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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
TAX POLICY
VAT and other turnover taxes

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VAT in the European Community

**APPLICATION IN THE MEMBER
AND ACCESSION STATES,
FACTS FOR USE BY
ADMINISTRATIONS/TRADERS
INFORMATION NETWORKS ETC....**

Note

This document collates a range of basic information on the application of VAT arrangements in the Member and Accession States which has been obtained from the tax authorities concerned. The information provided by the Accession States is provisional, based on the anticipated application of VAT arrangements once Community legislation has been transposed.

The exchange rates used for the Accession Countries are those for the 1st October 2003, taken from the Official Journal of the European Union.

The sole purpose of distributing details of national provisions is to create a work-tool. In no way does this document necessarily reflect the views of the Commission of the European Communities. Nor does it signify approval of the relevant legislation.

LATVIA

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GENERAL INFORMATION

1. IF A FOREIGN TRADER WANTS TO OBTAIN INFORMATION ABOUT YOUR VAT SYSTEM, WHOM SHOULD HE CONTACT? (ADDRESS, TELEPHONE, FAX, EMAIL)

Foreign traders can obtain information at the following address:

State Revenue Service
National Tax Board
1 Smilsu Street,
Riga, LV-1978
Latvia
Fax: (+371) 7028814

Information can also be found on the website of the Latvian State Revenue Service:
<http://www.vid.gov.lv>.

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION WEBSITE? WHICH SORT OF INFORMATION ON VAT DOES THE WEBSITE PROVIDE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS) AND IN WHICH LANGUAGE(S) ?

The Latvian tax authorities' website is: <http://www.vid.gov.lv>.

Information can be found on the following:

- Legislation
- VAT explanatory notes
- Case law
- VAT accounting
- Registration of taxpayers
- Forms
- Informative booklets for taxpayers
- Electronic declaring
- International agreements
- Contact points, etc.

The information is available in Latvian, and partly in English.

3. WHERE CAN ONE FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHAT LANGUAGES ARE THEY AVAILABLE?

See answers to questions 1 and 2.

Information can also be obtained from the local offices of the State Revenue Service (see question 6 for the addresses and telephone numbers of the local offices).

National VAT legislation and an information booklet on VAT: "What should I Know about the Value Added Tax (VAT)?", can be found on the Latvian tax authorities' website: <http://www.vid.gov.lv>. To obtain the VAT information booklet, click on SRS informs/Informative booklets for taxpayers. The booklet offers a general overview of the VAT system in Latvia. It contains instructions on registration, calculating and paying VAT. The booklet is available in Latvian and English.

Translations of national legislation in English, and translations of EU legislation in Latvian, can be found on the homepage of the Translations and Terminology Center: <http://www.ttc.lv>.

VAT REGISTRATION OF FOREIGN TRADERS

4. WHAT ARE THE CIRCUMSTANCES GOVERNING THE NEED TO REGISTER FOR VAT?

All foreign traders, as soon as they begin to perform taxable transactions in Latvia, must be registered on the VAT Register of taxable persons at the State Revenue Service.

5. WHEN IS VAT REGISTRATION UNNECESSARY AS THE PURCHASER IS TAXABLE? CAN FOREIGN TRADERS REGISTER FOR VAT VOLUNTARILY IN SUCH CASES?

Where the Latvian customer accounts for the VAT, as the goods are liable for acquisition tax or the services are subject to the reverse charge procedure, there is no requirement for the supplier to be registered in Latvia. However the supplier can choose to register voluntarily if they wish.

Thresholds as regards acquisitions by non-taxable legal persons or persons exempt under Article 28a (1)(a) of the sixth VAT Directive is LVL 7 000 (€10 778).

As regards the services that are subject to the reverse charge procedure, the following rules shall apply. If a foreign person, not registered within the Community, provides the services listed below, the recipients of the services shall pay the tax to the budget if they are taxable persons, non-taxable legal persons or non-taxable natural persons carrying out economic activity:

- 1) the granting, or transferring to other persons of rights of disposition and control regarding patents, copyright, licences, trademarks and similar rights;
- 2) services related to advertising or public activity, as well as the activity of advertising agents and advertising agencies;
- 3) legal (also advocacy, notary), accounting, auditing, consultation, translation, expert-examination, engineering, market survey and management activities, as well as the activities of the patent office;
- 4) data processing;

- 5) provision of information, as well as exchange of experience;
- 6) services supplied in order to provide personnel, preparation and training of such personnel excepted;
- 7) lease of things, except lease of immovable property and transport vehicles;
- 8) telecommunication services; and
- 9) services of an intermediary agent.

6. WHOM MUST FOREIGN TRADERS CONTACT TO REGISTER FOR VAT (DETAILS ON AUTHORITY, INCLUDING ADDRESS, TELEPHONE, FAX AND E-MAIL)?

To register for VAT, foreign traders who have permanent establishments in Latvia (residents) should apply to the local office of the State Revenue Service for a VAT identification number. The local office will depend on their legal address. They will need to comply with the stated registration formalities.

