

SORAINEN

Kr. Valdemāra iela 21, LV-1010 Rīga, Latvia
phone +371 67 365 000
fax +371 67 365 001
latvia@sorainen.com
VAT reg no LV90002573483

Estonia

Pärnu mnt 15, 10141 Tallinn
phone +372 6 400 900, estonia@sorainen.com

Lithuania

Jogailos 4, LT-01116 Vilnius
phone +370 52 685 040, lithuania@sorainen.com

Belarus

ul Nemiga 40, 220004 Minsk
phone +375 17 306 2102, belarus@sorainen.com

ISO 9001 certified
www.sorainen.com

VAT PROFILE, LATVIA

The European Union (EU) VAT Directive is implemented through the “Value Added Tax Law” (hereafter referred to as the “VAT Act”). In Latvia, the VAT is referred to as “Pievienotās vērtības nodoklis” or “PVN”.

As of 1 January 2013, a completely new VAT Act came into force. The new VAT Act is implemented to make the VAT provisions more compliant with the EU VAT Directive, following the structure and terminology of the EU VAT Directive.

1. TAXABLE PERSONS

Contrary to the previous VAT Act according to which a person was considered a taxable person if it was registered for VAT purposes with the tax authorities, as of 2013 any person who independently carries out in any place any economic activity, whatever be the purpose or result of that activity, is considered a taxable person. Taxable persons can be either registered or not registered with the tax authorities.

1.1 Registration threshold for domestic businesses

If the total value of taxable supplies of goods and services provided has not exceeded EUR 50,000 during the preceding twelve months, no registration is required. Businesses can, however, register before reaching this threshold.

The registration is with the Latvian State Revenue Service (SRS). The following documents have to be provided for the registration:

- a registration form;
- if an individual is registering, a copy of their passport or some other acceptable identification; and
- if an authorised person performs the registration, the power of attorney.

1.2 Registration threshold for foreign businesses

There is no registration threshold for foreign legal entities. In some circumstances registration can be avoided because of the application of the reverse charge mechanism or the appointment of a fiscal representative.

When registering, the following documents must be submitted:

- a registration form;
- the extract of the Commercial Register; and
- if the authorized person performs the registration, a power of attorney.

The registration office depends on the address of the company in Latvia or the address of the business partner in Latvia indicated in the registration form. The list of competent tax offices can be downloaded from the following website:

<http://www.vid.gov.lv/default.aspx?tabid=12&id=1370&hl=2>

The registration forms can be downloaded at the following link:

http://www.vid.gov.lv/dokumenti/veidlapas%20un%20iesniegumi/pvn/2013/veidlapa_pvn_5.doc

It takes five working days to register for VAT after the submission of all the required documents.

1.3 VAT grouping

The conditions for the registration of a Latvian VAT group are that the participants of the VAT group may only be taxable persons, the maximum number of participants in the VAT group is not limited and a taxable person may not be a participant of another VAT group at the same time.

A VAT group may be established if the total value of the taxable supplies of goods and services provided by at least one participant of the VAT group during the preceding twelve calendar months up to the month, when a submission for the registration of the VAT group is submitted, is at least EUR 355,700.

The participants of the VAT group can only be companies registered for VAT purposes in Latvia, and which are included in one group of companies (in accordance with the Group of Companies Law) or a branch of a foreign merchant (legal person) – provided that the foreign merchant, in accordance with the group of Companies Law, is a member of the same group of companies in which the other participants of the VAT group are included.

Holding companies receiving only dividend income cannot be included in the VAT group. Foreign companies cannot be included in the VAT group, even if they have a fixed establishment in Latvia. However, if the foreign company registers a branch in Latvia, this branch could be included in the VAT group provided that the above conditions stipulated in the Group of Companies Law are met.

The VAT group members must enter into an agreement. This agreement must be entered by all the members with one of them being appointed as the principal entity, the head company of the VAT group.

