I don't spend 183 days anywhere. And so then it's up to you, you know, not up to you. But then it gets a little bit more tricky for you to understand where your tax residency is. So I'm not going to kind of give advice on that. But for the corporate tax residency, you know, your company is considered a corporate tax resident in Estonia. But the issue comes into play is that if you, for example, live in one country for more than half of the year and do all of your business there, all of your clients are there, then then that country can say, wait a minute, your company's in Estonia, but you actually managed it here, then they can claim what's called permanent establishment, which means you could have to, you know, pay some taxes locally, as well. Yeah. And so we're happy to provide the basic advice on that. But that's generally how it works.

Maddie Duke 26:54

Yeah, something to consider them that can be a bit tricky. So for people that actually do want to work in Estonia, another really exciting thing that you've launched in the second half of 2020, is the digital nomad visa for Estonia, which allows remote workers to live in Estonia and legally work there. Yep. What does that mean for your average digital nomad or remote worker?

Alex Wellman 27:24

Last year, a lot of governments started to think about this, because they saw, you know, the rise of remote work, and they saw how people desire to go to work somewhere else. The problem is that our current visa scheme in the world for most countries, is that digital nomads have traditionally gone to go into a country. And then when they cross the border, if they're asked by

the border agent, you know, if they say, why are you here? Generally, they say, Oh, I'm a tourist. Yeah, there's actually a little white lie, right? Or some, some maybe wouldn't say that, but, but really, you know, what I think Estonia wanted to do was say, actually, when you come here, you can come here, we'll give you this visa, you can come here and work for your company that's located outside of Estonia. So you can come here, either as working for your own company that's located outside of Estonia, or, or, as an employer, employee, excuse me, an employee of a company located outside of Estonia. And so we're happy for you to come here and to work and to spend your money, let's be honest, to rent an apartment, to grocery shopping, and eat in our restaurants, etc. and just kind of legalize this. So now this opens up, you know, a whole can of worms, if you will, about some of the other issues related to that. But it does go a long way in solving that one issue of I can go here, and actually legally, you know, work and not be afraid that I'm here under false pretenses.

Maddie Duke 28:47

Yeah, and I'm sure, let's be honest, I'm sure there have been a lot of digital nomads over the years who have been working in places where they're not actually really technically allowed to be working. So yeah, I think it's great. And I think I mean, I'm sure you'd agree that a lot of other countries maybe need to start looking at these sorts of things, because it's a reality that people are. I mean, obviously, less so right now, but people really have embraced, being location independent, and that that traveling working lifestyle,

Alex Wellman 29:20

and you know, maybe I'll just add to that is, you know, there are a couple of differences so as we mentioned, e-Residency doesn't let you come to Estonia, but there are a couple of other programs that Estonia has. One of them is called the startup visa. So if you actually want to come here physically to build your company, you can apply for a startup visa, and then you can actually come to Estonia and you know, build your startup but it has to be approved by a third committee, it has to have some kind of scalability. But of course you know, if you're an EU citizen, you have freedom of movement, you can come here anyway. But if you're not an EU citizen, then it might be an attractive opportunity for you. And if you want to come work here just for our existing company, I can say, like I said, I'm American, I've lived here for five years. And I can say, there's just a lot going on here. And it's a really great place to live. So you can just find a traditional job here as well, too.

Maddie Duke 30:11

Right? Okay, so is it generally a little bit easier to get a job as a foreigner and get a visa there than it might be say... I mean, Australia would be one example where it's extremely difficult.

Alex Wellman 30:24

Well, you know, like, Estonia isn't perfect in that regard. Of course, I'm not going to, you know, sugarcoat it, but certainly, Estonia is a small country, they need talent here, they need people to come and work here. And, especially with all these kinds of domestic startups who are in companies who are growing here. So in that sense, you know, I have a kind of biased opinion. But I think the international scene here is growing year by year, I meet so many people, and it's

a friendly place to be and in generally speaking, yes, it's it's relatively easy, you know, to for a company to hire foreigner, like me, for example, to come here and work. And they're quite open to it.

Maddie Duke 31:02

Yeah. Are there any other countries that are offering a similar type of, like, the digital nomad visa?

Alex Wellman 31:11

Yeah, so, you know, I think Estonia was the first one within the European Union to do it. I know that, for example, Croatia, which isn't, but they're in the Schengen zone, but they are, you know, offering something very similar. Then, you know, we know, our friends over in Portugal, they are really, really doing a lot of great work in digital space trying to grow their programs. E-Residency, like you mentioned, hasn't been launched yet, but I know they have something like that as well. And then I think, yeah, you see some of the Caribbean countries like Barbados, and things like that. So, and they're all slightly different, you know, some of them kind of, they all have kind of slightly different business models, one of them, some of them are more about upfront fees. Some of them are more about just, they're happy to have you here in their country spending money. So, they all have slightly different business models. But I mean, I think every country is going to need to figure out a way to do this, because it's just the reality of the world. And if they don't, they'll be left behind. Absolutely. Yeah. So I think that you know, the biggest losers from this are the legacy countries, maybe my own country, the United States. You know, if we're not, if the US isn't open to this kind of movement of people who are coming to work remotely, then it's going to be left behind.

