Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

6 June 1996 [shall come into force on 5 July 1996];

13 November 1997 [shall come into force on 1 January 1998];

4 December 1997 [shall come into force on 1 January 1998];

18 June 1998 [shall come into force on 17 July 1998];

14 October 1998 [shall come into force on 11 November 1998];

22 October 1998 [shall come into force on 19 November 1998];

25 November 1999 [shall come into force on 1 January 2000];

13 April 2000 [shall come into force on 17 May 2000];

14 December 2000 [shall come into force on 12 January 2001];

8 March 2001 [shall come into force on 4 April 2001];

10 May 2001 [shall come into force on 5 June 2001];

20 December 2001 [shall come into force on 1 January 2002];

9 October 2002 [shall come into force on 7 November 2002];

12 December 2002 [shall come into force on 1 January 2003];

13 February 2003 [shall come into force on 6 March 2003];

28 February 2003 [shall come into force on 1 July 2003];

19 June 2003 [shall come into force on 22 July 2003];

9 October 2003 [shall come into force on 5 November 2003];

31 March 2004 [shall come into force on 1 May 2004];

16 December 2004 [shall come into force on 11 January 2005];

21 April 2005 [shall come into force on 1 July 2005];

1 December 2005 [shall come into force on 27 December 2005];

30 March 2006 [shall come into force on 3 May 2006];

25 May 2006 [shall come into force on 28 June 2006];

14 September 2006 [shall come into force on 11 October 2006];

26 October 2006 [shall come into force on 1 January 2007];

19 December 2006 [shall come into force on 1 January 2007];

1 March 2007 [shall come into force on 9 March 2007];

17 May 2007 [shall come into force on 12 June 2007];

8 November 2007 [shall come into force on 12 December 2007];

31 January 2008 [shall come into force on 4 March 2008];

8 May 2008 [shall come into force on 11 June 2008];

11 December 2008 [shall come into force on 1 January 2009];

30 April 2009 [shall come into force on 29 May 2009];

21 May 2009 [shall come into force on 23 June 2009];

11 June 2009 [shall come into force on 14 July 2009];

12 June 2009 [shall come into force on 1 July 2009];

1 December 2009 [shall come into force on 1 January 2010];

17 December 2009 [shall come into force on 13 January 2010];

20 May 2010 [shall come into force on 23 June 2010];

17 June 2010 [shall come into force on 1 July 2010];

9 August 2010 [shall come into force on 2 September 2010]

9 September 2010 [shall come into force on 7 October 2010];

23 September 2010 [shall come into force on 19 October 2010];

21 October 2010 [shall come into force on 24 November 2010];

28 October 2010 [shall come into force on 1 December 2010]

20 December 2010 [shall come into force on 1 January 2011];

14 April 2011 [shall come into force on 17 May 2011];

5 May 2011 [shall come into force on 8 June 2011];

12 May 2011 [shall come into force on 1 August 2011];

13 October 2011 [shall come into force on 9 November 2011];

26 January 2012 [shall come into force on 11 February 2012];

15 March 2012 [shall come into force on 1 April 2012];

22 March 2012 [shall come into force on 25 April 2012];

21 June 2012 [shall come into force on 26 July 2012];

27 September 2012 [shall come into force on 18 October 2012];

8 November 2012 [shall come into force on 11 December 2012];

29 November 2012 [shall come into force on 1 January 2013];

13 December 2012 [shall come into force on 11 January 2013];

14 March 2013 [shall come into force on 10 April 2013];

25 April 2013 [shall come into force on 29 May 2013];

12 September 2013 [shall come into force on 9 October 2013];

19 September 2013 [shall come into force on 1 January 2014];

6 November 2013 [shall come into force on 1 January 2014];

19 December 2013 [shall come into force on 23 January 2014];

27 February 2014 [shall come into force on 13 March 2014];

5 June 2014 [shall come into force on 3 July 2014];

18 September 2014 [shall come into force on 1 October 2014];

25 September 2014 [shall come into force on 29 October 2014];

16 October 2014 [shall come into force on 12 November 2014];

23 October 2014 [shall come into force on 6 November 2014];

17 December 2014 [shall come into force on 1 January 2015];

29 January 2015 [shall come into force on 25 February 2015];

26 March 2015 [shall come into force on 1 July 2015];

11 June 2015 [shall come into force on 19 June 2015];

17 September 2015 [shall come into force on 13 October 2015];

8 October 2015 [shall come into force on 1 January 2016];

5 November 2015 [shall come into force on 1 March 2016];

26 November 2015 [shall come into force on 29 December 2015];

30 November 2015 [shall come into force on 1 January 2016];

17 December 2015 [shall come into force on 31 December 2015];

17 December 2015 [shall come into force on 19 January 2016];

21 April 2016 [shall come into force on 1 January 2017];

23 November 2016 [shall come into force on 1 January 2017];

15 December 2016 [shall come into force on 12 January 2017;

22 December 2016 [shall come into force on 19 January 2017];

30 March 2017 [shall come into force on 26 April 2017];

8 June 2017 [shall come into force on 23 June 2017];

22 June 2017 [shall come into force on 1 July 2017];

28 July 2017 [shall come into force on 1 January 2018];

16 November 2017 [shall come into force on 13 December 2017];

23 November 2017 [shall come into force on 1 January 2018];

8 February 2018 [shall come into force on 6 March 2018];

27 September 2018 [shall come into force on 19 October 2018];

25 October 2018 [shall come into force on 28 November 2018];

1 November 2018 [shall come into force on 28 November 2018];

10 January 2019 [shall come into force on 16 January 2019];

3 April 2019 [shall come into force on 1 May 2019];

30 May 2019 [shall come into force on 13 June 2019];

17 October 2019 [shall come into force on 23 October 2019];

13 November 2019 [shall come into force on 1 January 2020];

19 December 2019 [shall come into force on 13 January 2020];

20 February 2020 [shall come into force on 19 March 2020];

6 April 2021 (Constitutional Court Judgment) [shall come into force on 7 April 2021];

16 June 2021 [shall come into force on 12 July 2021];

6 July 2021 [shall come into force on 5 August 2021];

24 March 2022 [shall come into force on 21 April 2022];

16 June 2022 [shall come into force on 1 August 2022];

29 September 2022 [shall come into force on 1 January 2023];

8 December 2022 [shall come into force on 13 December 2022];

22 December 2022 [shall come into force on 1 January 2023];

3 May 2023 (Constitutional Court Judgment) [shall come into force on 8 May 2023].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*1 has adopted and

the President has proclaimed the following law:

**On Taxes and Fees**

**Chapter I**

**General Provisions**

**Section 1. Terms Used in this Law**

The following terms are used in this Law:

1) **tax**– a statutory and mandatory periodic or one-off payment for ensuring revenues of the State budget or local government budgets (basic budget or special budget) and funding the functions of the State and local governments. The payment of taxes does not provide for a direct compensation to the taxpayer. The abovementioned term shall also apply to the mandatory State social insurance contributions, and also the customs duty and other equivalent payments laid down in the directly applicable European Union legislation on customs matters;

2) **State fee**– a mandatory payment into the State budget or, in the cases laid down in this Law, into the local government budget for the activities to be performed by a State or local government authority arising from the functions of the respective authority. The objective of a State fee is to regulate (control, promote or restrict) the activities of persons. The amount of a State fee is not directly linked to the coverage of the costs of the activities performed by the authority;

3) **local government fee**– a mandatory payment into the basic or special budget of the local government laid down by the local government council in the cases provided for in this Law. The amount of a local government fee is not directly linked to the coverage of the costs of the activities performed by a local government authority or its structural unit;

4) **taxpayers**– legal or natural persons of the Republic of Latvia or foreign countries and groups of such persons formed on the basis of contracts or agreements, or their representatives who are performing taxable activities or to whom income has been guaranteed in the future. The specific taxable object and the taxpayers affected shall be laid down in each specific tax law. Within the meaning of this Law and specific tax laws, the registered value added tax taxable persons and persons, groups of such persons or their representatives who withhold or must withhold the tax from payments to other persons, their groups or group representatives shall also be considered as taxpayers;

5) **tax administration**– the State Revenue Service and authorities established thereby, the officials appointed or institutions established by the local government council, as well as other State authorities if they are provided for in specific laws;

51) **State fee administration**– the authority, except for a local government authority or a structural unit thereof, which provides a service or guarantee resulting from the functions thereof for which a State fee is payable and transferable into the State budget in accordance with the procedures laid down in laws and regulations, and concurrently controls payment of the payable State fee and keeps records thereon, unless otherwise provided for by laws and regulations;

52) **local government fee administration**– the local authority or a structural unit thereof which provides a service or guarantee resulting from the functions thereof for which the local government fee or State fee is payable and transferable into the local government budget in accordance with the procedures laid down in laws and regulations;

6) **tax rebate**– the share of a tax by which the assessed tax may be reduced if the taxpayer has met the provisions of the specific tax law or the criteria laid down in the law provide for it. In accordance with the provisions of this Law, a tax rebate shall be either refundable or non-refundable;

7) [26 October 2006];

8) **taxation period**– the time period (year, month, etc.) for which a tax is assessed;

9) **pre-taxation period**– the time period preceding a taxation period;

10) **post-taxation period**– the time period subsequent to a taxation period;

11) **transaction**– an activity for establishing, changing, maintaining, or terminating a legal relationship;

12) **capitalisation of tax debts**– the increase in the equity capital of a capital company by the amount of its tax debts;

13) **special tax regime**– a tax regime laid down in laws providing for the application of special tax rebates, special procedures for writing off the depreciation of fixed assets, or laying down special criteria for tax exemption, or also a concurrent application of all abovementioned conditions;

14) **tax or fee evasion**– deliberate provision of false information in tax returns, failure to submit tax returns, informative returns or requested information necessary for the administration and control of taxes, unlawful application of tax reliefs, advantages, and rebates or any other deliberate act or omission leading to complete or partial non-payment of taxes or fees;

15) **observation**– control by the tax administration where all activities associated with the performance of economic activity are recorded over a specific time period according to the legal address of the taxpayer or the place where the economic activity is performed;

16) **tax review (audit)**– an inspection carried out by the tax administration during which the accuracy and conformity of the assessment, payment, and transfer into the budget of one or more taxes, tax return items or fees and other statutory payments with the laws and regulations is controlled over a specific taxation period;

17) **thematic inspection**– an inspection carried out by the tax administration during which the compliance with individual laws and regulations is controlled, specific accounting records are examined by comparing them with the accounting information of the counterparties to the transaction, and also other inspections which do not result in determination of additional tax payments into the budget are carried out;

18) **related persons**– two or more legal or natural persons (except for capital companies which are linked by capital shares or stocks that are directly owned by the State or a local government) or a group of such persons linked under a contract, or representatives of such persons or group, provided that at least one of the following conditions exist:

a) they are parent and subsidiary commercial companies or co-operative societies;

b) the share of holding of one commercial company or co-operative society in the other company is between 20 and 50 per cent, furthermore, this parent and subsidiary commercial company or co-operative society does not have a majority of votes. This Sub-clause shall not refer to the determination of the conditionally distributed profits in accordance with Section 4, Paragraph two, Clause 2, Sub-clause “e” of the Enterprise Income Tax Law, except when a transaction is made with a related foreign enterprise;

c) more than 50 per cent of the value of the equity capital or shares of the commercial company or co-operative society in each of these two or more commercial companies or co-operative societies is held or a decisive influence is ensured in these two or more commercial companies or co-operative societies under a contract or otherwise (there is a majority of votes) by one and the same person and the kin of this person to the third degree or the spouse of this person, or the affines of this person to the second degree;

d) more than 50 per cent of the value of the equity capital or shares of the commercial company or co-operative society in each of these two or more commercial companies or co-operative societies is held or a decisive influence in these two or more commercial companies or co-operative societies is ensured under a contract or otherwise (there is a majority of votes) by several, however, not more than 10 one and the same persons;

e) more than 50 per cent of the value of the equity capital or shares of the commercial company or co-operative society in each of these two or more commercial companies or co-operative societies is held or a decisive influence in these two or more commercial companies or co-operative societies is ensured under a contract or otherwise (there is a majority of votes) by a commercial company or co-operative society in which a natural person (or the kin of this person to the third degree or the spouse of this person, or the affines of this person to the second degree) hold more than 50 per cent of the value of the equity capital or shares of these companies;

f) one and the same person or one and the same persons have a majority of votes on the boards (executive bodies) of these commercial companies or co-operative societies;

g) in addition to a contract for a specific transaction, these persons have entered into an agreement in any form (including an agreement which has not been made public) providing for any additional remuneration not laid down in the contract, or such commercial companies or co-operative societies perform other coordinated activities in order to reduce their taxes;

h) a natural person (or the kin of this person to the third degree or the spouse of this person, or the affines of this person to the second degree) directly or indirectly holds more than 50 per cent of the value of the equity capital or shares of a commercial company or of the value of co-operative shares of a co-operative society, or a natural person (or the kin of this person to the third degree or the spouse of this person, or the affines of this person to the second degree) to whom decisive influence has been ensured in a commercial company or co-operative society under a contract or otherwise;

19) **tax return**– the tax return (also its appendices), statement, tax assessment, report, or notice of a taxpayer which are to be submitted to the tax administration and in which taxes due for payment into the budget and tax amounts refundable from the budget are to be indicated;

20) **informative return**– taxpayer’s statements (also their appendices) and notices to be submitted to the tax administration which contain information that the taxpayer is obliged to submit to the tax administration or another party in accordance with the requirements of the tax laws, as well as other information to be used for the assessment of tax which is provided for in the specific tax laws, but which does not impose tax payment obligations on the relevant taxpayer or provide the right to claim a tax refund from the budget thereto;

21) **tax infringement**– an unlawful, chargeable (deliberate or negligent) act or omission which results in the violation of the legal norms of this Law, specific tax laws, and other laws and regulations governing taxes, and legal norms of the European Union and for which liability is provided;

22) **late payment charge**– interest payment for the late payment of taxes and fees;

23) **fine**– a mandatory payment imposed as a result of a tax review (audit) for the reduction of the tax amount to be paid into the budget or for increasing the tax amount to be repaid from the budget in the tax returns submitted or due for submission to the tax administration or assessed by the tax administration in cases when a taxpayer adjusts its tax return and pays the adjusted tax according to the adjusted return after receipt of the notice on the commencement of a tax review (audit) or the decision on the change of the terms of the tax review (audit), or which is imposed by the tax administration for a violation of the regulations for submission or drawing up of transfer pricing documentation or the information to be submitted for the international automatic exchange of information;

24) **unit**– a structurally segregated economic unit of a legal person or a group of legal and natural persons formed under a contract or agreement or their representatives (other parties) at the location of which economic activity is performed in the Republic of Latvia or outside it. A unit does not have the status of a legal person. A unit shall also be deemed a website or mobile application where system for trade in goods or services and acceptance or completion of orders, an order system or a payment system is deployed or other economic activities which generate profits are performed;

25) **joint intergovernmental tax audit**– an independent tax review (audit) of the transactions made by taxpayers and the conformity of tax payments with laws and regulations carried out by tax authorities of at least two countries upon prior agreement according to the international agreements ratified by the *Saeima* or European Union legislation. The abovementioned term also applies to simultaneous checks and multilateral controls;

26) **statutory payment**– a payment into the State budget provided for by a law or Cabinet regulations and administered by the State Revenue Service (except for the payments of tax, State and local government fee payments);

27) **data conformity audit**– an inspection carried out by the tax administration during which the accuracy of the assessment of taxes, tax return items or fees and other statutory payments and conformity thereof with the provisions of laws and regulations is controlled, evaluating the information at the disposal of the tax administration, the data specified in the taxpayer’s tax returns and informative returns if these returns have been submitted or should have been submitted to the tax administration. Data conformity audit shall be conducted in the premises of the tax administration without requesting the taxpayer to supply the documents supporting the taxpayer’s economic activity, except for the audits of customs declarations according to Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code for the purposes of which the tax administration is entitled to request the necessary documents from the taxpayer;

28) **tax claim**– a claim for the payment of the outstanding amount of taxes, fees and other statutory payments, as well as late payment charges and fines. The abovementioned term also applies to the payments due to the budget of a European Union Member State, its territorial or administrative unit or the budget of the European Union. Within the context of mutual assistance requests, this term shall also include the costs associated with the recovery of these claims;

29) **transfer price**– the price (value) of goods or services or other value or regulations applied to a controlled transaction, or existing in commercial or financial relations between the related persons who correspond to the persons referred to in Clause 18 of this Section or Paragraph two, Clauses 1, 2, 3, and 4 of Section 15.2;

291) **controlled transaction**– a transaction between two persons who are related persons in relation to each other within the meaning of Clause 18 of this Section, or a transaction made with the person referred to in Section 15.2, Paragraph two, Clauses 1, 2, 3, and 4 of this Law;

292) **multinational enterprise group**– a set of enterprises directly or indirectly linked through ownership or control in accordance with Clause 18 of this Section which includes two or more enterprises with residences in different countries or territories;

293) **related foreign enterprise**– a legal person or other legal entity which corresponds to the provisions of Clause 18 of this Section and is a commercial company (a partnership or a capital company), a co-operative society or other legal person governed by private law whose country of residence is other than the Republic of Latvia;

30) **risk address**– the address of a taxpayer if at least one of the following conditions exists:

a) the State Revenue Service has established that economic activity cannot be performed either at the taxpayer’s legal address or at the address of a registered unit, if such exists;

b) the legal address of the taxpayer or the address of the declared place of residence of the sole shareholder or official of the commercial company is the address of a social institution which provides temporary accommodation for such persons which do not have a specific place of residence or for persons in a crisis situation, or the address of a prison;

31) **person of risk**– a natural person who meets at least one of the following criteria:

a) the person has agreed to hold the office of a member of the board of a commercial company without the intention of performing commercial activity;

b) the address of the declared place of residence of the person conforms to the term “risk address” referred to in Clause 30 of this Section;

c) the person is or has been an official in a commercial company and during the time when he or she fulfilled the office duties such circumstances set in which were the grounds for suspending economic activity of the commercial company, or two years have not elapsed from the day when the State Revenue Service took the decision to suspend the economic activity of the commercial company;

d) the person who as a result of performing economic activity has accrued late tax payments which exceed EUR 7000, if the term for payment thereof has not been extended in accordance with the procedures laid down in laws and regulations or an application for insolvency proceedings has not been submitted to the court, the State Revenue Service does has at its disposal a legally approved deed on the impossibility of recovery and three years from the day of tax payment term have not elapsed,

e) the person is or has been an official in a commercial company, and during the period when he or she fulfilled office duties the commercial company has accrued late tax payments which exceed EUR 15 000, if the term for the payment thereof has not been extended in accordance with the procedures laid down in laws and regulations or the commercial company has not submitted an application for insolvency proceedings to the court, the State Revenue Service has at its disposal a legally approved deed on the impossibility of recovery and three years from the day of tax payment term have not elapsed;

32) **type of the principal activity**– a type of activity of the taxpayer (except for natural persons who do not perform economic activities) classified in accordance with Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (text with EEA relevance) (hereinafter – NACE Rev. 2) with the highest proportion in the total turnover in the taxation year. The type of the principal activity for taxpayers which commence economic activity, shall be determined according to the planned turnover figures;

33) **payment service provider**– a payment service provider specified in Section 2, Paragraph two, Clauses 2, 4, 7, and 8 of the Law on Payment Services and Electronic Money which is not a credit institution and the activities of which include the settlement of non-cash payments;

34) **single tax account**– a revenue account of the State budget in the Treasury into which a taxpayer pays the payments specified Section 23.1, Paragraph one of this Law;

35) **operating income account**– an account which conforms to the term “payment account” specified in the Law on Payment Services and Electronic Money and which is used by a taxpayer within the scope of the simplified tax payment solution;

36) **simplified tax payment solution**– a special solution for the calculation, deduction, and accounting of a tax which is applicable in accordance with the procedures laid down in this Law in conformity with the conditions of the specific tax law.

[*6 June 1996; 4 December 1997; 9 October 2002; 28 February 2003; 9 October 2003; 26 October 2006; 8 November 2007; 11 December 2008; 21 May 2009; 1 December 2009; 13 October 2011; 15 March 2012; 21 June 2012; 14 March 2013; 6 November 2013; 27 February 2014; 17 September 2015; 23 November 2016; 16 November 2017; 23 November 2017; 25 October 2018; 1 November 2018; 20 February 2020; 16 June 2021; 22 December 2022*]

**Section 2. Scope of Application of the Law**

(1) The Law lays down the principles for the tax and fee system, types of national taxes, types of fees, object of local government fees, procedures for the levying, assessment, collection and repayment of taxes and fees, administrations of the payers of taxes and fees (hereinafter – the taxpayers) and taxes, and also rights and obligations of State fee administration and local government fee administration (hereinafter – the fee administration), classification and procedures for the registration of the taxpayers, procedures for contesting and appealing the decisions taken on tax and fee matters, procedures for the exchange of information in the field of taxation, electronic registration of information in a construction site and procedures for its use, and also liability for tax offences, including by laying down administrative offences in the field of taxation, administrative penalties to be imposed therefor and competence in the imposition of penalties.

(11) Based on the specific characteristics of the legal framework of the field of taxation, liability for tax infringements can also be laid down by the relevant tax or fee law.

(2) This Law shall apply to all taxes and fees unless the specific tax law provides for other procedures appropriate for the specific characteristics of the particular tax or fee which may not be in contradiction with this Law. The procedures for the imposition and collection of the customs duty and for the imposition sanctions shall also be governed by the Customs Law and other laws and regulations governing the procedures in customs matters.

(3) A specific tax or fee shall be levied in accordance with the law on the specific tax or fee, as well as in the cases provided for in this Law in accordance with the provisions of the Cabinet regulations or binding regulations of the local governments.

(4) If the provisions of the Cabinet regulations or binding regulations of the local government provide for mandatory payments which conform to the terms “tax” or “local government fee” referred to in Section 1 of this Law, but which have not been provided for in this Law, such norms may not be applied until the relevant amendments to this Law have come into force.

(5) Provisions of this Law shall apply to the customs duty and other equivalent payments insofar as the application thereof is not governed by the relevant directly applicable European Union legislation.

[*6 June 1996; 22 October 1998; 14 December 2000; 9 October 2003; 31 March 2004; 26 October 2006; 11 December 2008; 17 September 2015; 16 November 2017; 19 December 2019* / *Amendment to Paragraph one regarding the laying down of administrative offences in the field of taxation, penalty applicable therefore and competence in the imposition of penalties in this Law and Paragraph 1.1 shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 3. Tax and Fee System**

(1) The tax and fee system shall consist of:

1) the State taxes, the taxable objects and rates of which are determined by the *Saeima*;

2) the State fees levied in accordance with laws and Cabinet regulations;

3) the local government fees levied in accordance with this Law, Cabinet regulations and binding regulations of local governments;

4) the taxes specified in the directly applicable European Union legislation.

(2) A specific tax law may grant local governments the right to apply reliefs to such payments which are payable into the local government budgets and to determine the object and rate of the immovable property tax. A specific tax law may provide rights for the Cabinet to determine the rate of mandatory contributions for persons who are not subject to all types of social insurance.

(3) The law on or the Cabinet regulations regarding a specific State fee may grant local governments the right to apply reliefs to such State fees which are payable into local government budgets.

[*28 February 2003; 26 October 2006; 8 November 2007; 11 December 2008; 26 January 2012; 30 November 2015; 16 November 2017* / *Amendments to Paragraph one, Clauses 2 and 3 shall come into force on 1 January 2018. See Paragraph 201 of Transitional Provisions*]

**Section 4. Income Tax System**

(1) The personal income tax and enterprise income tax form a single income tax system.

(2) Any person who generates income in the Republic of Latvia shall be taxable with the personal income tax or enterprise income tax unless the specific tax law provides otherwise.

(3) The personal income tax or enterprise income tax shall be levied on any income generated by persons who are domestic taxpayers unless the specific tax law provides otherwise.

(4) The personal income tax and enterprise income tax may not be concurrently levied on the same income unless the specific tax law provides otherwise.

**Section 5. Regulations**

(1) Only the specific laws or Cabinet regulations shall lay down the procedures for applying the provisions of the tax and fee laws.

(2) The State Revenue Service shall issue guidelines to taxpayers on the procedures for completing tax returns and accounting of tax payments in the taxpayers’ accounts.

[*26 October 2006*]

**Section 6. Payment of Taxes and Fees**

(1) Taxes and fess shall be assessed and paid in euros and cents. In the diplomatic and consular institutions of the Republic of Latvia in foreign countries, the State fees may be paid in a convertible currency or in the currency of the relevant foreign country.

(2) The tax administration may not waive its claim right in favour of another person or transfer to any other person its rights in relation to tax, fee and related payment claims, except for the recovery of tax debts and the sale of the seized and inventoried property in the cases laid down in other tax laws.

(3) The set-off of taxes, fees, and payments related thereto shall not be permissible.

[*6 June 1996; 14 December 2000; 9 October 2003; 19 September 2013*]

**Section 7. Application of International Agreements**

(1) If the international agreements ratified by the *Saeima* provide for different tax assessment or payment procedures than the tax laws of the Republic of Latvia, the provisions of such international agreements shall apply.

(2) For foreign diplomatic and consular missions and employees thereof, as well as members of their families whose declared place of residence is not the Republic of Latvia, tax and fee payments shall be determined in accordance with the requirements laid down in the Vienna Convention on Diplomatic Relations of 18 April 1961 and the Vienna Convention on Consular Relations of 24 April 1963.

(3) The Cabinet may issue regulations regarding the procedures for applying the tax reliefs laid down in the international agreements ratified by the *Saeima*.

(4) The procedures for exchanging information between the competent authorities of Latvia and a foreign country by providing and obtaining the predictably relevant or relevant information that is needed for the performance of tax administration functions in accordance with the requirements laid down in the international agreements ratified by the *Saeima*, and also the information to be indicated in information requests shall be determined by the Cabinet.

[*14 December 2000; 30 March 2006; 13 December 2012; 14 March 2013 / The new wording of Paragraph four shall come into force on 1 July 2013. See Paragraph 150 of Transitional Provisions*]

**Section 7.1 In-Depth Cooperation Programme**

(1) The purpose of the In-Depth Cooperation Programme is to facilitate a closer and more efficient cooperation between the taxpayers and the tax administration and to lessen the administrative burden.

(2) A taxpayer included in the In-depth Cooperation Programme (hereinafter – the programme participant) has the right to receive the advantages and reliefs applicable to the programme participant that are:

1) laid down by the relevant laws and regulations;

2) applied by the relevant institutions which publish on their website information regarding the specific advantages and reliefs provided thereby.

(3) The State Revenue Service shall maintain a list of programme participants and ensure public availability of such list on its website.

(4) The Cabinet shall determine:

1) the procedures for including a taxpayer in the In-depth Cooperation Programme;

2) the criteria for acquiring the status of the programme participant;

3) the criteria for alerting the participant of the programme to non-conformity and for exclusion thereof from the In-depth Cooperation Programme;

4) the procedures for warning the programme participant of non-conformity and excluding such participant from the In-depth Cooperation Programme;

5) the procedures for publishing information on the programme participant on the website of the State Revenue Service.

[*27 September 2018; 24 March 2022*]

**Section 7.2 Notification of the Documents Issued by the State Revenue Service by Electronic Communications**

(1) The State Revenue Service shall notify a taxpayer who is a user of the Electronic Declaration System of the State Revenue Service of an issued administrative act (also an unfavourable administrative act) and other decisions, documents and information through the Electronic Declaration System of the State Revenue Service, concurrently sending information to this effect to the e-mail address and, if the official electronic address account of the taxpayer has been activated, the official electronic address of the taxpayer indicated in the Electronic Declaration System. The State Revenue Service shall ensure that the taxpayer has access to the Electronic Declaration System of the State Revenue Service and administrative acts (also unfavourable administrative acts), and other decisions, documents and information notified therein from the official electronic address account.

(2) An administrative act (also an unfavourable administrative act) and other decisions, documents and information issued by the State Revenue Service shall be considered to have been notified to the taxpayer on the second working day after its entering in the Electronic Declaration System of the State Revenue Service.

(3) The provisions referred to in Paragraphs one and two of this Section shall not apply to the cases when a natural person who does not perform economic activity and is a user of the Electronic Declaration System of the State Revenue Service has indicated another means for the notification of the document.

[*13 December 2012; 17 September 2015; 16 November 2017; 6 July 2021* / *The new wording of Paragraph three shall come into force on 1 January 2022. See Paragraph 233 of Transitional Provisions*]

**Section 7.3 Procedures for Submitting a Submission to the State Revenue Service**

A taxpayer, except for a natural person who does not perform economic activity, shall submit a submission to the State Revenue Service through the Electronic Declaration System of the State Revenue Service if other procedures for submitting have not been determined for the submission in the specific law or regulation governing the field of taxes. If the submission has been submitted to the State Revenue Service through the Electronic Declaration System of the State Revenue Service, it shall have legal force even when it does not contain the detail “signature”.

[*6 July 2021* / *Section shall come into force on 1 January 2022. See Paragraph 233 of Transitional Provisions*]

**Section 7.4 Outstanding Tax Liabilities**

Unless provided for otherwise in other laws and regulations, a taxpayer shall have outstanding tax liabilities in the following cases:

1) the taxpayer has failed to submit a tax return and the relevant information is publicly available in accordance with Section 18, Paragraph one, Clause 30 of this Law;

2) the taxpayer has a debt of taxes (duties) administered by the State Revenue Service and a debt of taxes administered by a local government the amount of which, individually or jointly, exceeds EUR 150, except for tax payments the payment term of which has been extended in accordance with Section 24, Paragraphs one and 1.3 of this Law, divided in instalments, deferred, or divided in instalments repeatedly.

[*23 April 2022* / *Section shall come into force on 1 January 2023. See Paragraph 234 of Transitional Provisions*]

**Chapter II**

**Taxes**

**Section 8. Types of State Taxes and Laws Corresponding Thereto**

The Republic of Latvia has the following State taxes and laws corresponding thereto on the levying of taxes:

1) the personal income tax – On Personal Income Tax;

2) the enterprise income tax – Enterprise Income Tax Law;

3) the immovable property tax – On Immovable Property Tax;

4) the value added tax – Value Added Tax Law;

5) the excise duty – On Excise Duty;

6) the customs duty – Customs Law and other laws and regulations governing the procedures specified for customs matters;

7) the natural resources tax – Natural Resources Tax Law;

8) the lottery and gambling tax – On Lotteries and Gambling Fee and Tax;

9) the mandatory State social insurance contributions – On State Social Insurance;

10) [8 June 2017];

11) the electricity tax – Electricity Tax Law;

12) the micro-enterprise tax – Micro-enterprise Tax Law;

13) the vehicle operation tax – Law on the Vehicle Operation Tax and Company Car Tax;

14) the company car tax – Law on the Vehicle Operation Tax and Company Car Tax;

15) the subsidised electricity tax – Subsidised Electricity Tax Law;

16) the solidarity tax – Solidarity Tax Law.

[*13 November 1997; 4 December 1997; 14 October 1998; 25 November 1999; 9 October 2003; 31 March 2004; 30 March 2006; 19 December 2006; 9 August 2010; 20 December 2010; 14 March 2013; 6 November 2013; 30 November 2015; 8 June 2017; 25 October 2018*]

**Section 9. Allocation of State Taxes by Budgets**

(1) State taxes are paid into the State budget or according to a specified allocation thereof – into the State budget and local government budgets in accordance with the provisions of the specific tax law.

(2) The fine for the violations of tax laws, late payment charges and additional payments of taxes payable into the budgets shall be paid into the same budgets into which the specific tax is to be paid by keeping the proportional allocation of taxes, unless the specific tax law provides otherwise.

[*20 December 2001*]

**Chapter III**

**Fees**

**Section 10. Fee System**

(1) The objects of State fees shall be determined in accordance with laws, whereas the objects of local government fees – in accordance with this Law. Considering the principles set out in this Law, State fees shall be applied in accordance with this Law, other laws, and also Cabinet regulations, if the respective law by which the State fee is levied provides for the delegation to the Cabinet to issue regulations for the application of the State fee. Local government fees shall be applied in accordance with this Law, other laws, Cabinet regulations and binding regulations of local governments.

(2) Cabinet regulations regarding State fees must provide for their payment procedures, rates, reliefs, exemptions, and also the procedures for refunding State fees in cases of an unfavourable final decision unless otherwise provided for by this Law and other laws. The State fee for the issuing of the special permit (licence) for the importing and exporting of goods and services provided for in laws or Cabinet regulations must not exceed the average cost associated with its issuing.

(3) The binding regulations of local governments regarding the levying of local government fees must provide for their payment procedures, the objects subject to fees, rates, exemptions, and reliefs, and also other requirements laid down by other laws and Cabinet regulations.

(4) [16 November 2017]

[*4 December 1997; 11 December 2008; 14 March 2013; 16 November 2017 / The new wording of Paragraph one shall come into force on 1 January 2018. See Paragraph 201 of Transitional Provisions*]

**Section 11. Objects of State Fees**

[16 November 2017 / See Paragraph 201 of Transitional Provisions]

**Section 12. Objects of Local Government Fees**

(1) A local government council has the right to levy local government fees on the following within its administrative territory in accordance with the procedures laid down in Cabinet regulations:

1) receipt of official documents drawn up by the local government council and certified copies thereof;

2) organisation of events of recreational nature in public places;

3) vacationer and tourist accommodation;

4) trade in public places;

5) keeping all kinds of animals;

6) entry of vehicles in special regime areas;

7) placement of advertisements, posters and announcements in public places;

8) keeping boats, motorboats and yachts;

9) use of the local government insignia;

10) issuing of a construction permit or acceptance of a construction intention by making a note in the endorsement or certification card in accordance with the procedures laid down in the laws and regulations governing construction;

11) maintenance and development of the local government infrastructure.

(2) [11 December 2008]

(3) If a local government council or its institutions provide services which are not subject to local government fees in accordance with this Law and if these services are chargeable, then separate accounting records must be kept and tax and other mandatory payments must be made therefor in accordance with this Law and the provisions of the specific tax law.

(4) The binding regulations of local governments regarding the levying of the local government fees issued by local governments shall be sent to the Ministry of Environmental Protection and Regional Development and published in accordance with the procedures laid down in Section 45 of the law On Local Governments.