VAT grouping is optional. A VAT group is regarded as one taxable person for any supply to or by the VAT group. For VAT purposes, supplies of goods or services between members of a VAT group no longer fall within the scope of VAT. Supplies of goods or services made by third parties to an individual member of a VAT group are deemed to have been made to the VAT group.

The VAT group members use their own VAT registration number for transactions with persons, which are not members of the group. The registration number granted to the VAT group shall be used only for filing the VAT return of the VAT group and for the payment of the VAT. Group members are jointly and severally liable for payment of the group's VAT.

1.4 Fiscal representative

Latvia has introduced the concept of fiscal representation as of 2011. A fiscal representative is a taxable person who, based on a written agreement, is liable for paying VAT to the tax authorities and represents a taxable person from another Member State or a non-EU country for tax purposes.

Both non-EU persons and EU taxable persons may but are not obliged to appoint a fiscal representative when registering for VAT.

The requirements for a fiscal representative are:

- It should file one of the following:
 - Bank certification that it has deposited enough funds to cover the potential tax debts - at least 20% of the average VAT taxable transactions value reported in the VAT returns of the previous 3 months and no less than EUR 14,220;
 - Bank or insurance company guarantee for at least EUR 284 570;
- It should be registered as a VAT payer in Latvia for at least 2 years and performs business activity in Latvia uninterruptedly since VAT registration;
- It does not have outstanding tax debts when submitting the VAT registration application;
- It does not have criminal record for fraud, falsification of documents, tax avoidance or criminal activities that could result in reduction of the taxable amount;
- It files the tax returns and the information requested by the SRS in due terms;
- It is registered as the user of the Electronic Declaration System;
- It can be reached in its the legal address.

2. SIMPLIFICATION MEASURES

2.1 Consignment and call-off stock

There is a simplification for call-off stock in Latvia. Under this simplification, no VAT registration of the foreign supplier is required if the goods are delivered to a taxable person in Latvia and in accordance with an agreement between the two parties, ownership passes to the receiver only when the goods are used or further sold by the receiver.

The simplification is optional.

The Latvian recipient must, however, maintain separate accounting records for the goods held under call-off conditions, so they can be identified until ownership transfers.

In this situation when the goods are used or sold by the Latvian entity, the purchase is an intra-Community acquisition. The supply by the foreign company is, therefore, treated as an intra-Community supply and not as a local sale.

It is also required that the Latvian recipient of the consignment stock reports the received stock in its VAT return as intra-Community acquisition at the moment when the goods are taken out of the stock (title of the goods passes to the consignee).

The time limit under which goods can be stored under the simplification is two years. This implies that once two years have elapsed from the delivery of the goods from another EU Member State, the Latvian purchaser is obliged to account for an intra-Community acquisition or the seller has to register for VAT and account for an intra-Community acquisition in Latvia.

In case the consignment stock is placed in Latvia, the intra-Community acquisition of goods should be reported when the goods are received either by the receiver of the goods in Latvia or by the supplier (then VAT registration is mandatory).

2.2 Simplified triangulation rules

All parties to the triangulation must be registered for VAT in the EU. The triangulation can only be applied if the supplier of the goods, the intermediary and the receiver of the goods are VAT registered in different EU countries.

The triangulation can also be applied for the transactions performed by the same company using its VAT registration numbers in several EU countries. It is not required that the company has a permanent establishment in these countries.

2.3 Transfer of business

The transfer of business is not considered a supply of goods if the following criteria are met:

- the receiver of the assets takes over the rights and liabilities from the person transferring the business; and
- the company continues its operations and these operations are not connected to the liquidation of the company or sale of the received assets.

The general rules for transfer of business are provided by the Latvian Commercial Law. It should be noted that according to the Latvian Commercial Law, the person transferring the business and the receiver are solidary liable for the liabilities incurred prior to the transfer of business for five years.

3. INSTALLATION SUPPLIES

Installation supplies are treated as supplied where they are constructed or installed. In Latvia, there is no formal definition of the term “supply with installation or assembly”. In determining whether the services are related to immovable property or installation services are provided, the authorities would examine the works actually performed.

