

Estonia is putting its country in the cloud and offering virtual residency

March 27 2017, by David Glance



Estonian e-Residency.

Estonia is a small [country](#) in the Baltic region of Northern Europe with a population of 1.3 million and a GDP of US \$23 billion, roughly 10% of Apple's [annual earnings](#).

Since its independence from Russia in 1991, Estonia has been rapidly implementing a digital economy. It established [online voting](#) in 2007, has provided many government services online, has medical records and prescriptions [online](#) and has a fibre broadband network that gives it average [speeds](#) similar to those of Korea.

Perhaps the most radical move by the Estonian Government was to introduce an e-Residency program in 2014 which would allow anyone from around the world to become a virtual citizen and start, and run, a business from Estonia.

[Applying](#) for e-Residency is simply a matter of filling out an online form, uploading a copy of a passport and a photo, and paying a 100 Euro fee. The application process takes about 4 weeks, during which time a police background check is run. Once approved, it is necessary to turn up at a collection point, usually an Estonian embassy, and collect a smart card that is loaded with a digital certificate representing an e-Resident's digital identity.

Every e-Resident is given an official email address @eesti.ee and is then able to use one of the many services to set up a company and bank account in the country, although the bank requires the person opening the account to visit Estonia at least once to open the account. One of the benefits of establishing a company in Estonia is that there is no corporate tax on money that is left within the company.

Since its inception, there [has been](#) 17,000 e-Residencies approved with the majority originating in Finland, Russia and the USA. 1,380 new companies have been established by e-Residents, mostly in the technology area but covering a range of other activities. There has been a surge in interest from the UK [since](#) the vote to leave the EU with an Estonian e-Residency seen as one way of retaining the ability to operate within the economic zone.

The aim is to have 10 million e-Residents by 2025 and so there is still a way to go to reach that number but the concept has created a constant stream of visitors from other [countries](#) trying to learn about the programme.

The idea of a "cloud country" that follows the same principles of cloud computing or cloud data storage is one that resonates with all sorts of possibilities. Firstly, it acknowledges that as far as our lives on the Internet are concerned, the idea of nationality has less meaning as we are able to interact with any one, at any time, with almost any service, around the globe. Physical restrictions that are imposed by geography, like licensing of content for example, can be circumvented through the use of VPNs connecting through to any country at will.

Once a business is online, it can operate globally with relative ease, handling different currencies and different tax requirements transparently. Even language is no longer a barrier with services like [Google Translate](#) becoming increasingly fluent.

The Internet and social networks have created and facilitated global communities that are organised by common interests and ideals rather than the main driver of national identity: physical location.

Like Amazon has done with its computing technology, Estonia has put its government services online and made spare capacity available for

others outside its country. It has stopped short of extending the benefits and services offered to e-Residents but that is really only a matter of time as e-Residents contribute increasing amounts of revenue to the country. e-Residency doesn't give the holder any additional rights to enter the country or the EU, but considering that travel is sometimes a necessity for business at least, it makes sense to provide e-Residents with some form of access to travel freely within the European Union.

In researching this article, I applied for an Estonian e-Residency whilst in Helsinki at the Slush startup festival in November, 2016. Once accepted, to pick up the identity card, I had to travel to the Estonian Embassy in Canberra, Australia from Perth where I live. Walking through Australian bush on a hot day was a far cry from the subzero temperatures of Helsinki. Having returned home, e-Residency has now thankfully moved online.

This article was originally published on [The Conversation](#). Read the [original article](#).

Provided by The Conversation

Citation: Estonia is putting its country in the cloud and offering virtual residency (2017, March 27) retrieved 25 April 2024 from <https://phys.org/news/2017-03-estonia-country-cloud-virtual-residency.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.