(5) [11 December 2008]

(6) Unlawful binding regulations regarding local government fees shall be suspended in accordance with the procedures laid down in Section 49 of the law On Local Governments.

[*6 June 1996; 14 October 1998; 16 December 2004; 8 May 2008; 20 December 2010; 14 March 2013; 17 December 2014*]

**Section 13. Allocation of Fees by Budget**

(1) State fees shall be paid into the State budget, unless the specific tax law or Cabinet regulations provide otherwise. State fees which are collected by the local government fee administration shall be paid into local government budgets.

(2) Local government fees shall be paid into the budgets of relevant local governments.

[*6 June 1996; 16 December 2004; 16 November 2017 / The amendment to the second sentence of Paragraph one shall come into force on 1 January 2018. See Paragraph 201 of Transitional Provisions*]

**Chapter IV**

**Taxpayers**

**Section 14. Classification of Taxpayers**

(1) Taxes (fees) laid down in the laws of the Republic of Latvia shall be paid by:

1) the domestic taxpayers (residents);

2) the foreign taxpayers (non-residents).

(2) For the purpose of tax laws, a natural person shall be considered a resident if:

1) the declared place of residence of this person is the Republic of Latvia;

2) this person stays in the Republic of Latvia for 183 days or longer during any 12 month period beginning or ending in a taxation year;

3) this person is a Latvian citizen who is employed in a foreign country by the government of the Republic of Latvia.

(3) For the application of Paragraph two, Clause 2 of this Section:

1) a natural person who has not been recognised as a resident in the pre-taxation year shall be considered as a resident in the taxation year as of the date of his or her first arrival to Latvia;

2) a natural person who will not be recognised as a resident in the post-taxation year shall not be recognised as a resident also in the taxation year, either, after the date of his or her departure from Latvia, if after this date such person has closer ties with the foreign country than with Latvia (such person owns property in the foreign country, has family residing in the foreign country or makes social insurance contributions in the foreign country).

(4) For the purpose of tax laws, a taxpayer who is not a natural person shall be considered as a resident if it has been established and registered or if it should have been established and registered in accordance with the laws of the Republic of Latvia.

(5) Taxpayers who do not meet the provisions of Paragraphs two, three, and four of this Section shall be considered as non-residents. Non-residents shall pay taxes in accordance with the laws of the Republic of Latvia on the income generated in the Republic of Latvia, its territorial waters and air space, and also other taxes in accordance with the specific tax laws.

(6) The permanent establishment of a non-resident (foreign economic operator) in Latvia shall be regarded as a separate domestic taxpayer for the application of all tax laws. If the non-resident (foreign economic operator) has a permanent establishment in Latvia within the meaning of Paragraphs seven and eight of this Section, it must be registered as a taxpayer with the State Revenue Service in accordance with the procedures laid down in Section 15.1, Paragraph seven of this Law.

(7) A non-resident (foreign economic operator) shall be deemed to have a permanent establishment in Latvia if all of the following conditions are concurrently met:

1) the non-resident (foreign economic operator) uses a fixed place of business in Latvia;

2) the place of business is used permanently or has been established for the purpose of being used permanently;

3) the place of business is used for performing economic activity.

(8) Notwithstanding the provisions laid down in Paragraph seven of this Section, a non-resident (foreign economic operator) shall be deemed to have a permanent establishment in Latvia if the non-resident (foreign economic operator) performs at least one of the following activities in Latvia:

1) uses a construction site or performs construction, assembly or installation works or performs supervisory or consultative functions related to the construction site or the abovementioned works;

2) uses equipment or installations, drilling platforms and special ships intended for the research or extraction of natural sources, or performs the supervisory or consultative work related thereto;

3) within a time period or time periods which in aggregate exceed 30 days in any six month period, provides services, including consulting, management and technical services, by using its employees or attracted personnel;

4) uses operations of a natural, legal or other person for the benefit of its economic activity, if the abovementioned person has been granted and habitually exercises (more than once in a taxation period) the powers to conclude contracts in the name of a non-resident (foreign economic operator).

(81) In applying Paragraph eight, Clause 4 of this Section, such a person shall be regarded as a taxpayer who has been granted and habitually exercises (more than once in a taxation period) the powers to conclude contracts in the name of the natural, legal or other person which is located, established or incorporated in any of:

1) he countries and territories referred to in the laws and regulations regarding low-tax or tax-free countries or territories (tax havens);

2) the countries with which the Republic of Latvia has not concluded an international agreement for the avoidance of double taxation and the prevention of tax evasion and such an agreement has not come into force, except for the European Union Member States.

(9) A permanent establishment of a non-resident (foreign economic operator) in Latvia shall pay taxes in accordance with the laws of the Republic of Latvia on the income generated in the Republic of Latvia, its territorial waters, exclusive economic zone and air space, for income generated abroad which pertains to this establishment, as well as other taxes in accordance with the specific tax laws.

[*31 March 2004; 26 October 2006; 9 August 2010; 21 June 2012; 13 December 2012*]

**Section 15. Obligations of Taxpayers**

(1) Taxpayers shall have the following general obligations:

1) to assess payable tax amounts;

2) to pay taxes and fees in due time and to the full extent;

3) to submit the tax administration the tax returns and informative returns provided for in this Law or laws on the specific taxes in the form of an electronic document to within the time periods laid down in laws and regulations. Upon submitting tax returns and informative returns in the form of an electronic document, taxpayers shall use the Electronic Declaration System of the State Revenue Service. The Cabinet shall determine the procedures by which persons who submit electronic documents shall be identified in the Electronic Declaration System of the State Revenue Service. If tax returns or informative returns are submitted through the Electronic Declaration System of the State Revenue Service, such returns shall have legal force even when they do not contain the detail “signature”;

4) in order to demonstrate the accuracy of tax assessments, to retain documents supporting revenues and expenditures from financial and economic activities and other documents (including any information in the form of an electronic document or in printed form which affects tax liabilities and payment thereof) supporting the activities until the day such documents are necessary to fulfil the requirements concerning the traceability of economic and financial activities, but not less than for a time period of five years. In performing that obligation, the taxpayer shall ensure respect for the private life of other persons and protection of personal data;

41) [6 July 2021];

5) to report all income, substantiate the conformity of the amounts of taxes, fees and other statutory payments with the provisions of laws and regulations regarding the procedures for the assessment and payment of the amounts due to the State and local governments by presenting or submitting to civil servants (employees) of the tax administration the documents requested thereby;

6) to authorise the civil servants (employees) of the tax administration to inspect the premises used for performing economic activities in accordance with the procedures laid down in the law;

7) to withhold taxes which are due for payment in accordance with the provisions of specific tax laws;

8) [1 December 2009];

9) to register taxes and other payments with electronic devices and equipment in accordance with the procedures laid down in this Law and Cabinet regulations;

10) [6 July 2021];

11) to submit the tax administration the requested documents which are used for the assessment of taxes;

12) to ensure access for the tax administration to any information and data carriers processed and stored in paper form and electronically and related to economic activity, and also to other information which affected or could have affected the calculation and payment of taxes and to ensure the possibility for the tax administration to read the data necessary for taking of control measures from the relevant data carrier, and also to obtain a functionally identical copy of the respective data carrier. Where data are protected using passwords, encoding, encryption, or other logical protection means, the taxpayer shall submit electronically information necessary for the access to and use of the data (e.g. the encryption key) to the tax administration;

13) in the cases laid down in this Law, to comply with the prohibition to settle payment obligations or make transactions with a taxpayer the economic activity of which has been suspended by the State Revenue Service, except in the case provided for in Section 34.1, Paragraph ten of this Law;

14) to submit the tax administration the information requested by the requesting authority of another European Union Member State if this information is expected to be important for the applicant Member State for the purpose of administering the taxes of a particular taxpayer. The abovementioned information shall be provided upon a request of the tax administration irrespective of whether the relevant information is necessary for the purpose of administering the taxes of the Republic of Latvia;

15) through the Electronic Declaration System of the State Revenue Service, by 1 May to submit information to the tax administration on the type of principal activity of the previous taxation year, if it has changed in the previous taxation year and does not conform to the information provided by the tax administration. Taxpayers who commence economic activity shall provide the information within one month after registration of economic activity with the Enterprise Register of the Republic of Latvia or with the State Revenue Service;

16) to provide an authorised representative of the tax administration with access to information regarding transactions settled online by the taxpayer which is processed or kept by the taxpayer in the form of an electronic document or in printed form [including information on ordering and acceptance of the purchase of goods or service transactions, on payment and payment services, on e-correspondence, information related to online elements (Internet Protocol address, domain name, etc.) and any other information related to transactions settled online by the taxpayer within the scope of the economic activity] and to ensure the possibility for the tax administration to retrieve data on economic activity from the relevant medium required for the performance of the necessary control measures. If data is protected using passwords, encoding, encryption, or other logical protection means, the taxpayer shall electronically submit the tax administration information necessary to access and use the data (e.g. the encryption key).

(2) As taxpayers, natural persons have the following additional obligations:

1) to obtain a salary tax booklet in accordance with the provisions laid down in the law On Personal Income Tax;

2) to submit the salary tax booklet at the place of work which the taxpayer considers his or her principal source of income (shall not apply to an employee of a micro-enterprise);

3) [6 July 2021];

4) to present personal identification documents if it is requested by an official (employee) of the tax administration while performing his or her official duties;

5) in accordance with the procedures and in the cases laid down in laws and regulations, to register himself or herself as a taxpayer with the State Revenue Service;

6) to record revenues and expenses from economic activities and to assess taxes in accordance with the procedures laid down in laws and regulations.

(3) Natural persons, if they are employers, and commercial companies, co-operative societies and other legal persons governed by private law shall have the following additional obligations as taxpayers:

1) to keep accounting records according to the laid down procedures, prepare statements on their financial and economic activities and to assess tax for the taxation period;

2) to indicate their taxpayer number in specific accounting and reporting documents;

3) to register with the State Revenue Service in accordance with the procedures and in the cases laid down in this Law and other laws and regulations;

4) to notify the State Revenue Service of changes in their registration data in the cases specified in laws and regulations within ten days;

5) in accordance with the procedures laid down in this Law and Cabinet regulations, to submit to the tax administration informative return on all individual cash transactions made within the previous month (including any purchases) which exceed EUR 1500;

51) in accordance with the procedures laid down in this Law and Cabinet regulations, to submit to the tax administration informative returns on all cash transactions made within the previous year with such natural persons which need not register their economic activity in accordance with the provisions of the laws and regulations governing the field of taxes if the amount of a single transaction with each counterparty exceeds EUR 3000;

52) for a taxpayer who provides leasing and credit services, except for credit institutions, once a year by 1 February to submit an informative return to the State Revenue Service on the leasing and credit payments or just leasing or just credit payments and the interest payments related thereto made by a natural person – resident of the Republic of Latvia – the amount of which within a month exceeds EUR 360 or the sum total of such contributions within a calendar year exceeds EUR 4320, in accordance with the procedures laid down in this Law and Cabinet regulations. The Cabinet shall determine the information to be indicated in the return referred to in this Clause and the procedures for its submission;

6) to pay taxes and make other payments, including tax debts, into the State budget and local government budgets after satisfying employee claims in accordance with lawful employment relations and claims for compensation of damages caused as a result of mutilation or other health impairment, as well as claims in relation to the loss of a provider;

7) after taking the decision to liquidate, re-organise or wind-up a commercial company, co-operative society and other legal person governed by private law in accordance with the procedures laid down in laws and regulations, to notify the relevant tax administration office to this effect in writing within 10 days;

8) to submit the statement issued by the relevant tax administration office on the payment of taxes to the Enterprise Register of the Republic of Latvia if all the measures set out in laws and regulations regarding the settlement of creditor claims have been taken for the commercial company, co-operative society and other legal person governed by private law which is going to be liquidated, such claims have been settled and the closing (liquidation) balance sheet has been approved. The certificate on the payment of taxes shall be submitted not later than within 10 days from the date of its issuance. The certificate which is submitted to the Enterprise Register of the Republic of Latvia at a later date shall not be valid;

9) a commercial company, co-operative society and other legal person governed by private law shall declare to the State Revenue Service any demand deposit accounts opened abroad, as well as any payment accounts opened abroad with a payment authority or electronic money institution within 30 days from opening thereof.

(4) The taxpayers which conform to the definition of a financial institution of Latvia determined in the Agreement between the Government of the United States of America and the Government of the Republic of Latvia to Improve International Tax Compliance and to Implement Foreign Account Tax Compliance Act (FATCA) and to which the exceptions referred to in the Agreement in relation to the provision of information do not apply have a duty to provide information to the State Revenue Service in the amount laid down in the Agreement. The Cabinet shall determine the time periods and procedures for providing the information.

(5) Suspension of operation in the case laid down in Chapter XIV.1 of the Commercial Law shall not exempt the taxpayer from fulfilment of the obligations laid down in Paragraphs one and three of this Section.

(6) A provider of online advertising service shall be obliged to, upon receipt of a request from the State Revenue Service, provide information at its disposal regarding the posted advertisements and persons who posted them (submitters of advertisements). Contestation or appeal of the State Revenue Service’s request for information shall not suspend its operation.

(7) A payment service provider, a provider of the payment card transaction processing service and an electronic money institution shall be obliged, upon receipt of a request from the State Revenue Service, to provide the data at its disposal or stored thereby regarding the economic and financial activities of other persons. When applying this provision, the relevant payment service provider, provider of the payment card transaction processing service and an electronic money institution shall be obliged to provide information stored thereby in accordance with laws and regulations. Contestation or appeal of the State Revenue Service’s request for information shall not suspend its operation.

(71) A credit institution shall be obliged to, upon receipt of a request from the State Revenue Service, provide information at its disposal regarding the payments made to a payment beneficiary from the accounts opened with the credit institution, excluding personal data of payers. When providing information regarding the payment beneficiary indicated in the State Revenue Service’s request, the credit institution shall include therein personal information of the payment beneficiary, account number and the total amount of the payments made to this account for each period indicated in the State Revenue Service’s request. Contestation or appeal of the State Revenue Service’s request for information shall not suspend its operation.

(8) A provider of mobile application services and a provider of Internet or online trading services through which persons offer goods or services shall be obliged to, upon receipt of a request from the State Revenue Service, provide information at its disposal regarding the persons who offer goods or services by using its services, and regarding the goods or services offered by the abovementioned persons. Contestation or appeal of the State Revenue Service’s request for information shall not suspend its operation.

(81) A postal operator shall be obliged to, upon receipt of a request from the State Revenue Service, provide information at its disposal regarding the persons who use the services of this postal operator and the value of consignments sent by the abovementioned persons. When applying this provision, the postal operator shall be obliged to provide information which it stores in accordance with laws and regulations. Contestation or appeal of the State Revenue Service’s request for information shall not suspend its operation.

(9) A taxpayer – a constituent entity of a multinational enterprise group – has an obligation to provide a country-by-country report to the State Revenue Service. The Cabinet shall determine the conditions under which a report must be submitted, the structure and content of the report, explanation of the terms used in the report, as well as the procedures for its preparation and submission.

(10) Upon the occurrence of the conditions referred to in tax laws and regulations, a taxpayer is obliged to submit the State Revenue Service information regarding the reportable cross-border arrangements which are potentially linked to aggressive tax planning. Conditions upon the occurrence of which a report must be submitted, its structure and content, explanations of the terms used in the report, and also the procedures for its preparation and submission and procedures by which the automatic exchange of information regarding reportable cross-border arrangements shall be implemented between the competent authorities of the Republic of Latvia and other European Union Member States or any competent authority of another country or territory with which the competent authority of the Republic of Latvia has concluded the relevant contract of competent authorities based on the international agreement concluded by the Republic of Latvia shall be determined by the Cabinet.

(11) Upon the occurrence of the conditions referred to in tax laws and regulations, a taxpayer is obliged to submit to the State Revenue Service information regarding the sellers who generate income by operating on a specific digital platform. The Cabinet shall determine the conditions upon the occurrence of which information is to be provided, the amount of the information to be submitted, and the procedures for obtaining, verifying, and submitting information to the State Revenue Service, the activities to be taken to ensure automatic exchange of information, the procedures by which the State Revenue Service automatically exchanges information with the competent authorities of other European Union Member States or the competent authority of another country or territory with which the competent authority of the Republic of Latvia has concluded a relevant contract of competent authorities on the basis of the international treaty concluded by the Republic of Latvia.

[*6 June 1996; 4 December 1997; 22 October 1998; 14 December 2000; 9 October 2002; 28 February 2003; 1 December 2005; 26 October 2006; 31 January 2008; 11 December 2008; 12 June 2009; 1 December 2009; 13 October 2011; 21 June 2012; 13 December 2012; 14 March 2013; 19 September 2013; 27 February 2014; 17 December 2014; 29 January 2015; 17 September 2015; 23 November 2016; 8 June 2017; 1 November 2018; 20 February 2020; 6 July 2021; 22 December 2022*]

**Section 15.1 Registration of Taxpayers**

(1) In accordance with the procedures laid down in the law On the Enterprise Register of the Republic of Latvia and other laws, the Enterprise Register shall register economic operators and their branches, cooperative societies, individual undertakings, farms or fish farms, branches of foreign economic operators, representative offices of foreign economic operators, representatives of foreign economic operators, representative offices and representatives of organisations, the European economic interest groupings, the European commercial companies, the European cooperative societies, political parties, associations and foundations, trade unions, religious organisations and their institutions, as well as taxpayers and award the uniform eleven digit registration number which at the same time is also the registration code of the taxpayer.

(11) The Enterprise Register shall include public persons and institutions in the list of public persons and institutions and assign the registration number which also serves as a registration code of a taxpayer, in accordance with the procedures laid down in the law On the Enterprise Register of the Republic of Latvia and other laws.

(2) [26 October 2006]

(3) [26 October 2006]

(4) The Enterprise Register shall, upon registering:

1) the branch of an economic operator, assign the uniform eleven digit registration number to the branch;

2) the branch of a foreign economic operator, representative office or representative of a foreign economic operator, assign the uniform eleven digit registration number to the branch or representative office.

(5) Those legal persons which in accordance with laws need not be registered with the Enterprise Register shall be registered as taxpayers by the State Revenue Service.

(51) The State Revenue Service shall notify the decision on the taxpayer and taxpayer structural unit registered in accordance with the procedures laid down in Paragraph seven of this Section by making an entry thereon in a publicly available database (register). From the date of making of the relevant entry, the taxpayer and taxpayer structural unit shall be considered as registered with the Taxpayer Register of the State Revenue Service. The State Revenue Service shall notify the decision on making changes in the registration data of a taxpayer or the decision on refusal to register a taxpayer or to make changes in the registration data in accordance with the procedures laid down in Section 7.2 of this Law.

(6) The person who must be registered with the State Revenue Service Value Added Tax Taxable Persons Register shall be registered by the State Revenue Service in accordance with the procedures laid down in the laws and regulations governing value added tax.

(7) The Cabinet shall determine the procedures by which taxpayers and taxpayer structural units which need not be registered with the Enterprise Register shall be registered with the State Revenue Service, as well as the documents to be submitted to the State Revenue Service.

(8) The Enterprise Register shall, within one working day from registration of the subjects referred to in Paragraphs one and 1.1 of this Section, electronically send information regarding each newly registered economic operators and the branch thereof, co-operative society, branch of a foreign economic operator, representative office of a foreign economic operator, representative of a foreign economic operator, representative office and representative of the organisation, European economic interest group, the European commercial company, the European co-operative society, political party, association and foundation, trade union, religious organisation and the institution thereof, public person and the institution thereof, and also information regarding the changes in the register of the Enterprise Register, Commercial Register, Register of Associations and Foundations, Register of Public Organisations, Register of Political Parties, Register of the European economic Interest Groups, list of public persons and institutions, to the State Revenue Service and, on the basis of an interdepartmental agreement concluded between the State Revenue Service and the Enterprise Register, send the information regarding shareholders of limited liability companies, as well as other information necessary for the purpose of ensuring the functions of the tax administration.

(9) In addition to the information laid down in Paragraph eight of this Section, the Enterprise Register shall, upon request of the State Revenue Service, provide information at its disposal regarding registered economic operators and the branches thereof, co-operative societies, branches of a foreign economic operator, representative offices of a foreign economic operator, representatives of a foreign economic operator, representative offices and representatives of organisations, the European economic interest groups, the European commercial companies, the European co-operative societies, political parties, associations and foundations, trade unions, religious organisations and institutions thereof, the persons listed on the list of public persons and institutions.

[*14 December 2000; 26 October 2006; 11 December 2008; 14 March 2013; 13 December 2012; 16 November 2017; 6 July 2021; 22 December 2022*]

**Section 15.2 Obligation of a Taxpayer to Draw up and Submit Transfer Pricing Documentation**

(1) The transfer pricing documentation shall include global documentation, local documentation and country-by-country report of a multinational enterprise group. Provisions of this Section shall not refer to the country-by-country report of a multinational enterprise group.

(2) In the cases, in accordance with the procedures and to the extent specified in this Section. the taxpayer referred to in the Enterprise Income Tax Law – a resident or a permanent establishment of a non-resident – shall substantiate in the global documentation and local documentation or only in the local documentation the conformity of the transaction price (value) with the market price (value) in the transactions which it conducts with the following:

1) the related person which may be deemed a related foreign undertaking within the meaning of this Law;

2) the natural persons referred to in Section 1, Clause 18 of this Law;

3) other commercial companies or persons if they are located, established or incorporated in low tax and tax-free countries and territories;

4) the related person – a resident if a transaction, commercial or financial relations based on the performed functions, assumed, controlled or managed risks or used assets are economically related (occur within the framework of one supply chain) to the transactions, commercial or financial relations of such persons with another related foreign undertaking or the persons referred to in Paragraph two, Clause 3 of this Section.

(3) The taxpayer referred to in Paragraph two of this Section shall, in relation to the controlled transactions conducted thereby with the persons referred to in Paragraph two, Clauses 1, 2, and 3 of this Section within the relevant reporting year, submit to the tax administration the following documentation within 12 months after the end of the relevant reporting year:

1) the global documentation if at least one of the following conditions exists:

a) amount of the controlled transactions referred to in this Section exceeds EUR 15 000 000 in the relevant reporting year,

b) the net turnover of the taxpayer referred to in Paragraph two of this Section exceeds EUR 50 000 000 in the relevant reporting year and the amount of the controlled transactions referred to in this Section exceeds EUR 5 000 000 in the relevant reporting year;

2) the local documentation if the amount of the controlled transactions referred to in this Section exceeds EUR 5 000 000 in the relevant reporting year.

(4) The taxpayer referred to in Paragraph two of this Section shall, in relation to the controlled transactions conducted thereby with the persons referred to in Paragraph two, Clauses 1, 2, and 3 of this Section within the relevant reporting year, draw up within 12 months after the end of the relevant reporting year and, if required by the tax administration, submit thereto the following documentation within a month after receipt of the request:

1) the global documentation if the net turnover of the taxpayer does not exceed EUR 50 000 000 in the relevant reporting year and the amount of the controlled transactions referred to in this Section does not exceed EUR 15 000 000 but exceeds EUR 5 000 000 in the relevant reporting year;

2) the local documentation if the amount of the controlled transactions referred to in this Section exceeds EUR 250 000 but does not exceed EUR 5 000 000 in the relevant reporting year.

(5) In order to ensure that the performed functional and economic analysis, as well as the applied transfer pricing methodology is up-to-date, a taxpayer shall each year review the transfer pricing documentation drawn up in accordance with Paragraph four of this Section. If the situation affecting the transfer pricing methodology has not significantly changed, a taxpayer is entitled to review the transfer pricing documentation drawn up in accordance with Paragraph four, Clause 2 of this Section, except for the comparable financial data contained therein, every three years.

(6) Without prejudice to the right of the tax administration to request the transfer pricing documentation in accordance with Paragraph four of this Section, in cases when an obligation arises for a taxpayer to draw up the transfer pricing documentation, the tax administration is entitled to request it together with any other information which is necessary for the justification of the market price (value) of a transaction, as well as to verify the risks of adjustments to transfer prices of the taxpayer and advise the taxpayer on the possible risks of adjustments to transfer prices, offer to voluntarily correct a tax return or invite the taxpayer to commence an advance informed agreement procedure regarding conformity of the transaction price (value) with the market price (value) in accordance with Section 16.1of this Law. In such case, the taxpayer shall submit to the tax administration the transfer pricing documentation and any other requested information within 90 days from receipt of the request. This time period may be extended by 30 days if the taxpayer submits a reasoned request to the tax administration.

(7) The taxpayer referred to in Paragraph two of this Section shall, in relation to the controlled transaction which it conducts with the person referred to in Paragraph two, Clause 4 of this Section, draw up the local documentation if the amount of the controlled transactions referred to in this Section exceeds EUR 250 000 in the relevant reporting year and the tax administration requires drawing up of the local documentation. When requesting the local documentation in accordance with this Paragraph of the Section, the tax administration shall consider whether to request drawing up of the entire local documentation or only a specific part thereof. In the case specified in this Paragraph of the Section, the local documentation shall be submitted within 90 days after receipt of a request from the tax administration. This time period may be extended by 30 days if the taxpayer submits a reasoned request to the tax administration.

(8) Global documentation shall constitute transfer pricing documentation which contains information regarding the entire multinational enterprise company in general and includes at least the following elements:

1) the organisational structure of the multinational enterprise group, including the legal structure and structure of property rights to capital shares or stocks, and geographical location of the units of the group;

2) the description of economic activity of the multinational enterprise group;

3) the intangible property of the multinational enterprise group;

4) the internal financial activity within the multinational enterprise group;

5) the financial reports and taxes of the multinational enterprise group.

(9) Local documentation is transfer pricing documentation which contains information regarding the controlled transaction made by the taxpayer and includes at least the following elements:

1) information regarding the taxpayer and the multinational enterprise group related thereto;

2) information regarding each significant controlled transaction or category of transactions in which the taxpayer is involved;

3) financial information.

(10) The Cabinet shall determine detailed content of the information to be included in the transfer pricing documentation provided for in Paragraphs eight and nine of this Section.

(11) If the total value of a transaction does not exceed EUR 20 000 in the relevant reporting year, the taxpayer is, when drawing up the transfer pricing documentation, in any case entitled not to deem it a significant transaction within the meaning of Paragraphs eight and nine of this Section and not to include information regarding it in the transfer pricing documentation.

(12) The taxpayer has the right to not draw up the local documentation regarding transactions for which simplified procedures for determining transfer prices and simplified transfer pricing documentation is provided in tax laws and regulations. In such case, the taxpayer shall, within 12 months after the end of the relevant reporting year, draw up and, if required by the tax administration, submit thereto the simplified transfer pricing documentation within a month after receipt of the request. The Cabinet shall determine the information to be included in the simplified transfer pricing documentation.

(13) A taxpayer shall ensure that the transfer pricing documentation conforms with the following provisions:

1) the transfer pricing documentation is drawn up on the basis of information which is reasonably available within the framework of the reporting year or, if corrections are made to an enterprise income tax return, on the basis of information which is available at the moment of making the relevant corrections;

2) the transfer pricing documentation is available in electronic form which allows a search function in the text;

3) the global documentation is drawn up in Latvian or English. If the global documentation is drawn up in English, the tax administration has the right to request a translation of the entire documentation or part thereof in Latvian for the purpose of ensuring performance of the functions and tasks of the State administration, and the taxpayer has an obligation to submit the requested translation within a month after receipt of the request.

(14) The tax administration has the right to impose a fine of up to one percent of the amount of a controlled transaction (in respect of which there is an obligation to draw up the transfer pricing documentation) which must be indicated in the taxpayer’s revenues or expenditures of the reporting year in the relevant reporting period on a taxpayer, but not more than EUR 100 000 if the taxpayer has failed to comply with the deadline for the submission of the transfer pricing documentation referred to in this Section, as well as if the taxpayer has seriously violated the requirements for drawing up the transfer pricing documentation provided for in laws and regulations (the required information has not been indicated), and therefore when examining the transfer pricing documentation it is impossible to ascertain whether the price (value) of the made transaction has been determined according to the market price (value).

[*25 October 2018* / *See Paragraph 214 of Transitional Provisions*]

**Section 15.3 Obligation of a Taxpayer to Identify Itself upon Offering Goods or Services on the Internet**

Upon performing economic activity and offering goods or a service on the Internet, a taxpayer shall, in addition to the information referred to in Section 4, Paragraph one of the Law on Information Society Services, indicate the following information regarding the website which is used for the performance of the economic activity:

1) actual address or place (website, mobile application, etc.) where the economic activity is performed;

2) natural person – the second part of the taxpayer’s registration code.

[*23 November 2016*]

**Section 16. Rights of Taxpayers**

(1) Taxpayers have the right:

1) to benefit from tax and fee reliefs provided by law;

2) to benefit from tax rebates provided by law;

3) to acquaint oneself, free of charge, with statutory documents which govern the assessment of taxes and fees and payment procedures at the tax administration;

4) to familiarise itself with the reports on audit findings and documents on the audit file which relate to the particular taxpayer, except for such information contained in the reports of audit findings and audit files which is considered restricted access information in accordance with the law;

5) to appeal the decisions of the tax administration in accordance with procedures laid down in Chapter VIII of this Law;

6) to submit to the fee administration an application for review of the payment of fees, unless it has been laid down otherwise in laws and regulations, in turn to the tax administration – a correction of or adjustment to a tax return within three years (if a correction of or adjustment to the return results from an adjustment to the transfer price – within five years) from the term of payment laid down in the specific laws, unless during this period a tax review (audit) has been commenced with regard to the specific taxes and the relevant tax periods, the time period for submission of the adjusted returns specified in Section 23, Paragraph 5.1 of this Law has ended, or a decision has been taken to adjust the tax amount in the case specified in Section 23, Paragraph 5.2 of this Law. In respect of the payment of taxes due into the State budget, the default on the payment term laid down in this Clause may be reinstated by the Director General of the State Revenue Service if the taxpayer has submitted an submission for the payment of the tax not paid within the time period;

7) [6 July 2021];

8) to recover amounts erroneously recovered by the tax administration in accordance with the procedures laid down in Section 28 of this Law;

9) to obtain a written statement from the place for gaining income on the taxes paid by the employer;

10) to claim a refund of the overpaid taxes or a set-off of the tax refund thereof against the current tax liabilities within three years of the payment deadline for the payment of the tax liability laid down in the specific tax law;

11) to claim a refund of overpaid State fee or a set-off of the State fee refund thereof against the current tax liabilities within the three years of the day when a written opinion of such person who provided the service or gave guarantee has been issued, or a ruling of the court or judge on the refund of the State fee has entered into effect;

12) to claim a refund of the incorrectly paid (payment has been made but the relevant activity has not been carried out in the institution or the service has not been provided, or the payment has been paid into the wrong State budget account) State fee or a set-off of the refund of the incorrectly paid State fee against the current tax liabilities within three years from the day when the State fee was paid;

13) to submit (not more than once a month) to the State Revenue Service a submission on the account where the taxpayer receives remuneration for work, equivalent payments or other payments subject to the application of recovery restrictions;

14) to combine a tax warehouse with a customs warehouse or facilities for the temporary storage of goods or a free zone by setting up a combined warehouse for the purpose of handling excise goods which are subject to a payment of the deferred excise duty, and handling goods under customs supervision. A combined warehouse may be set up by taxpayers who have a special permit (licence) for the operation of a tax warehousekeeper (involving alcoholic beverages or tobacco products, or oil products) or a permit for the operation of a customs warehousekeeper, or a permit for the operation of facilities for the temporary storage of goods, or who have been granted with a status of free zone;

15) for natural persons who do not perform economic activity – to submit tax returns and informative returns with the help of civil servants (employees) of the State Revenue Service. In such a case, the civil servant (employee) of the State Revenue Service shall provide all the necessary assistance to ensure that a taxpayer has the possibility to submit tax returns and informative returns to the State Revenue Service in the form of an electronic document through the Electronic Declaration System of the State Revenue Service;

16) for natural persons who do not perform economic activity – to deactivate the use of the Electronic Declaration System of the State Revenue Service by submitting a submission thereon to the State Revenue Service. In such case the use of the Electronic Declaration System of the State Revenue Service is deactivated from the day of examining the submission. A natural person who does not perform economic activity and for whom the use of the Electronic Declaration System of the State Revenue Service has been deactivated has the right to re-activate the use of the Electronic Declaration System of the State Revenue Service according to the procedures by which persons submitting electronic documents are identified in the Electronic Declaration System of the State Revenue Service. Change in the status of the use of the Electronic Declaration System of the State Revenue Service shall be admissible not more than once in 24 hours.

(2) The Cabinet shall determine:

1) the requirements and criteria according to which taxpayers acquire the right referred to in Paragraph one, Clause 14 of this Section to set up a combined warehouse;

2) the procedures for submitting and examining an submission of a taxpayer for granting the status of a combined warehouse;

3) the conditions and procedures for suspending, renewing, and revoking the status of a combined warehouse.

[*9 October 2002; 28 February 2003; 26 October 2006; 13 December 2012; 17 September 2015; 23 November 2016; 8 June 2017; 16 November 2017; 25 October 2018; 1 November 2018; 6 July 2021 / Clause 15 of Paragraph one shall come into force on 1 January 2022. See Paragraph 233 of Transitional Provisions*]

**Section 16.1 Advance Ruling on the Determination of the Arm’s Length Price between a Taxpayer and the Tax Administration**

(1) When making or commencing transactions with a related foreign enterprise, the taxpayer referred to in Section 15.2 of this Law is entitled to propose the conclusion of an advance informed agreement with the tax administration on the determination of the market price (value) for a particular transaction or type of transactions if the value of the transaction or the intended transaction with the related foreign person exceeds EUR 1 430 000 a year.

(11) The tax administration may, in accordance with Section 15.2, Paragraph six of this Law or upon initiative of a taxpayer in respect of the controlled transactions the value of which exceeds EUR 1 430 000 in the relevant reporting year, propose commencement of an advance informed agreement procedure regarding conformity of the transaction price (value) with the market price (value) for the previous reporting years, unless the limitation period for tax review (audit) of the transfer prices specified in this Law has expired.

(2) If a taxpayer has acted in accordance with the provisions of the concluded advance ruling and no changes have occurred in its economic activity to conflict with the abovementioned advance ruling, the tax authority is not entitled to adjust the arm’s length price (value) determined for the particular transaction or type of transactions during a tax review (audit).