The reverse charge applies if a non-established company who is not registered for VAT in Latvia supplies goods with installation in Latvia and the buyer is VAT registered in Latvia (see also section 9.2).

If the goods are supplied to a company or individual that is not VAT registered in Latvia, the supplier has to register as a VAT payer in Latvia.

4. DISTANCE SALES THRESHOLD

The distance sales threshold for Latvia is EUR 35,000. If the threshold is not exceeded, foreign businesses may opt to register for VAT in Latvia and apply Latvian VAT. There are no specific conditions for the voluntary VAT registration.

A foreign business opting to register must file an application. The option is applicable, ie the Latvian VAT must be applied as from the date the person is registered for Latvian VAT. No special requirements apply. No time limit applies to the optional VAT registration.

5. ACQUISITION THRESHOLD

Acquisition threshold for non-taxable legal persons, taxable persons engaged in exempt activities and flat-rate farmers from suppliers established in another EU Member State is EUR 10,000.

6. EFFECTIVE USE AND ENJOYMENT

Latvia has introduced effective use and enjoyment rules as follows.

In regard to the supply of transportation services of the goods, fixed telecommunication services, lease of movable property and of motor vehicles, the place of supply is the location of the actual use and enjoyment of these services.

7. BAD DEBT RELIEF

It is possible to recover the VAT paid to the state on bad debts from unrelated parties, where the debt for one client is less than EUR 426.86 without VAT. In order to reclaim the VAT, the following conditions should be met:

- a VAT invoice has been issued for the sale of goods or services;

- the debt has incurred during the last three years;
- the VAT on the transaction has been reported in the VAT return of the corresponding taxation period;
- the sum of bad debt has been written off from the provisions for the bad debts or included directly in the losses;
- the supplier and the receiver are not related parties;
- the supplies of goods or services to this transaction partner have been interrupted for at least six months and has not been resumed;
- the taxable person has not sold the debt;
- the taxable person can prove that actions to recover the debt have been taken; or
- the supplier of the goods or services has sent a notification on the VAT recovery from the state budget to the debtor by 1 March of the next year.

Amounts exceeding EUR 426.86 may also qualify for VAT recovery, if all the previous and one of the following conditions are met:

- a confirmation by a court bailiff, that the debt collection is impossible, is received;
- for a debtor that is an individual the bankruptcy procedure has been started (50% recovery allowed) or finished (100% recovery allowed); or
- for a debtor that is a legal person, the insolvency procedure has been finished.

Following the usual procedure it is possible to claim the VAT once a year - in the March declaration of the following year. If the debtor goes bankrupt or insolvent - the VAT can be claimed in the same month. The VAT relief applies to the debts incurred (invoice payment deadline) within the last 3 years.

VAT relief can be claimed via submitting the VAT return and stating the detailed list of unpaid invoices in the return appendices (information: clients name, VAT number, invoice date and number, value of the goods/services, VAT value). No additional proofs are required.

8. SPECIAL RULES

8.1 Postponed accounting on import

There is a special importation regime for import of goods introduced in Latvia. In order to apply the postponed accounting for imported goods, a taxable person for VAT purposes must submit an application to the tax authorities.

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

- who is registered for business activities in Latvia;

- who is a registered for EDS with the tax authorities;
- 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;
- whose officers with signatory rights have no convictions for economic crimes; and
- 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.

8.2 VAT warehouse

There is no concept of VAT warehouses introduced in the Latvian VAT law.

8.3 Bonded (customs) warehouse

It is possible to put the goods in a bonded warehouse regime if the goods are not yet imported in Latvia or if the goods would be further exported or for cargo consolidation.

The following supplies are subject to 0% VAT if performed in customs warehouses:

- goods received from non-EU countries and not released for free circulation inland;
- goods received from other EU countries and for which the export procedure is started in other EU countries.

The parties responsible for payment of the goods are:

- the holder of the customs warehouse;
- the owner of the goods; and
- the party providing guarantee for the tax authorities.

In case of tax debt, the authorities would approach all of these parties. Generally, the order of approaching them depends on the type of customs warehouse and the agreements between the owner of the goods and the warehouse.

