



IS LATVIA A NEW MONACO?

Fundamental tax reform in Latvia is effective from 1 January 2018. Here are some tax features that make Latvia an attractive investment destination.

1. 0% CIT FOR REINVESTED PROFITS

In the new corporate income tax (CIT) system, Latvian company profits are only taxed on distribution of dividends. The taxable moment is the day when dividends are calculated, e.g.:

2018	EUR
Current year profit/loss	-500 000
Dividends distributed	0
CIT 20/80	0
2019	
Current year profit/loss	1 000 000
Dividends distributed	0
CIT 20/80	0
2020	
Current year profit/loss	2 000 000
Dividends distributed	300 000
CIT 20/80	75 000

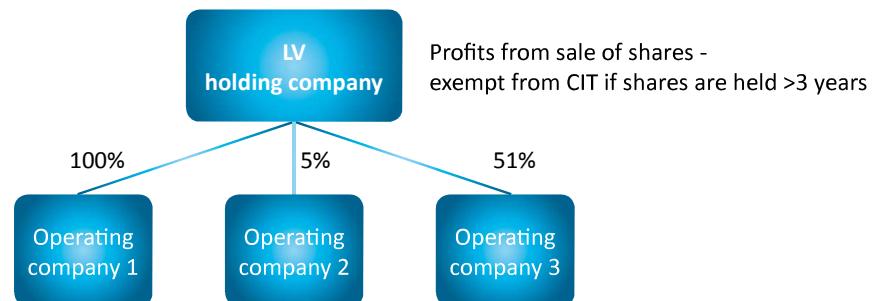


Interim dividends are also allowed in Latvia, so earlier distribution may be arranged.



No withholding tax on dividends paid out by Latvian company (CIT – is not WHT).

2. HOLDING REGIME STAYS



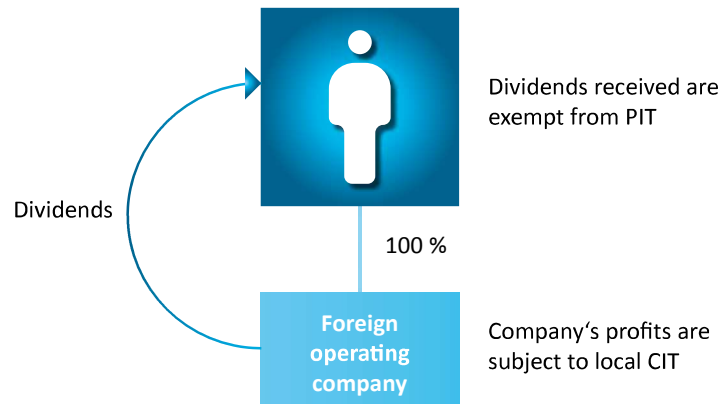
Capital gains exemption on sale of shares - notwithstanding share of participation.



Foreign source dividends in & out are exempt from CIT.

3. NO PIT PAYABLE ON DIVIDENDS RECEIVED

In the new corporate income tax (CIT) system, Latvian company profits are only taxed on distribution of dividends. The taxable moment is the day when dividends are calculated, e.g.:



For Latvian tax residents dividends received are exempt from personal income tax in Latvia if:

- the company is registered in EU/EEA, or
- for the rest of the world - the company has paid CIT on profits distributed.



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