If a foreign trader has not set up a permanent establishment in Latvia, but carries out one or more taxable transactions in Latvia, one of the following people must be registered on the VAT Register of taxable persons at the State Revenue Service:

- a) their authorized person in the Republic of Latvia (the local office will depend on the authorized person's legal address or place of permanent residence); or
- b) a foreign person – in one of the places where the transaction was carried out in the Republic of Latvia.

In order to have a permanent establishment, approved foreign traders should apply to the local office of the Enterprise Register. The local office will depend on the legal address of their establishment. As soon as a permanent establishment or an authorized person has been approved, they must apply to the local office of the State Revenue Service (this will depend their legal address) for a VAT identification number.

The permanent establishment of a non-resident, if it is established and registered (or was required to be established and registered in accordance with Latvian legislation), is considered to be a separate domestic taxpayer for the purpose of all tax laws. A permanent establishment of a non-resident pays taxes in accordance with Latvian legislation for income gained in Latvia, its territorial waters and airspace, as well as for income earned independently abroad which is attributable to said establishment, together with other taxes in accordance with specific tax law.

An establishment is considered to be a permanent establishment of a non-resident if it fulfils one or more of the following provisions:

- 1) it uses a location where an enterprise (entrepreneurial company) engages in entrepreneurial activities, in full or in part;
- 2) it uses construction sites, objects of building, construction or completion, or performs management or consulting activities related to said objects;

- 3) it uses equipment or machinery for search or extraction of natural resources, including drilling platforms and special ships used for search or extraction of natural resources, or it performs related management or consulting activities;
- 4) it provides services, including consulting, management and technical services, using employees of a foreign enterprise or contracted staff;
- 5) it uses activities of a natural, legal or other person on behalf of a foreign enterprise, if said person has been authorized, and uses the authority to sign contracts on behalf of the foreign enterprise.

The addresses and telephone numbers of the local offices of the State Revenue Service and Enterprise Register are:

A) ADDRESSES AND CONSULTATION TELEPHONE NUMBERS OF THE SRS LOCAL OFFICES:

i. SRS RIGA REGIONAL OFFICE

e-mail: konsultanti_RREG@RREG.vid.gov.lv

Local Office of Central district, Riga, 1 Jeruzalemes Street, 7th floor, LV-1010
Consultations to taxpayers - phone 7023112, 7023129, 7023165
e-mail: konsultanti@CENT.vid.gov.lv

Local Office of Vidzemes district, Riga, 37 Burtnieku Street, LV-1084
Consultations to taxpayers - phone 7840165
e-mail: konsultanti@VIDZ.gov.lv

Local Office of Zemgales district, Riga, 39 Nometņu Street, LV-1002
Consultations to taxpayers - phone 7093715
e-mail: Konsultanti@ZEMG.gov.lv

Local Office of Latgales district, Riga, 9 Lomonosova Street, LV-1009
Consultations to taxpayers - phone 7112136
e-mail: konsultanti@LATG.vid.gov.lv

Local Office of Kurzemes district, Riga, 2 Baldones Street, LV-1007
Consultations to taxpayers - phone 7456434, 7456664
e-mail: konsultanti@KURZ.vid.gov.lv

Local Office of Ziemeļu district, Riga, 5 Katrinas Street, 1st floor, LV-1045
Consultations to taxpayers - phone 7508920
e-mail: konsultanti@ZIEM.vid.gov.lv

Local Office of Riga region, Riga, 1 Jeruzalemes Street, 2nd floor, LV-1010
Consultations to taxpayers - phone 7023166, 7023167, 7023168
e-mail: konsultanti@RIGR.vid.gov.lv

Jurmala Local Office, Jūrmala, 1/5 Jomas Street, 4th floor, LV-2015
Consultations to taxpayers - phone 7093900
e-mail: konsultanti@JURM.vid.gov.lv

Ogre Local Office, Ogre, 19a Skolas Street, LV-5001
Consultations to taxpayers - phone 5023264
e-mail: konsultanti@OGRE.vid.gov.lv

Sigulda, 3 L.Paegles Street, LV-2150
Consultations to taxpayers - phone 2973952

ii. SRS VIDZEME REGIONAL OFFICE

e-mail: konsultanti_VREG@VREG.vid.gov.lv
Valka, 3b Rujienas Street, LV-4701

Consultations to taxpayers - phone 4724254
e-mail:konsultanti@VALK.vid.gov.lv

Limbazi, 28 Cesu Street, LV-4001
Consultations to taxpayers - phone 4023283, 4021505
e-mail:konsultanti@LIMB.vid.gov.lv

Madona, 3 Raina Street, LV-4801
Consultations to taxpayers - phone 4821155, 4821276
e-mail:konsultanti@MADo.vid.gov.lv

Gulbene, 8 Abeļu Street, LV-4401
Consultations to taxpayers - phone. 4473187, 4471225, 4473447
e-mail: konsultanti@GULB.vid.gov.lv