9. REVERSE CHARGES

9.1 Reverse charge mechanism – B2B services

Cross-border services supplied to a person that is engaged in an economic activity will be, as a general rule, subject to a reverse charge (Article 44 of the EU VAT Directive). In addition, services supplied to legal entities (non-businesses) are subject to a reverse charge if they are registered for VAT in Latvia.

9.2 Reverse charge mechanism - non-resident suppliers

There is no general reverse charge applicable for supplies by non-residents. Reverse charge applies only to the domestic supply of scrap metal, certain types of timber products and construction services (see also section 9.4). It is required that the recipient of the goods or services is VAT registered in Latvia.

9.3 Reverse charge mechanism – supply of natural gas, electricity, heating and cooling

The supply of natural gas, electricity, heating and cooling supplied to a “taxable dealer” in Latvia will be subject to reverse charge. The place of supply will be the place where their economic activities are performed, their fixed establishment or their place of permanent residence if they have none of the preceding. This will also apply to the above goods being supplied to a taxable person whose use of them is trivial or insignificant.

If the above circumstances do not apply, the place of supply will be the place where the goods are actually consumed.

9.4 Reverse charge mechanism – specific domestic rules

Latvia has introduced a local reverse charge to the supply of certain types of wood products, construction services and the sale of scrap metal.

10. VAT RATES AND EXEMPTIONS

10.1 Standard rate

The standard rate in Latvia is 21%.

10.2 Reduced rate

The reduced rate in Latvia is 12% and applies for instance to:

- certain medication;
- certain medical equipment;
- hotel accommodation;
- books, magazines and newspapers; and
- specialised products for children.

10.3 Exemption with right to deduction (zero rate)

Latvia has introduced zero rates for the following supplies of goods and services:

- exports and intra-Community supplies of goods;
- services related to export or import or transit through free zones or customs warehouses;
- goods supplied to travellers resident outside the EU under retail export schemes or through tax-free shops;
- services in the framework of inward processing on behalf of principals resident outside the EU;
- supplies of seagoing vessels and aircraft;
- supplies made to diplomatic and consular offices, international organisations, EU institutions and NATO;
- supplies of monetary gold to central banks;
- goods under customs control or VAT warehousing arrangements;
- international passenger transport by seagoing vessels and airplane;
- provisioning of seagoing vessels, with the exception of vessels for inshore fishing; and
- services to goods under customs control.

In order to prove zero rating in case of intra-Community supplies, the supplier must have transport documents which provide irrefutable evidence that the goods in question were transported to another Member State. The invoice must include a reference that the supply is exempt and reference to the legal basis of exemption (e.g. "VAT exempt intra-Community supply, Article 138 of EU VAT Directive 2006/112") and the VAT number of both the seller and the purchaser.

An export supply must be accompanied by evidence confirming that the goods have left Latvia. Suitable evidence includes the stamped customs exportation documentation. In case the export declaration cannot be provided, combination of two of the documents listed below is accepted:

- proof of transporting the goods (eg CMR);
- agreements concluded with the receivers of the goods; or
- documents proving the payment for the goods.

10.4. Exemptions without right to deduction

The following supplies are exempt without right to deduction:

- insurance and re-insurance services;

- financial services;
- sale of real estate, except unused real estate and building land – option to tax applies if the seller and buyer are both VAT taxable persons;
- rent of premises to private individuals¹;
- maintenance of dwelling houses;
- investment funds management;
- gambling and lotteries;
- services between the members of cost sharing associations;
- medical services supplied to a patient (a list of the exempted services is defined);
- services related to medical services (transportation of the patient with specialized vehicles, accommodation and catering in medical institutions during treatment, diagnostic services ensured in other medical institutions);
- postal services;
- supply of human organs, milk and blood;
- dental services and services of dental technicians;
- social services;
- educational services supplied by state approved educational institutions and kindergardens;
- supplies of goods and services by public benefit organizations (special registration required) for the purpose of defending children's and young persons' rights;
- cultural services supplied by theatres and circus, museums, libraries, also concerts, events for children;
- supply of gold and cash to the Bank of Latvia.

