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DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax administration
VAT and other turnover taxes

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VAT in the European Community

**APPLICATION IN THE MEMBER 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 States which has been obtained from the tax authorities concerned.

The sole purpose of distributing details of national provisions is to create a work tool. In no way does this document 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 from the following body:

State Revenue Service of the Republic of Latvia
Smilšu iela 1
Riga, LV-1978
Latvia

Tel.: +371 67028703

Fax: +371 67028704

e-mail: vid@vid.gov.lv

State Revenue Service information number: 1898 (when calling within Latvia)
+371 67001898 (when calling from
abroad)

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

2. WHAT IS THE ADDRESS OF THE NATIONAL TAX ADMINISTRATION WEBSITE? WHICH CATEGORIES OF INFORMATION ON VAT ARE AVAILABLE ON THAT WEBSITE (GENERAL INFORMATION, LEGISLATION, CONTACT POINTS, FORMS, ETC.)? AND IN WHICH LANGUAGE(S)?

The address of the State Revenue Service website is <http://www.vid.gov.lv>.

The following information on VAT is available on the website:

- legislation;
- forms and applications;
- deadlines for submitting returns and paying taxes;
- procedures for paying taxes;
- permits for applying a special VAT regime for import transactions;
- registration on the register of VAT taxable persons;
- refunding overpaid VAT to persons established in Latvia, the Member States and third countries;
- methodological and information materials in Latvian prepared by the State Revenue Service;
- electronic returns;
- international agreements;
- contact information.

The information is available in Latvian; parts are also available in English and Russian.

Information in English: <http://www.vid.gov.lv/default.aspx?tabid=8&id=1400&hl=2>

Information in Russian: <http://www.vid.gov.lv/default.aspx?tabid=8&id=2131&hl=3>

3. WHERE IS IT POSSIBLE TO FIND NATIONAL VAT LEGISLATION AND REGULATIONS? IN WHICH LANGUAGE(S) ARE THEY AVAILABLE?

National VAT legislation can be found on the State Revenue Service website <http://www.vid.gov.lv>.

English translations of national legislation and Latvian translations of EU legislation can be found on the State Language Centre website <http://www.ttc.lv>.

It is also possible to contact the State Revenue Service using the information published on the State Revenue Service website, available in Latvian, English and Russian (see reply to question 6).

VAT REGISTRATION OF FOREIGN TRADERS

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

All foreign traders wishing to carry out transactions in Latvia that are taxable for VAT purposes must be registered on the State Revenue Service register of taxable persons for VAT purposes.

5. WHAT ARE THE SITUATIONS WHERE REGISTRATION IS UNNECESSARY BECAUSE THE RECIPIENT OF THE GOODS OR SERVICES IS LIABLE FOR THE TAX? IN SUCH SITUATION, IS IT POSSIBLE TO REGISTER ON A VOLUNTARY BASIS?

Where the Latvian customer accounts for the VAT, because the taxable goods or 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 he wishes.

If a person established in another Member State supplies goods to a taxable person who assembles or installs them in Latvia, the person established in the other Member State does not have to register for VAT with the State Revenue Service, irrespective of the value of the assembled or installed goods.

If a person established in another Member State or a person not established within the EU, who does not carry on any commercial activity in Latvia, provides cultural, art, sport, science, education, entertainment or other services of a similar nature in Latvia, or real estate services to a taxable person in Latvia, that person is not obliged to register for VAT with the State Revenue Service.

6. WHOM SHOULD A FOREIGN TRADER CONTACT TO GET REGISTERED FOR VAT? (DETAILS ABOUT THE DEPARTMENT, INCLUDING ADDRESS, TELEPHONE, FAX, E-MAIL ETC.)

Registration for VAT can be carried out at the State Revenue Service customer service centres. Addresses and other contact information are available in Latvian, English and Russian on the State Revenue Service website:

Information in Latvian: <http://www.vid.gov.lv/default.aspx?tabid=12&hl=1>

Information in English: <http://www.vid.gov.lv/default.aspx?tabid=12&hl=2>

Information in Russian: <http://www.vid.gov.lv/default.aspx?tabid=12&hl=3>

7. PLEASE DESCRIBE THE DETAILED PROCEDURES (INCLUDING NECESSARY DOCUMENTS) FOR ISSUING VAT IDENTIFICATION NUMBERS, SPECIFICALLY TO FOREIGN TRADERS.