(3) The Cabinet shall determine the procedures by which the tax administration concludes advance rulings with taxpayers for the determination of the arm’s length price (value) for a particular transaction or type of transactions, as well as the fee for the conclusion of an advance ruling and the procedures for collecting thereof. The fee for drawing up of an advance ruling must not exceed the average costs related to the conclusion thereof.

[*21 June 2012; 19 September 2013; 25 October 2018 / Paragraph 1.1 shall come into force on 1 January 2019. See Paragraph 215 of Transitional Provisions*]

**Chapter V**

**Tax Administration and Fee Administration**

[*16 November 2017* / *The new wording of the title shall come into force on 1 January 2018. See Paragraph 201 of Transitional Provisions*]

**Section 17. Rights of the Tax Administration**

The rights of the tax administration are laid down in this Law, the law On the State Revenue Service, and other laws.

**Section 18. Obligations of the Tax Administration and Fee Administration**

(1) The tax administration has the following obligations:

1) to ensure that taxpayers as well as the tax administration comply with the provisions of this Law and other tax (fee) laws;

2) to control the accuracy of the assessment and payment of taxes, fees and other statutory payments;

3) to control the outstanding taxes (fees) and other statutory payments;

4) to impose sanctions on persons who violate the provisions of tax (fees) laws based on the provisions of laws and Cabinet regulations;

5) to review and decide matters on the extension of the term for the payment of taxes;

6) to control the accuracy of the application of tax (fees) rebates and reliefs;

7) to submit a report on the findings to the taxpayer upon completing an audit. If the tax administration uses the documents submitted by the person directing the criminal proceedings for the purpose of the tax review (audit), an excerpt from the audit report comprising the information permitted by the person directing the criminal proceedings shall be provided to the taxpayer;

8) to ensure public access to the information regarding the collection of taxes (fees) by publishing the information on total revenues of specific taxes (fees) regularly and the availability of information on the taxpayers the outstanding debts administered by the State Revenue Service of which exceed EUR 150, except for the tax liabilities the time limit for the payment of which has been extended in accordance with Section 24, Paragraphs one, 1.3, and 1.7 of this Law, divided in instalments, deferred or divided in instalments repeatedly. Information on the abovementioned debtors shall be included in the database of tax (fee) debtors administered by the State Revenue Service and access thereto shall be ensured in compliance with the provisions referred to in Section 22, Paragraph one, Clause 1 and Paragraph three of this Law;

81) to ensure public nature of tax (fee) collection by publishing information regarding the sum total of the amount of taxes (fees) administered by the State Revenue Service paid by taxpayers (economic operators) in the previous taxation year every year by 1 April, reducing it by the amount of taxes refunded from the budget, indicating separately the sum total of personal income tax and the sum total of State social insurance mandatory payments, as well as the average number of persons employed;

82) to ensure the fulfilment of the requirements laid down in the legal acts of the European Union in the field of aid for commercial activity for the publication of information regarding each individual aid granted that exceeds the threshold of the granted aid determined in the specific legal act of the European Union in the field of aid for commercial activity if the aid for commercial activity has been granted in the form of tax reliefs and the grantor of aid is not determined in the aid programme;

9) to publish information regarding the changes in the procedures laid down for the determination of tax and fee rates, fines, and late payment charges;

10) to take the decision to perform a tax review (audit) and, not later than 10 working days prior to commencing it, notify the taxpayer in writing to this effect, specifying the date on which the tax review (audit) will be started, the time frame of the tax review (audit), the taxes and items of tax returns to be audited, fees or other statutory payments and taxation periods to be audited, and whether the conformity of the transfer prices with the arm’s length principle will be verified;

11) to recover, on an uncontested basis, the unpaid taxes, late payment charges, fines and other statutory payments in accordance with the procedures laid down in Section 26 of this Law;

12) to ensure public access to State Revenue Service Value Added Tax Taxable Persons Register;

13) [1 December 2009 / See Paragraph 117 of Transitional Provisions];

14) ensure a publicly accessible uniform data base (register) of the electronic tax and other payment registration devices and equipment, users and maintenance service providers;

15) [31 January 2008];

16) in all cases when a taxpayer has committed a tax offence for which criminal liability is provided, to submit a report thereon to the respective State authority which decides matters on the commencement of criminal proceedings within 10 working days from the date when the civil servant (employee) of the State Revenue Service has established such offence;

17) [23 November 2016 / See Paragraph 182.1 of Transitional Provisions];

18) [23 November 2016 / See Paragraph 182.1 of Transitional Provisions];

19) to ensure public access to the uniform database (register) of non-profit organisations;

20) based on the tax returns submitted by domestic taxpayers and NACE Rev. 2 two digit classification level, to summarise and ensure public availability of the information regarding:

a) the average monthly employment income of employees employed by employers who are domestic taxpayers at least in the first three quarters of the year within a period of the last four quarters of the year;

b) the amount of one twelfth of the annual taxable income from economic activity reported by natural persons who are registered as performers of economic activity and who do not employ other persons;

21) to maintain a list of risk addresses and a list of persons at risk in accordance with the criteria laid down in Section 1, Clause 31 of this Law and to provide this information to the Enterprise Register on a regular basis. The procedures by which mutual exchange of information regarding data included in the list of risk addresses and in the list of persons at risk maintained by the State Revenue Service shall be ensured between the State Revenue Service and the Enterprise Register of the Republic of Latvia, and the regularity of information to be provided shall be determined by an interdepartmental agreement;

22) to ensure a publicly available database (register) on the taxpayers and taxpayer structural units registered in the Taxpayer Register of the State Revenue Service in accordance with the procedures laid down in Section 15.1, Paragraph seven of this Law;

23) to ensure public access to the unified database (register) of invoices registered with the State Revenue Service;

24) to provide a the credit bureau the information at the disposal of the State Revenue Service regarding income of a natural person in the case laid down in Section 22.1, Paragraph one of this Law;

25) to provide the information regarding taxpayers subject to a tax review (audit) to the Enterprise Register of the Republic of Latvia on a regular basis. Mutual exchange of information regarding taxpayers subject to a tax review (audit) and the regularity of the information to be provided shall be determined in an interdepartmental agreement concluded between the State Revenue Service and the Enterprise Register;

26) to assess the information received from the Enterprise Register of the Republic of Latvia on the submitted applications for making an entry in the Commercial Register and to provide an opinion within 10 working days from the day of receipt of this information, indicating the information at the disposal of the State Revenue Service that is indicative of the tax risks of the holder of the right. The procedures by which mutual exchange of information on the submitted applications for making an entry in the commercial registers hall be ensured between the State Revenue Service and the Enterprise Register of the Republic of Latvia and the regularity of information to be provided shall be determined by an interdepartmental agreement;

27) to provide the following information to the holder of the top-level domain “.lv” register on a regular basis:

a) regarding domain names the right of use whereof has been registered for taxpayers subject to a tax review (audit),

b) regarding domain names the right of use whereof has been transferred by the taxpayer for use to another taxpayer subject to a tax review (audit);

28) for the purpose of promoting the safety of business environment, fair competition, and voluntary tax compliance, to ensure publicly accessible information regarding employers whose employees receive an average monthly wage that is equal to or less than the amount of the minimum monthly wage determined in the State. The State Revenue Service shall update the abovementioned information on the twenty-fifth day of the subsequent month, indicating the name and registration number for a legal person and sole proprietorship, whereas the given name, surname, the second part of the personal identity number, and the year of birth – for a natural person (employer);

29) in order to promote safety of the environment of commercial activity, fair competition, voluntary fulfilment of tax (fee) obligations, and also to motivate employers to indicate in the accounting records the full amount of work remuneration disbursed to employees, ensure publicly available information regarding existence of an administrative penalty imposed on a natural person and an official of a legal person for the disbursement of work remuneration which was not indicated in accounting records. Information may be obtained on the website of the State Revenue Service regarding an official of a legal person – by entering the name and registration number of the legal person, regarding a natural person – by entering the given name, surname, and registration code of the natural person. The abovementioned information shall be publicly available from the moment when the decision to impose an administrative penalty has come into effect and has not been appealed in the time period provided for in law or the relevant court ruling has come into effect and for as long as the person is to be recognised as punished administratively in accordance with that provided in laws and regulations;

30) for the purpose of promoting timely submission of tax returns, the safety of business environment, fair competition, and voluntary tax (fee) compliance, to publish information regarding the taxpayers who have not submitted to the tax administration the tax returns specified in this Law or the specific tax laws, if the deadline for submitting the tax returns specified in the laws and regulations governing the field of taxes has been exceeded by more than 15 days. Upon publishing the abovementioned information, the name of the tax return which has not been submitted and the deadline for submitting it needs to be indicated, as well as the name and registration number if the taxpayer is a legal person or sole proprietorship, but for a natural person – the given name, surname, the second part of the personal identity number, and the year of birth. The information posted on the website of the State Revenue Service shall be publicly accessible for not longer than three years counting from the day on which the deadline for submitting the tax return specified in tax laws and regulations sets in;

31) to ensure the availability of data in the electronic declaration system of the State Revenue Service on the payable or overpaid amounts of taxes, fees, other statutory payments and payments related thereto administered by the State Revenue Service (late payment charges and fines);

32) in accordance with the international agreements binding upon the Republic of Latvia, to carry out a mutual conciliation procedure, including for the purpose of avoidance of double taxation or imposition of such taxes which are in conflict with the relevant international agreement;

33) in the cases when it is possible to establish in the information system of the State Revenue Service the tax return and informative return to be submitted in the near future and determined in the laws and regulations, to inform the taxpayer, not later than five days before the deadline for submitting the return, about the tax return or informative return to be submitted, concurrently informing that an administrative penalty may be imposed on the taxpayer for the failure to comply with the deadline for submitting the return;

34) in order to promote the safety of business environment, fair competition, and voluntary fulfilment of tax (fee) obligations, and also the right of the public to information, to ensure publicly available information on the following decisions of significance to the public by which violations of legal persons of the tax and customs laws and regulations are established in the decision:

a) on the results of a tax review (audit);

b) on the results of a data conformity audit;

c) by which the amount of taxes is adjusted in accordance with Section 23, Paragraphs 5.2 and 5.3 of the law On Taxes and Fees;

d) by which a debt of customs payments is established;

e) by which refunding of the overpaid value added tax is refused;

35) in order to promote the fulfilment of the obligations of taxpayers specified in laws and regulations, the safety of business environment, fair competition, and voluntary fulfilment of tax (fee) obligations, to ensure publicly available single database (register) of micro-enterprise taxpayers.

(11) The fee administration, except for the State fee administration which administers State fees for activities carried out in judicial institutions, shall have the obligations specified in Paragraph one, Clauses 1, 2, 3, 4, 6, and 9 of this Section. The State fee administration, including the State fee administration which administers State fees for activities carried out in judicial institutions, shall have the obligation to ensure the accounting records of State fees transferable into the State budget. The procedures by which and the scope of the accounting of State fees shall be determined by the Cabinet.

(2) If the State Revenue Service sends the notice on the commencement of a tax review (audit) laid down in Paragraph one, Clause 10 of this Section to the taxpayer by post, it shall be considered that the taxpayer has been notified to this effect on the seventh day of delivering the notification to the post office.

(3) The tax administration shall not provide the notice laid down in Paragraph one, Clause 10 of this Section to the taxpayer if there is evidence that the taxpayer performs activities to evade the tax review (audit) or make it difficult.

(4) The time limit laid down in Paragraph one, Clause 10 of this Section to the tax administration for the provision of the notice on the commencement of a tax review (audit) shall not be applicable in cases when the tax review (audit) is commenced to evaluate the reasonableness of refunding the overpaid tax.

(5) The information regarding the taxpayers referred to in Paragraph one, Clause 8 of this Section the total outstanding taxes (fees) administered by the State Revenue Service of which exceed EUR 150 shall be accessible for the purpose of ensuring the performance of the functions of direct subordination authorities and local governments in accordance with law and promotion of a safe business environment, fair competition and the performance of tax (fee) obligations in good faith. Information regarding the existence or non-existence of debt of a person may be obtained from the database referred to in Paragraph one, Clause 8 of this Section by entering the name and registration number of the respective taxpayer or the name, surname, and registration number of such natural person who has been registered as a performer of economic activity.

(6) The information in the database referred to in Paragraph one, Clause 22 of this Section on the natural persons who are registered with the Taxpayer Register of the State Revenue Service shall be accessible for the purpose of ensuring the fulfilment of the obligations of taxpayers laid down in laws and regulations, for the promotion of environmental safety of economic activity, fair competition, and voluntary fulfilment of tax (fee) liabilities. Upon entering the name and registration code of the relevant taxpayer or the given name, surname, and registration code of a natural person, the following information may be obtained in the database referred to in Paragraph one, Clause 22 of this Section:

1) the date on which the taxpayer or taxpayer structural unit was registered with or removed from the Taxpayer Register of the State Revenue Service;

2) the time limit for which a licence fee is applied to the payer of the licence fee (deadline for the payment of the licence fee);

3) the date on which the State Revenue Service approves the statement of such a person who need not register as a person performing economic activity with the State Revenue Service in the cases laid down in laws and regulations, but has notified the State Revenue Service to the effect that it performs economic activity or the date of the termination of economic activity as notified by the abovementioned person to the State Revenue Service;

4) on the beneficial owner of the permanent establishment of a non-resident (foreign merchant) in Latvia, except for cases when information on the beneficial owner in accordance with the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing is restricted access information – the given name, surname, part of the personal identity number, nationality, and country of the place of residence and, if the natural person is a non-resident, also the date, month, and year of birth and the number, date of issue, issuing country of a personal identification document and the institution which issued the document.

(7) The provision of the information specified in Paragraph one, Clause 24 of this Section to a credit bureau shall be paid service. The Cabinet shall determine the procedures by which a credit bureau shall request the information laid down in Paragraph one, Clause 24 of this Section from the State Revenue Service, the amount of the information to be requested and issued, its content and the procedures for the provision, as well as the amount of the service payment and the payment procedures.

(8) The Cabinet shall determine the procedures by which a natural person shall request information from the State Revenue Service regarding his or her income, as well as the amount of the information to be requested and issued, its content and the procedures for provision.

(9) Upon publishing the information referred to in Paragraph one, Clause 34 of this Section, the name and registration number of a legal person, the date of entering into effect of the decision taken, the essence and operative part of the decision taken, and also information whether the decision has been appealed to a court shall be indicated. Information on the decision shall be published within seven working days after the relevant decision has become not subject to contesting or has been appealed before a court and its operation has not been suspended. Information on the decision shall be available until the moment when the decision is revoked, but not longer than three years after the publishing thereof.

[*25 November 1999; 14 December 2000; 12 December 2002; 28 February 2003; 31 March 2004; 1 December 2005; 26 October 2006; 19 December 2006; 31 January 2008; 11 December 2008; 1 December 2009; 20 May 2010; 12 May 2011; 21 June 2012; 13 December 2012; 14 March 2013; 19 September 2013; 6 November 2013; 17 December 2014; 17 September 2015; 30 November 2015; 23 November 2016; 28 July 2017; 16 November 2017; 23 November 2017; 25 October 2018; 19 December 2019; 6 July 2021; 24 March 2022; 16 June 2022*]

**Section 18.1 Obligations of the Tax Administration in Relation to Taxes, Fees and Other Mandatory Statutory Payments which are Levied in Accordance with the Legal Acts of the European Union and its Member States**

(1) The tax administration shall have the following obligations:

1) to co-ordinate and perform the exchange of information in accordance with the legal acts of the European Union by providing and obtaining the information necessary for the performance of its function from the competent authorities of the European Union Member States. The tax administration shall also ensure the obtaining and provision of such information to the tax administration of a European Union Member State which is not at the disposal of the tax administration if the respective information is necessary to fulfil the request to provide such information which is expected to be relevant for the purpose of administering the taxes of a particular taxpayer in the applicant Member State;

2) to enforce tax claims on behalf of any European Union Member State on the basis of a reasoned request by the competent authority thereof in the name of its country;

3) to collect and recover taxes, fees and other mandatory payments and the late payment charges related therewith for the budget of the European Union;

4) to co-ordinate and perform concurrent joint intergovernmental audits according to the agreement with the competent authority of the European Union Member State;

5) to co-operate with the competent authorities of the European Union Member States by participating in tax administration activities of another European Union Member State or by engaging (where necessary, also via electronic means) a representative of the tax administration of the relevant Member State in tax administration activities in Latvia upon request of the European Union Member State. If the State Revenue Service receives a request of the competent authority of another European Union Member State to participate in tax administration activities in Latvia, it shall reply to such request within 60 days after receipt thereof by confirming its consent or providing a justified refusal;

6) to co-ordinate and perform exchange of information with the European Commission and each year by 31 March inform of the number of information requests, documents, notification requests and recovery or enforcement measure requests sent and received, the amount of the tax claims in respect of the recovery of which assistance was requested and the amounts recovered.

(2) The enforcement of such tax claims which are recoverable for the budget of another European Union Member State, its territorial or administrative unit or the European Union shall be governed by the provisions of this Law.

(3) The procedures by which information is exchanged between the competent authorities of Latvia and another European Union Member State by providing and obtaining the information necessary for the performance of the functions of the tax administration in the area of direct taxes shall be determined by the Cabinet.

(4) Within the meaning of this Section, direct taxes are the taxes levied on the total income of a person, total capital or individual income or capital elements, including taxes on the gains on disposal of a movable or immovable property, taxes on income generated on the basis of an employment relationship, as well as capital gains taxes.

(5) Paragraphs six, seven, eight, nine, ten, eleven, twelve, thirteen, and fourteen of this Section shall apply to co-operation of the tax administration and the competent authorities of the European Union Member States in administering taxes, except for taxes to which legal acts of the European Union regarding mutually administrative co-operation of the European Union Member States apply: value added tax, customs duty, and excise duty. The abovementioned norms shall not be applied in relation to the mandatory State social insurance contributions. The taxes referred to in this Paragraph do not include payment, for example, for statements and other documents issued by State institutions, or contractual payment, for example, remuneration for public services.

(51) In accordance with the regulation referred to in this Section, the information and documents provided by the competent authority of a European Union Member State may, with the authorisation of the relevant authority, be used in Latvia also for the purposes not related to the performance of tax administration functions. The State Revenue Service shall issue an authorisation to the competent authority of another European Union Member State to use the information provided thereby for the purposes not related to the performance of tax administration functions if the information may be used in Latvia for similar purposes in compliance with the regulation laid down in Section 22, Paragraph two of this Law.

(52) The State Revenue Service may send a list to the competent authorities of all other European Union Member States containing purposes (not related to the performance of tax administration functions) for which the information received from the State Revenue Service may be used if the information and documents, in compliance with the regulation laid down in Section 22, Paragraph two of this Law, may be used for similar purposes in accordance with laws and regulations of Latvia. If the State Revenue Service has received such list from another European Union Member State, the information and documents received from such Member State may be used in Latvia for any of the purposes indicated in the notice, respecting the regulation laid down in Section 22, Paragraph two of this Law.

(6) If the tax administration together with one or several competent authorities of the European Union Member States agree upon performing simultaneous checks in their territory of one or several persons in order to exchange the information obtained in such a way, the provisions of Paragraphs seven, eight, and nine of this Section shall be applied.

(7) The tax administration shall independently identify persons for whom it has intended to propose a simultaneous check, and shall notify the respective competent authorities of other European Union Member States of all cases for which it recommends to conduct a simultaneous check, justifying its choice, as well shall indicate the time period in which the abovementioned controls should be performed.

(8) The tax administration shall decide on participation in simultaneous checks. It shall, within 60 days from the receipt of the recommendation, confirm its consent or provide a justified refusal to the competent authority of the European Union Member State which has recommended to conduct a simultaneous check.

(9) The tax administration shall appoint a representative who is responsible for the supervision and coordination of the simultaneous check.

(10) The administrative notification shall be subject to the provisions of Paragraphs eleven, twelve, thirteen, and fourteen of this Section.

(11) Upon request of the competent authority of the European Union Member State, the tax administration shall, in accordance with the Law on Notification, notify the addressee of all the documents issued by the authorities administering the taxes referred to in Paragraph five of this Section of the State which submitted the request.

(12) Upon requesting the competent authority of another European Union Member State to notify documents, the tax administration shall indicate the subject-matter of the document to be notified, the addressee of the document to be notified and the address of notifying the document, as well as provide any information which may facilitate identification of the addressee.

(13) Upon receipt of a request for notification, the tax administration shall immediately inform the requesting authority of the measures which it has taken in relation to the request, particularly regarding the day when the documents were notified to the addressee.

(14) The tax administration shall request the competent authority of the European Union Member State to provide a notification in accordance with this Section only in case if, in accordance with the Law on Notification, it is unable to provide it itself or if notification of the document causes incommensurate use of its resources. The tax administration may notify any document to a person in the territory of another European Union Member State in the form of a registered postal item or using electronic communications.

[*31 March 2004; 30 March 2006; 26 October 2006; 15 March 2012; 14 March 2013; 27 February 2014; 22 December 2022*]

**Section 18.2 Obligations of the State Revenue Service in Relation to the Enforcement of Recovery on an Uncontested Basis Against Debtor’s Cash**

(1) The State Revenue Service shall notify the orders specified in Paragraph two of this Section to the respective credit institution or payment service provider where the taxpayer has opened an account whereof the credit institution or payment service provider has notified the State Revenue Service in accordance with the procedures laid down in laws and regulations.

(2) The State Revenue Service shall notify the following orders subject to mandatory enforcement:

1) the order on the suspension of the taxpayer’s payment transactions;

2) the order on the seizure of funds;

3) the order on the transfer of funds;

4) an order regarding the enforceable activity or adjustment of the amount of funds determined with the order referred to in Clauses 1, 2, and 3 of this Paragraph, or regarding cancellation of a previously notified order.

(3) The State Revenue Service shall indicate in the order personal identification data (given name, surname, and personal identity number or date of birth for a natural person; name and registration number for a legal person), order number, as well as:

1) if the order laid down in Paragraph two, Clause 1 of this Section is notified – shall give the order to suspend payment transactions to be made, indicating the amount of funds to be maintained for natural persons in accordance with Paragraph 3 of Annex 1 to the Civil Procedure Law in relation to a debtor once a month, and the date and number of the decision on the basis of which this order was given;

2) if the order laid down in Paragraph two, Clause 2 of this Section is notified – shall give the order to seize funds, indicating the sum of funds to be seized, the sum of funds to be recovered, the sum of funds to be maintained for natural persons in the amount specified for a debtor in Paragraph 3 of Annex 1 to the Civil Procedure Law, the revenue account number (account numbers) of the State basic budget in the Treasury where monetary funds must be transferred, and the date and number of the decision based on what this order was adopted;

3) if the order laid down in Paragraph two, Clause 3 of this Section is notified – shall specify the payment identifier, the number of the order by which the relevant funds were seized, or the date and number of the decision based on which this order was adopted, and perform at least one of the following activities:

a) to transfer funds, indicating the amount of funds to be transferred for seizure and the revenue account number (account numbers) of the State budget in the Treasury into which funds must be transferred;

b) to transfer funds as soon as such they are received in the accounts of the taxpayer until the full enforcement of the order, indicating the total amount of funds to be transferred and the revenue account number (account numbers) of the State budget in the Treasury where funds must be transferred;

c) to discharge the seized funds that need to be preserved for natural persons in accordance with Paragraph 3 of Annex 1 to the Civil Procedure Law, indicating the amount of funds;

d) until full enforcement of the order specified to in Paragraph two, Clause 3 of this Section, to keep from seizing funds that need to be preserved for natural persons in accordance with Paragraph 3 of Annex 1 to the Civil Procedure Law, once a month, indicating the amount of funds;

e) to discharge seized funds exceeding the amount of monetary funds to be transferred for seizure;

4) the order referred to in Paragraph two, Clause 4 of this Section is notified – shall issue the order to adjust the amount of funds, or to adjust or revoke the enforceable activity, indicating the amount and the number of the order being adjusted or revoked.

(4) The obligation specified in Paragraph three, Clauses 1 and 2 and Clause 3, Sub-clauses “c” and “d” of this Section – to maintain funds in the amount specified for a debtor in Paragraph 3 of Annex 1 to the Civil Procedure Law for natural persons – shall be notified to one of the credit institutions or one of the payment service providers (randomly selected by the State Revenue Service) to which the order laid down in Paragraph two, Clause 1 of this Section must be notified or to which the orders laid down in Paragraph two of this Section must be notified accordingly in relation to the respective enforcement document if the submission of the taxpayer regarding the account into which payments subject to recovery restrictions are transferred to the taxpayer has not been received until the day when the order was given.

(5) The State Revenue Service shall collect the information indicated in the notices of enforcement submitted in relation to the order laid down in Paragraph two, Clause 2 of this Section and shall send the order on the transfer of funds to credit institutions and payment service providers not later than within four working days after receipt of the relevant notice.

(6) The orders laid down in Paragraph two of this Section shall be notified and notices of the enforcement of the relevant orders shall be received (hereinafter – the data exchange) by the State Revenue Service in one of the following types of data exchange:

1) electronically through the State information system integrator managed by the State Regional Development Agency;

2) [1 July 2019 / See Paragraph 185 of Transitional Provisions].

(7) Upon preparing the order laid down in Paragraph two of this Section and adjusting the amount to be recovered or seized, the State Revenue Service shall control that the sum total of the funds requested from credit institutions and payment service providers would not exceed the amount required to cover the debt. If, upon enforcing the order on the transfer of funds, the sum total of the funds transferred from several credit institutions and payment service providers exceeds the amount to be recovered, the State Revenue Service shall refund it or reallocate it to cover the late tax payments within 10 working days from the day on which the sum exceeding the amount to be recovered was transferred into the revenue account of the State basic budget in the Treasury.

(8) If the taxpayer has not informed the State Revenue Service of the account with a credit institution or payment service provider where the remuneration for work, equivalent payments or other payments subject to the recovery restrictions are transferred, and funds against which recovery may not be directed in accordance with laws and regulations have been transferred to the revenue account of the State basic budget in the Treasury based on the order on the transfer of funds, the taxpayer is entitled to submit a submission for the refunding of such funds not later than within a month from the day on which the relevant monetary funds were transferred into the revenue account of the State basic budget in the Treasury by attaching documents supporting the relevant claim to the submission. In such case, the State Revenue Service shall, not later than 15 working days after receipt of the taxpayer’s submission, refund the taxpayer the funds transferred into the revenue account of the State basic budget in the Treasury, if it establishes that the recovery may not be directed against them in accordance with laws and regulations.

(9) The Cabinet shall determine the procedures by which the State Revenue Service shall notify the orders laid down in Paragraph two of this Section and receive notices of the enforcement of these orders by using the type of data exchange referred to in Paragraph six, Clause 1 of this Section.

(10) The order laid down in Paragraph two of this Section that has been notified using the type of data exchange specified in Paragraph six, Clause 1 of this Section shall be regarded as notified at the moment when it is posted on the State information system integrator managed by the State Regional Development Agency.

[*23 November 2016; 30 May 2019* / *Paragraph six, Clause 2, the second sentence of Paragraph nine, and the second sentence of Paragraph ten shall be repealed on 1 July 2019. See Paragraphs 185, 186, and 221 of Transitional Provisions*]

**Section 19. Liability of the Tax Administration**

[14 March 2013]

**Section 20. Administration of Specific Taxes**

Taxes shall be administered by the following authorities:

1) personal income tax – the State Revenue Service;

2) enterprise income tax – the State Revenue Service;

3) immovable property tax – the State Revenue Service and local governments in accordance with the law On Immovable Property Tax;

4) excise duty – the State Revenue Service;

5) value added tax – the State Revenue Service;

6) natural resources tax – the State Revenue Service, the Ministry for Environmental Protection and Regional Development and institutions subordinate thereto in accordance with the Natural Resources Tax Law;

7) lottery and gambling tax – the State Revenue Service;

8) customs duty and equivalent payments – the State Revenue Service;

9) mandatory State social insurance contributions – the State Revenue Service;

10) [8 June 2017];

11) electricity tax – the State Revenue Service;

12) micro-enterprise tax – the State Revenue Service;

13) vehicle operation tax – the State Revenue Service and the Road Traffic Safety Directorate in accordance with the Law on the Vehicle Operation Tax and Company Car Tax and the Cabinet regulations issued pursuant thereto;

14) company car tax – the State Revenue Service and the Road Traffic Safety Directorate in accordance with the Law on the Vehicle Operation Tax and Company Car Tax and the Cabinet regulations issued pursuant thereto;

15) subsidised electricity tax – the State Revenue Service and the Ministry of Economics;

16) solidarity tax – the State Revenue Service and the State Social Insurance Agency.

[*6 June 1996; 4 December 1997; 30 March 2006; 26 October 2006; 19 December 2006; 9 August 2010; 20 December 2010; 6 November 2013; 17 December 2014; 30 November 2015; 8 June 2017*]

**Section 21. Autonomy of the Tax Administration**

The tax administration shall perform the tasks laid down in this Law and in other laws and regulations independently. Any intervention in the tax and customs control matters mandated to the tax administration and any influencing of the tax administration to ensure an unlawful decision or privileged status or to gain other benefits is prohibited.

[*9 October 2002*]

**Section 22. Confidentiality**

(1) Unless otherwise provided for in Paragraph two of this Section, a civil servant (employee) of the tax administration is prohibited from disclosing any information regarding the taxpayer which the abovementioned civil servant (employee) becomes aware of while fulfilling their official service (work) duties without the taxpayer’s consent, except for:

1) information regarding the taxpayer’s tax debts that have arisen as a result of the tax review (audit) or data conformity audit or late payment of taxes by specifying the amount of the tax debt, the firm name or given name, surname, and registration number of the taxpayer;

2) information regarding a natural person who is a performer of economic activity, but is not registered in the Commercial Register, indicating the given name, surname, and registration number of the natural person;

3) in the cases specified in Section 18, Paragraph one, Clauses 8, 8.2, 12, 14, 22, 28, 29, 30, 34, and 35, Section 24, Paragraph two, and Section 25, Paragraph one of this Law;

4) [6 July 2021];

5) for the promotion of the safety of business environment, fair competition, and voluntary tax (fee) compliance – information regarding the official of the taxpayer included in the list of persons at risk, based on the criterion referred to in Section 1, Clause 31, Sub-clause “c” of this Law, indicating the given name, surname, and registration code of the natural person;

6) information on the tax risks of the counterparty of the taxpayer (legal person) if the taxpayer has indicated in the value added tax return such counterparty (legal person) in the activity whereof facts that indicate to tax evasion have been identified in accordance with the assessment by the State Revenue Service of the personal data in the field of risks of tax revenues and therefore there is basis for providing the referred to information. In such case the counterparty shall be also notified of the fact that information thereof has been disclosed to the respective taxpayer;

7) in the cases when a taxpayer has publicly spread false information regarding the tax administration or tax control measures taken by the tax administration or other means restricting the rights of the taxpayer – information at the disposal of the tax administration on the tax administration or tax control measures taken or the means restricting the rights applied in relation to the taxpayer insofar as they apply to the case regarding which the taxpayer has made information public. The abovementioned information shall be processed for the needs of journalism and only to the extent which is necessary to ensure objective information on the particular situation to the public.

(2) The civil servant (employee) of the tax administration may provide information regarding the taxpayer without the consent of the latter in the following cases:

1) for ensuring public revenues and for carrying out of supervisory functions – to the Ministry of Finance;

2) for controlling revenues and expenditures of the State budget and local government budgets as well as the application of the funds of the European Union and other international organisations or authorities, and handling of the property of the State or local government or a part thereof;

3) for the performance of tax administration functions – to other tax administration, the competent authorities of the European Union Member States and in accordance with the provisions of international agreements – to the competent authorities of foreign countries;

4) for the performance of the functions defined in laws and regulations – to pre-trial investigation authorities, as well as sworn bailiffs, courts, prosecutor’s office, and other law enforcement agencies;

5) for ensuring the performance of other public administration functions and tasks or ensuring the performance of the functions laid down in special laws on the regulation of public services, as well as for ensuring the performance of the functions of public authorities – information that is only available to the tax authorities or which the tax authority is obliged to create in accordance with its mandate;

6) [19 December 2006];

7) in the case laid down in Section 22.1, Paragraph one of this Law – to the credit bureau.

(21) The civil servant (employee) of the tax administration is prohibited from disclosing the assessment of the tax administration of the taxpayer’s personal data in terms of tax revenue risks to the taxpayer, if such disclosure may limit the performance of the functions of the tax administration laid down in the laws and regulations.

(3) The information referred to in Paragraph one of this Section regarding the tax debt of the taxpayer if this tax debt has been established as a result of the tax review (audit) or decision on the findings of the data conformity audit shall be disclosed after the decision has become not subject to contesting or has been appealed before the court and the validity thereof has not been suspended.

(4) [16 November 2017]

(5) Information in the case specified in Paragraph two, Clause 5 of this Section shall be obtained according to general principles of co-operation specified in public administration or, if the information is exchanged between subordinate authorities – in accordance with the domestic laws and regulations, indicating the amount of the information to be provided, the procedures for issuing, use and processing of the information to be provided according to the substantiation submitted by the applicant of the information.

(6) The provisions of this Section for the confidentiality of information shall be complied with by the officials referred to in Paragraph two of this Section and officials (employees) of the abovementioned institutions, and also public representatives who have been included in or invited to the working groups and advisory councils established in accordance with the procedures laid down in laws and regulations. A person has an obligation to observe the confidentiality of information specified in this Section also after discontinuation of activity in the abovementioned working groups and advisory councils, and also after termination of office (service, employment) relationship.

(7) The person who has disclosed the confidential information regarding the taxpayer shall be liable in accordance with the laws.

[*8 March 2001; 12 December 2002; 28 February 2003; 9 October 2003; 31 March 2004; 16 December 2004; 1 December 2005; 14 September 2006; 19 December 2006; 31 January 2008; 11 December 2008; 15 March 2012; 13 December 2012; 17 September 2015; 16 November 2017; 28 July 2017; 13 November 2019; 6 July 2021*]

**Section 22.1 Provision of Information Regarding Income of a Natural Person to a Credit Bureau**

(1) The State Revenue Service is permitted to provide the information at its disposal regarding income of a natural person to a credit bureau for transfer, without changing its content, to a user of credit information – capital company (its branch) which is entitled to perform crediting of persons in the Republic of Latvia or has received the special permit (licence) for the provision of consumer credit service – for the evaluation of creditworthiness of such natural person as a potential or existing client of the user of credit information or for the management of own credit risk. The information shall be provided according to a reasoned request submitted by the credit bureau and in the amount indicated therein which may not exceed the amount provided for in the Cabinet regulations issued in accordance with this Law.