11. RECOVERY OF INPUT VAT

11.1 Non-deductible input VAT

The following is not deductible:

- VAT incurred in regard to the performance of an exempt transaction;
- VAT incurred for non-business expenses;
- 60% of input VAT incurred in regard to representation expenses; and

¹ Lease of premises to legal persons is subject to 21% Latvian VAT

- 20% of input VAT that a taxable person has paid on the purchase of a car used for his business purposes, its repairs, maintenance and fuel;
- VAT for the purchase, lease, repairs, maintenance and fuel for a car the value of which exceeds EUR 50,000 (representative car).

11.2 Excess input VAT

The VAT is refunded automatically within thirty days after submission of the VAT return if the following criteria are met:

- supplies subject to reduced or 0% VAT or transactions with place of supply outside Latvia are at least 90% of the total transactions;
- the overpaid VAT is at least EUR 1,422.87 and transactions subject to reduced or 0% VAT or transactions with place of supply outside Latvia are at least 20% of the total transactions;
- the VAT overpayment is incurred for purchase of fixed assets and exceeds EUR 142.29;
- the VAT overpayment exceeds EUR 1,422.87 and has incurred for goods and services for ensuring transactions subject to local reverse charge; or
- the VAT overpayment exceeds EUR 11,382.97.

Please note that the refund period would be longer if the tax authorities start tax audit or other control procedures. If none of the above conditions are met, at the end of the taxation year, the VAT overpayment is refunded within ten days after acceptance of the last VAT return for the year.

11.3 Capital goods – adjustment periods

For immovable property – ten years.

For movable property – if the value without VAT exceeds EUR 71,143.59 – five years.

Latvia does not have an adjustment period for services.

11.4 VAT refund for foreigners

11.4.1 VAT refund to non-resident EU businesses

The claim should be filed electronically with the tax authorities of the country where the company is established.

The minimum limit for claims that are made for a calendar year or the remainder of a calendar year is EUR 50.

The minimum interim limit for claims that are made for less than a calendar year but at least 3 months is EUR 400.

The minimum period for claiming a refund is three months, except the last months of the calendar year – then claims for a shorter time period are accepted. Maximum period is one calendar year.

The claim should be filed by 30 September of the next year. The claims filed after the deadline are not accepted.

When considering the refund cases, Latvian tax authorities often request to file the invoice copies for the expenses and additional explanations. Sometimes the authorities request originals. The time limit for decision on refund is 4 months. If additional information or explanations are requested, the refund decision is issued within 6 months after filing the claim. If additional information or explanations are requested for the second time, the time limit for the decision is 8 months.

The refunded amounts are transferred within 10 days but no later than 6 or 8 months from filing the claim (depending on the number of additional explanation requests).

If the tax authorities decision is negative, the appeal should be filed within a months after the receipt of the decision. The date of sending the decision via electronic systems is considered the date of receipt.

The VAT incurred for the following expenses is not refunded:

- expenses related to real estate including acquisition of unused real estate;
- expenses for the goods and services received for personal use – catering and use of cars;
- expenses incurred by a tour operator acting under TOMS scheme for ensuring its services included in a tour package.

Detailed information can be found on the official Latvian tax authorities' website: <http://www.vid.gov.lv/default.aspx?tabid=8&id=4445&hl=2>

11.4.2 VAT refund to non-resident non-EU businesses

For refund of VAT to non-EU businesses, a reciprocity agreement is required. Currently, Latvia has concluded reciprocity agreements with Switzerland, Iceland, Monaco and Norway.

Electronic filing for these applications is not possible, as original supporting documents have to be filed to the Latvian tax authorities.

The claim should be filed in a paper format, filled out in Latvian or English. The applicant should either send the application by post or file it personally at the following address:

State Revenue Service
Tax Department
Non-resident tax data credibility verification division (room 906)
Jeruzalemes iela 1
Riga, LV-1010
Latvia

The claim can be signed by the authorized signatories of the company or authorized persons (original power of attorney is required).