In order to register on the State Revenue Service register of taxable persons for VAT purposes, persons established in other Member States and persons not established within the EU must submit or produce the following documents to the State Revenue Service:

- 1) they must submit an application for registration – Annex 4 to Cabinet Regulation No 933 of 14 November 2006 on procedures for applying the provisions of the Law on Value Added Tax, “Application from a person established in the EU or a person not established within the EU for registration on the State Revenue Service register of taxable persons for VAT purposes”;
- 2) they must produce a personal identity document or driving licence; where the application is submitted by a person authorised to do so by another party, the authorised person must also produce the relevant authorisation document.

The State Revenue Service examines the application and must adopt a decision within 15 business days either to register the person or, if the information requested in the application has not all been supplied, to refuse to register the person.

The decision to register a person on the State Revenue Service register of taxable persons for VAT purposes will be notified on the State Revenue Service website or by post. The application for registration must specify how the applicant wishes to be informed of the State Revenue Service’s decision.

If the decision to register a person is notified on the State Revenue Service website, the person is considered to be registered for VAT on the day following notification of the decision.

If the decision to register a person is notified by post, the person is considered to be registered for VAT on the seventh day after the decision is entrusted to the post office.

If it decides to refuse registration, the State Revenue Service shall specify the reasons for refusal and send them to the applicant by post within five business days.

A person who has received a decision to refuse registration may correct the application and resubmit it to the State Revenue Service.

If there is any change in the information regarding the taxable person supplied in the application for registration, the person shall submit an application to the State Revenue Service specifying what has changed.

Additional information on registration procedures is available in Latvian, English and Russian on the State Revenue Service website <http://www.vid.gov.lv>.

THRESHOLDS

8. WHICH THRESHOLD DO YOU OPERATE AS REGARDS INTRA-COMMUNITY DISTANCE SELLING UNDER ARTICLE 34 OF COUNCIL DIRECTIVE 2006/112/EC OF 28 NOVEMBER 2006 ON THE COMMON SYSTEM OF VALUE ADDED TAX?

The threshold is LVL 24 000 (about EUR 34 149).

9. WHICH THRESHOLD DO YOU OPERATE AS REGARDS ACQUISITIONS BY NON-TAXABLE LEGAL PERSONS OR EXEMPT PERSONS UNDER ARTICLE 3(2) OF COUNCIL DIRECTIVE 2006/112/EC OF 28 NOVEMBER 2006 ON THE COMMON SYSTEM OF VALUE ADDED TAX?

The threshold is LVL 7 000 (about EUR 9 960 EUR).

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

10. WHAT ARE THE SITUATIONS IN WHICH THE APPOINTMENT OF A TAX REPRESENTATIVE IS OBLIGATORY?

The appointment of a tax representative is not obligatory. A foreign trader may choose to register an authorised person in Latvia on the State Revenue Service register of taxable persons for VAT purposes.

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

If persons established in another Member State or not established within the EU carry out one or more transactions in Latvia that are taxable for VAT purposes, they may register an authorised person in Latvia on the State Revenue Service register of taxable persons for VAT purposes.

Persons wishing to be registered as an authorised person (Latvian taxpayers) on the State Revenue Service register of taxable persons for VAT purposes must submit or produce the following documents to the State Revenue Service:

- 1) they must submit an application for registration – Annex 1 to Cabinet Regulation No 933 of 14 November 2006 on procedures for applying the provisions of the Law on Value Added Tax, “Application for registration on the State Revenue Service register of taxable persons for VAT purposes”;
- 2) they must produce a personal identity document or driving licence.

The State Revenue Service examines the application and must adopt a decision within 15 business days either to register the person or, if the information requested in the application has not all been supplied, to refuse to register the person..

The decision to register a person on the State Revenue Service register of taxable persons for VAT purposes will be notified on the State Revenue Service website or by post. The

application for registration must specify how the applicant wishes to be informed of the State Revenue Service's decision.

If the decision to register a person is notified on the State Revenue Service website, the person is considered to be registered for VAT on the day following notification of the decision.

If the decision to register a person is notified by post, the person is considered to be registered for VAT on the seventh day after the decision is entrusted to the post office.

12. WHAT ARE THE RIGHTS AND OBLIGATIONS OF TAX REPRESENTATIVES?

Tax representatives have the same rights and obligations as any taxpayers within the territory of Latvia.