(2) If it is established that the Data State Inspection has taken the decision to suspend or cancel the licence issued to the credit bureau, the State Revenue Service shall suspend or discontinue the provision of the information specified in Paragraph one of this Section from the following day after publishing the relevant decision on the website of the Data State Inspection until the day of renewing the licence.

(3) The credit bureau as the administrator has the following additional obligations:

1) to request and receive information upon request of the user of credit information – capital company (its branch) which is entitled to perform crediting of persons in the Republic of Latvia or has received the special permit (licence) for the provision of consumer credit service;

2) to make a request only in case if the user of credit information has any of the legal grounds for receipt of information laid down in Section 18 of the Law on Credit Bureaus;

3) to transfer the information received to the relevant user of credit information without changing its content;

4) to process personal data according to the intended purpose and in the amount necessary for it;

5) to register and store information regarding each:

a) request for information made to the credit bureau by the user of credit information;

b) request for information made by the credit bureau to the State Revenue Service;

c) case when information was received from the State Revenue Service;

d) case when the information received was transferred to the user of credit information;

6) [6 July 2021];

7) [6 July 2021].

[*17 September 2015; 6 July 2021*]

**Section 22.2 Provision of Information Regarding Suspicious Transactions, as well as Other Transactions to the State Revenue Service**

(1) A subject of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing (hereinafter – the subject) has, when establishing a suspicious transaction within the meaning of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, the obligation to immediately notify the State Revenue Service of a suspicious transaction of a person whose country of residence (registration) is the Republic of Latvia conforming at least to one of the indications of suspiciousness in the field of taxes laid down in Paragraph three of this Section. The subject shall submit a report to the State Revenue Service, using the Financial Intelligence Data Receipt and Analysis System of the Financial Intelligence Unit of Latvia.

(11) A sworn notary as the subject has an additional obligation to also submit a report to the State Revenue Service on each case when an heir has, upon submitting a list of inheritance along with the valuation of the property, indicated non-registrable movable property (including cash) the total valuation whereof exceeds EUR 15 000 in the composition of the entirety of inheritance property. The sworn notary shall submit a report to the State Revenue Service, using the Financial Intelligence Data Receipt and Analysis System of the Financial Intelligence Unit of Latvia.

(2) A report shall be provided to the State Revenue Service in order to detect and prevent offences as a result of which the amount of tax to be paid into the budget is reduced or the amount of tax to be refunded from the budget is increased and for which liability is provided for in this Law or specific tax laws, as well as criminal offences related to tax evasion and settlement of payments equivalent thereto, and fraud.

(3) The indications of suspiciousness in the field of taxes are as follows:

1) a private individual declares income, revenue, savings, properties, or changes in their value of suspicious origin;

2) an uncharacteristically large amount of transaction for the client;

3) the incoming transactions form many small sums, however, the outgoing transactions form large sums;

4) the purchase of immovable property for an obviously inadequate price;

5) the transaction has no obvious legal purpose (or relation to personal or entrepreneurial activity);

6) a forged document has been used in the transaction;

7) a suspicious transaction with electronic money;

8) money is withdrawn from the account immediately after its crediting;

9) a private individual invests in a commercial company, disburses, loans, or borrows EUR 10 000 or more from another private individual in one or several transactions in cash;

10) tax evasion;

11) obvious changes in the account balance (increased turnover, etc.);

12) the client holds an excessively large number of accounts;

13) the turnover of the account mostly consists of cash operations;

14) the account is far from the residence of the client;

15) the client is operating as a cover for a transaction of another person;

16) the transaction is not typical for the client;

17) the client performs complicated or unusual transactions (without a clear economic or legal purpose for the transactions themselves or for individual provisions thereof);

18) the origin of resources used for the transaction is unclear.

(4) Suspicious transactions shall be identified by applying the internal control system established in accordance with the procedures laid down in the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.

(5) The subject shall include information in the reports on suspicious transactions specified in Paragraph one of this Section in accordance with the requirements of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing which have been laid down in relation to the content of the report on a suspicious transaction.

(6) The Cabinet shall determine the procedures by which the reports specified in Paragraph one of this Section on suspicious transactions and the reports specified in Paragraph 1.1 of this Section on cases of inheritance of not registrable movable property (including cash) shall be provided to the State Revenue Service.

(7) The State Revenue Service shall store information regarding suspicious transactions and other information referred to in this Section for five years.

(8) The subject may not inform the person (client), the beneficial owner, as well as other persons, except for the supervisory and control authorities, of the fact that information regarding the person (client) or its transaction (transactions) has been provided in accordance with the procedures laid down in this Section.

(9) The State Revenue Service shall take the necessary administrative, technical, and organisational measures and ensure protection of the information received in accordance with the procedures laid down in this Section in order to prevent unauthorised access to such information, as well as to prevent its unauthorised amending, distribution, or destruction.

(10) The State Revenue Service, its officials and employees do not have the right to inform persons on whom a report has been provided and other persons of the fact that the report specified in Paragraphs one and 1.1 of this Section has been provided to the State Revenue Service.

(11) While fulfilling the requirements of this Section, the subject shall apply the legal protection mechanisms provided for the subjects of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, including release from liability.

[*30 November 2015; 23 November 2016; 30 May 2019; 20 February 2020; 16 June 2021 / Amendments shall come into force on 1 October 2021. See Paragraph 232 of Transitional Provisions*]

**Section 22.3 Provision of Information Regarding the Turnover of the Account of a Natural Person to the State Revenue Service**

(1) In order to promote voluntary tax compliance of taxpayers, the credit institution and payment service provider shall, until 1 February of each year, submit to the State Revenue Service information regarding clients – natural persons who are residents of the Republic of Latvia – the total debit or credit turnover of whose sight-deposit accounts and payment accounts (including closed sight-deposit accounts and payment accounts) in the previous year has been EUR 15 000 or more within the scope of a single credit institution or payment service provider.

(11) The credit institution and payment service provider shall exclude from the total turnover of the sight-deposit accounts and payment accounts of the client the sums of client transactions that have been made between customer accounts (including closed accounts) within the scope of a single credit institution or payment service provider. This condition shall not be applicable to sums of such customer transactions that have been made from the sight-deposit account or the payment account of the customer to the customer escrow account or from the customer escrow account to the customer sight-deposit account or payment account.

(12) The credit institution and payment service provider shall, when providing information in accordance with Paragraph one of this Section, indicate the following data:

1) given name, surname, and personal identity number of the customer;

2) total balance of sight-deposit accounts and payment accounts at end-of-day of the last day of the previous calendar year;

3) total debit turnover of sight-deposit accounts and payment accounts in the previous year;

4) total credit turnover of sight-deposit accounts and payment accounts in the previous year.

(13) Information regarding the balance of sight-deposit accounts and payment accounts and their turnover shall be provided in euros. If transactions in sight-deposit accounts and payment accounts have been made in a foreign currency, the amount of the executed transaction shall be recalculated from the respective foreign currency into euros in accordance with the euro reference rate published by the European Central Bank in effect at the beginning of the last day of the calendar year.

(2) The Cabinet shall determine the procedures by which the information referred to in Paragraph one of this Section shall be provided to the State Revenue Service.

(3) The State Revenue Service shall store information regarding a natural person received from a credit institution and a payment service provider in accordance with the procedures laid down in this Section for five years.

(4) The State Revenue Service shall take the necessary administrative, technical, and organisational measures and ensure protection of the information received in accordance with the procedures laid down in this Section in order to prevent unauthorised access to such information, as well as to prevent its unauthorised amending, distribution, or destruction.

[*28 July 2017; 8 February 2018; 6 July 2021*]

**Section 22.4 Data Protection in the Field of International Automatic Exchange of Information**

(1) The State Revenue Service shall be the controller of personal data processed in the course of international automatic exchange of information.

(2) Within the meaning of this Section, a data protection breach is a security breach resulting from deliberate unlawful acts, negligence, or by chance, and as a result of which information is destroyed, lost, changed, or any case related to inappropriate or unauthorised access to information, disclosure or use thereof, including with personal data transmitted, stored, or otherwise processed. The data protection breach may refer to confidentiality, availability, and integrity of data.

(3) If a data protection breach is established, the State Revenue Service shall:

1) immediately inform the European Commission of the established data protection breach and the activities taken for prevention thereof;

2) perform a control of the data protection breach, stop and prevent this breach;

3) if the data protection breach cannot be immediately stopped and prevented, inform the European Commission in writing of the need to suspend access to the system for international automatic exchange of information;

4) inform the European Commission that the data protection breach has been prevented.

(4) The State Revenue Service may suspend exchange of information with a Member State where the data protection breech has occurred by informing the European Commission and the Ministry of Finance of this fact in writing.

(5) A taxpayer shall be the controller of personal data in respect of which the taxpayer processes the data by preparing and submitting to the State Revenue Service information regarding the purposes of the international automatic exchange of information.

(6) The taxpayer referred to in Paragraph five of this Section shall inform each relevant natural person that information regarding him or her will be processed and sent to the State Revenue Service in order to fulfil the obligations related to the international automatic exchange of information, and also shall, in a timely manner before fulfilment of the reporting obligation, provide each relevant natural person with all information he or she has the right to receive from the data controller so that this person could exercise his or her rights to data protection.

[*22 December 2022*]

**Chapter VI**

**Tax (Fee) Assessment, Collection and Refunding**

**Section 23. Adjustment of the Amount of Tax Payment**

(1) After tax review (audit), the tax administration shall determine or adjust the amounts, taxable income (losses), assessments of taxes (fees) to be specified in captions of tax and informative returns in accordance with the laws and regulations governing taxes, impose a fine within three years of the payment time limit laid down in the laws and regulations. If a tax review (audit) has been performed in respect of a specific tax, tax return item, fee or another statutory payment for the relevant taxation period, its findings shall be final and may be reviewed only when criminal proceedings in respect of fraud, falsification of documents, tax evasion and similar non-payment or criminal offences which may affect the determination of the tax amount are commenced.

(11) When verifying the consistency of the transfer price with the market price (value), the tax administration shall, within the scope of a tax review (audit), assess or adjust the amounts to be indicated in the relevant captions of tax and informative returns, taxable income (losses), tax (fee) assessments in accordance with the provisions of the laws and regulations governing taxes, impose fines within five years of the payment term laid down in the laws and regulations, except for the case referred to in Section 16.1, Paragraph two of this Law.

(2) The tax administration shall assess additional taxes in accordance with the provisions of the specific tax laws if the provisions of laws, Cabinet regulations or binding regulations of local governments have been violated when determining the tax liabilities, as well as reduce the tax liability within three years of the statutory payment term.

(3) The tax administration shall take a decision on the findings of a tax review (audit) not later than within 90 days from the day of commencement of the tax review (audit), except in cases where the chief officer of the tax administration extends the time limit for taking the decision in accordance with the procedures laid down in Paragraph 3.1 of this Section.

(31) Tax chief officer of the tax administration is entitled to extend the time limit for taking a decision on the review (audit) for up to 30 days if additional information is required for conducting of the tax review (audit), and up to 60 days if information is required from foreign tax administration or other competent foreign authorities. The term of a tax review (audit) shall exclude the period:

1) from the date on which information is requested from foreign tax administrations or other competent foreign authorities up to the date of receipt of the respective response;

2) by which the taxpayer has missed the deadline for the submission of the information requested by the tax administration if the default is supported documentarily and the requested information relates to the taxes, fees and other statutory payments subject to a tax review (audit), and the abovementioned information is or should have been at the disposal of the taxpayer;

3) during which the performance of the tax review (audit) was not possible due to the absence of the taxpayer of its authorised person, as well as due to sickness if the fact of absence is confirmed documentarily;

4) [25 October 2018];

5) from the day on which the taxpayer has been notified of the offences established as a result of the tax review (audit) and justification thereof until the day of receipt of the taxpayer’s opinion without exceeding 30 days.

(32) Conducting of the tax review (audit) shall not be deemed any activities which the tax administration has carried out in the time periods referred to in Paragraph 3.1 of this Section for obtaining information within the institution, from other institutions, organisations, local governments, financial and credit institutions, other natural and legal persons, including taking of tax control measures of other natural and legal persons.

(4) Restrictions on the time limit for the tax review (audit) referred to in Paragraph three of this Section shall not be applicable to the cases where a joint intergovernmental control of taxes is conducted or the transfer price is verified in the tax review (audit).

(41) The tax administration shall, upon a request of the person directing criminal proceedings, on the basis of the documents submitted by the person directing the criminal proceedings and the information at the disposal of the tax administration, assess taxes and provide an opinion to the person directing the criminal proceedings on the amount of losses caused to the budget [unpaid taxes (fees) and statutory payments into the budget]. The opinion drawn up under this procedure shall not be an administrative act. The opinion shall not be subject to the procedures for contesting and appealing decisions laid down in this Law.

(5) The tax administration shall perform a thematic inspection, summarise the results thereof and inform the taxpayer within thirty working days from the day of commencement of the inspection.

(51) The data conformity audit shall be carried out within three years of the statutory payment deadline laid down in laws and regulations. Upon establishing irregularities in a tax or informative return between the information submitted by the taxpayer and the information at the disposal of the tax administration during the data conformity audit, the tax administration shall notify the taxpayer to this effect by sending a notification on the established irregularities and requesting the taxpayer to submit a revised tax or informative return or provide substantiated explanation of the identified irregularities to the tax administration within 30 days from the date of receipt of thereof. If the taxpayer has not eliminated the irregularities indicated in the notification during the specified time limit, the tax administration shall take the decision on the findings of the data conformity audit which comprises re-assessment of the payments due to or from the budget, determine the amount enforceable to the budget (difference between the tax liability reported by the taxpayer and adjusted as a result of the data conformity audit) and assess the late payment charge in the amount laid down in Section 29, Paragraph two of this Law for the time period from the due date of the payment of the respective tax until the date of the start of data conformity audit. The taxpayer shall pay the tax amount and late payment charge additionally assessed in the decision within 30 days from the date when the decision was received. If the taxpayer fails to make the payments specified in the decision within the specified time period, the tax administration shall assess the late payment charges specified in Section 29, Paragraph two of this Law starting from the day following the payment deadline specified in this Paragraph.

(52) If, after performing the customs control or taking the decision of the tax administration on an administrative offence case, or notification of the decision taken by another competent authority on an administrative offence, it is ascertained that the findings of the customs control or the administrative offence can affect the amount of tax or fee liabilities or other statutory payments, the tax administration shall, within one month, however, not later than within three years from the date on which the offence was committed, take:

1) the decision to adjust the tax amount and shall additionally assess taxes or reduce the tax liability, as well as assess the late payment charges in the amount referred to in Section 29, Paragraph two of this Law. A late payment charge shall be assessed for a period from the date on which taxes, fees or other statutory payments fall due or the offence was committed if the payment term cannot be determined by the date on which the decision to adjust tax liabilities is taken;

2) a decision by which the object taxable with taxes and subject to fees is adjusted and a fine is imposed in accordance with Paragraph 5.3 of this Section.

(53) If the tax administration finds that the taxpayer uses a cash register, hybrid cash register, cash-office system, dedicated device or equipment with altered design or programme, but the time period for which the object taxable with taxes and subject to fees has been hidden or reduced and the amount of such object cannot be determined, the tax administration shall determine the reduced object taxable with taxes and subject to fees on the basis of assessments, considering information at its disposal and shall recover a fine in the amount of 100 per cent. When comparing the sum total of transactions registered in the cash register, hybrid cash register, cash-office system, dedicated device or equipment of the taxpayer over a specific time period with that established in inspection, the tax administration shall assess the proportion of the transactions not registered. The reduced object taxable with taxes and subject to fees shall be determined by attributing the non-registered proportion of transactions to the sum total of transactions registered in the cash register, hybrid cash register, cash-office system, dedicated device or equipment of the taxpayer for the last 12 months or a shorter period of time, if the taxpayer has commenced or is conducting activity for an incomplete period of 12 months, taking into account the periodicity of operation of the taxpayer and registration of the relevant equipment with the unified database (register) of the State Revenue Service.

(54) The taxpayer shall pay the assessed payments indicated in the decision into the budget within 30 days from the day when the decision to adjust the tax liability or the object taxable with taxes and subject to fees was notified. If within the aforementioned time period the taxpayer fails to make the payments specified in the decision, the tax administration shall assess the late payment charges specified in Section 29, Paragraph two of this Law starting from the day following the payment deadline specified in this Paragraph.

(6) When carrying out tax review (audit), the tax administration has the right to determine tax liabilities on the bases of assessment in accordance with the increase in the value of the property or capital gains under the ownership of the taxpayer, or the information at the disposal of the tax administration, if at least one of the following features is found:

1) such increase in value of the existing property or capital gains of the taxpayer are identified which do not match the income reported in the taxpayer’s return or for which returns have not been submitted to the tax administration;

2) the taxpayer has made the transaction with a view to evade taxes or fees, or some of the counterparties to the transaction cannot be identified;

3) the person performs or has performed taxable activities or generated income from property, however, has not registered as a taxpayer;

4) the taxpayer has not submitted the tax returns provided for in the laws and regulations;

5) the information provided in the reports or accounting records of the taxpayer does not match the information at the disposal of the tax administration, findings of audits or the value of the property currently or formerly held by the taxpayer;

6) the information at the disposal of the tax administration indicates that the taxpayer has made transactions that are not reflected in its accounting records;

7) the movement of the funds in the taxpayer’s accounts with credit institutions does not support the indicators of its economic activity or indicates to making such transactions that are not reflected in the accounting records of the taxpayer;

8) the taxpayer has not kept accounting records;

9) the officials of the tax administration do not have access to the accounting records of the taxpayer during the audit, the accounting records of the taxpayer cannot be examined or the corroborating documents of transactions are not available;

10) the taxpayer has or has had at its disposal raw materials, goods, securities, funds and other property the amount and type of which indicates possible engagement in performing economic activities in such amounts and manner that does not conform to the information reported to the tax administration;

11) the indicators of economic activity of the taxpayer significantly differ from the statistical averages for the relevant type of economic activity or there are other circumstances (including the findings of a tax review (audit) or observation) which support that the indicators of economic activity indicated in the taxpayer’s returns or accounting records do not conform to the actual indicators in the taxation period under review;

12) the income reported by the taxpayer or the taxpayer’s income indicated in the returns at the disposal of the tax administration does not conform to the funds, property and other types of valuables or expenditure currently or formerly held by the taxpayer and the taxpayer is unable to explain this difference;

13) the taxpayer has failed to submit the documents provided for in Section 15.2of this Law within the specified time period or has seriously violated (Section 15.2, Paragraph fourteen of this Law) the requirements for drawing up the transfer pricing documentation laid down in laws and regulations.

(7) When determining the tax liability on the basis of an assessment, the tax administration shall use:

1) direct assessment methods, i.e. shall rely on the data indicated in the taxpayer’s accounting records and supporting documents;

2) indirect assessment methods, i.e. shall assess the taxable object (income, value of transactions and similar) on the basis of the information at its disposal.

(8) When assessing the tax liability, the tax administration shall use the information at its disposal regarding unreported income, the activities of the taxpayer, transactions made in the taxation period under review and transactions which, in determining the tax liabilities have not been considered or have been underreported, as well as information regarding the existing accounts and deposits with credit institutions, securities accounts and capital shares in capital companies held by the taxpayer, and the indicators characterising economic activity for companies of the relevant type of economic activity. This information shall be obtained free of charge from:

1) investigation, prosecutor’s office and court institutions;

2) foreign tax administrations or other competent foreign authorities if it is provided for in the relevant agreements;

3) other natural and legal persons (including after the audits thereof);

4) the Central Statistical Bureau of Latvia – on performance indicators of economic activity of commercial companies, co-operative societies and other private entities governed by private law engaged in performing the particular economic activity;

5) the registry institutions of the Republic of Latvia and other holders of the State information systems (including the registers of the Enterprise Register of the Republic of Latvia, the Road Traffic Safety Directorate, the State Land Service and other public registers).

(9) If an increase in the value of the property or capital gains under the ownership of the taxpayer is found, the tax administration shall assess the tax liability on the basis of the difference between the actually assessed increase in the value of the taxpayer’s existing property or capital gains and the income reported in the taxpayer’s returns.

(10) The tax administration has the right to assess the amount of the tax liability on the basis of observation carried out in the relevant taxation period and the indicators of economic activity of the taxpayer determined as a result thereof, taking into account the nature and regularity of the taxpayer’s activities.

(11) If during the taxation year the non-conformity between the indicators of economic activity of the taxpayer indicated in its returns and actual indicators is identified repeatedly as a result of observation, the findings resulting from the observation shall be extrapolated to all tax liabilities for the whole taxation year taking into account the nature and regularity of the taxpayer’s activities.

(12) The tax liabilities assessed in accordance with the provisions of this Section shall be collected on an uncontested basis not earlier than 30 days after the date on which the taxpayer has received the decision taken based on the findings of the tax review (audit) unless the taxpayer proves that the imposition of the taxes is unfounded.

(13) [11 December 2008]

(14) The tax administration shall assess the amount of tax liabilities based on the economic nature and substance of the individual transaction or a set of transactions made by the taxpayer, rather than only on the basis of their legal form.

[*28 February 2003; 26 October 2006; 19 December 2006; 11 December 2008; 21 May 2009; 21 June 2012; 13 December 2012; 30 November 2015; 16 November 2017; 25 October 2018*]

**Section 23.1Payment of Taxes and Fees into the Budget**

(1) A taxpayer shall pay the following taxes, fees administered by the State Revenue Service, other payments stipulated by the State and payments related thereto (late payment charges and fines) into the single tax account:

1) the personal income tax;

2) the enterprise income tax;

3) the value added tax;

4) the excise duty;

5) the customs charges referred to in Section 1, Clause 4 of the Customs Law;

6) the natural resources tax;

7) the lotteries and gambling tax;

8) the mandatory State social insurance contributions;

9) the electricity tax;

10) the micro-enterprise tax;

11) the subsidised electricity tax;

12) the State entrepreneurial risk fee;

121) the financial stability fee;

13) the State fee for the rights of use of the numbering;

14) the licence fee;

15) the payments for the use of the State capital;

16) the payments according to the requests submitted by the tax administrations of the European Union Member States and other states for recovery of tax debts.

(2) The payment referred to in Paragraphs one, six, and seven of this Section shall be recognised as received into the State budget in accordance with the laws and regulations determining the procedures by which payments into the State budget shall be made and shall be recognised as received, and the requirements for the use of online payment services in settling accounts with the State budget.

(3) [23 November 2017]

(4) A person that has provided a service or has given a guarantee for which a State fee must be paid shall transfer the cash State fees collected in the previous month, without crediting them to its current account, into the State budget or local government budget by 15th day of the following month unless a shorter term is provided for in laws and regulations.

(5) The tax payment specified in Section 8, Clause 3 of this Law, the payment of the State fee to be paid into the local government budget, and the payment of a local government fee shall be paid into the local government budget in the budget accounts indicated by the tax administration or the local government fee administration and shall be recognised as received into the local government budget on the day when the local government budget has received the tax or fee payment under its jurisdiction.

(6) The tax payment specified in Section 8, Clauses 13 and 14 of this Law shall be paid into the State budget in the budget accounts indicated by the tax administration.

(7) The payment of a State fee (except for the State entrepreneurial risk fee, the financial stability fee, and the State fee for the rights of use of the numbering) shall be paid into the State budget in the budget accounts indicated by the relevant State fee administration.

(8) The payments received in the single tax account (except for the cases stipulated by the Cabinet) are directed towards covering of the payment obligations referred to in Paragraph one of this Section on the day of the statutory payment term according to the deadline for submitting a tax return or according to the payment term if the State budget payment has been specified by a document other than a tax return.

(9) The Cabinet shall determine the exceptional cases for the procedures laid down in Paragraph eight of this Section by which the payments received in the single tax account are directed towards covering of the payment obligations referred to in Paragraph one of this Section.

(10) The Cabinet shall determine the procedures by which the State Revenue Service shall administer the payments transferred into the single tax account by the taxpayer, the procedures by which they shall be directed towards covering of the particular tax, fee, other payments stipulated by the State, and the payment obligations related thereto, and the procedures for making payments into the single tax account.

(11) The Cabinet shall determine the procedures by which the current tax liabilities and late tax liabilities which are not to be paid into the single tax account are transferred into the budget in accordance with tax laws.

[*25 November 1999; 26 October 2006; 31 January 2008; 16 November 2017; 23 November 2017; 29 September 2022*]

**Section 23.2 Principles for Determining the Price of Goods, Works and Services for the Purpose of Tax Assessment**

(1) Unless otherwise provided for in the specific tax laws and in this Section, the price (value) of the goods, works or services for the purpose of tax assessment shall be the price applied to the property (activity) in the transaction.

(2) Unless it is in contradiction with the provisions of a specific tax law, the tax administration has, when carrying out a tax review (audit), the right to verify the accuracy of the determination of prices (values) for transactions and to adjust the prices (values) for the transactions in the following cases:

1) in transactions made between related persons;

2) in exchange (barter), clearing transactions;

3) if the price difference exceeds 20 per cent of the prices which the taxpayer has applied to identical (similar) goods within a short period of time;

4) in export and import transactions.

(3) In the cases referred to in Paragraph two of this Section, in conformity with the provisions of this Section, the value of a transaction shall be determined based on the arm’s length principle having regard to normal discounts or mark-ups applied in transactions between unrelated persons, including changes to prices associated with:

1) changes in demand due to seasonal or other circumstances;

2) impairment of quality or other consumer aspects of the goods (services, works);

3) the end of the goods expiration date;

4) the marketing policy of the goods in relation to the promotion of new goods (goods for which there is no counterpart in the market) or the promotion of the goods in a new market;

5) sale of samples of goods and experimental models with a view to attracting consumers.

(4) If the transfer price (value) indicated by the taxpayer does not conform to the arm’s length principle, the tax administration shall, when carrying out a tax review (audit), apply the arm’s length price (value) of the transaction in the relevant term which shall be determined by taking into account any of the following factors:

1) the price or value applied by the taxpayer in comparable transactions upon establishing business relationships with other persons;

2) the price or value applied to the taxpayer by unrelated persons in similar transactions;

3) the assessed cost of the transaction (cost calculation), adding the average profitability indicator of the relevant sector from the information base established by the Central Statistical Bureau. but where such information is not available – the relevant industry average profitability indicators from the information base established by the tax administration;

4) the average price of a comparable property or value of a comparable transaction determined by the Central Statistical Bureau of Latvia;

5) evaluation of the transaction by the invited independent experts.

(5) In assessing tax liabilities, the market price (value) shall be considered to be the value which is formed in the demand and supply interaction of identical (analogous) goods or where there is none, in the market of similar goods in comparable economic circumstances.

(6) The goods will be considered identical (analogous) to those being analysed if they are:

1) analogous in all aspects, including their physical parameters, quality and market reputation,

2) have been manufactured in the same country, disregarding minor differences (including the packaging of the goods or their external appearance).

(7) The goods will be considered similar to those being analysed if they are:

1) similar by their structure and features;

2) capable of performing the same tasks and are mutually interchangeable in trading.

(8) In determining whether the goods are similar, their quality, trademark, market reputation, the country of origin of the goods and similar factors shall be considered. Goods manufactured by other persons shall be considered only if there are no similar goods manufactured by the same person who manufactured the goods to be analysed.

(9) In determining the arm’s length price (value) of goods (services, work), the following shall be taken into account:

1) the prices applied in transactions between persons not considered to be related persons. Prices applied in transactions between related parties may be used for the purpose of determining the arm’s length price if the economic results of the transaction are not affected;

2) information regarding the transactions, involving identical (analogous) or similar goods in comparable circumstances, concluded at the time of selling the goods (services, works) (having regard the delivery volume (quantities) of the goods, the time limits for the fulfilment of obligations and payment terms);

3) other circumstances which might impact the economic results of the transaction.

[*28 February 2003*]

**Section 24. Extension of the Payment Term and Capitalisation of Tax Debts**

(1) Based on a reasoned written submission of a taxpayer, the tax administration which administers the specific taxes in accordance with Section 20 of this Law has the right:

1) to divide the time limit for the payment of taxes in instalments for a period of up to one year counting from the day when the submission is submitted. The taxpayer shall submit a reasoned submission to the tax administration not later than 15 days after its maturity. The tax administration and the taxpayer shall agree on the debt payment schedule in writing;

2) [13 October 2011];

3) to divide the term for the payment of taxes, late payment charges, and fines calculated as a result of control (inspection, audit) conducted by the tax administration in instalments for a period of up to five years, as well as to divide the term for the payment of taxes and late payment charges calculated as a result of a data conformity audit conducted by the tax administration for a period of up to five years. The taxpayer shall submit a reasoned submission to the tax administration three days before the statutory payment term. Legal persons which draw up an annual statement shall attach the balance sheet and profit or loss account as of the first day of the month in which the submission was submitted and shall prepare it in compliance with the provisions of the relevant laws and regulations governing the preparation of annual statements. Where the amount to be deferred or divided by the type of tax exceeds EUR 14 300, the tax administration has the right to require collateral in respect of this tax, in the form of a property owned by the taxpayer or a guarantee issued by a credit institution;

4) to divide into time periods or to defer the payment of late tax liabilities for a period of up to one year if non-payment was caused as a result of force majeure circumstances;

5) [13 October 2011];

6) to divide in instalments or to defer for a period of up to five years the payment of personal income tax on income generated as a result of the reduction or cancelling of the loan (credit) obligations. The taxpayer shall submit a reasoned submission to the tax administration along with their annual income return;

7) to divide into time periods, for a time period of up to one year, the payment of the tax claim of a European Union Member State (recoverable under the Commission Implementing Regulation (EU) No 1189/2011 of 18 November 2011 laying down detailed rules in relation to certain provisions of Council Directive 2010/24/EU concerning mutual assistance for the recovery of claims relating to taxes, fees and other measures (hereinafter – Implementation Regulation (EU) No 1189/2011), the uniform instrument permitting enforcement in the requested member state under Annex II (hereinafter – the uniform instrument permitting enforcement in the requested member state)), counting from the date on which the State Revenue Service has received the request for the assistance with the enforcement of the requested European Union Member State;

8) to divide into time periods for a period of up to one year the recovery of tax liabilities, enforceable on the basis of the decision of the State Revenue Service on the payment of the enforceable foreign tax claim. In this case the term shall be counted from the date on which the State Revenue Service has taken the decision to enforce the late tax liabilities;

9) [9 August 2016 / See Paragraph 162 of Transitional Provisions];

10) to divide in instalments or to defer for a period of up to five years the payment of late tax liabilities if the Cabinet has supported the opinion prepared by the Ministry of Agriculture on the necessity to support the particular taxpayer in the fisheries sector for overcoming the financial difficulties in relation to the restrictions laid down by the Russian Federation;

11) to divide in instalments for a period of up to one year, counting from the day of submitting the updated declaration, the payment of such late tax liabilities which are accrued as a result of updating the return for those taxpayers who make adjustments to their tax returns or submit an application with a request to correct the customs declaration prior to receiving a statement from the tax administration regarding start of a tax revision (audit). The taxpayer shall submit a reasoned submission to the tax administration together with the updated declaration or together with the application wherein it is requested to correct the customs declaration.

(11) Upon examining the submission referred to in Paragraph one, Clauses 1, 3, and 11 of this Section, as well as Paragraph 1.4 and 1.7 of this Section, the tax administration shall assess the actual financial standing of the taxpayer and consider the following factors:

1) whether the taxpayer complies with the statutory payment terms set for current tax liabilities laid down in the laws and regulations governing the particular tax;

2) whether the taxpayer has been previously granted, on the basis of the decision of the tax administration, extensions of the terms for the payment of tax liabilities and whether the taxpayer has complied with the procedures for the payment of tax liabilities laid down therein;

3) whether the taxpayer complies with the statutory payment terms for the submission of tax and informative returns laid down in the laws and regulations governing tax matters;

4) whether the taxpayer co-operates with the tax administration;

5) whether the most recent tax review (audit) has established any offences by the taxpayer.

(12) If the taxpayer does not respect the terms for the payment laid down in the decision to extend the term for the payment or does not make the current tax payments in full amount within the term laid down in tax laws, or does not settle the late tax liabilities during the specified terms regarding which the decision on the voluntary settlement of late tax liabilities was taken, the tax administration has the right to revoke the decision to extend the term for the payment. If the tax administration has revoked the decision to extend the term for the payment, the late payment charges shall be calculated for the portion of the outstanding principal debt for the entire period of default according to general principles, and the late tax liabilities shall be recovered on an uncontested basis.

(13) In respect of the tax liabilities payable into the State budget or local government budgets the payment term whereof has been extended in accordance with Paragraph one, Clause 1 of this Section and at least 80 per cent whereof had been paid during the previous extension period, the taxpayer may request the tax administration to divide the term for these payments in instalments repeatedly for a time period of up to six months, provided that:

1) the taxpayer provides evidence that another division of late tax liabilities in instalments for a time period of up to six months will stabilise its financial standing and the late tax liabilities will be paid within the time limits set for the payment of the tax liabilities divided repeatedly in instalments for a time period of up to six months;

2) the fulfilment of obligations in respect of the payment of the late tax liabilities may lead to the insolvency of the taxpayer;

3) up to the date of submitting the submission, the taxpayer, except for a person engaged in consumer lending activities, has not issued any outstanding loans to private individuals, including to the shareholders and management of its company;

4) the tax debt is related to one of the following circumstances:

a) the net book value of the taxpayer’s trade receivables is equal to or exceeds the amount of the late tax liabilities for which a submission has been submitted,

b) the net book value of the taxpayer’s inventories is equal to or exceeds the amount of the late tax liabilities in respect of which a submission has been submitted, and the respective inventories have formed due to the decline in the sales of the taxpayer,

c) the taxpayer has not received the consideration for the performance of public and local government orders, in whole or in part, within the due term,

d) for the authorities funded from the budget, as well as State and local government companies which provide services funded by the State budget the amount of the granted financing or the reduction of the services funded from the budget in the reporting year in which a tax debt arose exceeds 30 per cent compared to the previous reporting year.