The application form can be downloaded here: <http://likumi.lv/doc.php?id=254278>, please see the appendix at the bottom of the page.

The minimum limit for claims made for a calendar year or the remainder of a calendar year is EUR 50.

The interim minimum limit for claims made for less than a calendar year but at least 3 months is EUR 400.

Maximum period for making a claim is one calendar year.

Minimum period for making a claim is three months, except if the claim is made for the last months of the calendar year.

The deadline for making the claim is 30 September of the next year. The claims filed after the deadline are not accepted.

The following supporting documents are required:

- original invoices for which the VAT refund is claimed;
- original importation documents if the refund is claimed for import of goods;
- payment documents (bank orders of payment, cash receipts);
- VAT registration certificate original, valid for 12 months from the date of issue;
- original power of attorney if the claim is filed by authorized person.

The tax authorities would take the decision on refund within 4 months. If the tax authorities request additional information, then the deadline for the decision can be extended for up to 8 months. The refund is processed within 10 working days after the decision is taken but no later than within 4 months from receipt of the claim (or 8 months if additional information has been requested)

The appeal of the tax authorities' decision should be filed within one month after the receipt of the decision.

VAT is not refunded for the following expenses:

- for the goods or services related to real estate located in Latvia;
- for goods or services received for personal use (car expenses, catering, entertainment);
- for goods or services supplied to a tour operator applying the tour operators' margin scheme.

The tax authorities have published information on VAT refund procedures to companies established in Third countries on the following website:

<http://www.vid.gov.lv/default.aspx?tabid=8&id=4449&hl=2>

12. INVOICING

12.1. Invoice Content

A VAT invoice has to contain the following information:

- date when the invoice was issued;
- sequential numbering of the invoice, which provides a unique identification of the invoice;

- name (natural person – given name, surname, personal identity number) and legal address (natural person – declared place of residence) of the supplier of the goods or provider of the services;
- VAT registration number of the supplier of the goods or provider of the services;
- name (natural person – given name, surname, personal identity number) and legal address (natural person – declared place of residence) of the receiver of the goods or services;
- VAT registration number of the receiver of the goods or services;
- date of the supply of the goods or date of the provision of the service if such differs from the date of the issuing the invoice, or the date when a payment has been received in advance if such date is known and it differs from the date of the issuing the invoice;
- description, amount (volume) and unit of measurement of the goods supplied or services provided;
- price (value of one unit without VAT) of the goods supplied or services provided;
- discounts applied if they are not deducted from the value of one unit;
- VAT rate applied;
- calculated amount of VAT payable in EUR; the total of the transaction without VAT; and
- special wording or reference to the VAT law or the directive, if 0% VAT, reverse charge, or other special regime applies.

12.2 Time limits for invoices

For local supplies, an invoice should be issued within fifteen days after the supply or receipt of the advance payment. For long-term local services, an invoice should be issued at least every six months. For EU supplies of goods and services taxable according to Article 44 of Directive 2006/112/EC, the invoices should be issued by the fifteenth day of the month following the supply. For long-term services taxed according to Article 44 of Directive 2006/112/EC, the invoice should be issued at least at the end of each calendar year.

12.3 Currency

As of 1 January 2014, the national currency in Latvia is EUR. It is allowed to issue invoices in any currency. However, it is required that the VAT amount is stated in EUR.

12.4 Conversion and exchange rate

Foreign currencies should be converted to EUR using the official exchange rate by the European Central Bank on the date of the issue of the invoice.

12.5 Self-billing

Self-billing is introduced in the Latvian VAT law as of 1 January, 2013. In order to apply the self-billing option, the parties should have a written agreement on the invoicing procedures (it may be enclosed also as a separate paragraph in the agreement on the supply of goods and services).

12.6 Storage of invoices

Original invoices need to be stored for five years. Invoices relating to immovable property and the accounting records for these properties need to be kept for a period of ten years. The invoices must be stored in their original form (i.e. paper invoices in paper form and electronic invoices in electronic form).