Aluksne, 8 Uzvaras Street, LV-4301
Consultations to taxpayers - phone 4381439, 4381451, 4381462
e-mail: konsultanti@ALUK.vid.gov.lv

Balvi, 81Brivibas Street, LV-4501
Consultations to taxpayers - phone. 4507062, 4507063, 4507065
e-mail: konsultanti@BALV.vid.gov.lv

Valmiera, 7 Gara Street, LV-4201
Consultations to taxpayers - phone 4231045
e-mail: konsultanti@VALM.vid.gov.lv

Cesis, 2 Kr.Valdemara Street, LV-4100
Consultations to taxpayers - phone 4107838
e-mail: konsultanti@CESI.vid.gov.l v

Salacgriva, 2 Rīgas Street, LV-4033
Consultations to taxpayers - phone. 4042151, 4041264

Smiltene, 28 Dakteru Street, LV-4729
Consultations to taxpayers - phone 4772956

iii. SRS LATGALE REGIONAL OFFICE

e-mail: konsultanti_LREG@DAUG.vid.gov.lv

Daugavpils Local Office, Daugavpils, 4/6 Rigas Street, LV-5401
Consultations to taxpayers - phone 5406322
e-mail: konsultanti@DAUG.vid.gov.lv

Kraslava Local Office, Kraslava, 9 Skolas Street, LV-5601
Consultations to taxpayers - phone 5625446
e-mail: konsultanti@KRAS.vid.gov.lv

Preili Local Office, Preili, 24 Raiņa boulv., LV-5301
Consultations to taxpayers - phone. 5324253
e-mail: konsultanti@PREI.vid.gov.lv

Rezekne Local Office, Rezeknes region, Griskanu district, Jupatovka,
11 Jupatovkas Street, 1st floor , LV-4600
Consultations to taxpayers - phone. 4638152
e-mail: konsultanti@REZE.vid.gov.lv

Ludza Local Office, Ludza, 16 Raina Street, LV-5701
Consultations to taxpayers - phone. 5722603
e-mail: konsultanti@LUDZ.vid.gov.lv

Dagda, 8 Daugavpils street, LV-5674
Consultations to taxpayers - phone 5652391

Ilukste, 7 Brivibas Street, LV-5447
Consultations to taxpayers - phone 5462882

Livani, 23 Zala Street, LV-5316
Consultations to taxpayers - phone. 5341432

iv. SRS ZEMGALE REGIONAL OFFICE

e-mail: konsultanti_ZREG@JELG.vid.gov.lv

Aizkraukle Local Office, 1a Lacpleša Street, Aizkraukle, LV-5101
Consultations to taxpayers - phone. 5122226
e-mail: konsultanti@AIZK.vid.gov.lv

Bauska Local Office, 14a Darza Street, Bauska, LV-3901
Consultations to taxpayers - phone 3927065
e-mail: konsultanti@BAUS.vid.gov.lv

Dobele Local Office, 15 Brivibas Street, Dobele, LV-3701
Consultations to taxpayers - phone. 3707086
e-mail: konsultanti@DOBE.vid.gov.lv

Jelgava Local Office, 6 Liela Street , Jelgava, LV-3001
Consultations to taxpayers - phone 3007275
e-mail: konsultanti@JELG.vid.gov.lv

Jekabpils Local Office, 2 Draudzības aleja, Jekabpils, LV-5201

Consultations to taxpayers - phone 5233360
e-mail: konsultanti@JEKA.vid.gov.lv

Tukums Local Office, 25 Pasta Street, Tukums, LV-3101
Consultations to taxpayers - phone 3107172
e-mail: konsultanti@TUKU.vid.gov.lv

Auce, 1 Jelgavas Street, LV-3708

Kandava, 6 Darza Street, LV-3120

Vecumnieki district, 26 Rigas Street, LV-3933

Iecava district, 6 Tirgus Street, LV-3913

v. SRS KURZEME REGIONAL OFFICE

e-mail: konsultanti_KREG@KULD.vid.gov.lv

Talsi Local Office, 7 Kareivju Street, Talsi, LV-3201
Consultations to taxpayers - phone 3281497
e-mail: konsultanti@TALS.vid.gov.lv

Kuldiga Local Office, 4 Pils laukums, Kuldiga, LV-3301
Consultations to taxpayers - phone 3323541
e-mail: konsultanti@KULD.vid.gov.lv

Liepaja Local Office, 50 Graudu Street, Liepaja, LV-3401
Consultations to taxpayers - phone 3423670
e-mail: konsultanti@LIEP.vid.gov.lv

Ventspils Local Office, 18 Dzintaru Street, Ventspils, LV-3602
Consultations to taxpayers - phone 3681175
e-mail: konsultanti@VENT.vid.gov.lv

Saldus Local Office, 6 Striku Street, Saldus, LV-3801
Consultations to taxpayers - phone 3823635
e-mail: konsultanti@SALD.vid.gov.lv

B) LOCAL OFFICES OF THE ENTERPRISE REGISTER:

Riga

2 Perses Street, Riga, LV 1011

Tel.: (+371) 7031792, 7031791, 7031703

Fax: (+371) 7031793

info@ur.gov.lv

Permanent establishment located in: Riga, Ogre, Tukums, Jurmala

Bauska

3 Uzvaras Street, Bauska, LV 3900

Tel.: (+371) 39 27590

Fax: (+371) 39 27590

Permanent establishment located in: Bauska, Jelgava.