The general obligations of taxpayers are as follows:

- to calculate amounts of taxes payable;
- to pay taxes and fees in due time and in full;
- to submit tax and information returns to the tax authorities in either written or electronic format as provided for by tax legislation and within the time limits specified in tax legislation;
- to keep documents attesting income and expenditure from financial and business activities and other documents attesting activities for a minimum of five years, in order to prove that tax has been calculated correctly; where a special tax regime has been applied to a taxpayer in accordance with the law for a period exceeding five years, documents are to be kept for the entire period during which the special tax regime is applied;
- to notify all income, and to substantiate the conformity of taxes, fees and other payments required by the state with the legislation on the procedures for calculating and paying amounts due to the state and local authorities, by producing or submitting documents requested by tax administration staff;
- to permit tax administration staff to inspect premises used for business activities in accordance with the procedures set out in legislation;
- to withhold sums payable in tax as provided for in tax laws;
- to register taxes and other payments using electronic devices and equipment;
- where a taxpayer keeps accounting records using electronic computers, to submit substantiating documents and accounting records in electronic format at the request of the tax administration for the purposes of carrying out tax audits;
- to submit documents used to calculate taxes as requested by the tax administration.

The general rights of taxpayers are as follows:

- to make use of allowances on taxes and fees as provided for by law;
- to make use of deductions from taxes as provided for by law;
- to consult legislative documents regulating the procedures for calculating and paying taxes and fees, on the premises of the tax administration, free of charge;

- to consult inspection reports and auditing case materials concerning the taxpayer himself, except for information in inspection reports and auditing case materials that is classified as restricted information by law;
- to dispute and appeal decisions made by the tax administration;
- to submit an application to the tax administration to re-evaluate the payment of fees, or to correct or adjust a tax return, within three years following the payment deadline specified in the relevant laws, if no tax audit has been started or carried out during this period regarding the relevant taxes and tax periods; the deadline specified in this point may be extended by the Director General of the State Revenue Service with respect to tax payments made to the state budget, if the taxpayer submits an application regarding taxes that have not been paid by the deadline;
- to receive amounts of overpaid tax in accordance with the tax laws;
- to receive amounts of tax collected in error by the tax administration;
- to claim a refund of overpaid tax or reassignment to cover current tax payments within three years following the payment deadline specified in a particular tax law.

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

See the answer to question 11.

14. IS IT NECESSARY TO SET UP A BANK GUARANTEE?

No.

APPOINTMENT OF TAX REPRESENTATIVES BY FOREIGN TRADERS ESTABLISHED IN THE EU

15. IS IT POSSIBLE TO APPOINT A TAX REPRESENTATIVE?

In Latvia the rules governing the appointment of a representative or authorised person are the same for foreign traders established in the EU and for those not established in the EU.

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

See the answer to question 11.

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

See the answer to question 12.

18. ARE THERE SITUATIONS WHERE IT IS OBLIGATORY TO SET UP A BANK GUARANTEE?

See the answer to question 14.

INVOICING

RULES ABOUT INVOICING

19. WHERE CAN THE RELEVANT RULES (LAWS, REGULATIONS, INSTRUCTIONS, GUIDELINES...) BE FOUND?

VAT invoicing is regulated by Section 8 of the Law on Value Added Tax and Paragraphs 160-188 of Cabinet Regulation No 933 of 14 November 2006 on procedures for applying the provisions of the Law on Value Added Tax.

These items of legislation can be found on the State Revenue Service website <http://www.vid.gov.lv>.

Additional information on the procedures for tax invoicing is available in Latvian in the methodological and information materials published on the State Revenue Service website.

ISSUANCE OF INVOICES

20. CASES WHERE AN INVOICE NEEDS TO BE ISSUED

A taxable person for VAT purposes must issue an invoice for any taxable supply of goods or services in accordance with Section 8(4) of the Law on Value Added Tax.

21. WHAT ARE THE RULES ON CORRECTIVE INVOICES (CREDIT / DEBIT NOTES)?

The Law on Value Added Tax does not specify any particular provisions for corrective invoices. However, where a credit/debit note is intended for correcting VAT, it may be used as a tax invoice if it is drawn up in accordance with the same conditions as those that must be observed when drawing up a tax invoice.

22. WHAT IS THE TIME LIMIT FOR ISSUING INVOICES?

Fifteen days from the date of the transaction.

23. WHAT ARE THE RULES FOR SUMMARY INVOICING?

If a transaction is carried out continuously over a longer period of time, a tax invoice can be issued for a period not exceeding six months.