12.7 Electronic invoicing

Invoices can be issued electronically and must contain the same information which is required in case of a paper invoice. Both parties involved in the transaction must agree in writing as to the form of an acceptable electronic signature that will be used to authenticate the invoice (it may be included in the agreement on the supply of goods and services).

13. VAT COMPLIANCE

13.1 VAT return period

The VAT return period is quarterly. If the VAT payer performs EU supplies of goods or supplies services taxable in other EU Member State according to Directive 2006/112/EC Article 44 transactions or if the total value of the transactions exceeded EUR 50,000 within the last twelve months, monthly VAT returns should be filed.

Where the prior year transactions did not exceed EUR 14,228.72 and the person does not supply goods or services within the EU, the return period is bi-annual.

If a taxable person performs EU supplies and has to submit European sales listings, a monthly filing is always required.

VAT returns should be submitted electronically via Electronic Declaration System (EDS).

13.2 Filing of a VAT return and payment

The VAT due is payable by the twentieth day of the month following the VAT return period (e.g. the VAT for the second quarter of 2014 has to be paid to the VAT authorities by 20 July 2014). The VAT returns are due on the same date.

The VAT return and EU sales listing forms can be found on the following website.
[http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK_Noteikumi/Cab_Reg_No_1640 -
_Value Added Tax Return.doc](http://www.vvc.gov.lv/export/sites/default/docs/LRTA/MK_Noteikumi/Cab_Reg_No_1640_-_Value_Added_Tax_Return.doc)

Please, however, note that the tax authorities only accept the returns filed via EDS.

13.3 European sales listing

The European sales listing has to be submitted with the taxpayer's monthly VAT return as an attachment to the return (Attachment 3 "PVN 2") and contains the total amount of intra-Community supplies of services or goods to each transaction partner located in another EU Member State. No transaction threshold applies to the filing of the European sales listing.

13.4 National recapitulative statement

There is a form of national recapitulative statements in Latvia. With the taxpayer's monthly or quarterly VAT declaration, an attachment to the declaration (Attachment 2 "PVN 1") must detail every transaction over EUR 1430 that is the supply or receipt of goods or services to or from an entity located in Latvia.

13.5 Tax assessment period

The tax assessment period in Latvia is three years after the tax becomes payable.

14. PENALTIES

14.1 Penalties for not filing a VAT return or a European sales listing in time

For failing to file a VAT return or a European sales listing within the required time or filing incomplete documents, a fine of up to EUR 700 can be imposed on individuals and legal persons, depending on the period of delay. For not filing the required documents at all, a fine of EUR 700 can be imposed.

14.2 Penalties for not paying VAT in time to the VAT authorities

If the VAT is not paid in time, penalties in the amount of 10%, 30% or 50% of the VAT payable depending on the VAT amount not paid, can be applied. Late payment penalties of 18.25% per year on the VAT amount due also apply for each day of the delay.

14.3 Penalties on VAT assessments when VAT is not reported correctly

If the VAT is not paid up to the correct amount, the VAT authorities can also impose a penalty of 10%, 30% or 50% of the VAT payable depending on the VAT amount not paid.

15. INTRASTAT

In Latvia, separate monthly Intrastat returns have to be submitted to the Central Statistical Bureau of Latvia.

15.1 Intrastat threshold

The Intrastat threshold for arrivals and dispatches is EUR 130,000. Detailed returns are required if the special thresholds are exceeded, EUR 2,500,000 for the arrivals and EUR 4,000,000 for dispatches.

15.2 Intrastat data to be reported

The information which needs to be reported for both the arrival and the dispatches statistics is:

- member state of origin/destination;
- country of origin;
- nature of the transaction;
- mode of transport;
- 8-digit commodity code of the goods;
- net weight of the goods;
- invoice value of the goods in EUR;
- statistical value;
- delivery terms; and
- supplementary units.

Information received from Sabīne Vuškāne, SORAINEN Latvia, www.sorainen.com.