Rezekne

11 Bralu Skrindu Steet, Rezekne, LV 4600

Tel.: (+371) 46 22095

Fax: (+371) 46 25942

Permanent establishment located in: Rēzekne, Ludza, Balvi

Daugavpils

20 Lacpleša Street, Daugavpils, LV 5401

Tel.: (+371) 54 28422

Fax: (+371) 54 28422

Permanent establishment located in: Daugavpils, Kraslava, Preiļi.

Saldus

1 Turistu Street, Saldus, LV 3801

Tel.: (+371) 38 22397

Fax: (+371) 38 81218

Permanent establishment located in: Saldus, Dobele.

Jekabpils

150a Rigas Street, Jekabpils, LV 5202

Tel.: (+371) 52 21600

Fax: (+371) 52 30125

Permanent establishment located in: Jekabpils, Aizkraukle, Madona

Valmiera

38 Rigas Street, Valmiera, LV 4200

Tel.: (+371) 42 33708

Fax: (+371) 42 81356

Permanent establishment located in: Valmiera, Limbazi, Cēsis, Valka, Alūksne, Gulbene

Liepāja

11 Avotu Street, Liepāja, LV 3401

Tel.: (+371) 34 25677

Fax: (+371) 34 29014

Permanent establishment located in: Liepāja

Ventspils

3 Kuldīgas Steet, Ventspils, LV 3601

Tel.: (+371) 36 23310

Fax: (+371) 36 23310

Permanent establishment located in: Ventspils, Talsi, Kuldīga

7. PLEASE DESCRIBE THE DETAILED PROCEDURES (INCLUDING DOCUMENTS REQUIRED) FOR ISSUING VAT REGISTRATION NUMBERS, SPECIFICALLY FOR FOREIGN TRADERS.

To register for VAT purposes at the State Revenue Service, national and foreign traders must fill in a VAT-21 form and submit it to the local State Revenue Service office.

If a foreign trader has approved an authorized person in Latvia, the authorized person must submit the contract of authorization, as well as the VAT-21 form.

A taxpayers' registration certificate will be issued within 15 days of submitting the VAT-21 form to the local State Revenue Service office. The permanent establishment, or the authorized person of the foreign trader, is considered to be registered for VAT purposes on the day that the certificate is issued.

The taxpayer is able to issue tax invoices, and deduct input tax, as soon as they receive the registration certificate.

Additional information on registration procedures can be found on the Latvian tax authorities' website: <http://www.vid.gov.lv>.

THRESHOLDS

8. WHAT THRESHOLD DO YOU OPERATE AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 28B(B)(2) OF THE SIXTH VAT DIRECTIVE?

The threshold is LVL 24 000 (€36 952).

9. WHAT THRESHOLD DO YOU OPERATE AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR PERSONS EXEMPT UNDER ARTICLE 28A(1)(A) OF THE SIXTH VAT DIRECTIVE ?

The threshold is LVL 7 000 (€10 778).

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN (NON-EU) TRADERS

10. IN WHAT CASES DOES A TAX REPRESENTATIVE HAVE TO BE APPOINTED?

Foreign traders who are not established in the EU or in Latvia, who carry out transactions liable to Latvian VAT, must register for VAT purposes in Latvia and have their permanent establishment in Latvia approved. As soon as the permanent establishment is registered on the Enterprise Register, it is considered to be approved and taxable transactions may be carried out.

If a foreign trader has not set up a permanent establishment in Latvia, but carries out one or more taxable transactions in Latvia, one of the following people must be registered on the VAT Register of taxable persons at the State Revenue Service:

- a) their authorized person in the Republic of Latvia (the local office will depend on the authorized person's legal address or place of permanent residence); or
- b) a foreign person – in one of the places where the transaction was carried out in the Republic of Latvia.

All foreign traders who carry out taxable transactions in Latvia must be registered at the State Revenue Service for VAT purposes.

However, if the total value of the taxable transactions carried out in Latvia during the preceding 12 months has not reached, or exceeded, LVL 10 000 (€15 396), foreign traders have the right not to register for VAT purposes in Latvia.

11. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

Regulation number 401 (03.09.2002): "the procedure of registration of representations and authorized persons of the foreign traders and organizations", governs the registration procedures for foreign traders' fixed establishments and authorized persons.

The authorized person must be a natural person resident in Latvia, or a legal person established in Latvia, who has agreed to act on behalf of the foreign trader.

In order to set up a fixed establishment in Latvia, foreign traders must submit their application to the Enterprise Register. The application should be signed by the official representative of the foreign trader or organization.