(14) The taxpayer shall submit a reasoned submission requesting the division of the payment of late tax liabilities in instalments for a time period of up to six months, as well as other documents supporting the conformity of the taxpayer with the provisions laid down in Paragraph 1.3 of this Section to the tax administration before the statutory term for the payment of the late tax liabilities. Legal persons who draw up an annual statement shall attach the balance sheet and profit or loss account as of the first day of the month in which the submission was submitted and shall prepare it in compliance with the provisions of the relevant laws and regulations governing the preparation of annual statements.

(15) [9 August 2016 / See Paragraph 162 of Transitional Provisions]

(16) The taxpayer which conforms to Paragraph one, Clause 10 of this Section shall submit a reasoned submission requesting the division of the payment of late tax liabilities in instalments or deferral for a period of up to five years to the tax administration not later than one month after maturity of the payment term. The tax administration shall agree with the taxpayer in writing regarding debt payment schedule and, upon examining the abovementioned submission, shall conform to Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (Text with EEA relevance) (Official Journal of the European Union, 24.12.2013, L352/1) or Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (Official Journal of the European Union, 28.06.2014, L190/45), as well as take into account the following factors:

1) whether the taxpayer complies with the terms for the payment of tax liabilities laid down in the laws and regulations governing taxes;

2) whether the most recent tax review (audit) has established any offences by the taxpayer.

(17) Should the consequences of force majeure circumstances have a long-term adverse impact on the taxpayer’s economic activity and these affect or may affect the fulfilment of the decision taken by the State Revenue Service to extend the terms for the payment, the taxpayer may request the State Revenue Service to grant repeatedly an extension of the term for the payment of the late tax liabilities administered by the State Revenue Service whose payment term has been extended in accordance with Paragraph one of this Section or in accordance with the laws and regulations which provide for special support measures for taxpayers to overcome a crisis situation. The taxpayer shall submit to the State Revenue Service a reasoned submission and other documents which certify its conformity with the criteria referred to in Clause 1, 2, and 3 of this Paragraph before the end of the initial payment term for the late tax liabilities. Legal persons who draw up an annual statement shall attach the balance sheet and profit or loss account as of the first day of the month in which the submission was submitted and shall prepare it in compliance with the provisions of the relevant laws and regulations governing the preparation of annual statements. The State Revenue Service may divide the late tax liabilities into instalments for the time period of up to five years starting from the day the submission is submitted if the taxpayer meets the following conditions:

1) the taxpayer provides evidence that repeated division of late tax liabilities into instalments in accordance with the provisions of this Paragraph will stabilise its financial standing and that the taxpayer will observe the time limits set in the decision to extend the terms for the payment;

2) the fulfilment of obligations in respect of the payment of the late tax liabilities may lead to the insolvency of the taxpayer;

3) the taxpayer’s financial standing shows that another extension of the term for the payment of taxes is required.

(2) In respect of the taxes which are payable into local government budgets in full, the decision to extend the term for the payment shall be taken by the relevant local government.

(3) [25 November 1999]

(4) [25 November 1999]

(5) [9 October 2002]

(6) Late tax liabilities (except for the late tax liabilities specified in Section 23.1, Paragraph one of this Law) shall be paid by paying the principal debt and late payment charges proportionately.

(7) In the cases related to the extension (deferral, division in instalments) of the time limit referred to in Paragraph one, Clauses 1, 3, 7, 8, and 11 of this Section (except when the request for assistance for recovery is based on the international convention concluded on the avoidance of double taxation and the prevention of tax evasion which has been ratified by the *Saeima*) as well as in Paragraph 1.3 and 1.7, late payment charges shall be calculated as one fourth of the late payment charge specified in Section 29, Paragraph two of this Law for each day throughout the period of default, except for the cases provided for in Section 29 of this Law. If, upon expiry of the extension term, the taxpayer has not paid the late tax liabilities in full or has not extended the payment term in accordance with the procedures laid down in this Section, the late payment charge for the portion of the outstanding debt shall be assessed according to the general principles throughout the period of default and the debt shall be enforced on an uncontested basis.

(8) Extension (deferral, division in instalments) of the term for the payment of late tax liabilities shall not release the taxpayer from the obligation to make full payments of current taxes within the statutory payment terms laid down in tax laws.

(9) The reliefs provided for in Paragraphs 1.3 and 1.7 of this Section may not be applied to the taxpayers who fail to make current tax payments in full amount within the time limits laid down in tax laws.

(91) The tax administration is entitled to grant the extension of the term for the payment of a particular type of tax and other payments due into the budget provided for in Paragraph one, Clauses 1 and 11 of this Section to the same taxpayer not more than four times per calendar year.

(10) The authority seizing the public property shall, in accordance with procedures stipulated by the Cabinet, capitalise the principal tax debts due into the State budget, concurrently cancelling the late payment charges and a fine of:

1) the companies to be privatised or parts thereof;

2) the privatised companies for which the tax debt due into the State budget had arisen prior to privatisation and has not yet been paid due to circumstances beyond the control of the payer.

(11) Proceeds from capitalisation of tax debts which are payable into the State budget shall be paid into the basic budget and special budgets in accordance with the provisions of the laws on specific taxes regarding the payment of current taxes into the State basic budget or special budget.

(12) The authority seizing the public property may capitalise the principal debt of property tax and personal income tax of privatised companies for which property tax and personal income tax arrears had arisen prior to privatisation and until the present time have not been paid due to the circumstances beyond the control of the payer in accordance with the procedures stipulated by the Cabinet.

(13) Proceeds from disposal of the capital shares (stocks) acquired as a result of the capitalisation of the principal debts of property tax and personal income tax payments shall be credited to the account earmarked for this purpose in the State basic budget. The abovementioned resources shall be allocated between local governments and the State budget in accordance with the procedures stipulated by the Cabinet.

(14) Local governments, in accordance with the procedures stipulated by the Cabinet, may capitalise the principal debt of land tax of privatised companies for which the land tax debt had arisen prior to privatisation and has not yet been paid due to the circumstances beyond the control of the payer.

(15) Proceeds from disposal of capital shares (stocks) acquired as a result of the capitalisation of the principal debt of immovable property tax payments shall be credited to the budget of the relevant local government.

(16) [9 October 2002]

(17) [9 October 2002]

[*6 June 1996; 18 June 1998; 25 November 1999; 10 May 2001; 20 December 2001; 9 October 2002; 9 October 2003; 31 March 2004; 26 October 2006; 8 November 2007; 31 January 2008; 8 May 2008; 11 December 2008; 1 December 2009; 13 October 2011; 15 March 2012; 19 September 2013; 18 September 2014; 23 October 2014; 11 June 2015; 23 November 2016; 16 November 2017; 16 June 2022*]

**Section 24.1 Procedures by Which the Tax Administration provides Consent in Writing to the Taxpayer for the Implementation of the Plan of Measures of the Legal Protection Proceedings or Making Amendments Thereto in Legal Protection Proceedings**

(1) Where a written consent of the tax administration is required for the taxpayer to implement the plan of measures of the legal protection proceedings, the tax administration shall take the decision to reduce the amount of the tax claim or a part thereof or division of the deadline for the payment of the tax claim in instalments, to extend the payment time limit or to temporarily defer it, and also to divide the time limit for the payment of current tax payments in instalments, extend the time limit or temporarily defer it.

(2) The tax administration shall take the decision in the case referred to in Paragraph one of this Section within 21 days after receipt of the taxpayer’s submission. The taxpayer shall submit the relevant submission to the tax administration in accordance with the procedures laid down in Section 24.2 of this Law.

(3) When deciding on the issuance of a written consent in the case referred to in Paragraph one of this Section, the tax administration shall consider the cause of the tax debt and the amount thereof, and shall also assess the effectiveness and proportionality of the reduction of the amount of the tax claim or part thereof, or division of the time limit for the payment of the tax claim or current tax liabilities in instalments, extension or temporary deferral of the payment term, the legitimate interests as well as the interests of society as a whole.

(4) [17 December 2014]

[*11 June 2009; 1 December 2009; 19 September 2013; 17 December 2014*]

**Section 24.2 Information to be Supplied by the Taxpayer for Obtaining the Consent of the Tax Administration in Writing for the Implementation of the Plan of Measures of the Legal Protection Proceedings or Making Amendments Thereto**

(1) Where a written consent of the tax administration is required for the taxpayer to implement the plan of measures of the legal protection proceedings the taxpayer shall submit to the tax administration, within 10 days from the date on which the legal protection proceeding case is commenced at the court, a submission specifying the following information:

1) name, registration number and registered office of the economic operator;

2) circumstances due to which the commercial company is unable to fulfil its obligations;

3) total assets of the commercial company.

(2) The taxpayer shall enclose to the submission:

1) the plan of measures of the legal protection proceedings drawn up in accordance with the Insolvency Law;

2) a balance sheet and profit or loss account with notes regarding each item presenting information for a period from the beginning of the year drawn up not later than one month before submitting the application for legal protection proceedings to the court.

(3) If the plan of measures of the legal protection proceedings has been revised or reworded in the period after notification of the decision of the tax administration up to the time it was approved by the court, the tax administration shall examine it in accordance with the procedures laid down in Section 24.1 of this Law.

[*11 June 2009; 13 December 2012*]

**Section 25. Extinguishment of Tax Debts**

(1) Tax debts to be included in the State budget, as well as late payment charges and fines shall be extinguished by the State Revenue Service in the following cases:

1) [13 December 2012];

2) [11 December 2008];

3) for a natural person – taxpayer – in the event of their death if the tax debts, fines and late payment charges related thereto cannot be recovered from their heirs;

4) for a taxpayer in respect of the late tax liabilities to be recovered on an uncontested basis – if the decision to recover the late tax liabilities has become invalid in accordance with Section 26, Paragraph nine, Clause 4 of this Law;

5) for a taxpayer – in the case provided for in Section 26, Paragraph 6.1 of this Law, if within three years of the statutory payment time limit the decision to recover the late tax liabilities has not been taken;

6) for an individual (family) undertaking, also a farm or fishery undertaking, in the event of the death of a founder-owner the tax debts, fines and late payment charges related thereto cannot be recovered from the heirs;

7) for a taxpayer – if the taxpayer has been removed from the registers of the Enterprise Register in the cases provided for in laws and regulations and if it is provided by the Commercial Law, the creditor claim rights shall be subject to limitation.

(2) The capitalised principal amounts of taxes, fines and late payment charges related thereto, except for immovable property tax debts, shall be extinguished, on the basis of a recommendation by the authority carrying out the capitalisation, by the Ministry of Finance in accordance with the procedures stipulated by the Cabinet.

(3) Immovable property tax debts due into local government budgets, as well as late payment charges and fines related thereto in cases set out in Paragraph one of this Section shall be extinguished by the relevant local governments. Local governments shall extinguish the capitalised principal debt of immovable property tax, associated fines and late payment charges in accordance with the procedures stipulated by the Cabinet.

(4) Once a quarter, the State Revenue Service or the relevant local governments shall post on their websites information on the extinguished tax debts unless otherwise provided for in laws and regulations.

(5) [11 June 2009]

[*20 October 1998; 13 April 2000; 8 March 2001; 12 December 2002; 28 February 2003; 26 October 2006; 31 January 2008; 8 May 2008; 11 December 2008; 12 June 2009; 11 June 2009; 13 October 2011; 13 December 2012; 24 March 2022*]

**Section 25.1 Extinguishment of Tax Overpayments**

If a taxpayer has been liquidated and removed from the taxpayers’ register or has not claimed a refund of its overpaid tax or requested a set-off thereof against its current or outstanding taxes within three years of the statutory time limit laid down in the particular tax law, or if the State Revenue Service has taken the decision not to refund the overpaid taxes and this decision has become not subject to contesting or a relevant court ruling has become effective, the overpaid taxed shall be extinguished as follows:

1) overpayments of the taxes fully or partly payable into the State budget – by the State Revenue Service;

2) the overpayment of immovable property tax payable into the budgets of local government – by the relevant local governments.

[*19 December 2006; 12 June 2009; 13 October 2011*]

**Section 25.2 Extinguishment of the Amounts of Tax Claims in the Event of Insolvency of the Taxpayer in Instances Where the Solvency of the Taxpayer is Reinstated**

(1) In situations where the solvency of the taxpayer is reinstated, the tax debts payable into the State budget and associated late payment charges and fines shall be extinguished by the State Revenue Service in the following cases:

1) [13 December 2012];

2) under the legal protection proceedings if the plan of the measures of the legal protection proceedings as approved by the court decision or amendments thereto provides for a reduction of the of the tax debt, late payment charges or fines and the court decision to terminate the protection proceedings in connection with the accomplishment of the plan of the measures of the legal protection proceedings;

3) under the out-of-court legal protection proceedings if the plan of measures of the legal protection proceedings as approved by the court or amendments thereto provides for a reduction of the late payment charges and a fine and the court decision to terminate the out-of-court legal protection proceedings in connection with the accomplishment of the plan of the measures of the legal protection proceedings.

(2) Immovable property tax debts due into local government budgets, as well as late payment charges and fines related thereto in the cases set out in Paragraph one of this Section shall be extinguished by the relevant local governments.

[*11 June 2009; 1 December 2009; 13 October 2011; 13 December 2012* / *See Paragraph 146 of Transitional Provisions*]

**Section 25.3 Extinguishment of Late Payment Charges upon the Occurrence of the Legal Basis for the Compensation of Losses**

(1) The State Revenue Service shall, on the basis of the decision of general prosecutor or the decision of a specially authorised prosecutor for the compensation of losses, extinguish the late payment charges imposed on the taxpayer assessed for the period when the person was not provided with a possibility to act with financial resources.

(2) The late payment charges payable into the local government budgets shall be extinguished in the amount and in accordance with the procedures laid down in Paragraph one of this Section.

[*13 December 2012*]

**Section 26. Recovery of Late Tax Liabilities**

(1) The tax liabilities due in accordance with tax returns, assessments of advance payments, and also other documents on payments into the budget or taxes (including a fine) assessed as a result of the control procedures (reviews and audits) carried out by the tax administration which have not been paid within the time limits specified in the laws and regulations, and the associated late payment charges (hereinafter – the late tax liabilities), as well as the costs of the recovery of late tax liabilities on an uncontested basis shall be recovered by the tax administration on uncontested basis according to the decision on the recovery of late tax liabilities.

(11) If the submitter of the guarantee laid down in tax laws and regulations has failed to pay the tax debt within the time limit and in accordance with the procedures laid down in laws and regulations, the guarantor shall, within one month after receipt of a written request from the State Revenue Service, pay the tax in the amount of the principal debt which does not include the late payment charges and fine and does not exceed the amount of the guarantee in order to cover the tax debt of such person whom a tax guarantee certificate has been issued. If the time period laid down in this Section is not respected, the guarantor shall pay a late payment charge in amount of 0.1 per cent of the unpaid tax debt sum, the sum being indicated in the written request of the State Revenue Service to pay the tax debt of the submitter of the guarantee, but not exceeding 100 per cent of the sum.

(12) The request referred to in Paragraph 1.1 of this Section shall be deemed an administrative act, and compulsory enforcement thereof shall be carried out after the one month time limit laid down for voluntary payment has elapsed for recovery of late tax liabilities on the uncontested basis, on the basis of a decision to recover late tax liabilities.

(2) Prior to the recovery of late tax liabilities on an uncontested basis, the tax administration shall set-off any tax overpayments against tax underpayments. The taxpayer shall be notified of the set-off of overpayments and underpayments in writing within three days from its execution.

(3) Late tax liabilities shall be recovered on an uncontested basis as follows:

1) the State Revenue Service shall, by an order on the transfer of funds, direct the recovery against the funds kept in the account of the taxpayer opened with a credit institution or in the account which has been opened with a payment service provider. Prior to preparing the abovementioned order, the State Revenue Service shall send out the order on the seizing of funds. If the debtor has only one account or it has opened an account regarding the existence whereof the credit institution or payment service provider has notified the State Revenue Service after seizing of funds or if due to recovery of another debt the previously notified order on the transfer of funds is not enforced, the State Revenue Service may instantly send out the order on the transfer of funds. If there are no funds in the account of the taxpayer, the order shall be executed as soon as funds are transferred into the account (accounts). As long as the relevant order has not been enforced, funds shall not be transferred from the accounts for other purposes;

11) officials appointed or institutions established by the local government council, based on the order on the transfer of funds, shall direct the recovery of funds kept in the account of the taxpayer opened with a credit institution or in the account which has been opened with payment service provider. The order on the transfer of funds adopted by an official appointed or an institution established by the local government council shall be subject to immediate enforcement. If there are no funds in the account of the taxpayer, the order on the transfer of funds shall be enforced as soon as funds are transferred to the account (accounts). As long as the order on the transfer of funds adopted by an official appointed or an institution established by the local government council is not enforced, funds shall not be transferred from the relevant account for other purposes. If orders on the transfer of funds have been submitted by several tax administrations, the order with the earliest submission date shall be enforced first. The recipient of the order on the transfer of funds adopted by an official appointed or an institution established by the local government council shall inform the tax administration of its receipt;

2) by seizing cash from the cashier’s office of a legal person or sole proprietorship or other places of storage in accordance with the procedures stipulated by the Cabinet. Cash intended for the payment of remuneration for work of employees which does not exceed the average monthly remuneration for work within the past six months shall not be seized;

3) in accordance with the procedures laid down in Part E of the Civil Procedure Law, the recovery of late tax liabilities on an uncontested basis shall be applied to the property of the taxpayer (moveable and immovable property, including the property held by third parties). The recovery of the property shall be commenced if the tax administration has been unable to cover the late tax liabilities and the costs of the recovery of such liabilities on an uncontested basis by setting-off overpayments, sending out the order on the transfer of funds and seizing cash.

(4) The order for the application of the recovery measures referred to in Paragraph three of this Section and the number of the times each measure can be applied shall be laid down by the tax administration in conformity with the following principles:

1) the recovery of late tax liabilities on an uncontested basis shall first be directed against the debtor’s cash;

2) the recovery shall directed against immovable property only if the debtor does not have moveable property or if all late tax liabilities cannot be covered from the proceeds of the sale of the moveable property.

(5) A decision by an authorised officer of the tax administration to recover late tax liabilities may be taken not earlier than five working days after the statutory time limit for the payment of tax. The decision to recover late tax liabilities assessed as a result of a control procedure (a review or audit) carried out by the tax administration shall be taken not earlier than 30 days of the date of the relevant decision of the tax administration.

(6) The recovery of late tax liabilities on an uncontested basis shall not commence and the commenced recovery of late tax liabilities on an uncontested basis shall be suspended provided at least one the following conditions exist:

1) the decision taken on the basis of the findings of the control procedure (a review or audit) carried out by the tax administration has been contested – for the period of the pre-trial examination of the application in accordance with the procedures laid down in laws and regulations;

2) the term for the payment of the tax has been extended, deferred or divided in instalments – in respect of the portion of extended tax liability or the deferred tax liability;

3) the circumstances laid down in Section 560; Section 563, Paragraph one, Clause 4 or 5 or Paragraph two of the Civil Procedure Law have set in;

4) a decision by the tax administration or a court ruling has been taken by which the recovery of late tax liabilities on an uncontested basis is suspended;

5) a court ruling has entered into effect by which insolvency proceedings have been declared for the taxpayer or a decision of the court to initiate the legal protection proceedings has entered into effect. After declaration of the insolvency proceedings or initiation of the legal protection proceedings in a court, the taxpayer shall settle all current tax liabilities in accordance with the requirements laid down in tax laws;

6) the tax administration has taken a decision on the voluntary settlement of late tax liabilities – in relation to the part of the tax liability to which the decision on the voluntary settlement of late tax liabilities applies.

(61) The recovery of outstanding tax liabilities, except customs duty and other analogous payments, shall not be commenced if the total amount of the collectible debt does not exceed EUR 15.

(7) The decision to recover late tax liabilities is an enforcement document and it shall be enforced by:

1) an officer of the tax administration according to his or her job duties;

2) a sworn bailiff in accordance the Civil Procedure Law and on the basis of a decision to recover late tax liabilities if the tax administration has submitted the sworn bailiff the enforcement document in accordance with the procedures laid down in the Civil Procedure Law.

(8) The decision to recover late tax liabilities shall be enforced within three years after its taking, except in the case referred to in Paragraph 8.1 of this Section. The limitation period for the enforcement of the decision shall be suspended if:

1) the term for the payment of the tax has been extended, deferred or divided – up to the end of such term. If the term for the payment has been divided, the counting of limitation shall be renewed after the deadline of the last payment;

2) the decision taken on the findings of the control procedure (a review of audit) carried out by the tax administration, tax assessed or decision to recover late tax liabilities has been contested – for the period of the pre-trial examination of the submission;

3) the activities of the sworn bailiff have been appealed – for the period of the examination of the appeal;

4) the debtor has died or the legal person has ceased to exist and the court established legal relations allow the succession of interest – up to the specification of the successor in interest;

5) the debtor has lost the capacity to act – up to the appointment of a trustee;

6) there is a court decision to suspend the enforcement of the tax administration’s decision – up to the revocation of the court decision or for the period indicated in the court decision;

7) legal protection proceedings have been commenced based on a court decision or insolvency proceedings have been declared based on a court ruling – up to the date on which the court decision to terminate the legal protection proceedings or insolvency proceedings enters into effect;

8) [28 July 2017];

9) the decision has been submitted for enforcement to a sworn bailiff and the civil servant of the tax administration to whom the rights of a bailiff have been granted in accordance with the law – up to the enforcement of the decision or up to the moment when a statement that the recovery is not possible is issued;

10) the consent of the tax authorities is not required for the implementation of the plans of measures of the legal protection proceedings and the court has ruled for extrajudicial legal protection proceedings – up to the date on which the court decision to terminate the extrajudicial legal protection proceedings enters into effect;

11) the tax administration has taken the decision on the voluntary settlement of late tax liabilities – for the time period while the decision on the voluntary settlement of late tax liabilities is in effect.

(81) The recovery of a tax claim on behalf of the European Union Member State or country with which an international convention on the avoidance on double taxation and the prevention of the evasion of taxes has been concluded and ratified by the *Saeima* shall occur within the time limit specified in the request for assistance of the relevant foreign authority.

(82) If, for the payments listed in the decision to recover the late tax liabilities, a request for assistance has been sent to the requested authority of the European Union Member State or the tax administration (competent authority) of the country with which an international convention on the avoidance on double taxation and the prevention of the evasion from taxes has been concluded and ratified by the *Saeima*, the time limit for the enforcement of the claim shall be determined according to the time limit specified in the decision to recover late tax liabilities. Any activities taken in the country which requested for assistance and conform to the provisions of Paragraph eight of this Section shall suspend the time limit for the enforcement of the recovery of the late tax liabilities.

(9) The decision to recover late tax liabilities shall cease to be in effect:

1) on the day on which the late tax liabilities are voluntarily settled or the decision to recover late tax liabilities is enforced;

2) on the day on which the tax administration repeals the decision to recover the late tax liabilities;

3) on the day on which the court judgement which repeals the tax administration’s decision to recover the late tax liabilities comes into effect;

4) if the decision to recover late tax liabilities is not enforced within the time limit laid down in Paragraph eight of this Section and the tax administration has at its disposal a certified statement to the effect that the recovery is not possible, except for a decision in relation to a legal person. In relation to legal persons, the decision to recover late tax liabilities shall become invalid if a statement on the impossibility of recovery has been drawn up and within one year from the drawing up thereof the tax administration has not obtained information that would serve as the basis for enforcing the decision to recover late tax liabilities;

5) if tax debts are extinguished in accordance with the procedures laid down in this Law.

(10) The procedures for the recovery of late tax liabilities laid down in this Law (except for the process of voluntary settlement of late tax liabilities referred to in Paragraph eleven of this Section) shall also apply to the recovery of outstanding fees and other statutory payments on an uncontested basis.

(11) The tax administration which in accordance with Section 20 of this Law administers the specific taxes has the right to take the decision on the voluntary settlement of late tax liabilities on the basis of a reasoned submission of a taxpayer, determining the taxpayer time limits for a period of up to three years counting from the day when the submission is submitted for the voluntary settlement of such late tax liabilities which are being recovered under the decision to recover late tax liabilities. The taxpayer shall submit the reasoned submission to the tax administration not later than six months after the decision to recover late tax liabilities has been notified. The tax administration and the taxpayer shall agree in writing on the schedule for the settlement of the late tax liabilities. From the day on which the tax administration has taken the decision on the voluntary settlement of late tax liabilities half of the late payment charge specified in Section 29, Paragraph two of this Law shall be assessed for the amount of the principal tax debt specified in the decision for each day throughout the entire period of default. If the tax administration has revoked the decision on the voluntary settlement of late tax liabilities in accordance with Paragraph thirteen of this Section, the late payment charges shall be restored for the outstanding principal debt in full amount from the day on which the decision on the voluntary settlement of late tax liabilities was taken.

(12) Paragraph eleven of this Section shall not apply to such taxpayers in relation to which the court has taken the decision to declare insolvency proceedings, to declare extrajudicial legal protection proceedings or to commence legal protection proceedings.

(13) If the taxpayer does not respect the payment terms laid down in the decision on the voluntary settlement of late tax liabilities or does not make the current tax payments in full amount within the terms laid down in tax laws, or does not settle the tax liabilities the payment deadline of which has been extended in accordance with the procedures laid down in Section 24, Paragraph one, Clauses 1 and 3 of this Law within the laid down time periods, the tax administration has the right to revoke the decision on the voluntary settlement of late tax liabilities.

(14) If the decision on the voluntary settlement of late tax liabilities has been transferred to a bailiff for recovery, the taxpayer shall, by submitting the submission referred to in Paragraph eleven of this Section, append a document thereto certifying that the expenses for the enforcement of this decision have been paid.

(15) The enforcement security means of the tax administration which were applied before taking the decision on the voluntary settlement of late tax liabilities shall be preserved.

[*28 February 2003; 26 October 2006; 11 June 2009; 15 March 2012; 13 December 2012; 19 September 2013; 6 November 2013; 18 September 2014; 23 November 2016; 28 July 2017; 1 November 2018; 6 July 2021*]

**Section 26.1 Security for the Enforcement of the Decisions of the Tax Administration**

(1) Concurrently with the taking of the decision taken on the basis of the findings of the control procedure (a review or audit) carried out by the tax administration, as well as taking of the decision to recover late tax liabilities, the tax administration is entitled to apply the following enforcement measures of the aforementioned decisions:

1) seize the moveable property owned by the debtor;

2) make an entry on the claim security notation (prohibition or pledge notation) in the Land Register, Ship Register or other property registers;

3) prohibit the debtor from performing certain activities aimed at evading taxes;

4) seize the property owned by the debtor which is in the possession of another person.

(11) The tax administration is entitled to apply a prohibition to the taxpayer – legal person or natural person – sole proprietorship or a person who has been registered with the State Revenue Service as a performer of economic activity – to perform cash transactions. The prohibition shall be applicable to the debtor if an order on the transfer of funds has been sent in accordance with Section 26, Paragraph three, Clause 1 of this Law for writing-off of funds from the account of the taxpayer – legal person or natural person – sole proprietorship or a person who has been registered with the State Revenue Service as a performer of economic activity – in a credit institution or from an account opened at a payment service provider if not less than 30 days have elapsed since the day when the order on the transfer of funds has been sent and the late tax liabilities indicated in the decision to recover late tax liabilities have not been recovered or have been recovered in full amount.

(2) The decision of an authorised official of the tax administration on the application of security means shall be sent to the taxpayer within one working day of its enforcement.

(3) Where the tax administration establishes that the taxpayer is removing, alienating or concealing its assets or other sources of income, is reorganising or liquidating commercial companies, co-operative societies or other legal persons governed by private law or there is other evidence that the taxpayer is discontinuing its activities in Latvia with a view to evade from the settlement of late tax liabilities and the taxpayer is performing other activities as a result of which it may become impossible to enforce the decision of the tax administration on the recovery of late tax liabilities on an uncontested basis, the tax administration may apply the security means before the decision on the findings of the control procedure (a review or audit) is taken by the tax administration.

(31) The State Revenue Service has the right to apply the means for securing enforcement referred to in Paragraph one of this Section, including entry of a prohibition notice in the Commercial Register for the reorganisation and liquidation of the taxpayer, change of officials and stock owners, if the taxpayer whereof information has been provided in accordance with Section 18, Paragraph one, Clause 25 of this Law has applied for the entry of changes in the registers maintained by the Enterprise Register, and the State Revenue Service has established one of the following conditions:

1) the taxpayer’s address matches a risk address;

2) a person at risk has been indicated in the Commercial Register as the only shareholder or only official of the taxpayer;

3) the tax review (audit) is commenced to assess the reasonableness of refunding tax overpayment;

4) upon preparing the assessment of personal data in the field of risks of tax revenues, the tax administration has established facts that a taxable object or tax evasion could have occurred.

(32) The State Revenue Service is entitled to apply the prohibition on alienation of a vehicle, initiating tax administration measures in the case referred to in Section 10, Paragraph eleven of the Road Traffic Law.

(33) If the tax administration, upon preparing the assessment of personal data in the field of risks of tax revenues, has established facts that a taxable object or tax evasion could have occurred, it has the right to apply the security means referred to in Paragraph one of this Section concurrently with:

1) taking the decision to carry out a tax review (audit);

2) sending a notification on the irregularities in the information provided by the taxpayer and information at the disposal of the tax administration established during data conformity audit;

3) drawing up of a thematic inspection statement, if significant offences that indicate to tax evasion have been established during the thematic inspection.

(34) Upon applying the means for securing enforcement in accordance with Paragraph 3.3 of this Section, they shall be applied to such extent that does not exceed the amount of taxes and fees not paid into the budget indicated in the assessment of personal data in the field of risks of tax revenues.

(4) The means for securing enforcement of decisions shall be applied so that the least possible losses would be caused the taxpayer and they would hinder its activities as little as possible. The tax administration shall compensate the taxpayer for the damages caused by the unfounded application of security means in accordance with the procedures laid down in the Civil Law.

[*28 February 2003; 26 October 2006; 11 December 2008; 1 December 2009; 17 December 2014; 30 November 2015; 23 November 2016; 28 July 2017*]

**Section 26.2 Guarantee to Potential Payment of the Value Added Tax Debt in Transactions Involving Petroleum Products**

[16 November 2017 / *See Paragraph 201 of Transitional Provisions*]

**Section 27. Collection of Taxes in the Cases Where Sources of Income are Liquidated or Concealed**

If a taxpayer is liquidating its assets, undertakings, commercial companies, co-operative societies or other legal persons governed by private law or other sources of income or conceals assets, or the tax administration has other evidence that the taxpayer will terminate its activities in Latvia, the tax administration is entitled to assess taxes and take measures to ensure the receipt of the assessed taxes before the end of the taxation period. In such cases, the tax administration may request the information and returns necessary for imposing the taxes, as well as the payment of the taxes irrespective of the time limits laid down in the specific tax law.

[*26 October 2006; 11 December 2008*]

**Section 28. Refunding of Erroneously Recovered Payments and Overpaid Tax Amounts**

(1) The payments erroneously recovered by the tax administration shall be refunded to the taxpayer within 15 days from the day on which the decision of the tax administration or the court ruling that the payment has been recovered erroneously has come into effect. The refundable amounts shall be increased by a half of the late payment charge laid down in Section 29, Paragraph two of this Law, starting from the day when the erroneously recovered payment has been received in the budget until the day when the decision of the tax administration or the court ruling that the payment has been recovered erroneously has come into effect. If the erroneously recovered payment is not refunded within 15 days from the day when the decision of the tax administration or the court ruling that the payment has been recovered erroneously has come into effect, it shall, for the time period from the 16th day, be increased by the late payment charge laid down in Section 29, Paragraph two of this Law, calculating it from the erroneously recovered payment amount. Erroneously recovered payments shall be disbursed from the budget into which they were paid into.

(2) Upon submission of a reasoned application of a taxpayer to the tax administration and inspection by the tax administration, the overpaid tax amounts shall be set off against late or current tax liabilities or refunded within 15 days unless the specific tax laws provide for different time limit and procedures for refunding. If the overpaid tax amounts are not refunded without a reason within the time limit laid down in this Paragraph or in the specific tax law, the refundable amount shall be increased by three fifths of the late payment charge laid down in Section 29, Paragraph two of this Law, calculating it from the amount of the overpaid taxes for each outstanding day. If the validity of the overpaid tax amount is confirmed by a decision of the supreme authority of the tax administration or a court ruling, the overpaid tax amounts shall be refunded to the taxpayer within 15 days from the day when the decision of the supreme authority of the tax administration or the court ruling has come into effect. The refundable amounts shall be increased by three fifths of the late payment charge laid down in Section 29, Paragraph two of this Law from the day when the overpaid tax amounts had to be refunded to the taxpayer in accordance with this Law or the specific tax law until the day when the decision of the supreme authority of the tax administration or the court ruling has come into effect. If the overpaid tax amount has not been refunded within 15 days from the day when the decision of the supreme authority of the tax administration or the court ruling has come into effect, it shall, for the time period from the 16th day, be increased by the late payment charge laid down in Section 29, Paragraph two of this Law, calculating it from the overpaid tax amount.

(21) If the taxpayer’s application referred to in Paragraph two of this Section is received within three years after the statutory term for payment laid down in the specific tax law, the tax administration has the right, if it has started the inspection of the overpaid tax amount before the expiry of the three year statutory term laid down in the specific tax law, to take the decision to set-off or refund these amounts irrespective of whether three years have passed from the term for the payment of the specific tax.

(22) The carrying out of the inspection referred to in Paragraph two of this Section shall not limit the right of the tax administration to adjust, on the basis of the findings of the tax review (audit), the overpaid tax amounts which have been refunded to the taxpayer or set off against the late or current tax payments.

(3) If a taxpayer has requested a refund of the overpaid tax amount, the provisions of Paragraphs one and two of this Section shall not apply to the taxpayers which have late tax liabilities the amount whereof corresponds to that of late tax liabilities and the payments related thereto.

(31) [14 April 2011]

(32) [14 April 2011]

(4) In the case referred to in Paragraphs one and two of this Section, the tax administration shall firstly, without a submission of a taxpayer, direct the overpaid tax amounts for covering of late tax liabilities and the payments related thereto, concurrently covering the principal debt, fine, and late payment charges proportionately, but covering the late liabilities specified in Section 23.1, Paragraph one of this Law in accordance with the procedures laid down in Section 23.1 of this Law and the procedures stipulated by the Cabinet for the directing and transferring of taxes, fees, other payments specified by the State and the payments related thereto.