Maddie Duke 32:24

Yeah, I think, yeah, we at Lano definitely share that view. And it's really interesting to see, like, what countries are leading the way. So obviously, Estonia is one of them. What's next for e-Residency or for Estonia in this world? Are there any other programs or projects that are in the pipeline for you?

Alex Wellman 32:48

Sure. So I think, you know, if you think about the core of e-Residency, it's about offering a digital platform for people to have some kind of connection to a country, a way a country can serve people beyond its borders. Now, if you pause and think about every kind of service that a government offers to you, like we mentioned previously, you know, that some of these things are location independent or location dependent. For example, you know, your residency is never going to offer you public transportation where you're living. I mean, that's, you know, you pay your taxes in your country, if you're in Berlin, for example, when you take the S-Bahn or the U-Bahn, you know, then you pay for that, and you use that service locally. But there are lots of services that governments provide that aren't location dependent. For example, we know one challenge people have are things like pensions and health care. Yeah. So, you know, is that something that Estonia could offer to people? I don't know, it's something we've discussed, it's something we know, we've done research on and looked into, could people pay into Estonia's

pension system, and then have their pension somewhere, you know, registered here, and then access that later when they're ready for retirement? So that's something you know, healthcare is another challenge. Another thing that's done locally, with the private sector has travel insurance, and lots of things like that. So that's something we've talked about, too. So I think, you know, for Estonia, to be thinking just broadly, like, what else can we offer to many residents, you know, beyond the ability to start a company?

Maddie Duke 34:16

And what about things like unemployment? Would that ever come into it? Or does it not really make sense?

Alex Wellman 34:21

Yeah, it's tricky, because, you know, so much of the social systems around the world are dependent on the local or the local population, you know, the, you know, the mass of people paying for the people who need it, right. So, so, of course, we need to be careful in the sense that, you know, people who are paying into some kind of social program, if they're not paying other taxes or are contributing to the economy in another way, then there can be some imbalances there. So we need to be careful with that, I think but I do think, you know, it's something that the kind of global taxation and social benefits program, system, in the world needs to figure out, right? Because Estonia might have some solutions for that, and who knows, maybe we don't in the end. But it's something that we're very happy to and keen to kind of kick off the conversation about, you know, we've we've tried to engage with stakeholders about this, like, how can people who travel the world and live in different places? How can they thoroughly pay what they're supposed to pay, and make sure that it's equitable to the local population. So that's something you know, that to keep in mind.

Maddie Duke 35:27

For sure. And I think, you know, you've kind of touched on a topic that that can be controversial, particularly for people who are who lead the kind of digital nomad life and they might go and move somewhere like Bali, that's a fairly popular one, where you're kind of yes, you're going to live there, and you're going to spend money. But it's also, you know, there's a question of, of kind of privilege and ethics. And you're, if you're working there and living there, but you're not paying into the tax system. I mean, I don't know, it's just, it's very interesting. And it's really a little bit of a gray area of digital nomads and remote work.

Alex Wellman 36:08

Yeah, if I could jump in, I think that that certainly is a big concern. And it's something, you know, that we think about a lot too, as well. But I think on the flip side of remote work, which is the more exciting part, so I think, yeah, of course, you know, wealthy, Western people going to somewhere, and that's been the classic view of digital nomad, but also, I talked to people all the time who set up their company in Estonia and they say, Hey, I can actually remain in my home village, you know, wherever that happens to be. And then I can do business around the European Union with clients and customers there, and I don't need to move to a big city, I can stay by my mom, I can stay by my grandfather, I can, you know, help my family with the family

business on the weekend or something. And for me, that's the more exciting part about remote work and about digital nomad, is the choice that people have.

Maddie Duke 36:55

Yeah, that's a really great point. Again, it's all about kind of accessibility to, to different parts of the world as well. Yes. And so yeah, I mean, thank you for leading the way in Estonia. It's really exciting. And I'm really keen to see what happens next. Are there any final thoughts you have before we wrap up?

Alex Wellman 37:19

Oh, no, I just, thanks for having me here. You can tell that I'm a big advocate of e-Residency, even though I'm not Estonian. So, you know, we have tons of resources available. We have our websites we have, we do webinars frequently, we have a really active blog and a Facebook community that you're welcome to join. So, I really hope you consider it and think about applying for e-Residency. And, and again, if you're if you're listening, and you think, Wow, this sounds like one big marketing pitch, like, that's fine with me, too. We're happy to address any questions you have, any criticism or any issue. And, you know, we want to see Estonia grow together. And we're happy to iterate on this program and make sure it works for everyone.

Maddie Duke 37:56

Fantastic. That's awesome. And yes, we will link to those resources that you mentioned in our show notes. So make sure to head there if you're looking for more information or if you have some questions that we didn't cover today. So Alex, thanks so much for your time today and all the best and I hope to speak to you again soon.

Alex Wellman 38:15

All right, thanks, Maddie.

Maddie Duke 38:22

The State Of Work is available wherever you listen to podcasts. Find us on Instagram or Twitter by searching for *The State Of Work*, we'd love to hear from you. For more information about Estonian e-Residency or anything else we talked about in this episode, and links to further reading, check out our show notes at podcast.lano.io

Thanks for listening and see you next time on *The State Of Work*

Berlin, 19-05-2021