The following documents must be attached to the application:

- 1) registration certificate, or other document(s) confirming the legal status of the foreign trader;
- 2) the document approving the decision of the foreign trader to set up a fixed establishment in Latvia, or the contract of authorization;
- 3) statutes or the other similar documents; and
- 4) a payment document confirming that the registration fee has been paid.

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?

A permanent establishment of a non-resident, if it is established and registered (or was required to be established and registered in accordance with Latvian legislation), will be considered a separate domestic taxpayer for the purpose of all tax laws. Therefore a permanent establishment of a non-resident has the same rights and obligations as domestic taxpayers.

- **The general duties of taxpayers are:**

- calculate amounts of taxes payable;
 - pay taxes and fees in due time, and to their full amount;
 - declare income for the taxation period, as well as other taxable items;
 - retain documents certifying their income from financial and economic activity for at least 5 years, in order to prove that tax has been calculated correctly;
 - register their individual business(es) with local government, obtain a registration certificate (a permit to engage in individual business), and inform the State Revenue Service of the date when income began to be generated;
 - record income and expenditure from individual business(es), and calculate the income tax;
 - withhold particular amounts of taxes according to tax laws;
 - in conformity with Latvian legislation, use mandatory waybills-invoices for calculation and recording of taxes;
 - in conformity with Latvian legislation, register taxes and other payments using electronic means;
 - if taxpayers record accounting data electronically, on the request of the tax administration they must submit source documents and accounting data necessary for an audit; and
 - provide the tax administration with the requested documents necessary to calculate their tax liability.
- **Additional duties of natural persons as taxpayers are:**
 - obtain a salary tax book and a salary tax card, in accordance with the law On Personal Income Tax;
 - submit the salary tax book and salary tax cards at the place of their general employment and places of additional employment or income;
 - retain the written certificate from the place of gaining income, which lists the taxes that the employer has paid;
 - provide personal identification documents, if so requested by a tax administration official (employee) in the performance of their official duties;
 - register their individual business(es) with local government, obtain a registration certificate (a permit to engage in individual business), and inform the State Revenue Service of the date when income began to be generated; and
 - record income and expenditure from individual business(es), and calculate the income tax.
- **Additional duties of legal and natural persons as taxpayers, if they are employers are:**
 - keep accounting records in a pre-defined order, prepare statements on financial and economic activities, and calculate the tax for the taxation period;
 - display their taxpayer code number on pre-defined accounting and reporting documents;

- in accordance with the procedure provided by law, register with the local (according to their legal address) tax administration;
- report any change of address to the local (according to their legal address) tax administration within 10 days;
- in accordance with the procedure set down by the Cabinet, submit a return to the tax administration on all separate cash transactions (including purchases), performed during the previous month that exceed LVL 1 000 (€1 540);
- pay taxes and other payments, including tax debt, to the state and local government, after settling the claims of employees, in accordance with labour legislation, and claims regarding reimbursement of losses due to disability or other health harm, as well as due to the loss of a supporter;
- within 10 days after the adoption of a decision to liquidate or reorganize an enterprise, inform the the local office of the tax administration (according to the legal address) in writing; and
- if liquidation of an enterprise has been carried out (all credit liabilities settled and liquidation balance approved), submit to the Enterprise Register a certificate issued by the tax administration stating that all taxes have been paid. The certificate must be submitted within ten days after its issue date.

- **Taxpayers have the right to:**

- tax and fee relief, as provided by law;
- tax reduction, as provided by law;
- review the normative documents regulating the calculation of taxes and fees, and the payment procedure, at a tax administration institution, free of charge;
- review inspection records and reports regarding calculation of taxes and fees pertaining to the specific taxpayer;
- appeal the decisions of the tax administration, in accordance with the procedures provided in normative acts;
- submit claims for revaluation of payments of taxes and fees to the tax administration within 3 years after the due date of payment set by law, if in this time period no audit has been carried out or stated on particular taxes and according taxation periods;
- receive the excess tax amounts paid, in accordance with the particular tax laws;
- receive from the tax administration amounts collected in error, in accordance with the procedures provided in normative acts;
- receive a written certificate from their employer detailing the taxes that the employer has paid; and
- claim for a refund of overpaid tax within 3 years after the due date of payment set by law.

13. WHAT ACTION CAN YOU TAKE IN THE EVENT OF FAILURE BY A TRADER IN ANOTHER MEMBER STATE TO DESIGNATE A TAX REPRESENTATIVE IN YOUR TERRITORY?

If a foreign trader has not set up a permanent establishment in Latvia, but carries out one or more taxable transactions in Latvia, one of the following people must be registered on the VAT Register of taxable persons at the State Revenue Service:

- a) their authorized person in the Republic of Latvia (the local office will depend on the authorized person's legal address or place of permanent residence), or
- b) a foreign person – in one of the places where the transaction was carried out in the Republic of Latvia.

If the foreign person is not registered at the State Revenue for VAT purposes, and has not appointed an authorized person in Latvia, the VAT will be paid by the taxable person who ensures the provision of the relevant services in Latvia or, if there is no such person, by the recipient of the services if they are registered as a taxable person.