(5) If the provisions of the specific tax law provide for the carrying out of tax review (audit) for the overpaid tax to be refunded, the overpaid tax shall be refunded for the portion:

1) which has been verified as a result of the tax review (audit);

2) for which the tax review (audit) is being continued if after refund the possible tax debt obligation is reinforced with a warranty or guarantee of a credit institution, or secured with a pledge.

(6) The tax overpayment the validity of which is being additionally examined shall not be refunded until the tax review (audit) is completed if the taxpayer does not submit the warranty or guarantee of a credit institution referred to in Paragraph five of this Section, or does not guarantee the repayment of such amount with a pledge.

(7) In the case provided for in Paragraph five, Clause 2 of this Section, the pledge contract shall be entered into between the tax administration and the taxpayer according to a general procedure applicable to pledge contracts, and such contract shall be exempt from taxes and State fees payable upon drawing up a pledge contract. The object of the pledge may be an asset which is not burdened with debts or other property rights. In accordance with the concluded warranty contract, the warrantor undertakes to pay the tax debt and the associated late payment charges and fines as would the debtor itself. Pledge rights and warranty obligations shall be established, changed and terminated in accordance with the provisions of the Civil Law, while disputes between the parties shall be resolved in accordance with the procedures laid down in the Civil Procedure Law.

(8) In accordance with the guarantee of a credit institution referred to in Paragraph five, Clause 2 of this Section, the credit institution shall undertake to pay the tax debt and the associated late payment charges and fines as would the debtor itself.

[*6 June 1996; 9 October 2002; 28 February 2003; 26 October 2006; 8 November 2007; 8 May 2008; 1 December 2009; 14 April 2011; 16 November 2017; 23 November 2017; 30 May 2019* / *Amendment to Paragraph four shall come into force on 1 January 2021. See Paragraph 207 of Transitional Provisions*]

**Section 28.1 Use of Electronic Devices and Equipment for the Registration of Taxes and Other Payments for the Assessment of Taxes and Fees**

(1) [26 October 2006]

(2) [1 December 2005]

(3) [1 December 2009]

(4) The technical requirements applicable to electronic devices and equipment shall be determined by the Cabinet.

(41) Taxpayers may use electronic devices and equipment which conform to the technical requirements of electronic devices and equipment used for registration of tax liabilities and other payments and for which a conformity check has been carried out. Maintenance of electronic devices and equipment may be performed by a maintenance service provider which has been subject to a conformity check specified in laws and regulations.

(5) The Cabinet shall determine the users of and the procedures for using electronic devices and equipment, the types and particulars of the documents supporting transactions, the obligations of users and maintenance service providers of these devices and equipment, and also the procedures for registering the electronic devices and equipment, users thereof and maintenance service providers in the uniform database (register), and the procedures for the monitoring and control thereof.

(6) The Cabinet shall determine the procedures for performing a conformity check of electronic devices and equipment and attesting their conformity with the laws and regulations governing the technical requirements for electronic devices and equipment used for registration of tax liabilities and other payments.

[*28 February 2003; 1 December 2005; 26 October 2006; 1 December 2009; 30 November 2015 / Paragraphs 4.1 and six shall come into force on 1 July 2016. See Paragraph 179 of Transitional Provisions*]

**Section 28.2 Refunding of State Fees**

(1) Amounts of the overpaid or erroneously paid State fees shall be refunded from the State budget within 15 days after the fee payer has submitted a reasoned submission to the State Revenue Service, unless it has been otherwise provided for by law. An written opinion of the person which has provided the service or granted a guarantee or a court decision shall be appended to the submission unless it is laid down otherwise in the provisions of specific laws or Cabinet regulations.

(2) Amounts of the overpaid or erroneously paid State fees, without an application submitted by the fee payer, shall be refunded by the State Revenue Service from the State budget within 15 days from the day when it has received a written opinion of such authority or official that has provided the service or granted a guarantee or in the administered account whereof the State fee has been erroneously paid. The amount to be refunded (overpaid or erroneously paid), details necessary for the transfer thereof (settlement account number and for a legal person – name and registration number, whereas for a natural person – given name, surname, personal identity number or, if not granted to the person, date of birth) shall be specified in the opinion, and it shall also contain an indication that the fee payer has requested to repay the State fee.

[*26 October 2006; 8 May 2008; 16 November 2017*]

**Chapter VII**

**Restrictions and the Liability for Tax Offences Provided for within the Framework of Administrative Proceedings**

[*19 December 2019* / *The new wording of the name of the Chapter shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 29. Assessment of Late Payment Charges**

(1) [26 October 2006]

(2) For the failure to pay taxes and fees within the specified term, late payment charges shall be assessed at 0.05 per cent of the outstanding principal debt for each outstanding day unless the provisions of the specific tax law provide for a different amount of the late payment charges.

(3) Late payment charges will not be applied if the tax liability due to the State or local government budget has been settled within five working days after maturity of the payment term. If the abovementioned condition is not conformed to, late payment charges shall apply from the day following the date on which the payment was due in accordance with the specific tax law up to the date of payment (inclusive). If the payment term falls in a weekend (a national holiday), the payment shall be due on the next working day following the weekend (the national holiday).

(4) Assessment of late payment charges:

1) shall be discontinued unless otherwise provided for in Section 24 or Section 26, Paragraph eleven of this Law:

a) for capital companies to be privatised – from the day of commencement of privatisation, for companies – from the day of commencement of disposal until the day when the obligations are transferred to the new owners under the delivery – acceptance statement, however not longer than for 12 months;

b) for taxpayers to whom insolvency proceedings have been declared by a court – from the date on which the court announced the judgment in the relevant insolvency proceedings case;

c) for economic operators the principal amounts of the debts whereof are capitalised in accordance with the procedures and within the time period stipulated by the Cabinet;

d) for commercial companies for which a court has commenced legal protection proceedings – from the date on which the court has given the ruling to initiate the relevant legal protection proceedings case;

e) for commercial companies under an out-of-court legal protection proceedings – from the date on which the court has given the ruling to implement the legal protection proceedings;

2) shall be reinstated if:

a) upon expiry of the time limit provided for in Clause 1, Sub-clause “a” or “c” of this Paragraph, the late tax liabilities have not been paid or capitalised and the changes related to capitalisation have not been registered with the Enterprise Register of the Republic of Latvia. Late payment charges shall be calculated according to the general procedures from the date on which their assessment thereof was suspended;

b) the solvency of the taxpayers referred to in Clause 1, Sub-clauses “b”, “d” and “e” of this Paragraph is reinstated from the date on which the court has given the ruling to terminate the insolvency proceedings or legal protection proceedings as a result of accomplishing the plan of measures of the legal protection proceedings;

c) the application for the legal protection proceedings of the taxpayers referred to in Clause 1, Sub-clause “d” of this Paragraph has been rejected. Late payment charges shall be assessed from the date on which the assessment of late payment charges was suspended.

(5) In regard to taxpayers for whom banks have accepted payment orders for execution for the payment of tax, not executing such due to suspension of operations of the bank, assessment of late payment charges shall be temporarily suspended until a decision is taken to renew operations or on bankruptcy of the credit institution.

(6) The assessment of the late payment charge provided for in Paragraph five of this Section shall be suspended:

1) for amounts which have been referred for execution in accepted payment orders, from the day when the bank has accepted such for execution;

2) only in the case when the owner-administrator of cash funds which have been frozen (blocked) in bank accounts has not waived off its right to claim payments for the benefit of another party or has not assigned its right to any other party.

(7) Assessment of late payment charges shall be discontinued if the amount of the late payment charge reaches two fifths of the amount of the late payment (principal debt).

(8) Late payment charges of late tax liabilities or fees of the European Union Member State shall be assessed in the amount and in accordance with the procedures laid down in this Section from the date on which the State Revenue Service receives request for assistance regarding the recovery of a tax claim.

(9) Late payment charges of late tax liabilities or fees of the European Union Member State shall be assessed in the amount and in accordance with the procedures laid down in this Section from the date on which the State Revenue Service receives request for assistance regarding the recovery of a tax claim if the enforcement of the claim of the European Union Member State required replacement.

[*6 June 1996; 22 October 1998; 25 November 1999; 13 April 2000; 10 May 2001; 9 October 2002; 26 October 2006; 11 December 2008; 11 June 2009; 15 March 2012; 23 November 2016 / Amendments to Paragraphs four and seven shall come into force on 1 July 2017. See Paragraphs 182 and 187 of Transitional Provisions*]

**Section 30. Restrictions on the Use of Cash**

(1) Taxpayers, except for natural persons which are not sole proprietorships, shall, by 15th day of each month, report all cash transactions with their counterparties (irrespective of whether the transaction is made in a single operation or several operations) the amount of which exceeds EUR 1500 in accordance with the procedures laid down by the Cabinet. Taxpayers, except for natural persons who are not sole proprietorships, may not make cash transactions the value of which exceeds EUR 7200 (irrespective of whether the transaction is made in a single operation or several operations).

(11) The restriction imposed on the use of cash laid down in Paragraph one of this Section, as well as the obligation to report cash transactions shall also apply to natural persons who are registered with the State Revenue Service as performers of economic activity and are engaged in cash transactions within the framework of their economic activity.

(12) [17 December 2009]

(13) [17 December 2009]

(14) Taxpayers engaged in wholesale trade shall engage only in non-cash transactions (including with payment cards).

(15) The restriction laid down in Paragraph 1.4 of this Section shall not apply in cases when the wholesaler (seller of goods) has:

1) notified the State Revenue Service in writing to the effect that it will engage in wholesale transactions for which customers will be able to pay in cash;

2) ensured that a register of customers of the goods is maintained which permits the identification of the customers of particular goods which have made payments in cash and the value of the cash transaction.

(16) Taxpayers, including natural persons who do not perform economic activity, shall not be permitted to make cash transactions related to alienation of immovable properties.

(2) The restriction applicable to the use of cash referred to in Paragraph one of this Section shall not apply only to shipping commercial companies and air transport agency commercial companies, as well as to international road haulage and freight forwarding transactions made by international road haulage and freight forwarding commercial companies. The abovementioned companies shall, in accordance with the procedures stipulated by the Cabinet within the time period provided for in Paragraph one of this Section, report the transactions made within one month the total value of which exceeds EUR 7200.

(3) The provisions of this Section shall not apply to the services of credit institutions and payment service providers.

(4) In respect of retail sale transactions, the restriction applicable to the use of cash referred to in Paragraph one of this Section as well as the obligation to report cash transactions shall apply only to the customer of the goods, except in the case provided for in Paragraph seven of this Section.

(5) In respect of the payment for services which in accordance with the provisions laid down in laws and regulations are provided by the Road Traffic Safety Directorate, the provisions of this Section shall apply only to the recipient of services.

(6) For the purpose of applying this Section, wholesale is considered to be the selling of the goods purchased in one’s own name to a performer of economic activity for resale, manufacturing or ensuring its own operations. For the purpose of applying this Section, retail sale is considered to be the selling of goods for their final consumption or use.

(7) The taxpayers performing economic activity shall, in accordance with the procedures stipulated by the Cabinet by 1 February following the taxation year, report all cash transactions made during the past year with such natural persons who in accordance with the laws and regulations governing tax matters are not required to register their economic activity, if the amount of a single transaction with each counterparty exceeds EUR 3000. This provision does not apply to cash transactions (disbursed winnings) regarding which the taxpayer is required to submit a notification to the State Revenue Service in accordance with the provisions of Section 17, Paragraph 11.1 of the law On Personal Income Tax.

(8) Natural persons who do not perform economic activity are not permitted to engage in cash transactions the value of which exceeds EUR 7200 (irrespective of whether the transaction involves a single operation or several operations).

[*19 December 2006; 21 May 2009; 1 December 2009; 17 December 2009; 21 October 2010; 21 June 2012; 19 September 2013; 23 November 2016; 3 April 2019; 6 July 2021*]

**Section 31. Restrictions Applicable to the Entitlement to Tax Reliefs**

Taxpayers who have unjustified late tax liabilities for the reporting year shall not be entitled to tax reliefs for qualifying donations or gifts.

**Section 32. Liability for the Reduction of the Tax Liability Payable to the Budget or Unjustified Increasing of the Tax Refund due from the Budget**

(1) For the tax offences established during a tax review (audit) as a result of which the amount of the taxes payable into the budget has been reduced, the tax administration shall assess and enforce on behalf of the budget the amount of underpaid tax and late payment charges for the period from the term for the payment of the specific tax up to the date on which the tax review (audit) is started, and impose a fine on the taxpayer.

(2) For the tax offence established during a tax review (audit) as a result of which the amount of tax refundable from the budged has been increased, the tax administration shall reduce the refundable amount which has been increased without a foundation and impose a fine on the taxpayer.

(3) Fine shall be imposed according to this Section, Sections 32.4 and 34 unless the provisions of the specific tax laws provide for a different amount of fine.

(4) The tax offence referred to in Paragraph one of this Section, provided that the reduction of the tax due into the budget does not exceed 15 per cent of the tax amount to be reported, or for the tax offence referred to in Paragraph two of this Section, provided that the increase of the tax refundable from the budget does not exceed 15 per cent of the tax amount to be reported, shall be subject to a fine in the amount of 20 per cent of the underreported tax payable into the budget or the refundable tax which has been increased without a foundation.

(5) The tax offence referred to in Paragraph one of this Section if the reduction of the tax payable into the budget exceeds 15 per cent of the tax amount to be reported or for the tax offence referred to in Paragraph two of this Section if the increase of the tax refundable from the budget exceeds 15 per cent of the tax amount to be reported shall be subject to a fine of 30 per cent of the under-reported tax amount due into the budget or the refundable tax which has been increased without foundation.

(6) A fine in the cases referred to in this Section shall be imposed for each audited taxation period.

(7) If the tax offence is not considered as a repeated tax offence and the taxpayer has complied with the time limits for submitting tax returns and payment of current taxes, as well as has been cooperative with the tax administration in the meaning of Section 32.2 of this Law, the tax administration shall impose a fine in the amount of 50 per cent of the fine laid down in Paragraphs four and five of this Section.

(8) The taxpayer shall pay the additional payments assessed as a result of the tax review (audit) within 30 days of receipt of the decision of the tax administration on the findings of the tax review (audit). If the payments specified in the decision on the findings of the tax review (audit) are not made within the abovementioned 30 days, the tax administration shall assess the late payment charge determined in Section 29, Paragraph two of this Law starting with the day following the date on which the payment falls due.

[*13 October 2011*]

**Section 32.1 Liability for the Failure to Submit Returns in Due Time**

[26 October 2006]

**Section 32.2 Co-operation with the Officials of the Tax Administration**

(1) The taxpayer shall, within the specified time limit, provide the informative returns provided for in this Law or required under the provisions of the specific tax laws or additional information (documents supporting business revenues and expenditures, accounting records, as well as other information describing the activities which affected or could have affected the assessment and payment of tax) upon request of an official of the tax administration, by not receiving which the determination of the tax amount due into the budget or a refund is not possible or made difficult.

(2) At the time of requesting information, the official of the tax administration shall determine the deadline for the provision thereof which may not be longer than 30 days.

[*26 October 2006*]

**Section 32.3 Liability for Unjustified Increase of the Refundable Tax**

[13 October 2011]

**Section 32.4 Repeated Tax Offence**

(1) The fine for a repeated tax offence referred to in Section 32, Paragraphs four and five of this Law shall be the doubled.

(2) A repeated tax offence is such tax violation that meets the following criteria:

1) the previous tax offence was found during a tax review (audit) which has been completed, and the abovementioned tax offence has been committed not later than within three years of committing the repeated offence;

2) the decision on the findings of the tax review (audit) for which the taxpayer was subject to liability in accordance with Section 32 of this Law for committing the previous offence has entered into effect and has become not subject to contesting;

3) in the administrative act issued by the tax administration, it has substantiated the repeated tax offence with the same provisions of the law or regulation related to the provision, and, where changes have been made to the law or regulation, with provisions which are analogous to the those used for the substantiation of the previous tax offence.

[*13 October 2022 / The words “or it has been appealed before a court” of Clause 2 of Paragraph two have been recognised as invalid by a judgment of the Constitutional Court of 3 May 2023 which enters into effect on 8 May 2023*]

**Section 32.5 Liability in the Field of International Automatic Exchange of Information**

(1) The tax administration has the right to impose a fine on a financial institution in the amount of up to one per cent of the annual turnover (revenue) of the financial institution in the respective reporting period, but of not more than EUR 14 000, if the financial institution has failed to submit the report on financial accounts within the time limit specified in the laws and regulations governing the automatic exchange of information regarding financial accounts in the field of taxation or it has submitted the report on financial accounts, but has not complied with the laws and regulations, due diligence procedures of financial accounts and the requirements of the documentation related thereto, or due to the failure to comply with these requirements incomplete or false information has been provided to the tax administration.

(2) The tax administration has the right to impose a fine on a taxpayer in the amount of up to one per cent of the annual turnover (revenue) of the taxpayer in the respective reporting period, but of not more than EUR 3200, if the taxpayer has failed to submit the country-by-country report of the multinational enterprise group within the time limit specified in the tax laws and regulations or has not complied with the procedures for the preparation and submission of the aforementioned report provided in the tax laws and regulations.

(3) The tax administration has the right to impose a fine on a taxpayer in the amount of up to EUR 3200 if the taxpayer has failed to submit the report on cross-border arrangements within the time limit specified in the tax laws and regulations or has not complied with the procedures for the preparation and submission of the aforementioned report provided in the tax laws and regulations.

(4) The tax administration has the right to impose a fine on a taxpayer in the amount of up to EUR 14 000 if the taxpayer has failed to meet the time limit for the submission of a report specified in the laws and regulations governing the automatic exchange of information in respect of the information at the disposal of platforms, or if he or she has failed to comply with the due diligence procedures or other regulations regarding the automatic exchange of information in respect of the information at the disposal of platforms.

[*20 February 2020; 22 December 2022*]

**Section 33. Liability for Repeated Reduction of the Tax Base**

[26 October 2006]

**Section 33.1 Right of the Tax Administration to Reduce the Imposed Fine**

[26 October 2006]

**Section 33.2 Adjustment of Tax Returns**

(1) A taxpayer is entitled to make adjustments in the submitted tax returns or submit a request to revise customs declarations and pay the underpaid tax and associated late payment charges assessed for the time period from the deadline for the payment of the tax amount laid down in the specific tax law up to the day when it is actually paid.

(2) Where a taxpayer submits an adjusted tax returns or request to revise a customs declaration prior to the date on which tax review (audit) is commenced after it has received the notification of the tax administration on the commencement of a tax review (audit), in addition to the payments provided for in Paragraph one of this Law the tax administration shall apply a fine in the amount of five per cent of the underpaid tax.

(3) Until the deadline for submitting accounting records specified in the decision on the change of the terms of the tax review (audit), the taxpayer has the right to adjust tax returns for the period subject to the additional review or the tax, or to submit a submission with a request to correct the customs declaration, by concurrently making the payments provided for in Paragraphs one and two of this Section into the budget.

[*13 October 2011; 16 November 2017*]

**Section 33.3 Reduction of the Fine Imposed (Assessed) by the Tax Administration**

[13 October 2011]

**Section 34. Liability for the Performance of Economic Activity without Registering as a Taxpayer and for Other Tax Offences**

(1) If a natural or legal person who has registered as a performer of economic activity performs economic activity without registering as a payer of a particular tax or within 30 days after the term determined by the tax administration does not submit the tax returns provided for by tax laws, as well as business and accounting records requested by the tax administration without which civil servants (employees) of the tax administration are unable to assess the amount of the tax liability, then the tax administration shall, on the basis of a tax review (audit), assess and recover for the benefit of the budget from the taxpayer the tax which has been assessed for the taxation period from the date on which the person had an obligation to register as a taxpayer of specific tax, the late payment charges in the amount provided for in Section 29, Paragraph two of this Law, and also a fine in the amount of 100 per cent of the underpaid tax due into the budget.

(2) If a natural person engaged in performance of economic activity without registering as a taxpayer within 30 days after receipt of the reminder from the tax administration on the obligation to register as a performer of economic activity:

1) registers with the Taxpayer Register and submits the tax returns provided for in tax laws for the taxation period in which economic activity was performed, the for the tax assessed under tax returns but not paid into the budget on time late payment charge shall be assessed from the date on which the person had to register as a taxpayer in the amount provided for in Section 29, Paragraph two of this Law;

2) registers as a taxpayer, however, does not submit the tax returns provided for in tax laws for the taxation period in which economic activity was performed, the tax authorities shall, on the basis of a tax review (audit), assess and recover for the benefit of the budget from the taxpayer the tax which has been assessed for the taxation period from the date on which the person had an obligation to register as a taxpayer, the associated late payment charges in the amount laid down in Section 29, Paragraph two of this Law and a fine in the amount of 50 per cent of the tax amount due into the budget;

3) does not register as a taxpayer and does not submit the tax returns provided for in tax laws for the taxation period in which economic activity was performed, the tax authorities shall, on the basis of a tax review (audit), assess and recover for the benefit of the budget from the taxpayer the tax which has been assessed for the taxation period from the date on which the person had an obligation to register as a taxpayer, the associated late payment charges in the amount specified in Section 29, Paragraph two of this Law and a fine in the amount of 100 per cent of the tax amount due into the budget.

(3) If a person that performed economic activity in the previous taxation period without registering as a performer of economic activity but is no longer engaged in performing economic activity has submitted the tax returns provided for in tax laws for the previous taxation period in which economic activity was performed, then for the tax assessed under tax returns but not paid into the budget on time late payment charge shall be assessed from the date on which the person had to register as a taxpayer in the amount provided for in Section 29, Paragraph two of this Law.

(4) Where the amount of tax cannot be determined, the tax administration shall determine the taxable base and the tax amount on the basis of an assessment in accordance with the increase in the assets or capital held by the taxpayer or the information at the disposal of the tax administration.

(5) In the cases referred to in Paragraph one and Paragraph two, Clauses 2 and 3 of this Section, upon request of the tax administration:

1) ministries, local governments and other authorities shall revoke the authorisation (licence) issued to the taxpayer for the performance of commercial activity;

2) [23 November 2016 / See Paragraph 182 of Transitional Provisions]

3) impose the fines prescribed in other laws and regulations. The tax administration is entitled to submit documents to the relevant State authority for the commencement of criminal proceedings.

(6) In the cases referred to in Paragraph one and Paragraph two, Clauses 2 and 3 of this Section, after having received from the tax administration an order on the suspension of the taxpayer’s payment transactions, a credit institution or payment service provider shall suspend the provision of funds and transfers from the taxpayer’s account until receipt of an order on the suspension, in whole or in part, of the order on the suspension of the taxpayer’s payment transactions from the tax administration or until receipt of a court ruling.

[*21 May 2009; 23 November 2016; 30 May 2019 / Paragraph one, insofar as it, without an individual assessment, determines a fine in the amount of 100 per cent of the amount of tax to be paid into the budget for the performance of economic activity by registering as a performer of economic activity but not registering as a payer of a specific tax has been recognised as invalid by a judgment of the Constitutional Court of 6 April 2021 which enters into effect on 7 April 2021*]

**Section 34.1 Suspension of Economic Activity due to Violations of Laws and Regulations**

(1) The State Revenue Service has the right to suspend the economic activity of the taxpayer (or its structural unit in which offence has been committed) if at least one of the following violations is found:

1) the taxpayer employs persons without concluding employment contracts with them, and the proportion of such persons is 50 per cent or more, however not less than three persons of the persons employed in the object which is audited (territories and premises owned or used by the taxpayer in which economic activity is performed or which are related to deriving of income in the territory of premises owned or used by other natural or legal person);

2) the taxpayer has evaded taxes or fees;

3) the taxpayer uses a cash register, hybrid cash register, cash-office system, dedicated device and equipment software or accounting information computer system the software of which has been changed or other activities have been carried out thereby creating an opportunity to conceal or reduce the taxable base on which taxes and duties are levied, or also the taxpayer uses an electronic device or equipment for the registration of taxes and other payments which does not conform to the laws and regulations;

4) the taxpayer disburses income which is not recorded in the accounting registers and in the report on the mandatory State social insurance contributions, personal income tax levied on earnings of employees and State fee of the business risk for the reporting month submitted to the State Revenue Service to the person employed, or employs more than one person without concluding employment contracts;

5) the taxpayer has not eliminated the offences which caused its removal from the State Revenue Service Value Added Tax Taxable Persons Register;

6) [1 November 2018];

7) the taxpayer has not settled late tax liabilities subject to recovery based on a decision to recover late tax liabilities and the act on the impossibility of recovery is at the disposal of the State Revenue Service.

(2) The State Revenue Service shall, within five working days of establishing the violation referred to in Paragraph one of this Section, notify the taxpayer of the suspension of its economic activity, except when the violation referred to in Paragraph one, Clause 1 of this Section is found.

(21) When warning the taxpayer of suspension of economic activity, the State Revenue Service has the right:

1) to prohibit the taxpayer from performing certain activities aimed at evading taxes;

2) to apply a prohibition for reorganisation and liquidation of the taxpayer.

(3) Within five working days after establishing the violation referred to in Paragraph one, Clause 1 of this Section, the State Revenue Service shall take the decision to suspend the economic activity of the taxpayer (or its unit in which the violation was committed).

(4) The State Revenue Service shall suspend the economic activity of the taxpayer based on the decision taken within five working days without warning upon establishing any of the violations referred to in Paragraph one of this Section and one of the following circumstances:

1) the taxpayer’s address matches a risk address;

2) the State Revenue Service has information at its disposal that a person who had not had intention of performing commercial activity is registered with the Commercial Register as the only shareholder or official of the taxpayer and whose data were used for entering a record in the Commercial Register without the consent of this person or which became shareholder or the only official on request of third parties;

3) the State Revenue Service has information at its disposal that certain shareholders or officials of the taxpayer had not had intention of performing economic activity;

4) the legal address indicated by the taxpayer or the registered residential address is not registered in the Public Address Register;

5) the taxpayer, after being notified by the tax administration of a tax review (audit), is not reachable at the indicated address or registered residential place repeatedly within one year;

6) the taxpayer has repeatedly committed the violation referred to in Paragraph one, Clauses 2, 3, 4 of this Section within a year.

(5) The State Revenue Service shall take the decision to suspend the economic activity of the taxpayer (or its unit in which the infringement has occurred) if the taxpayer, within 15 days after notification of the written warning referred to in Paragraph two of this Section, has not eliminated the infringements indicated therein and has not informed the State Revenue Service of elimination of the infringements indicated in the warning.

(6) The State Revenue Service shall, within three working days after taking of the decision to suspend economic activity of the taxpayer, carry out the following activities:

1) send details on the suspension of economic activity of the taxpayer to the Enterprise Register if the economic activity of the taxpayer registered in the register of the Enterprise Register or Commercial Register are suspended;

2) take a decision to make a prohibition reference in the relevant register of movable assets or other public register;

3) suspend the validity of the special authorisations (licences) issued by the State Revenue Service;

4) submit a request to ministries, local governments, and other authorities which must be enforced to suspend the authorisation (licence) for performing commercial activity granted to the taxpayer;

5) issue orders to credit institutions or payment service providers on the suspension of the taxpayer’s payment transactions;

6) affix an appropriate seal on the taxpayer structural unit or other location where economic activity is performed if the layout thereof permits such activities and implement other measures restricting the economic activity of the taxpayers provided for in laws and regulations;

7) send a request to the holder of the top-level domain “.lv” register regarding disconnection of the domain name.

(7) If the State Revenue Service suspends operation of such structural unit of the taxpayer in which a violation has been committed, it shall perform the activities referred to in Paragraph six, Clause 6 of this Section.

(8) The decision to suspend the economic activity of the taxpayer (or its units in which the infringement has occurred) shall enter into effect as of the date of taking thereof. The State Revenue Service shall, within three working days after taking the decision, post on its website the information on suspending the taxpayer’s economic activity.

(9) The taxpayer the economic activity of which has been suspended by the State Revenue Service is prohibited from performing its payment obligations and making transactions, except for the case provided for in Paragraph ten of this Section. Taxpayers may not engage in transactions with such taxpayer the economic activity of which has been suspended by the State Revenue Service from the day following the date on which the entry of the record in the Commercial Register or the Enterprise Register regarding the suspension of the economic activity of the taxpayer is notified, or the taxpayer registered with the State Revenue Service as a performer of economic activity from the day following the date on which the relevant information is posted on the website of the State Revenue Service.

(10) The State Revenue Service has an obligation to permit to complete the transaction and to fulfil the payment obligations if the taxpayer submits an application requesting the permission to complete the transaction and the State Revenue Service establishes that the transaction is not being made with a view to export, dispose of, or conceal assets and other sources of income or evade the fulfilment of obligations in other way. The State Revenue Service shall grant this permission within three working days of receiving the necessary information from the taxpayer. The State Revenue Service shall immediately cancel the granted permission if during the process of administering taxes it has obtained justified information that supports the concealing of the true circumstances of the transaction. If the permit is cancelled, the liability for the failure to conform to the restrictions of the suspension of economic activity laid down in laws and regulations shall apply from the date on which the economic activity of the taxpayer has been suspended.

(11) If the taxpayer makes a transaction with such taxpayer the economic activity of which has been suspended by the State Revenue Service, and the transaction or the total value of the transactions exceeds EUR 1500, the expenses incurred by the taxpayer as a result of such activities shall not be considered expenses related to economic activity. The abovementioned provision does not apply to the transactions which were made before the decision to suspend the economic activity of the taxpayer enters into effect.

(12) If the taxpayer contests the decision to suspend its economic activity, the State Revenue Service shall examine the taxpayer’s submission and take a relevant decision within five working days after receipt of the submission. The filing of a submission shall not suspend the enforcement of the contested decision.

(13) The appealing of the decision to suspend economic activity shall not suspend its enforcement.

[*21 June 2012; 14 March 2013; 19 September 2013; 6 November 2013; 30 November 2015; 23 November 2016; 28 July 2017; 1 November 2018; 30 May 2019; 6 July 2021; 24 March 2022*]

**Section 34.2 Renewing the Suspended Economic Activity of a Taxpayer**

(1) If the taxpayer has eliminated all the violations determined in the decision to suspend economic activity and has submitted a notification to this effect, the State Revenue Service shall, upon completing an audit, reinstate the economic activity of the taxpayer within one working day. The decision to reinstate economic activity of the taxpayer shall enter into effect as of taking thereof.

(2) The State Revenue Service shall carry out the following activities within one working day of taking the decision to reinstate the taxpayer’s economic activity:

1) send details on reinstating of the taxpayer’s economic activity to the Enterprise Register if the economic activity of the taxpayer subject to the registration with the Enterprise Register or Commercial Register are reinstated;

2) take the decision to revoke the prohibition reference in the relevant register of movable assets or other public registers;

3) reinstate the validity of the special authorisations (licences) suspended by the State Revenue Service;

4) revoke the requests submitted and orders issued in accordance with Section 34.1, Paragraph six, Clauses 4, 5, and 7 of this Law;

5) remove the affixed seals from the taxpayer structural unit or other location where economic activity is performed, as well as cancel other measures restricting the economic activity of the taxpayer.

[*21 June 2012; 1 November 2018*]

**Section 34.3 Taking of a Decision to Include a Person in the List of Persons at Risk**

(1) The State Revenue Service has the right to take a decision to include a person in the list of persons at risk within five working days after establishing the criteria referred to in Section 1, Clause 31 of this Law.

(2) A decision to include a person in the list of persons at risk shall enter into effect at the time of taking thereof and shall be in effect for three years, except when the decision is taken on the basis of Section 1, Clause 31, Cub-clause “b” of this Law or the grounds for its validity in accordance with Paragraph five of this Section have ceased to exist.

(3) If the person contests the decision to include him or her in the list of persons at risk, the State Revenue Service shall examine the submission and, within five working days after receipt of the submission, take a respective decision. The filing of a submission shall not suspend the enforcement of the contested decision.

(4) Appeal of the decision to include a person in the list of persons at risk shall not suspend the its enforcement.

(5) If the person has carried out activities resulting in losing the grounds for his or her inclusion in the list of persons of risk according to that laid down in Section 1, Clause 31, Sub-clause “b”, “c”, “d” or “e” of this Law and has notified the State Revenue Service, the State Revenue Service upon evaluation shall decide on excluding the person from the list of persons of risk within one working day. The decision to include a person in the list of persons of risk shall enter into effect at the time of taking thereof.

[*6 November 2013*]

**Section 34.4 Disconnection of Domain Name and Discontinuation (Suspension) of Hosting Services due to Violations of Laws and Regulations**

(1) The State Revenue Service has the right to take the decision to disconnect a domain name if one of the following circumstances is established:

1) the taxpayer uses the website for the performance of unregistered economic activity in the economic environment of Latvia;

2) the non-resident (foreign economic operator) uses the website in the economic environment of Latvia and a permanent establishment is being formed therefor in accordance with laws and regulations, but it has not registered the permanent establishment or has not registered a branch in the Commercial Register;

3) the taxpayer uses the website for the performance of economic activity in the economic environment of Latvia and has not registered the website as a unit;

4) there is a non-conformity with any of the requirements of Section 15.3 of this Law;

5) the taxpayer’s economic activity has been suspended in accordance with Section 34.1 of this Law, if the website is a unit within the meaning of Section 1, Clause 24 of this Law;

6) any of the requirements laid down in Section 15.3 of this Law or Section 4, Paragraph one of the Law on Information Society Service have not been conformed to, and therefore the seller of goods or the service provider may not be identified;

7) the website offers (with or without a possibility to purchase online) goods or services the distance trade in which is prohibited;

8) the taxpayer fails to fulfil the obligation specified in Section 15, Paragraph six or eight of this Law and fails to submit the required information within the time period laid down by the State Revenue Service.

(2) The State Revenue Service shall, within five working days after establishing the violation referred to in Paragraph one of this Section, alert the taxpayer in writing regarding disconnection of the domain name, except for the case when the violation referred to in Paragraph one, Clause 5 or 6 of this Section is established.

(3) The State Revenue Service shall take the decision to disconnect the domain name within five working days:

1) after establishing the violation referred to in Paragraph one, Clause 5 or 6 of this Section;

2) after establishing the violation referred to in Paragraph one, Clause 1, 2, 3, 4, 7, or 8 of this Section if during the previous 12 months the taxpayer has been alerted to a similar violation established on the website in accordance with the procedures laid down in Paragraph two of this Section.