24. WHAT ARE THE CONDITIONS IMPOSED ON SELF-BILLING?

The Latvian Law on Value Added Tax does not contain any special provisions for drawing up tax invoices where the tax invoice is issued by the recipient. Therefore, where a recipient issues an invoice he must comply with the usual procedures.

25. IS THERE ANY SPECIFIC RULE IN RELATION TO OUTSOURCING OF INVOICES TO A PERSON WHO IS ESTABLISHED OUTSIDE THE EU?

No.

CONTENT OF INVOICES

26. UNDER WHAT CONDITIONS MUST THE VAT NUMBER OF THE CUSTOMER BE ON THE TAX INVOICE?

It is mandatory to specify the VAT number of the customer on the tax invoice.

27. ANY OTHER SPECIFIC RULE IN RELATION TO THE CONTENT OF THE INVOICE

Where a VAT rate of 0% is applied to a transaction (such as the supply of goods to a taxable person established in the EU) or if the recipient of the goods or services is responsible for calculating and paying VAT, a reference must be made to the relevant section of the Law on Value Added Tax.

A reference must also be made where VAT is charged in accordance with any of the special procedures set out in the Law on Value Added Tax:

- a) when new means of transport are being supplied to customers in Member States, that must be indicated, and there must be information establishing that the product concerned is a new means of transport within the meaning of Section 1(30) and (31) of the Law on Value Added Tax;
- b) if the tax is charged in accordance with the special procedures for transactions in second-hand goods, works of art, antiques and collectors' items or for services provided by a travel agency or tour operator, the tax invoice must contain a reference to the Law on Value Added Tax or to Council Directive 2006/112/EC indicating the regime applied;
- c) if the special conditions provided for in the Law on Value Added Tax concerning the application of VAT to farmers and to transactions in wood or investment gold are applied to the supply of goods or services, the tax invoice must contain a reference to the relevant section of the Law on Value Added Tax.

ELECTRONIC INVOICING

28. AS REGARDS INVOICES SENT WITH ADVANCED ELECTRONIC SIGNATURES, IS IT OBLIGATORY TO USE QUALIFIED CERTIFICATED AND SECURE-SIGNATURE-CREATION DEVICES? IF SO, PLEASE GIVE DETAILS.

The use of electronic invoicing is permitted in Latvia if authentic origin is guaranteed by an electronic signature. An electronic document is deemed to be signed if it contains a secure electronic signature. A secure electronic signature is a signature that meets the following requirements:

- a) it is linked only to the signatory;
- b) it ensures identification of the signatory;
- c) it has been created using secure-signature-creation devices that may be controlled only by the signatory;
- d) it is associated with the signed electronic document in such a way that any subsequent changes to said document are noticeable;
- e) it is confirmed by a qualified certificate.

If these conditions have been observed these invoices will be considered to have been sent electronically within the meaning of Article 233 of Council Directive 2006/112/EC.

29. AS REGARDS INVOICES SENT BY ELECTRONIC DATA INTERCHANGE, IS AN ADDITIONAL SUMMARY DOCUMENT ON PAPER OBLIGATORY? IF SO, PLEASE GIVE DETAILS ABOUT ITS CONTENT AND PROCEDURE.

When sending invoices by electronic data interchange an additional summary document on paper is not obligatory.

30. DO YOU ALLOW INVOICES ISSUED PURSUANT TO THE SECOND SUBPARAGRAPH OF ARTICLE 233(1) OF THE VAT DIRECTIVE (2006/112/EC) ("BY USING ANY OTHER ELECTRONIC MEANS")? IF SO, UNDER WHICH CONDITIONS AND FORMALITIES?

An electronic document is also considered to be signed where it has an electronic signature and the parties have agreed in writing that it is to be signed using an electronic signature, and where it was drawn up on paper and signed by hand or was signed using a secure electronic signature.

31. ANY OTHER SPECIFIC RULE IN RELATION TO ELECTRONIC INVOICING

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STORAGE OF INVOICES

32. WHAT ARE THE RULES ON THE PLACE OF STORAGE OF INVOICES?

Accounting records and supporting documents, including invoices, must be stored within the territory of Latvia.

Each enterprise must systematically organise all supporting documents, accounting records, inventories, annual reports and annexes and documents explaining the organisation of the books (account plans, codes etc.) and store them in the enterprise's records.