14. IS A BANK GUARANTEE REQUIRED?

No

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. CAN FOREIGN TRADERS ESTABLISHED IN THE EU APPOINT TAX REPRESENTATIVES?

The rules governing the appointment of a representative, or an authorized person, in Latvia are the same for foreign traders established in the EU as for those not established in the EU.

16. WHAT ARE THE CONDITIONS GOVERNING THE APPOINTMENT OF A TAX REPRESENTATIVE?

See answer to question 11.

17. WHAT ARE THE RIGHTS AND OBLIGATIONS OF A TAX REPRESENTATIVE?

See answer to question 12.

18. ARE THERE SITUATIONS WHERE A BANK GUARANTEE IS REQUIRED?

See answer to question 14.

INVOICES

19. WHAT ARE THE CONDITIONS GOVERNING THE ISSUING OF AN INVOICE?

Taxable persons supplying goods or services are required to provide a invoice to their contracting parties. Tax invoices should be provided within seven days from the time of the transaction.

Tax invoices must contain the following particulars:

- the date of issue;
- the number of the tax invoice;
- the VAT identification number of the supplier of the goods or provider of services;
- the VAT identification number of the recipient of the goods or services;
- the full name and address of the supplier of the goods or provider of services (the name, surname and the identification number of the natural person);
- the full name and legal address of the recipient of the goods or services (for a natural person: given name, surname, the identification number, and the place of permanent residence);
- the date of supply of the goods or the provision of the services (or the date on which the advance payment was made), or the date of the issue of the invoice if the invoice has been issued before goods were supplied or services performed (or the advance payment made);
- the designation and the amount of the goods, or the type and the volume of the services;
- the price of the goods or the remuneration for the services provided (the unit price exclusively of tax);
- any discounts or rebates, if they are not included in the unite price;
- the VAT rate and the calculated tax;
- where 0% VAT is applied, or where the customer is liable to pay the tax, reference to the appropriate provision of the Law on Value Added Tax;
- where the intra-Community supply of a new means of transport is involved, reference to the appropriate provision of the Law on Value Added Tax;
- where the special scheme for tourist agencies is applied, reference to the appropriate provision of the Law on Value Added Tax;
- where any other special scheme is applied, reference to the appropriate provision of the Law on Value Added Tax; and
- where the authorized person is liable for VAT, the VAT identification number, full name and legal address of the authorized person (for a natural person: given name, surname, the identification number, and the place of permanent residence).

If the value of the transaction is less than LVL 100 (€154), a tax invoice may contain the following particulars:

- the full name of the supplier of the goods or provider of the services (for a natural person: given name and surname), the legal address (for a natural person: the place of permanent residence), as well as the VAT registration number issued by the State Revenue Service;
- the full name of the recipient of the goods or services (for a natural person: given name and surname), the legal address (for a natural person: the place of permanent residence), as well as the VAT registration number issued by the State Revenue Service;
- the designation and the amount of goods, or the type and volume of the services;
- the price and the value of goods, or the remuneration for the services provided;
- the VAT rate and the calculated tax; and
- the date of supply of the goods, or provision of the services.

The tax invoice in inland transactions of supply of goods is the mandatory waybill – invoice.

A purchase receipt received from the taxable person may also be used as a tax invoice, if it contains all the particulars required for invoices where the value of the transaction is less than LVL 20 (€31). A receipt which does not contain all the information required should be accompanied by a certificate with the missing information, and the designation of the relevant requisition.

If an electronic cash register receipt has been issued for a purchase, the value of which (exclusive of value added tax) is less than LVL 20 (€31), and the receipt does not contain all the information required, the receipt may be used as a tax invoice if the designation of the recipient of goods (for a natural person: first name and surname) and the VAT registration number issued by the State Revenue Service is set out therein. An annotation should be made on the front or reverse side of the receipt, and the recipient of the goods must confirm it with their signature and seal.

20. ARE THERE EXEMPTIONS FROM THE OBLIGATION TO ISSUE AN INVOICE? IF SO, TO WHAT TYPES OF TRANSACTION DO THEY APPLY?

There are no exemptions from the obligation to issue an invoice. Taxable persons are required to issue an invoice for any taxable supply of goods or services

PERIODIC VAT RETURNS

21. IN WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

Every taxable person must submit a VAT return to the State Revenue Service, even when the taxable person has not carried out taxable transactions during the assessment period.

22. AT WHAT INTERVALS ARE VAT RETURNS AND THE ASSOCIATED PAYMENTS TO BE MADE?

A taxable person must submit a tax declaration to the State Revenue Service (with a tax calculation for the assessment period), and pay the tax due into the State budget, within 15 days from the end of the assessment period.

Those who pay VAT centrally into the budget for a number of enterprises (branches, departments), as well as farms, pursuant to harmonization with the State Revenue Service, must submit a tax declaration for an assessment period and pay the tax due within 25 days from the end of the assessment period.