(4) The State Revenue Service shall take the decision to disconnect the domain name within 15 days after notifying the written warning referred to in Paragraph two of this Section if the taxpayer has not rectified the violations indicated therein.

(5) Within the meaning of Paragraph one of this Section, the performance of economic activity in the economic environment of Latvia shall mean economic activity which results or may result in an obligation of the performer of economic activity to pay tax in the Republic of Latvia.

(6) After taking the decision referred to in Paragraph one of this Section, with regard to the provisions laid down in Paragraphs two, three, and four of this Section, the official of the State Revenue Service shall send a request to execute the decision taken by the State Revenue Service to the holder of the top-level domain “.lv” register in accordance with the procedures laid down in laws and regulations.

(7) The holder of the top-level domain “.lv” register shall ensure disconnection of the respective domain name within five working days after receipt of the request from the State Revenue Service.

(8) The decision to disconnect the domain name shall enter into effect at the moment of its taking. The State Revenue Service shall publish information regarding the disconnected domain names on the website https://www.vid.gov.lv/ within five working days after taking of the decision and sending of the request to the holder of the top-level domain “.lv” register.

(9) If the taxpayer contests the decision to disconnect the domain name, the State Revenue Service shall examine the taxpayer’s submission and take a relevant decision within five working days after receipt of the submission. The filing of a submission shall not suspend the enforcement of the contested decision.

(10) Appealing of the decision to disconnect the domain name shall not suspend its enforcement.

(11) If the taxpayer has eliminated the violations referred to in the decision to disconnect the domain name taken by the State Revenue Service and has submitted to the State Revenue Service an application for the elimination of violations, the State Revenue Service shall take the decision to renew the domain name within three working days after receipt of the submission and performance of verification, send the relevant request to the holder of the top-level domain “.lv” register, as well as publish information regarding renewal of the domain name on the website https://www.vid.gov.lv/. The decision to renew the domain name shall enter into effect at the moment of it being taken. Contesting or appealing of the decision shall not suspend the enforcement of the contested decision. The holder of the top-level domain “.lv” register shall restore the operation of the domain name within five working days after receipt of the request from the State Revenue Service regarding renewal of the domain name.

(12) In order to prevent the violations referred to in Paragraph one of this Section, the State Revenue Service, in addition to the right of taking a decision to disconnect the domain name, shall also implement the functions of the supervisory body within the meaning of the Law on Information Society Services and shall perform other activities laid down in laws and regulations.

(13) Upon exercising the right specified in Paragraph twelve of this Section, the State Revenue Service has the right to take the decision to discontinue (suspend) hosting services for the website in relation to which the violations referred to in Paragraph one of this Section have been found, and to take the measures specified in the Law on Information Society Services for executing the relevant decision in conformity with the conditions referred to in Paragraphs two, three, and four of this Section.

(14) Contesting or appealing of the decision to discontinue (suspend) hosting services shall not suspend its enforcement.

(15) If the taxpayer has eliminated the violations referred to in the decision to discontinue (suspend) hosting services taken by the State Revenue Service and has submitted a submission for the elimination of violations, the State Revenue Service shall take the decision to terminate discontinuation (suspension) of hosting services within three working days after receipt of the application and performance of verification.

[*23 November 2016; 1 November 2018*]

**Section 34.5 Prohibition to Transfer the Right of Use of the Domain Name due to Performance of a Tax Review (Audit)**

(1) The State Revenue Service has the right to take the decision on prohibition to transfer the right of use of the domain name:

1) to a taxpayer who is subject to a tax review (audit) and who has expressed a wish to transfer the right of use of the domain name to another taxpayer;

2) to a taxpayer who has transferred the right of use of the domain name to another taxpayer subject to a tax review (audit), if the holder of the right of use of the domain name has expressed a wish to transfer the right of use of the domain name to another taxpayer.

(2) Upon receipt of an application on transfer of the right of use of the domain name from the taxpayer referred to in Paragraph one of this Section, the holder of the top-level domain “.lv” register has a fee to postpone the transfer of the right of use of the domain name and to send a request on permission or prohibition to transfer the right of use of the domain name to the State Revenue Service.

(3) Having received the request from the holder of the top-level domain “.lv” register regarding the wish of the taxpayer referred to in Paragraph one of this Section to transfer the right of use of the domain name to another taxpayer, the State Revenue Service shall evaluate the information at its disposal and within seven working days shall take a decision to impose the prohibition to transfer the right of use of the domain name or permission to transfer the right of use of the domain name to another taxpayer.

(4) The State Revenue Service shall notify the decision taken to the taxpayer within one working day, whereas the holder of the top-level domain “.lv” register – the request to impose the prohibition to transfer the right of use of the domain name or the request to permit the transfer of the right of use of the domain name to another taxpayer.

(5) The holder of the top-level domain “.lv” register shall ensure that the prohibition imposed with regard to the transfer of the right of use of the domain name is effective until the day the State Revenue Service receives the request on cancellation of the prohibition to transfer the right of use of the domain name.

(6) The decision taken by the State Revenue Service on prohibition or permission to transfer the right of use of the domain name shall become effective at the moment it is taken.

(7) If the taxpayer contests the decision on prohibition to transfer the right of use of the domain name, the State Revenue Service shall examine the taxpayer’s submission and take the appropriate decision within five working days after receipt of the submission. The filing of a submission shall not suspend the enforcement of the contested decision.

(8) Appealing of the decision on prohibition to transfer the right of use of the domain name shall not suspend its enforcement.

(9) After the decision on the results of a tax review (audit) has entered into effect, the taxpayer has the right to submit to the State Revenue Service the submission with a request to take the decision on cancellation of the prohibition to transfer the right of use of the domain name if the taxpayer does not have any tax debts.

[*23 November 2016*]

**Section 35. Liability for Gross Violations of Tax Laws**

[26 October 2006]

**Chapter VIII**

**Procedures for Contesting and Appealing the Decisions Taken on Tax and Fee Matters**

[*28 February 2003*]

**Section 36. Procedures for the Submission and Review of Complaints**

[28 February 2003]

**Section 37. Procedures for Contesting and Appealing the Decisions taken by Officials of the State Revenue Service on Tax Matters**

(1) A taxpayer who has been notified of the decision of the official of the State Revenue Service based on the results of the control procedure (a review or audit), the decision to refund overpaid taxes, has the right to contest it to the Director General of the State Revenue Service within one month of its entering into effect.

(2) When contesting the decision, the taxpayer has the right to:

1) request the cancelling of the decision in full or a part thereof;

2) propose the conclusion of a settlement agreement in accordance with the procedures laid down in this Law.

(3) In examining the submission of the taxpayer, the Director General of the State Revenue Service may take the following decision:

1) to leave the contested decision unchanged;

2) to cancel the contested decision fully or any part thereof;

3) take a new decision on the taxpayer’s case.

(4) The State Revenue Service shall examine the submission and take a decision within one month. Director General of the State Revenue Service may extend it for a time period not exceeding four months from the date of receipt of the submission for contesting.

(5) Where the taxpayer disagrees to the decision of the Director General of the State Revenue Service, it has the right to appeal such decision to a court.

(6) The taxpayer to which the enforcement measures have been applied or the decision on recovery of the late tax liabilities has been delivered, may submit an appeal if the enforcement activities do not comply with the statutory provisions. Complaint may be submitted to Director General of the State Revenue Service within seven days of the date on which the taxpayers has become aware of enforcement activities. Director General of the State Revenue Service shall examine the complaint within the time period laid down in Paragraph four of this Section. The decision of Director General of the State Revenue Service may be appealed to a court within seven days. The provisions of the Civil Procedure Law shall apply to the appealing of the activities of bailiffs. The submission of a complaint shall not suspend the application of enforcement measures and the recovery of late tax liabilities.

[*12 June 2009; 13 December 2012*]

**Section 37.1 Procedures for Contesting and Appealing the Decisions Taken by Officials of other State and Local Government Authorities on Tax Matters**

(1) The decisions on tax matters of the officials of other State and local government authorities shall be contested and appealed according to the general procedure applicable for contesting and appealing of administrative acts.

(2) The decisions on tax matters taken by the officials of local governments, except for the decisions on recovery of late tax liabilities and the decisions to the effect that the costs for the recovery of late tax liabilities on an uncontested basis are to be covered on the account of the taxpayer, may be (contested) appealed within 30 days of the taking of the decision according to the following procedure:

1) a decision of the official of a local government council – to chairperson of the local government council. The chairperson of the local government council shall examine the submission and provide a response within 30 days;

2) a decision of chairperson of the local government council – to a court.

(3) Having examined the taxpayer’s submission, the officials of the local government may decide as follows:

1) to leave the contested decision unchanged;

2) to cancel the contested decision;

3) take a new decision on the taxpayer’s case.

[*28 February 2003; 26 October 2006; 11 December 2008*]

**Section 38. Provision of Evidence**

If the taxpayer disagrees to the amount of the tax liabilities assessed by the tax administration, it shall provide evidence of the amount of tax liabilities.

**Section 39. Appealing of Decisions before the Transaction Evaluation Commission**

[13 December 2012]

**Section 40. Suspension of the Enforcement of a Decision in Connection with Examination of a Submission**

(1) Upon receiving a submission contesting the decision taken as a result of the control procedure (a review or audit) carried out by the tax authorities, enforcement of the decision of the tax administration official shall be suspended for the period of the pre-trial examination of the submission.

(2) [16 October 2014]

(3) If a taxpayer is removing, alienating or concealing its assets or other sources of income, is reorganising or liquidating commercial companies, co-operative societies or other legal persons governed by private law, or there is other evidence that the taxpayer is terminating its activity in Latvia, the tax administration has the right to take measures aimed at ensuring the receipt of the assessed tax amount before examination of the taxpayer’s submission is completed. In such cases the payment of the taxes imposed may be requested by the tax administration irrespective of the stage of examination of the submission and time limits.

[*28 February 2003; 26 October 2006; 11 December 2008; 16 October 2014*]

**Section 41. Conclusion of a Settlement Agreement between the Tax Administration and Taxpayer**

(1) The State Revenue Service and the taxpayer shall conclude a settlement agreement to terminate a legal dispute over additionally assessed payments payable into the budget as a result of the tax review (audit) or over unfounded increasing of the refunds repayable from the budget.

(11) If the State Revenue Service has, after a data conformity audit, assessed additional payments into the budget, the taxpayer is entitled to propose conclusion of a relevant settlement agreement to the Director General of the State Revenue Service. It shall be indicated in the settlement agreement that the taxpayer agrees to the amount of the additionally assessed tax liabilities, and that 85 per cent of the late payment charges assessed for the time period of late tax liabilities from the payment term of the declared tax amount until the date on which the decision on results of the data conformity audit was taken are to be cancelled.

(2) If the State Revenue Service has assessed additional payments payable into the budget as a result of the tax review (audit) in accordance with Section 32, Paragraph four or five of this Law, the taxpayer has the right to propose the conclusion of a settlement agreement to Director General of the State Revenue Service. The terms of the settlement agreement shall specify that the taxpayer agrees to the amount of the additionally assessed tax liabilities, and that 50 per cent of the assessed fine and late payment charges assessed for the period during which the tax liabilities were late from the deadline for the payment of the particular tax up to the date on which the tax review (audit) was started are cancellable.

(3) If the State Revenue Service has assessed additional payments payable into the budget and a fine as a result of the tax review (audit) in accordance with Section 32, Paragraph seven of this Law, the taxpayer has the right to propose the conclusion of a settlement agreement to Director General of the State Revenue Service. The terms of the settlement agreement shall specify that the taxpayer agrees to the amount of the additionally assessed tax liability, and that the fines assessed in the amount of 50 per cent of the late payment charges assessed for the period during which the tax liabilities were late from the deadline for the payment of a particular tax up to the date on which the tax review (audit) was started are cancellable.

(4) If as a result of the tax review (audit) the State Revenue Service has established unjustified increase in the amount to be refunded from the budget and assessed a fine in accordance with Section 32, Paragraph four or five or Section 32.4 of this Law, the taxpayer is entitled to propose the conclusion of a settlement agreement to the Director General of the State Revenue Service. The terms of the settlement agreement shall specify that the taxpayer agrees to the reduction in the amount to be refunded from the budget, and that the fine assessed in accordance with this Law shall be reduced by 50 per cent.

(5) If as a result of the tax review (audit) the State Revenue Service has established unjustified increase in the amount to be refunded from the budget and assessed a fine in accordance with Section 32, Paragraph seven of this Law, the taxpayer is entitled to propose the conclusion of a settlement agreement to the Director General of the State Revenue Service. The terms of the settlement agreement shall specify that the taxpayer agrees to the reduction of the amount to be refunded from the budget, and that the fine assessed in accordance with this Law shall be reduced by 85 per cent.

(6) If as a result of the tax review (audit) the State Revenue Service has assessed additional payments into the budget, as well as fines in accordance with Section 32.4 or 34 of this Law or in accordance with Section 16.1, Paragraph one, 1.1, five, or 5.2 of the law On State Social Insurance, or in accordance with Section 31 of the Natural Resources Tax Law, the taxpayer is entitled to propose the conclusion of a settlement agreement to the Director General of the State Revenue Service. The terms of the settlement agreement shall specify that the taxpayer agrees to the amount of the additionally assessed tax liabilities and late payment charges, and that 50 per cent of the fine assessed is cancellable.

(7) If the decision of the State Revenue Office on the findings of the tax review (audit) is contested and the State Revenue Office, having examined the submission of the taxpayer, has left the decision unchanged or has taken a new decision according to which the contested decision is revoked partly, the taxpayer shall submit the submission for the conclusion of the prospective settlement agreement to the Director General of the State Revenue Service within one month after taking of the relevant decision.

(8) The Director General of the State Revenue Service has the right to conclude the settlement agreement also if the taxpayer has submitted an application to the court or an appeal or a cassation appeal has been submitted in the case, however the hearing of the case in the court of first instance, court of appeal or cassation, respectively, has not been completed on its merits. In cases which are examined under the written procedure, the settlement agreement may be concluded by the end of the term which in accordance with the law has been set by the judge for submitting the applications by the parties to the proceedings or for submitting explanations or changes or submitting of other type of submission and requests.

(9) The taxpayer shall pay the payments laid down in the concluded settlement agreement into the budget within one year from the date of conclusion thereof. Each month the taxpayer shall pay a commensurate part from the payment amount laid down in the settlement agreement according to the time periods for making payments laid down in this contract.

(10) If the taxpayer fails to comply with the terms of the settlement agreement, the settlement agreement shall become invalid and the State Revenue Service shall enforce additional payments assessed as a result of the tax review (audit) into the budget.

[*13 October 2011; 18 September 2014; 17 September 2015*]

**Chapter IX**

**Exchange of Information Regarding Savings Income**

[23 November 2016]

**Section 42. Obligations of the Savings Income Paying Agent**

[23 November 2016]

**Section 43. Obligations of the State Revenue Service in Respect of Exchange of Information Regarding Savings Income**

[23 November 2016]

**Section 44. Beneficial Owner**

[23 November 2016]

**Section 45. Paying Agent**

[23 November 2016]

**Section 46. Savings Income**

[23 November 2016]

**Section 47. Undertaking for Collective Investments of Transferable Securities**

[23 November 2016]

**Section 48. Competent Authority**

[23 November 2016]

**Section 49. Dependent and Associated Territories of the European Union Member States**

[23 November 2016]

**Chapter X**

**Mutual Assistance in the Recovery of Tax Claims in the European Union**

[*15 March 2012*]

**Section 50. Notification of the Tax Claims and the Documents Related to the Enforcement Thereof**

(1) The State Revenue Service shall notify of the document issued in the European Union Member State which relates to the tax claim or the enforcement thereof on the basis of a request for assistance of the requesting authority of the European Union Member State.

(2) The State Revenue Service shall notify, in Latvian, the addressee of the document in respect of which assistance is requested in accordance with the procedures provided for in the Law on Notification as well as the document to be notified as provided by the requesting authority of the European Union by completing the uniform notification form prescribed by Annex I to Implementing Regulation (EU) No 1189/2011.

(3) The State Revenue Service shall notify the requesting authority of the European Union Member State of the measures taken to enforce the request for assistance and the date on which the document was notified to the addressee in accordance with Article 12 of Implementing Regulation (EU) No 1189/2011.

(4) To notify of the document which relates to a tax claim or is related to the enforcement thereof in the territory of the European Union Member State, the State Revenue Service shall turn to the requested authority with a request for assistance regarding the notification of the document.

(5) The assistance regarding the notification of the document in connection with the tax claim or enforcement thereof, shall be requested to a European Union Member State if it has not been possible to notify the addressee of the document by sending a registered mail or by electronic means in accordance with the procedures laid down in the Law on Notification for the notification of the documents to foreign countries.

(6) The request for assistance regarding the notification of the document relating to a tax claim or the enforcement thereof shall be accompanied by:

1) the document for the notification of which assistance is requested;

2) the uniform notification form prescribed in Annex I to Implementing Regulation (EU) No 1189/2011 completed in the relevant language of the member state specifying the information regarding the document to be notified and information regarding the identification data, the address of the debtor, the purpose of the notification and the time limit during which the notification is to be performed, the document to be notified (a description thereof), the nature and amount of the claim, the authority which is responsible for the notification documents, a reference where and during what term this payment obligation can be challenged or appealed as well as the authority from which additional information regarding the notification document can be obtained.

(7) If the document which relates to a tax claim or the enforcement thereof has been notified in the foreign country, in response to the request for assistance made by the State Revenue Service it shall be considered that the document has been notified to the addressee on the date and in the manner as specified in the confirmation of the requested authority of the European Union Member State.

**Section 51. Recovery of Tax Claims Made by the European Union Member State**

(1) The amount of the tax claim of the European Union Member State shall be recovered on the basis of a uniform instrument permitting enforcement in the requested European Union Member State and which has been received together with the request of the requesting authority of the European Union Member State for assistance for recovery.

(2) The amount of the tax claim of the European Union Member State shall be recovered in the amount specified in euros in the uniform instrument permitting enforcement in the requested member state in conformity with Article 18 of Implementing Regulation (EU) No 1189/2011.

(3) Upon commencing the recovery of the tax claim of the European Union Member State in respect of which a uniform instrument permitting enforcement in the requested Member State is issued, the abovementioned instrument shall be notified to the debtor along with such additional information:

1) the date on which the State Revenue Service received the request for assistance of the European Union Member State;

2) that from the date on which the request for assistance for enforcement was the recoverable tax or fee shall be subject to the late payment charge in accordance with Section 29 of this Law.

(4) Upon commencing the recovery of the tax claim of the European Union Member State the State Revenue Service may, based on the uniform instrument permitting enforcement in the requested member state, also take measures for the enforcement of the recoverable tax claim, applying the enforcement measures of the tax administration decisions laid down in Section 26.1, Paragraph one of this Law.

(5) The State Revenue Service shall calculate the amount of the late payment charges prescribed in Paragraph three, Clause 2 of this Section and enforce it on the basis of the decision to recover the late tax liabilities.

(6) The State Revenue Service shall notify the requesting authority of the European Union Member State of the measures taken in respect of the request for assistance for the recovery in accordance with Articles 19 and 20 of Implementing Regulation (EU) No 1189/2011.

(7) After recovering the costs related to the enforcement of the request for assistance, the State Revenue Service shall remit the recovered amount of the tax claim and late payment charges calculated in accordance with Section 24, Paragraph seven of this Law and Section 29, Paragraphs eight and nine of this Law to the European Union Member State in accordance with the procedures laid down in Article 23 of Implementing Regulation (EU) No 1189/2011.

(8) If changes have been made in the request for assistance of the European Union Member State, the European Union Member State shall perform the recovery of the amount of the tax claim in conformity with the provisions of Article 22 of Implementing Regulation (EU) No 1189/2011.

[*19 September 2013*]

**Section 52. Request for Assistance in the Recovery of Debt to the European Union Member State**

(1) The State Revenue Service shall issue a uniform document permitting enforcement in the requested member state and appeal to the requested authority of the European Union Member State with a request for assistance in the recovery of a the tax debt if it has not been paid within the statutory due term laid down in tax laws or other laws and regulations, the tax claim shall be enforceable and the activities to recovery it have been carried out in the Republic of Latvia. Impossibility of the recovery need not be identified if the execution of the tax claim is not possible in whole or in part and the State Revenue Service has information at its disposal on the money or assets held by the debtor in the requested member state or if the recovering of the tax claim in the Republic of Latvia would not be commensurate with the possibilities to recover the tax claim in the requested Member State.

(2) The uniform instrument permitting enforcement in the requested Member State shall specify at least the following information:

1) information regarding the enforcement document which has been issued for the recovery of the tax claim, a description of the claim and the term to which the claim relates. If the amount of the tax claim is based on the tax return information, the uniform instrument permitting enforcement in the requested Member State shall specify the date from which the recovery is possible and specify the deadline for payment as laid down in the tax law;

2) the name of the debtor (for a natural person – given name and surname) and address;

3) the amount of the tax claim;

4) a reference as to where and in what term the payment obligation may be challenged or appealed;

5) the institution in which the debtor may obtain additional information regarding the claim.

(3) The State Revenue Service shall send the information concerning the execution of the request for assistance with recovery submitted to the requested authority of the European Union Member State in accordance with Article 21(1) of Implementing Regulation (EU) No 1189/2011.

(4) The State Revenue Service shall make changes in the request for assistance for recovery or revoke it in accordance with Article 22 of Implementing Regulation (EU) No 1189/2011.

**Section 53. Enforcement of the Tax Claim**

(1) The State Revenue Service shall ensure the enforcement of such a tax claim of the European Union Member State which shall be ensured in the country of its origin, on the basis of a uniform instrument permitting enforcement in the requested member state and which has been received together with the application for request of the applicant European Union Member State to implement the enforcement measures.

(2) The State Revenue Service shall ensure the enforcement of such a tax claim of the European Union Member State to which uniform instrument permitting enforcement in the requested member state does not apply yet, in accordance with the procedures laid down in Section 26.1, Paragraphs one and three of this Law on the basis of the decision of the State Revenue Service on application of enforcement measures which is taken according to the request of the applicant authority of the European Union Member State to carry out enforcement measures.

(3) The measures for the enforcement of tax administration decisions laid down in Section 26.1, Paragraph one of this Law shall apply to the enforcement of the tax claims of the European Union Member State.

(4) The State Revenue Service shall appeal to the applicant authority of the European Union Member State with a request for assistance for enforcement of the tax claim if enforcement of the tax claim in the Republic of Latvia is not possible in whole or in part.

(5) The request for assistance to carry out enforcement measure shall be accompanied by:

1) if the execution document had been issued for the enforcement of the tax claim in the Republic of Latvia – the uniform instrument permitting enforcement in the requested member state;

2) if an execution document for the execution of the tax claim in the Republic of Latvia has not been issued yet – the decision to enforce such an administrative provision which imposes a duty to perform payments into the State or local government budget, or in the case referred to in Section 26.1, Paragraph three of this Law, a decision taken by the tax administration on application of the enforcement measures.

**Section 54. Exchange of Information within the Recovery of Tax Claims of the European Union Member State**

(1) The State Revenue Service is entitled to refuse to provide the information requested by the applicant authority of the European Union Member State for the purpose of recovering a tax claim of the European Union Member State, if at least one of the following conditions listed further in this Paragraph of the Section exists:

1) it is not possible to obtain the requested information by enforcing the outstanding tax payment according to competence of the tax administration as laid down in this Law and the law On the State Revenue Service;

2) it is restricted access information which is related to a trade, industrial or professional secret;

3) disclosing of information might damage the safety of the Republic of Latvia or conflicts with the core principles of the Latvian legal system.

(2) The State Revenue Service may provide the information regarding refundable taxes (except for the value added tax) or other amounts refundable from the budget in the Republic of Latvia due to a person performing commercial activity in any of the European Union Member States or being a resident thereof to the authority of the European Union Member State without its prior request.

**Section 55. Submitting of a Complaint in Cases Regarding Mutual Assistance in Enforcement of Claims and the Consequences Thereof**

(1) The person against which the State Revenue Service has applied measures related to the notification of such a document which relates to the claim or is related to the enforcement thereof in connection with the execution of the request for assistance of the applicant authority of the member state may submit a complaint if the notification does not conform to the provisions of this Law.

(2) The person against which a tax claim is recovered or enforcement measures are applied according to the request for assistance of the applicant authority of the member state may submit a complaint if the notification does not conform to the provisions of this Law. The person, for recovery or enforcement of the tax claim of which in another European Union Member State the State Revenue Service has appealed to with a request for assistance, may submit a complaint if in regard to the provisions regarding the uniform instrument permitting enforcement in the requested member state or the request for assistance the provisions of Sections 52 or 53 of this Law have not been complied with.

(3) The complaints regarding mutual assistance in the recovery of claims shall be submitted according to the procedures and within the time period applicable to the submission of complaints on enforcements.

(4) The submission of a complaint on the conformity of the enforcement with the provisions of this Law shall not suspend the recovery of the tax claim and the application of enforcement measures. If the person has contested or appealed the claim or has filed a complaint regarding enforcement of debts in the European Union Member State and the complaint procedures has been started in the authority of the European Union Member State, the enforcement of the tax claim shall be suspended in respect of the contested or appealed part of the claim on the basis of a request of the applicant authority. The suspension of the tax claim in connection with the contesting or appealing or filing of a complaint in the European Union Member State shall not suspend the application of enforcement measures aimed at recovering the tax claim or cancel the enforcement measures already applied.

(5) If the enforcement of the tax claim in the European Union Member State is performed on the basis of the issued uniform document permitting enforcement in the requested country issued by the State Revenue Service and the person has contested the claim or filed an appeal regarding the enforcement, the State Revenue Service shall notify the requested authority of the received complaint by concurrently requesting to suspend the enforcement of the tax claim in whole or in part if any of the provisions laid down in Section 26, Paragraph six of this Law applies to it.

(6) If the person against which the measures related to the enforcement of claims under mutual assistance procedure are applied has submitted a complaint to the State Revenue the review whereof lies within the competence of the authorities of the applicant authorities of the member state, the State Revenue Service shall, immediately, as soon as practicable, notify this person regarding the examination of the complaint in accordance with the laws in force in the member state of the applicant authority.

**Section 56. Costs Related to the Execution of the Requests for Assistance for the Notification of Documents, Recovery or Application of Enforcement Measures**

(1) The execution of the requests for assistance of the applicant authority of the European Union Member State for the notification of documents, recovery or application of enforcement measures shall occur on the account for the addressee (debtor). The costs related to the execution of the request for assistance shall be covered under the general procedure applicable to the execution of rulings.

(2) The costs related to the execution of the request for assistance shall also include the costs of the publishing of the notification documents, and they shall be enforced according to the procedures applicable to the recovery of late tax payments as laid down in this Law, on the basis of the decision withhold enforcement costs.

(3) The State Revenue Service may agree with the applicant authority of the European Union on a special cost compensation procedure if the enforcement of the tax claim is related with large costs or if the enforcement is aimed at the assets of a member of an organised group, when such assets are seized according to a judgement in criminal proceedings.

(4) If enforcement proceedings have been terminated in accordance with Section 563, Paragraph one, Clause 11 of the Civil Procedure Law and the reason for the revocation of the request for assistance is the cancelling of the recoverable claim or the document for its enforcement, the State Revenue Service shall notify the applicant authority of the European Union Member State regarding the amount of the enforcement costs to be compensated.

**Section 57. Restrictions for the Provisions of Mutual Assistance**

The State Revenue Service shall refuse to assist with the recovery of a tax claim if at least one of the following provisions set out in this Section exists:

1) the original request for information regarding the recovery of a tax claim, the carrying out of enforcement measures or provision of information relates to a tax claim which is older than five years counting from the date on which the payment liability fell due. If the tax claim or the instrument permitting enforcement thereof is contested or appealed, the five year term shall be counted from the date on which the claim or the instrument permitting enforcement thereof in accordance with the laws of the member state of the applicant authority may no longer be contested or appealed. If the term for the payment of the tax claim has been extended in the member state of the applicant authority, the five year term shall be counted from the date on which the granted extension term expires;

2) a tax claim is older than ten years counting from the date of the original request for assistance;

3) the amount of the tax claim in respect of which a request for assistance for enforcement has been submitted is less than EUR 1 500.

**Section 58. Procedures for Sending Requests for Assistance**

The State Revenue Service shall send the information requests or notification of documents, requests to carry out enforcement and recovery measures and the documents accompanying them and conduct exchange of information in accordance with the procedures laid down in Article 2 of Implementing Regulation (EU) No 1189/2011.

**Section 59. Requesting and Requested Authority**

For the purposes of mutual assistance in the recovery of claims the requesting authority and the requested authority shall be:

1) in the Republic of Latvia – the State Revenue Service;

2) in other European Union Member States – the authority as notified to the European Commission by the member state.

**Chapter XI**

**Reimbursement of Late Tax Liabilities of a Legal Person**

[*17 December 2014 / See Paragraph 170 of Transitional Provisions*]

**Section 60. Grounds for the Reimbursement of Late Liabilities and Commencement of Administrative Proceedings**

(1) The State Revenue Service has the right to commence proceedings for the reimbursement of late tax liabilities of a legal person to the budget from a person who has been a member of the board of such legal person or who actually performed tasks and functions of the board at the time when the relevant late tax payments occurred (hereinafter – the member of the board), if all of the criteria laid down henceforth are met:

1) the amount of late tax liabilities exceeds the sum total of 50 minimum monthly wages determined in the Republic of Latvia;

2) the decision to recover late tax liabilities has been notified to the legal person;

3) it has been established that after the decision to carry out tax review (audit) was taken the notification on the irregularities found in the data conformity audit between the information submitted by the taxpayer and the information at the disposal of the tax administration has been sent, a thematic inspection statement has been drawn up if significant violations indicating to tax evasion have been found during the thematic inspection and also after occurrence of late tax liabilities the legal person has alienated assets owned thereby and as a result of the action or failure to act of the member of the board the late tax liabilities of the legal person have not been paid in full amount within the time limit specified in the Law;

4) an act on the impossibility of recovery has been drawn up;

5) the legal person has not fulfilled the obligation laid down in the Insolvency Law to submit an application for insolvency proceedings of a legal person.

(2) If the legal person has several members of the board, they shall be solidary liable for the late tax liabilities of the legal person in accordance with Paragraph one of this Section.

[*13 November 2019*]

**Section 61. Decision to Reimburse Late Tax Payments**

(1) If the criteria laid down in Section 60, Paragraph one of this Law have been established, the State Revenue Service shall, within three months from drawing up the act on the impossibility of recovery, warn the legal person and the member of the board during the term of office of which the late tax payments have occurred in writing of the fact that proceedings for the reimbursement of the late tax payments of the legal person to the budget from the relevant member of the board of the legal person have been commenced. The time period for which evidence must be submitted in accordance with Section 61, Paragraph three of this Law shall be indicated in the warning.

(2) If, within 15 days after notification of the written warning referred to in Paragraph one of this Section, the legal person or member of the board during the term of office of which the late tax payments have occurred submits an application for legal protection proceedings or insolvency proceedings to a court, informing the State Revenue Service thereof in writing, or settles the late tax payments, the State Revenue Service shall terminate the proceedings on refunding of late tax payments of the legal person to the budget from the member of the board of directors of the legal person after a court ruling on the initiation of legal protection proceedings or declaration of insolvency proceedings of the taxpayer has been made, or the State Revenue Service has established that payment of late tax payments has been made in full amount, not later than 10 working days after establishment of the abovementioned facts.

(3) If there are objective reasons for non-submission of an application for insolvency proceedings to the court and also evidence that after occurrence of late tax liabilities seizing of assets of the legal person conforms to the economic nature, or there is evidence certifying that the member of the board is not responsible for the occurrence of late tax liabilities of the legal person and seizing of assets of the legal person (division of the duties of members of the board, justifying reasons, etc.), the member of the board, within one month after the receipt of the warning referred to in Paragraph one of this Section, shall inform the State Revenue Service by submitting the following documents regarding the time period from the day when the amount of late tax liabilities exceeds the sum total of 50 minimum monthly wages determined in the Republic of Latvia until the day of drawing up the act on the impossibility of recovery, but not more than the time period of one year:

1) an explanation indicating in detail objective reasons why the member of the board did not submit an application for insolvency proceedings of a legal person to the court during his or her term of office;

2) printouts from the accounts opened and closed in credit institutions or at a payment service provider in which also information regarding the balance at the beginning and balance at the end of the accounting period in the bank account is indicated, as well as an explanation and corroborative document regarding each payment made, the amount of which exceeds EUR 500, except for an explanation of the payments which are tax liabilities into the State or local government budget is indicated;

3) an explanation, listing in detail assets of the legal person (intangible investments, fixed assets, investment properties, biological assets, long-term financial investments, stocks, long-term investments held for sale, debtors, short-term financial investments, money) and their value on the day when the amount of late tax payments exceeded the sum total of 50 minimum monthly wages determined in the Republic of Latvia, and on the day when the State Revenue Service drew up a deed regarding impossibility of recovery. In listing debtors, the given name, surname, personal identity number shall be indicated for a natural person, the name, registration number and amount of debtor liabilities – for a legal person;

4) an explanation to which evidence is appended that seizing of assets of the legal person conforms to the economic nature;

5) an explanation to which evidence is appended that the member of the board is not responsible for occurrence of late tax liabilities of a legal person and seizing the assets of a legal person.

(4) If at the time of notifying the written warning referred to in Paragraph one of this Section the member of the board during whose term of office late tax liabilities have occurred does not have the right to access the documents of the legal person, the State Revenue Service shall, by itself, collect the necessary documents and other evidence related to the activity of the legal person.

(5) The State Revenue Service shall take the decision to refund late liabilities within two months after notification of the written warning referred to in Paragraph one of this Section, if any of the following circumstances is established:

1) the member of the board has not submitted the documents laid down in Paragraph three of this Section to the State Revenue Service;

2) the member of the board informs the State Revenue Service that he or she cannot provide evidence because the accounting documents are in such condition that it is impossible to get an overview on transactions and condition of property of the debtor in the time period from the day when the amount of late tax liabilities exceeds the sum total of 50 minimum monthly wages determined in the Republic of Latvia until the day of drawing up the act regarding impossibility of recovery.