The manager of the enterprise is responsible for organising bookkeeping and storing originals, copies or data images of all documents substantiating business transactions.

33. IS PRIOR NOTIFICATION OF INVOICES STORED IN ANOTHER COUNTRY AN OBLIGATION? IF SO, PLEASE SPECIFY.

See the reply to question 32.

34. WHAT IS THE OBLIGATORY STORAGE PERIOD FOR INVOICES?

The storage period for supporting bookkeeping documents, including invoices, is five years.

35. WHAT ARE THE SPECIFIC RULES ON STORAGE FORM AND POSSIBLE CONVERSIONS?

Supporting documents must be prepared in such a way as to preserve the information contained therein throughout their storage period, to ensure the legal validity of the documents, and to enable copies of these documents to be made. Entries in supporting documents may not be made in pencil or in another manner that is technically easy to change or physically impermanent.

Enterprises using accounting software must ensure that all accounting information is stored in storage media in the enterprise's records, or systematically print all supporting documents and accounting records and store them in the enterprise's records. With every document drawn up or received in electronic format the enterprise must also store data enabling its origin or final destination to be determined and showing the time it was sent or received

36. ANY OTHER SPECIFIC RULE IN RELATION TO INVOICE STORAGE

In the event that an enterprise is wound up or reorganised, the procedures for the further storage of its records are determined by the liquidator or liquidators following consultation with the General Directorate of the State Archives. The liquidator or liquidators must organise the documents and submit them for storage in the State Archives or in the records of the enterprise established following reorganisation.

Paper copies of supporting documents for the current month relating to a specific accounting record are organised in order of their entry numbers and are stored in bound or sewn folders kept in storage premises designated for this purpose.

Supporting documents relating to entries made using accounting software are organised by groups according to the date of the entry in question.

SIMPLIFIED INVOICES

37. WHAT ARE THE SITUATIONS WHERE SIMPLIFIED INVOICING IS ALLOWED PURSUANT TO ARTICLE 228 OF THE VAT DIRECTIVE? AND WHAT ARE THE SPECIFIC RULES?

Documents containing the following information may be used as tax invoices for domestic transactions the value of which is below LVL 100 excluding tax:

- 1) the name of the consignor of the goods or service provider (for natural persons, first name and surname), registered address (for natural persons, declared place of residence), and the VAT registration number assigned by the State Revenue Service to a taxable person;
- 2) the name of the consignee of the goods or recipient of services (for natural persons, first name and surname), registered address (for natural persons, declared place of residence), and the VAT registration number assigned by the State Revenue Service to a taxable person;
- 3) the name and quantity of the goods, or the type and volume of the services;
- 4) the price and value of the goods or the remuneration for the services provided;
- 5) the tax rate and tax calculated;
- 6) the date on which the tax invoice was issued.

Documents containing the following information may be used as tax invoices for domestic transactions the value of which is below LVL 20:

- 1) the name of the consignor of the goods or service provider (for natural persons, first name and surname), registered address (for natural persons, declared place of residence), and the VAT registration number assigned by the State Revenue Service to a taxable person;
- 2) the name and quantity of the goods or the type and volume of the services;
- 3) the price and value of the goods or the remuneration for the services provided;
- 4) the tax rate and tax calculated;
- 5) the date on which the tax invoice was issued.

PERIODIC VAT RETURNS

38. UNDER WHAT CIRCUMSTANCES IS A TRADER OBLIGED TO SUBMIT A VAT RETURN?

All taxable persons for VAT purposes must submit a VAT return to the State Revenue Service. Returns must be submitted for the tax period specified for the person in accordance with the Law on Value Added Tax. Returns must be submitted even if no taxable transactions have been carried out during the tax period.

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

The VAT tax period for a taxable person for VAT purposes (frequency of submission of VAT return and associated payments) depends on the volume of transactions carried out

during the preceding tax year and on whether goods are supplied or services provided within the EU.

The VAT tax period is one calendar month if the value of taxable transactions exceeds LVL 35 000 during the preceding tax year, irrespective of the volume of transactions and of whether or not goods are supplied or services provided within the EU.

The VAT tax period is one calendar quarter:

- 1) for a taxable person who has registered on the State Revenue Service of taxable persons for VAT purposes during the tax year;
- 2) for persons for whom the taxable value of transactions during the preceding tax year exceeds LVL 10 000 but not LVL 35 000, and who do not carry out transactions within the EU.