When importing goods inland, the tax has to be paid pursuant to the procedures prescribed in customs legislative enactments.

If the tax paid by a taxable person during the pre-assessment year does not exceed LVL 10 000 (€15 396), the time period for the submission of a tax declaration, and the assessment period following the submission by the taxable person, may be three or six months.

Together with the tax declaration, a taxable person must submit to the State Revenue Service a statement regarding the amount of input VAT which has been included in the tax declaration for the relevant assessment period.

23. DOES ANY SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER TRADERS AND/OR PARTICULAR CATEGORIES OF BUSINESSES? IF SO, PLEASE GIVE A DESCRIPTION .

As mentioned in the answer to question 22, if the tax paid by a taxable person during the pre-assessment year does not exceed LVL 10 000 (€15 396), the time period for the submission of a tax declaration, and the assessment period following the submission by the taxable person, may be three or six months.

Taxable persons who pay VAT centrally into the budget for several enterprises (branches, departments), as well as farms, pursuant to harmonization with the State Revenue Service, have to submit a tax declaration and pay the tax for an assessment period within 25 days after the end of the assessment period.

24. DO YOU OPERATE SIMPLIFIED CALCULATIONS OF TAX LIABILITY? IF SO, WHAT ARE THE QUALIFYING CRITERIA, TO WHOM DO THEY APPLY AND WHAT IS THE NATURE OF THE SIMPLIFICATION?

No.

RECAPITULATIVE STATEMENTS

25. AT WHAT INTERVALS ARE RECAPITULATIVE STATEMENTS TO BE SUBMITTED?

Recapitulative statements must be submitted quarterly, within 15 days after the end of the assessment period.

Taxable persons who pay value added tax centrally into the budget for several enterprises (branches, departments), as well as farms, pursuant to harmonization with the State Revenue Service, must submit recapitulative statement for an assessment period not later than 25 days after the assessment period.

26. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN ARTICLE 22(6) OF THE SIXTH VAT DIRECTIVE AS AMENDED BY DIRECTIVE 91/680/EEC?

No

27. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS AS PROVIDED FOR IN ARTICLE 22(12) OF THE SIXTH VAT DIRECTIVE AS AMENDED BY DIRECTIVE 91/680/EEC? IF SO, WHAT ARE THE THRESHOLDS FOR APPLYING SUCH PROCEDURES?

No.

ELECTRONIC INVOICING AND ELECTRONIC RETURNS

28. IS ELECTRONIC INVOICING PERMITTED? IF SO, IN WHAT CIRCUMSTANCES AND USING WHAT PROCEDURES?

No.

29. CAN VAT RETURNS BE SUBMITTED ELECTRONICALLY? IF SO, HOW AND USING WHAT TECHNOLOGY? WHO SHOULD BE CONTACTED FOR PERMISSION TO DO SO?

Taxpayers may submit declarations, reports and tax calculations to the State Revenue Service using the electronic declaring system (EDS) (accessed via the Internet). In order to use the EDS, taxpayers have to sign a contract with State Revenue Service.

Taxpayers must submit the paper version of the VAT declaration within 15 days of submitting the electronic version.

Declarations can be submitted by manually filling-in the www-form, or adding a standard, pre-prepared format declaration file.

In order to use the EDS service, certain technical requirements need to be met:

- access to the Internet (does not have to be permanent);
- browser Microsoft Internet Explorer V.5.0. (or higher) should be installed, the browser should recognize Java Script;
- any operational system should be installed on the workstation that supports the browser Microsoft Internet Explorer V. 5.0. (or higher);
- access to electronic mail.

30. CAN RECAPITULATIVE STATEMENTS BE SUBMITTED ELECTRONICALLY? IF SO, HOW AND USING WHAT TECHNOLOGY? WHO SHOULD BE CONTACTED FOR PERMISSION TO DO SO?

It is envisaged that it will be possible to submit recapitulative statements electronically after the accession to the European Union.

ADMINISTRATIVE REQUIREMENTS

31. DO YOU OPERATE A FLAT-RATE SCHEME? IF SO, TO WHOM DOES THE SCHEME APPLY?

No

32. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS APART FROM THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION.

No

33. IN WHAT LANGUAGES ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE ?

The forms are available in Latvian

RIGHT OF DEDUCTION

34. FOR WHAT CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT TO DEDUCT?

Input tax cannot be deducted on goods and services that are not used for business activities.

35. FOR WHAT CATEGORIES OF GOODS AND SERVICES IS THERE A PARTIAL RIGHT TO DEDUCT? WHAT IS THE % AGE?

40% of the tax paid on goods purchased for representative purposes, and for services received with respect to the preparation of public conferences, receptions and meals, as well as for the manufacture of representative items for taxable persons, cannot be deducted as input VAT from the amount of tax payable.

ANNEX 1: THRESHOLDS

Member State	Threshold for application of the special scheme for acquisitions by taxable persons not entitled to deduct input tax and by non-taxable legal persons ¹		Threshold for application of the special scheme for distance selling ²		Exemption for small enterprises ³	
	National currency	Euro equivalent	National currency	Euro equivalent	National currency	Euro equivalent
Belgium	€11.200		€35.000		€5.580	
Czech Republic		10.000		35.000		35.000
Denmark	80.000 DKK	10.722	280.000 DKK	37.528	50.000 DKK	6.667
Germany	€12.500		€100.000		€16.620	
Estonia	160.000 EEK	10.226	550.000 EEK	35.151		16.000
Greece	€10.000		€35.000		€9.000 or €4.000	
Spain	€10.000		€35.000		None	
France	€10.000		€100.000		€76.300 or €27.000	
Ireland	€41.000		€35.000		€51.000 or €25.500	
Italy	€8.263		€27.889		None	None
Cyprus	6.000 CYP	10.226	20.000 CY Pounds	34.220		15.600
Latvia	7.000 LVL	10.778	24.000 LVL	36.952		17.200
Lithuania	35.000 LTL	10.138	125.000 LTL	36.207		29.000
Luxembourg	€10.000		€100.000		€10.000	
Hungary						35.000
Malta		10.000		35.000		37.000 ⁴ 24.300 ⁴ 14.600 ⁴

¹ See second subparagraph of Article 28(a)(1) of Directive 77/388/EEC, as amended.

² See Article 28b, (2) of Directive 77/388/EEC, as amended.

³ See Article 24(2) of Directive 77/388/EEC, as amended. This scheme is reserved for taxable persons established within the territory of the country.

⁴ €37 000 when the economic activity consists principally in the supply of goods, €24 300 when the economic activity consists principally in the supply of services with a low value added (high inputs), and €14 600 in other cases, namely service providers with a high value added (low inputs)

ANNEX 1: THRESHOLDS

Netherlands	€10.000		€100.000		None	None
Austria	€11.000		€100.000		€22.000	
Poland						10.000
Portugal	€8.978		€31.424		€9.976 or €12.470	
Slovenia		10.000		35.000		25.000
Slovak Republic		10.000		35.000		35.000
Finland	€10.000		€35.000		€8.500	
Sweden	90.000 SEK	10.071	320.000 SEK	35.809	None	None
United Kingdom	55.000 GBP	86.112	70.000 GBP	109.598	55 000 GBP	86.112

ANNEX 2: VAT IDENTIFICATION NUMBER

- BE** le numéro d'identification à la taxe sur la valeur ajoutée
BTW - identificatienummer
- CZ**
- DK** momsregistreringsnummer
- DE** Umsatzsteuer - Identifikationsnummer
- EE** käibemaksukohustuslasena registreerimise number
- EL** Αριθμός Φορολογικού Μητρώου ΦΠΑ
Arithmos Forologikou Mitroou FPA
- ES** el número de identificación a efectos del Impuesto sobre el Valor Añadido
- FR** le numéro d'identification à la taxe sur la valeur ajoutée
- IE** value added tax identification no.
- IT** il numero di registrazione IVA
- CY** Αριθμός Εγγραφής Φ.Π.Α.
Arithmos Egrafis FPA
- LV** pievienotās vērtības nodokļa (PVN) reģistrācijas numurs
- LT** PVM mokėtojo kodas
- LU** le numéro d'identification à la taxe sur la valeur ajoutée
- HU**
- MT** numru ta' l-identifikazzjoni tat-taxxa fuq il-valur miújud
value added tax identification number
- NL** BTW - identificatienummer
- AT** Umsatzsteuer - Identifikationsnummer
- PL**
- PT** o número de identificação para efeitos do imposto sobre o valor acrescentado

ANNEX 2: VAT IDENTIFICATION NUMBER

- SI** identifikacijska številka za DDV
- SK** identifikačné číslo pre daň (IČ DPH)
- FI** arvonlisäverorekisteröintinumero
Mervärdesskatteregistreringsnummer (momsregistreringsnummer)
- SE** Mervärdesskatteregistreringsnummer (momsregistreringsnummer)
- GB** value added tax (VAT) registration no.

ANNEX 3: ABBREVIATIONS

	COUNTRY	CURRENCY
BELGIUM	BE	EUR
CZECH REPUBLIC	CZ	CZK
DENMARK	DK	DKK
GERMANY	DE	EUR
ESTONIA	EE	EEK
GREECE	EL	EUR
SPAIN	ES	EUR
FRANCE	FR	EUR
IRELAND	IE	EUR
ITALY	IT	EUR
CYPRUS	CY	CYP
LATVIA	LV	LVL
LITHUANIA	LT	LTL
LUXEMBOURG	LU	EUR
HUNGARY	HU	HUF
MALTA	MT	MTL
NETHERLANDS	NL	EUR
AUSTRIA	AT	EUR
POLAND	PL	PLN
PORTUGAL	PT	EUR
SLOVENIA	SI	SIT
SLOVAK REPUBLIC	SK	SKK
FINLAND	FI	EUR
SWEDEN	SE	SEK
UNITED KINGDOM	GB	GBP