The VAT tax period is half a calendar year if the volume of taxable transactions during the preceding tax year does not exceed LVL 10 000 and the person does not supply goods or provide services within the EU.

If a taxable person submits a VAT return and annexes to the State Revenue Service using the State Revenue Service's electronic declaration system, the time limit for submitting the return is 20 days following the end of the tax period.

If a taxable person submits a VAT return and annexes to the State Revenue Service in paper format, the time limit for submitting the return is 15 days following the end of the tax period.

Taxes calculated for the tax period shall be transferred to the state budget by the taxable person within 20 days following the end of the tax period in question.

Tax relating to imports into the country is governed by customs legislation.

A tax declaration consists of a return for the tax period and annexes to the return.

A tax return has the following annexes:

- 1) a statement of the amounts of input tax and other taxes included in the return for the tax period;
- 2) a statement of goods supplied and services provided within the EU;
- 3) a statement of corrections concerning goods supplied and services provided within the EU;
- 4) a statement of the value of goods supplied with a breakdown showing free ports and special economic areas;
- 5) a return for the tax year;
- 6) an annex on supplies of wood and services concerning transactions in wood.

Annexes to a VAT group return must be submitted separately for each participant in the group, except for the return for the tax year.

A tax return must be submitted to the State Revenue Service even if a taxable person for VAT purposes has not carried out any taxable transactions during the tax period.

40. WHAT IS THE PROCEDURE FOR THE REPAYMENT OF EXCESS VAT REPORTED IN THE VAT RETURN? WHAT ARE THE TIME LIMITS FOR THE EXCESS VAT REPAYMENT IF ANY?

Overpaid tax is refunded to the taxable person within 30 days after a properly substantiated application is received and tax administration measures are carried out.

A taxpayer may ask for overpaid tax to be reassigned to cover late and/or current payments.

41. DOES A SPECIAL REGIME AS REGARDS PERIODIC VAT RETURNS EXIST FOR SMALLER TRADERS AND/OR CERTAIN CATEGORIES OF BUSINESS? IF SO, PLEASE DESCRIBE THEM.

If the volume of taxable transactions carried out by a small enterprise during the preceding tax year does not exceed LVL 10 000, the frequency for submitting VAT returns and paying taxes is half a calendar year. This tax period applies to such persons on condition that they do not supply goods and provide services within the EU.

If a taxable person's business activities are seasonal (as in the case of farmers), the tax administration may specify a different tax period upon application from the taxable person.

42. 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

43. DO YOU ALLOW SUBMISSION OF RECAPITULATIVE STATEMENTS BY CALENDAR QUARTER? IF SO, UNDER WHICH THRESHOLD AND CONDITIONS?

When goods are supplied or services provided within the EU, a statement of the supply of goods and services within the EU must be submitted for each calendar month. .

44. IS ANY ADDITIONAL INFORMATION REQUIRED OTHER THAN THAT SET OUT IN ARTICLE 266 OF THE VAT DIRECTIVE (2006/112/EC)?

Clarifying information regarding a transaction must also be given.

The letter "S" must be used to indicate a triangular transaction, "P" to show that a service has been provided, "G" to show that goods have been supplied and "C" to show that goods that have undergone customs clearance in Latvia have been supplied to a person in another Member State.

45. DO YOU OPERATE SIMPLIFIED PROCEDURES AS REGARDS RECAPITULATIVE STATEMENTS FOR THE SUPPLY OF GOODS WITHIN THE COMMUNITY [SUMMARY

REPORTS], AS PROVIDED FOR IN ARTICLE 269 OF THE VAT DIRECTIVE (2006/112/EC)? IF SO, WHAT ARE THE RELATED THRESHOLDS FOR APPLYING SUCH PROCEDURES?

No.

ELECTRONIC RETURNS

46. IS IT POSSIBLE TO SUBMIT VAT RETURNS BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY? WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT RETURNS ELECTRONICALLY?

Taxpayers may submit returns, reports and tax calculations to the State Revenue Service using the electronic declaration system (EDS) (accessed via the Internet).

The reports and returns to be submitted via the EDS may be prepared and submitted electronically by completing the forms available on the website, or by attaching files in a set format with the report or return data.

Taxpayers wishing to use the EDS must first conclude a contract with the State Revenue Service for using the EDS services. There is no charge for concluding a contract or for using the EDS.

Once the contract is concluded the EDS may be used to submit tax returns and reports electronically; the manner of submitting documents may be changed where necessary.

Certain technical requirements need to be met in order to use the EDS:

- Internet access (broadband access is not necessary);
- one of the following browsers (or a newer version) must be installed: Microsoft Internet Explorer 5.5, Mozilla Firefox 3.0 or Apple Safari 3.1.2;
- the address group *.vid.gov.lv must be added to the group of trusted sites;
- JavaScript must be enabled on the browser;
- access to electronic mail (a real e-mail address).

Additional information on registration procedures is available on the State Revenue Service website <http://www.vid.gov.lv>.

The EDS is only available in Latvian.

47. IS IT POSSIBLE TO SUBMIT RECAPITULATIVE STATEMENTS ON GOODS DELIVERIES WITHIN THE EU BY ELECTRONIC MEANS? IF SO, HOW AND USING WHICH TECHNOLOGY?

WHO SHOULD BE CONTACTED TO APPLY TO SUBMIT STATEMENTS ELECTRONICALLY?

Yes. See the reply to question 46.

OBLIGATIONS AT IMPORTATION

48. WHO ARE THE PERSONS THAT CAN BE DESIGNATED OR RECOGNISED AS LIABLE TO PAY IMPORT VAT UNDER ARTICLE 201 OF THE VAT DIRECTIVE?

When goods are imported the person responsible for paying VAT is the consignee..

49. WHAT ARE THE RULES FOR DECLARATION AND PAYMENT OF IMPORT VAT?

The consignee pays VAT to the state budget once the goods have been released for free circulation. If a taxpayer has the right to deduct input tax on imported goods, the tax paid is to be indicated in the VAT return as deductible input tax, and detailed information on the transaction is to be given in the annex to the return.

50. DO YOU APPLY THE OPTION OF “POSTPONED REPORTING” REFERRED TO IN ARTICLE 211 OF THE VAT DIRECTIVE? IF SO, UNDER WHICH CONDITIONS?

The Law on Value Added Tax allows the application of a special tax regime for transactions involving the import of goods. In order to apply a special tax regime for imported goods, a taxable person for VAT purposes must submit an application to the State Revenue Service.

It is possible to submit an electronic application for the special tax regime for imported goods using the State Revenue Service’s electronic declaration system (EDS).

A permit to apply a special VAT regime for imported goods will be issued to a taxable person:

- 1) who is registered for business activities in Latvia;
- 2) who is a registered EDS client;
- 3) who has no tax arrears for previous tax periods on the date on which the application is submitted or who pays any such tax arrears within five business days from the date on which the application is submitted;
- 4) whose officers with signatory rights have no convictions for economic crimes;
- 5) who within specified time limits submits the information returns or additional information necessary for determining the amounts of VAT payable to the state budget or the amounts of overpaid VAT.

ADMINISTRATIVE REQUIREMENTS

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

No.

52. DO YOU OPERATE SIMPLIFIED ADMINISTRATIVE REQUIREMENTS OTHER THAN THOSE ALREADY MENTIONED? IF SO, PLEASE GIVE A DESCRIPTION.

A special VAT payment and input tax reporting procedure (the “cash register principle”) may be applied to taxable persons whose taxable transactions do not exceed LVL 70 000 and to suppliers of agricultural produce: tax is paid into the budget for the tax period when payment is received for goods supplied and services provided, whilst input tax may be deducted in the tax period when goods and services received are paid for.

53. IN WHICH LANGUAGE(S) ARE FORMS (PERIODIC VAT RETURNS AND RECAPITULATIVE STATEMENTS) AVAILABLE OR TRANSLATED INTO?

The forms are available in Latvian on the State Revenue Service website <http://www.vid.gov.lv>.

RIGHT TO DEDUCTION

54. FOR WHICH CATEGORIES OF GOODS AND SERVICES IS THERE NO RIGHT OF DEDUCTION?

Input tax cannot be deducted on goods and services that are not used for commercial transactions subject to VAT..

55. ARE THERE CATEGORIES OF GOODS AND SERVICES IN WHICH THERE IS A PARTIAL RIGHT OF DEDUCTION? IF SO, WHAT IS THE PERCENTAGE?

Of the tax specified in tax invoices for goods purchased for representative purposes, and for services received with a view to the preparation of public conferences, receptions and meals and for the manufacture of representative items for taxable persons, a proportion of 60% cannot be deducted as input VAT from the amount of tax payable.