(6) If the member of the board has provided all the documents laid down in Paragraph three of this Section or if the State Revenue Service has fulfilled that laid down in Paragraph four of this Section, the State Revenue Service shall evaluate the documents at the disposal thereof and shall take a decision in accordance with the procedures laid down in the Administrative Procedure Law to refund the late tax liabilities or inform the member of the board that proceedings on the liability of members of the board for refunding the late tax liabilities of the legal person to the budget are terminated.

(7) The State Revenue Service may contest the decision of the official to refund the late tax liabilities by submitting a submission to the Director General of the State Revenue Service in accordance with the procedures laid down in the Administrative Procedure Law.

(8) The decision of the Director General of the State Revenue Service may be appealed before a court in accordance with the procedures laid down in the Administrative Procedure Law.

(9) After the decision to refund the late tax liabilities has become not subject to contesting or appeal, the addressee indicated in this decision – the member of the board shall be liable for the late tax obligations of the legal person solidarily with the legal person.

(10) The regulation laid down in Paragraph one of this Section shall not apply to cases when the term for the payment of taxes has been extended, deferred, or divided.

(11) The State Revenue Service, on the basis of an submission of the member of the board, shall revoke the decision to refund the late tax liabilities when the court makes a ruling in relation to the legal person on the initiation of legal protection proceedings or declaration of insolvency proceedings of the legal person. The regulation laid down in this Chapter shall not limit the rights of the State Revenue Service to exercise the possibilities laid down in the Insolvency Law to direct recovery against the member of the board.

(12) The State Revenue Service shall, within three working days from the day of initiating the proceedings for refunding the late tax liabilities, post the list of such legal persons on its website in relation to which proceedings for refunding late tax liabilities have been initiated.

[*23 November 2016; 13 November 2019; 24 March 2022*]

**Section 62. Execution of the Decision to Refund Late Tax Liabilities**

(1) The member of the board shall pay the late tax liabilities determined in the decision to refund the late tax liabilities into the budget within 30 days from the day of notification of the decision.

(2) If the payments determined in the decision to refund the late tax liabilities are not made within the period indicated in Paragraph one of this Section, the tax administration shall recover them in accordance with the procedures laid down in Section 26 of this Law.

(3) The submission, in which the decision to refund the late tax liabilities is contested, shall suspend the operation of such decision from the day when the submission is received at the institution until the day when the decision taken by the official of the State Revenue Service has become not subject to contesting or appeal.

**Chapter XII**

**Automatic Exchange of Information Regarding Financial Accounts**

[*17 December 2015*]

**Section 63. Nature of Automatic Exchange of Information Regarding Financial Accounts**

(1) Automatic exchange of information regarding financial accounts is regular transfer of the information provided for in this Chapter regarding the financial accounts subject to notification to the competent authority of the state or territory involved without an individual request in accordance with the procedures provided for in this Chapter.

(2) The financial institution shall, in accordance with the procedures laid down in this Chapter, ascertain the financial accounts subject to notification and provide the information provided for in Section 100, Paragraph one of this Law (hereinafter in this Chapter – the report) to the State Revenue Service.

(3) The State Revenue Service is the competent State administration institution which ensures automatic exchange of information regarding financial accounts in accordance with the procedures laid down in this Chapter.

**Section 64. Participating Jurisdiction**

The Cabinet shall determine the list of the countries and territories involved in automatic exchange of information regarding financial accounts (hereinafter – the participating jurisdiction). It shall include:

1) any other European Union Member State;

2) any other state or territory, with which the Republic of Latvia or European Union has entered into an agreement, according to which automatic exchange of the information referred to in Section 100, Paragraph one of this Law is provided for.

**Section 65. Holding Institution**

Within the meaning of this Chapter, a holding institution is any legal entity which holds financial assets upon assignment of clients, if such activity forms a significant part of its economic activity. It shall be deemed that holding of financial assets upon assignment of clients is a significant part of its economic activity, if the revenue of the legal entity in relation to holding of financial assets and related financial services is at least 20 per cent from the revenue of the legal entity in the shortest of the following time periods:

1) within a time period of three years which ends on 31 December (or also on the last day of such accounting period which is not a calendar year) before the year in which it is determined whether the legal entity is deemed a holding institution;

2) during the time period of existence of the legal entity or during the time period in which the legal entity holds a licence for provision of investment services.

**Section 66. Depository Institution**

Within the meaning of this Chapter, a depository institution is any legal entity which attracts deposits and other repayable resources in performing economic activity of a credit institution, savings and loan association, paying authority, electronic money institution or similar economic activity.

**Section 67. Financial Asset**

Within the meaning of this Chapter, a financial asset is a security (for example, a share of stock in a corporation; partnership or beneficial ownership interest in a widely held or publicly traded partnership or trust; note, bond, debenture, or other evidence of indebtedness), partnership interest, commodity, swap (for example, interest rate swaps, currency swaps, basis swaps, interest rate caps, interest rate floors, commodity swaps, equity swaps, equity index swaps, and similar agreements), insurance contracts or annuity contracts, or any interest (including a futures or forward contract or option sold in a regulated market and not sold in a regulated market) in securities, partnership interests, commodities, swaps, insurance contracts, or annuity contracts, except a non-debt, direct interest in immovable property.

**Section 68. Investment Entity**

(1) Within the meaning of this Chapter, an investment entity is any legal entity:

1) which primarily conducts as economic activity one or more of the following activities or transactions for or on behalf of a client:

a) trade in money market instruments (e.g. cheques, bills of exchange, certificates of deposit, derivative instruments), foreign currency, currency exchange, interest rate and index instruments, transferable securities or commodity futures contracts;

b) management of individual financial assets of an investor or of collective financial assets of investors on the basis of an authorisation by investors;

c) otherwise investing, administering, or managing financial assets or money for or on behalf of a client;

2) the gross income of which is primarily attributable to investing, reinvesting, or trading in financial assets, if the entity is managed by another entity that is a depository institution, a custodial institution, a specified insurance company, or an investment entity referred to in Paragraph one, Clause 1 of this Section.

(11) For the application of Paragraph one, Clause 2 of this Section, it shall be deemed that a legal entity is managed by another legal entity if it performs, directly or through a service provider, the activities referred to in Paragraph one of this Section on behalf of another legal entity. A legal entity does not manage another legal entity if the legal entity does not have the right to fully or partially decide on the financial assets of another legal entity.

(2) For the application of Paragraph one of this Section an entity shall be treated as primarily conducting as economic activity one or more of the activities referred to in Paragraph one, Clause 1 of this Section, or an entity’s revenue is primarily attributable to investing, reinvesting, or trading in financial assets for the purposes referred to in Paragraph one, Clause 1 of this Section, if the entity’s revenue attributable to the relevant activities equals or exceeds 50 per cent of the entity’s revenue during the shorter of:

1) within a period of three years which ends on 31 December (or also on the last day of such reporting period which is not a calendar year) before the year in which it is determined whether the legal entity is to be deemed an investment entity;

2) the period during which the entity has been in existence.

(3) An entity that is an active non-financial legal entity which conforms to the criteria indicated in Section 86, Paragraph one, Clause 4, 5, 6, or 7 of this Law shall not be deemed an investment entity.

[*20 February 2020*]

**Section 69. Specified Insurance Company**

Within the meaning of this Chapter, a specified insurance company is an insurance company (or the holding company of an insurance company) which issues, or is obligated to make payments with respect to, a cash value insurance contract or an annuity contract.

**Section 70. Financial Institution**

Within the meaning of this Chapter, a financial institution is a custodial institution, a depository institution, an investment entity, or a specified insurance company.

**Section 70.1Participating Jurisdiction Financial Institution**

Within the meaning of this Chapter, a participating jurisdiction financial institution shall be:

1) any financial institution which is a resident in the participating jurisdiction, except for the branches of such financial institution that are located outside of the relevant participating jurisdiction;

2) a branch of any financial institution which is not a resident in the participating jurisdiction if this branch is located in the relevant participating jurisdiction.

[*28 February 2020*]

**Section 71. Reporting Financial Institutions**

(1) The obligations specified in this Chapter in relation to obtaining and processing of information regarding an account, as well as for the provision of a report shall apply to:

1) any financial institution which is a resident in the Republic of Latvia, except for branches of such financial institution that are located outside the Republic of Latvia;

2) a branch of any financial institution which is not a resident in the Republic of Latvia, if this branch is located in the Republic of Latvia.

(2) The obligations laid down in this Chapter in relation to obtaining and processing of information regarding an account, as well as regarding provision of a report shall not apply to the financial institutions and legal entities referred to in Section 81 of this Law.

**Section 72. Governmental Entity**

Within the meaning of this Chapter a governmental entity is:

1) a body governed by public law of the Republic of Latvia or another country, including a territorial formation of the country (for example, local governments of different levels, federal formations, rural territory, city, municipality, state, province, district) or an agency or authority established (founded) by an administrative territorial formation of the Republic of Latvia or another country;

2) a closely related person and controlled entity of the Republic of Latvia or another country.

**Section 73. Closely Related Person of the Republic of Latvia or Another Country**

(1) Within the meaning of this Chapter a closely related person of the Republic of Latvia or another country is any person, institution, organisation, agency, bureau, foundation, representation, or another institution which forms a governmental entity of the Republic of Latvia or another country, provided that the revenue earned by the relevant persons in implementing public power are to be transferred into the account of such institution or in other accounts of the Republic of Latvia or another country and no private individual is benefiting from such revenue. Such natural person who is the head of State, public official of State, or representative of State administration shall not be deemed a closely related person, if he or she acts within his or her private or personal interests.

(2) It shall not be deemed that a private individual is benefiting from income of a governmental entity, if such private individual is a part of the target audience provided for in the governmental support programme and the support programme is implemented for the purpose of promoting general welfare of the public or is related to carrying out any function of State administration. Regardless of that mentioned above, it shall be deemed that a private individual is benefiting from income of a governmental entity, if this income is arising from the use of the governmental entity for the performance of commercial activity, for example, for the performance of activities of a credit institution when financial services are provided to private individuals.

**Section 74. Controlled Entity of the Republic of Latvia or Another Country**

Within the meaning of this Chapter a controlled entity of the Republic of Latvia or another country is an entity which by its form is separated from the Republic of Latvia or another country or which otherwise forms a separate legal person provided that:

1) the entity is wholly owned and controlled by one or more governmental entities (or it has been established by a governmental entity) directly or through one or more controlled entities;

2) the entity’s net earnings are credited to its own account or to the accounts of one or more governmental entities, with no portion of its income inuring to the benefit of any private individual;

3) the entity’s assets are vested to the disposal of one or more governmental entities upon dissolution.

**Section 75. International Organisation**

(1) Within the meaning of this Chapter, an organisation which conforms to all of the following criteria shall be deemed an international organisation:

1) it is comprised primarily of countries or their governments;

2) it has in effect an agreement on location of the headquarters in the Republic of Latvia;

3) its income does not inure to the benefit of private individuals.

(2) Within the meaning of this Chapter, also an entity of the international organisation or an agency wholly belonging to the international organisation shall be deemed an international organisation.

**Section 76. Broad Participation Retirement Fund**

Within the meaning of this Chapter, a broad participation retirement fund is a fund established to provide retirement, disability, or death benefits, or any combination thereof, to beneficiaries who are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that the fund:

1) does not have a single beneficiary with a right to more than 5 per cent of the fund's assets;

2) is subject to regulation of the State laws and regulations and provides information to the tax administration authorities;

3) satisfies at least one of the following requirements:

a) the fund is generally exempt from tax on investment income, or taxation of such income is deferred or taxed at a reduced rate, due to its status as a retirement or pension plan;

b) the fund receives at least 50 per cent of its total contributions (except for transfers of assets from other plans referred to in this Section or in Section 77 or 78 of this Law or from retirement and pension accounts referred to in Section 96, Paragraph one, Clause 1 of this Law) from the sponsoring employers;

c) distributions or withdrawals from the fund are allowed only upon the occurrence of events related to retirement, disability, or death (except for rollover distributions to other retirement funds referred to in this Section or in Section 77 or 78 of this Law or retirement and pension accounts referred to in Section 96, Paragraph one, Clause 1 of this Law), or penalties apply to distributions or withdrawals made before setting in of relevant events;

d) contributions (other than certain permitted make-up contributions) by employees to the fund are limited by reference to earned income of the employee or, as a result of application of adequate check procedures of accounts stipulated by the Cabinet, may not exceed, annually, an amount that according to the euro reference rate published by the European Central Bank is equivalent to euros and corresponds to USD 50 000.

**Section 77. Narrow Participation Retirement Fund**

Within the meaning of this Chapter, a narrow participation retirement fund is a fund established to provide retirement, disability, or death benefits to beneficiaries who are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered or work performed, provided that:

1) the fund has fewer than 50 participants;

2) the fund is sponsored by one or more employers that are not investment entities or passive non-financial legal entity;

3) the employee and employer contributions to the fund (other than transfers of assets from pension accounts referred to in Section 96, Paragraph one, Clause 1 of this Law) are limited by reference to earned income of the employee (including remuneration);

4) participants that are not residents of the participating jurisdiction in which the fund is established are not entitled to more than 20 per cent of the fund’s assets;

5) the fund is subject to regulation of the State laws and regulations and provides information to the tax administration authorities.

**Section 78. Pension Fund of a Governmental Entity, International Organisation or Central Bank**

Within the meaning of this Chapter, a pension fund of a governmental entity, international organisation or central bank is a fund established by a governmental entity, international organisation or central bank to provide retirement, disability, or death benefits to beneficiaries or participants who are current or former employees (or persons designated by such employees), or who are not current or former employees, if the benefits provided to such beneficiaries or participants are in consideration of personal services performed for the governmental entity, international organisation or central bank.

**Section 79. Qualified Credit Card Issuer**

(1) Within the meaning of this Chapter, a qualified credit card issuer is a financial institution satisfying the following requirements:

1) the financial institution is a financial institution solely because it is an issuer of credit cards that accepts deposits only when the client makes a payment in excess of a balance due with respect to the card and the overpayment is not immediately returned to the client;

2) the financial institution implements measures and procedures either to prevent a customer from making an overpayment in excess of an amount that according to the euro reference rate published by the European Central Bank is equivalent to euros and corresponds to USD 50 000, or to ensure that any customer overpayment in excess of that amount is refunded to the customer within 60 days.

(2) In both cases referred to in Paragraph one of this Section due diligence procedures of accounts stipulated by the Cabinet shall be applied for account aggregation and currency translation. For this purpose, a client overpayment does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns.

**Section 80. Exempt Collective Investment Vehicle**

(1) Within the meaning of this Chapter, an exempt collective investment vehicle is an investment entity that is regulated as a collective investment vehicle, provided that all of the interests in the collective investment vehicle are held by natural persons or organisations or are held by intermediation of such natural persons or organisations that are not reportable persons, except for a passive non-financial organisation one or several beneficial owners of which are recognised as person who are reportable persons.

(2) An investment entity that is regulated as a collective investment vehicle does not fail to qualify in accordance with this Section as an exempt collective investment vehicle, solely because the collective investment vehicle has issued physical shares in bearer form, provided that:

1) the collective investment vehicle has not issued, and does not issue, any physical shares in bearer form after 31 December 2015;

2) the collective investment vehicle retires all such shares upon surrender;

3) the collective investment vehicle performs the due diligence procedures and reports any information required to be reported with respect to any such shares when such shares are presented for redemption or other payment;

4) the collective investment vehicle has in place policies and procedures to ensure that such shares are redeemed or immobilised as soon as possible, and in any event prior to 1 January 2018.

**Section 81. Excepted Financial Institutions**

The provisions referred to in this Chapter in relation to obtaining, processing, and exchange of information regarding accounts shall not apply to the following financial institutions and legal entities:

1) a governmental entity, international organisation or central bank, except for information regarding a payment occurring as a result of such liabilities which arise from commercial activity characteristic to a specified insurance company, custodial institution, or depository institution;

2) a broad participation retirement fund, narrow participation retirement fund, qualified credit card issuer, pension fund of a governmental entity, international organisation, or central bank;

3) a private pension fund in relation to individual pension accounts supervised in accordance with the Law on Private Pension Funds;

4) a manager of resources of a funded pension scheme which is operating in accordance with the Law on State Funded Pensions;

5) an exempt investment consultant and investment manager in relation to the exempt collective investment vehicle;

6) a trust insofar the authorised person of the trust is a financial institution which provides reports on all trust accounts recognised as accounts on which a report must be provided;

7) a licensed investment service provider, insofar as a report on the relevant account is provided by another financial institution in relation the reportable accounts held thereby in which the following is held:

a) shares and funds of an investment fund established in accordance with the Law on Investment Management Companies;

b) shares and funds of a managed alternative investment fund established in accordance with the Law on the Alternative Investment Fund and Managers Thereof;

c) monies and financial assets of such person which receives investment services and investment ancillary services.

**Section 82. Person of the Participating Jurisdiction**

(1) Within the meaning of this Chapter a person of the participating jurisdiction is:

1) a natural person or legal entity which is a resident of any participating jurisdiction in accordance with its legal acts regarding taxes;

2) inheritance (entirety of property of an estate) of such deceased person who has been a resident of the participating jurisdiction in accordance with the legal acts of such jurisdiction in the field of taxes.

(2) For the purpose of application of this Chapter such legal entity as a business partnership, limited liability business partnership, or similar legal entity which has no place of residence for application of taxes shall be deemed a resident of such country in which the actual management of the relevant legal entity is located.

**Section 83. Beneficial Owner**

Within the meaning of this Chapter, the term “beneficial owner” is used within the meaning of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.

[*20 February 2020*]

**Section 84. Legal Entity and Related Legal Entity**

(1) Within the meaning of this Chapter, a legal entity is a legal person or similar foundation, including a capital company, partnership, association, foundation, trust, or fund.

(2) Within the meaning of this Chapter, a related legal entity is a legal entity which is related to another legal entity in one of the following ways:

1) one legal entity is controlling another legal entity;

2) both legal entities are controlled by the same person;

3) both legal entities are the investment entities referred to in Section 68, Paragraph one, Clause 2 of this Law which are managed collectively and such collective management organisation ensures due diligence procedures of accounts stipulated by the Cabinet.

(3) The control referred to in Paragraph two of this Section shall mean direct or indirect property rights for at least 50 per cent of the voting stock (investments shares) or fixed capital (collective investment) of the legal entity.

**Section 85. Non-financial Legal Entity**

Within the meaning of this Chapter, a non-financial legal entity is any legal entity which is not a custodial institution, depository institution, investment entity, or a specified insurance company.

**Section 86. Active Non-financial Legal Entity**

(1) Within the meaning of this Chapter, an active non-financial legal entity is any non-financial legal entity (with or without the status of a legal person) which conforms to at least one of the following criteria:

1) less than 50 per cent from the revenue of the non-financial legal entity in the previous calendar year or another corresponding reporting period are the passive revenue referred to in Paragraph two of this Section and less than 50 per cent of the assets held by the non-financial legal entity in the previous calendar year or another corresponding reporting period are assets which are held for the creation of the passive revenue referred to in Paragraph two of this Section;

2) stocks of the non-financial legal entity are regularly traded in a generally recognised securities market or the non-financial legal entity is such related legal entity of a legal entity the stocks of which are traded in a generally recognised securities market;

3) the non-financial legal entity is a governmental entity, international organisation, central bank, or a legal entity that belongs to one of the abovementioned structures;

4) the activities of the non-financial legal entity are related to holding (wholly or partly) of stocks issued by one or several such undertakings related to the entity which perform trading or other commercial activity that is the activities of a financial institution, as well as provision of financing and other services to such related undertakings. A legal entity may not be deemed an active non-financial legal entity, if it operates (or declares itself as such) as an investment fund, for example, private capital investment fund, risk capital fund, fund performing investment transactions, except for resources in loan, or an investment instrument the purpose of which is to purchase or finance undertakings and thus acquire participation in such undertakings, holding capital assets for the purpose of investment;

5) the non-financial legal entity does not perform and also has not previously performed economic activity, but it performs capital investment in assets for the purpose of performing economic activity which is not economic activity of a financial institution, provided that the non-financial legal entity does not conform to such status of exception, if at least 24 months have elapsed since its initial date of establishment;

6) the non-financial legal entity has not been a financial institution for the last five years and is under liquidation or reorganisation proceedings of assets of a legal entity for the purpose of continuing or resuming such economic activity that is not economic activity of a financial institution;

7) the non-financial legal entity mostly carries out financing and risk limitation activities with related legal entities which are not financial institutions, or under assignment of such legal entities, and does not provide financing or risk limitation services to an organisation which is not a related legal entity, provided that a group of such related legal entities is mainly involved in economic activity that is not economic activity of a financial institution;

8) the non-financial legal entity conforms to all of the following requirements:

a) it has been established and is operating solely for the purposes related to religion, charity, science, art, culture, sports, or education, or also has been established and is operating in its state or another state or residence and is a professional organisation, business union, commercial chamber, work organisation, agricultural or horticultural organisation, union or organisation of citizens which is operating only for promotion of collective welfare of the society;

b) it has been exempted from the income tax in its participating jurisdiction or other tax residence country;

c) it has no stakeholders or shareholders which hold property rights or are interested in reaping benefit in relation to its income or assets;

d) in accordance with the legal acts applicable in the participating jurisdiction of the non-financial legal entity or other state of residence or documents of incorporation of the non-financial legal entity income and assets of the non-financial legal entity may not be divided or used for the benefit of a natural person or legal entity which is not a charity institution, if such division or use is not related to the charity activities carried out by the non-financial legal entity, or used in performing a corresponding payment of compensation for services received or payment which is in the true market value of the property purchased by the non-financial legal entity;

e) in accordance with the legal acts applicable in the country of establishment (which is the participating jurisdiction) of the non-financial legal entity or the state of tax residence of such legal entity or documents of incorporation of the non-financial legal entity, in case of liquidation or reorganisation of such non-financial legal entity, all assets of the legal entity are transferred to the governmental entity or other non-profit legal entity.

(2) Within the meaning of this Chapter, such part of revenue shall be deemed passive revenue of the non-financial legal entity which is formed by:

1) dividends;

2) interest payments and payments equivalent thereto;

3) rental, lease payments and payments of author's fees (except rental, lease payments and payments of author’s fees obtained within the scope of principal commercial activity of the legal entity);

4) revenue from annuity contracts;

5) revenue obtained as a result of such alienation transactions of financial assets which generate the revenue referred to in Clause 1, 2, 3, or 4 of this Paragraph [except for revenue obtained as a result of principal activity of a broker (dealer)];

6) revenue obtained in transactions (including futures, transactions with options, and similar transactions) with financial assets [except for revenue obtained as a result of principal activity of a broker (dealer)];

7) revenue from currency exchange transactions [except for revenue obtained as a result of principal activity of a broker (dealer)];

8) result of swaps [except for revenue obtained as a result of principal activity of a broker (dealer)];

9) amounts obtained from cash value insurance contracts;

10) other revenue which by their economic nature are equivalent to the revenue referred to in Clause 1, 2, 3, 4, 5, 6, 7, 8, or 9 of this Paragraph.

**Section 87. Passive Non-financial Legal Entity**

Within the meaning of this Chapter a passive non-financial legal entity is:

1) a non-financial legal entity (with or without the status of a legal person) which does not conform to the signs of the active non-financial legal entity;

2) the investment entity referred to in Section 68, Paragraph one, Clause 2 of this Law which is not the financial institution of the participating jurisdiction.

**Section 88. Reportable Person**

Within the meaning of this Chapter, a reportable person is any person of the participating jurisdiction which is not:

1) a capital company capital shares of which are regularly traded in one or several regulated financial instrument markets, or a capital company related thereto;

2) a governmental institution;

3) an international organisation;

4) a central bank;

5) a financial institution.

**Section 89. Reportable Account**

Within the meaning of this Chapter, a financial account the holder of which is one of the following persons shall be deemed a reportable account:

1) one or several reportable persons;

2) a passive non-financial legal entity with one or several beneficiary owners which after carrying out of due diligence procedures of the accounts provided for in this Chapter are to be recognised as reportable persons.

**Section 90. Financial Accounts and Their Division Depending on the Assets in the Account**

(1) Within the meaning of this Chapter, financial accounts are accounts maintained by a financial entity which are:

1) a depository account which is any commercial, checking, savings, time, or thrift account, or an account that is evidenced by a certificate of deposit, thrift certificate, investment certificate, certificate of indebtedness, or other similar instrument maintained by a financial institution in the ordinary course of a banking (credit institution) or similar business. A depository account also includes an amount held by an insurance company according to a guaranteed investment contract or similar agreement to pay or credit interest thereon;

2) a financial instruments account which is an account (which is not an insurance contract or an annuity contract) in which one or several financial assets are held for the benefit of the client;

3) in relation to an investment entity – any equity or debt interest in financial institution, except for equity or debt interest of such investment entity which is an investment entity solely because it provides investment advice to, and acts on behalf of, or manages portfolios for, and acts on behalf of a client for the purpose of investing, managing, or administering financial assets deposited in the name of the client with another financial institution;

4) in relation to such financial institution which is not referred to in Clause 3 of this Paragraph – any equity or debt interest in the financial institution, if the class of interests was established with the purpose of avoiding reporting in accordance with Section 100, Paragraph one of this Law;

5) cash value insurance contracts and annuity contracts entered into with a financial institution, other than a non-investment-linked, non-transferable immediate life annuity that is entered into with a natural person and monetises a pension or disability benefit provided under an account that is an excluded account.

(2) For the application of this Chapter an account which has been recognised an excluded account in accordance with Section 96 of this Law shall not be deemed a financial account.

**Section 91. Equity Interest**

(1) Within the meaning of Section 90, Paragraph one, Clauses 3 and 4 of this Law, equity interest is also profit interest.

(2) In the case of a trust that is a financial institution, an equity interest is considered to be held by any person treated as a settlor or beneficiary of all or a portion of the trust, or any other natural person exercising ultimate effective control over the trust. A reportable person will be treated as the beneficiary of a trust if such reportable person has the right to receive directly or indirectly (for example, through a nominee) a mandatory distribution or may receive, directly or indirectly, a discretionary (according to preferences or instructions) distribution from the trust.

**Section 92. Annuity Contract**

Within the meaning of this Chapter, an annuity contract is:

1) a life pension insurance contract under which insurance compensation is provided for a period of time determined in whole or in part by reference to the life expectancy of one or more natural persons;

2) a contract that is considered to be an annuity contract in accordance with the law, regulation, or practice of such country in which the contract was issued, and under which insurance compensation is paid for a term of years.

**Section 92.1Insurance Contract**

Within the meaning of this Chapter, an insurance contract is a contract (other than annuity contract) under which an insurer undertakes the commitment to pay a determined sum if specific circumstances that are related to the risk of death, health, accident, commitments or property materialise.

[*20 February 2020*]

**Section 93. Cash Value Insurance Contract**

Within the meaning of this Chapter, a life insurance contract with accumulation of funds is an insurance contract (except for reinsurance contract) with monetary value.

[*20 February 2020*]

**Section 94. Cash Value**

(1) Within the meaning of this Chapter, cash value is the amount that the policyholder is entitled to receive upon termination of the contract or the insured person – in the end of the term of the insurance contract (accumulated capital) (determined without reduction for any charge for termination of the contract or loan in relation to insurance contract), or the amount which a person can borrow under or with regard to the provisions of the contract – depending on which amount is greater.

(2) Notwithstanding Paragraph one of this Section, the cash value does not include an amount payable under an insurance contract:

1) solely based on the death of an individual in respect of whom a life insurance contract is in effect;

2) as a personal injury or sickness benefit or other benefit providing indemnification of an economic loss incurred upon the occurrence of the event insured against;

3) as a refund of a previously paid premium (less cost of insurance charges whether or not actually imposed) under an insurance contract (other than an investment-linked life insurance or annuity contract) due to cancellation or termination of the contract, decrease in risk exposure during the effective period of the contract, or arising from the correction of a posting or similar error with regard to the premium for the contract;

4) as amounts payable during operation of the insurance contract (bonuses), other than amounts (bonuses) in case of expiry of the term of the contract, according to an insurance contract during the term of which benefits payable are provided for in Clause 2 of this Paragraph;

5) as the reimbursement of a previously paid insurance premium in relation to such insurance contract for which insurance premiums must be paid at least once a year if the amount of previously paid insurance premiums does not exceed the insurance premium of the annual period to be paid next.

[*20 February 2020*]

**Section 95. Account Holder**

(1) Within the meaning of this Chapter, an account holder is:

1) in relation to a cash value insurance contract or annuity contract – a person who has the right to receive the accumulated resources or to change the beneficiary of the contract. If no person can access the cash value or change the beneficiary, the account holder is any person named as the owner in the contract and any person with a vested entitlement to payment under the terms of the contract. Upon the maturity of a cash value insurance contract or an annuity contract, each person entitled to receive a payment under the contract is treated as an account holder;

2) in relation to other accounts – the person listed or identified as the holder of a financial account by the financial institution that maintains the account.

(2) A person, other than a financial institution, holding a financial account for the benefit (on behalf, upon assignment) of another person as agent, custodian, nominee, signatory, investment advisor, or intermediary, is not treated as holding the account; the person for whose benefit (on behalf, upon assignment) the account is held, is treated as holding the account.

**Section 96. Excluded Account**

(1) Within the meaning of this Chapter, an excluded account is any of the following accounts:

1) a retirement or pension account that satisfies the following requirements:

a) the account is subject to regulation as a personal retirement account or is part of a registered or regulated retirement or pension plan for the provision of retirement or pension benefits (including disability or death benefits);

b) the account is tax-favoured (i.e., contributions to the account that would otherwise be subject to tax are deductible or excluded from the gross income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate);

c) information regarding the account must be provided to the tax administration authorities in accordance with the procedures provided for in legal acts;

d) withdrawals are subject to special conditions – reaching a specified retirement age, disability, or death, or penalties apply to withdrawals made before such specified events;

e) either, in applying the due diligence procedures stipulated by the Cabinet, annual contributions are limited to an amount which is equivalent in euros according to the reference rate of euro published by the European Central Bank and corresponds to USD 50 000 or, in applying the due diligence procedures stipulated by the Cabinet, there is a maximum lifetime contribution limit to the account of an amount which is equivalent in euros according to the reference rate of euro published by the European Central Bank and corresponds to USD 1 000 000;

2) a financial account that otherwise satisfies the requirements of Clause 1, Sub-clause “e” of this Paragraph will not fail to satisfy such requirements solely because such financial account may receive assets or funds transferred from one or more financial accounts that meet the requirements of Clause 1 or 3 of this Paragraph or from one or more retirement or pension funds that meet the requirements of Sections 76, 77, and 78 of this Law;

3) an account that satisfies the following requirements:

a) the account is subject to the laws and regulations governing the field of finances as an investment vehicle for purposes other than for retirement and is regularly traded on an established securities market, or the account is subject to regulation as a savings vehicle for purposes other than for retirement;

b) the account is tax-favoured (i.e., contributions to the account that would otherwise be subject to tax are deductible or excluded from the gross income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate);

c) withdrawals are conditioned on meeting specific criteria related to the purpose of the investment or savings account (for example, the provision of educational or medical benefits), or penalties apply to withdrawals made before such criteria are met;

d) annual contributions are limited to an amount which is equivalent in euros according to the reference rate of euro published by the European Central Bank and corresponds to USD 50 000, in applying the due diligence procedures stipulated by the Cabinet;

4) a financial account that otherwise satisfies the requirements of Clause 3, Sub-clause “d” of this Paragraph will not fail to satisfy such requirements solely because such financial account may receive assets or funds transferred from one or more financial accounts that meet the requirements of Clause 1 or 3 of this Paragraph or from one or more retirement or pension funds that meet the requirements of Sections 76, 77, and 78 of this Law;

5) a life insurance contract with a coverage period that will end before the insured individual attains age 90, provided that the contract satisfies the following requirements:

a) periodic premiums which do not decrease over time are payable at least annually during the period the contract is in existence or until the insured attains the age 90, whichever is shorter;

b) the contract has no contract value that any person can access (by withdrawal, loan, or otherwise) without terminating the contract;

c) the amount (other than a death benefit) payable upon cancellation or termination of the contract cannot exceed the aggregate premiums paid for the contract, less the sum of risk and expense charges for the period of the contract’s existence and any amounts paid prior to the cancellation or termination of the contract;

d) the right of receipt of insurance benefit is not transferred to other person for the purpose of profit-making;

6) an account that is held solely by an estate if the documentation for such account includes a copy of the deceased’s will or death certificate;

7) an account established in connection with a court decision or judgment;

8) an account established for a sale, exchange, or lease of immovable or movable property, provided that the account satisfies the following requirements:

a) the account is funded solely with a down payment, earnest money, or deposit in an amount appropriate to secure an obligation directly related to the transaction, or a similar payment, or is funded with a financial asset that is deposited in the account in connection with the sale, exchange, or lease of the property;

b) the account is established and used solely to secure the obligation of the purchaser to pay the purchase price for the property, the seller to pay any contingent liability, or the lessor or lessee to pay for any damages relating to the leased property as agreed under the lease;

c) the assets of the account, including the income earned thereon, will be paid or otherwise distributed for the benefit of the purchaser, seller, lessor, or lessee (including to satisfy such person’s obligation) when the property is sold, exchanged, or surrendered, or the lease terminates;

d) the account is not a margin or similar account established in connection with a sale or exchange of a financial asset;

e) the account is not associated with an account referred to in Clause 11 of this Section;

9) an obligation of a financial institution servicing a loan secured by immovable property to set aside a portion of a payment solely to facilitate the payment of taxes or insurance related to the immovable property at a later time;

10) an obligation of a financial institution solely to facilitate the payment of taxes at a later time;

11) a depository account that satisfies the following requirements:

a) the account exists solely because the client makes a payment in excess of a balance due with respect to a credit card or other revolving credit facility and the overpayment is not immediately returned to the client;

b) the financial institution implements policies and procedures either to prevent a customer from making an overpayment in excess of an amount that according to the euro reference rate published by the European Central Bank is equivalent to euros and corresponds to USD 50 000, or to ensure that any customer overpayment in excess of that amount is refunded to the customer within 60 days, in applying the due diligence procedures of accounts stipulated by the Cabinet for assessment of the abovementioned amounts. For this purpose, overpayments do not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns;

12) an individual account of a participant of a pension plan which is governed in accordance with the law On Private Pension Funds;

13) an account of a participant of a State funded pension scheme which is governed in accordance with the Law on State Funded Pensions.

(2) A financial institution is entitled to recognise a pre-existing financial account of a natural person (except for an annuity contract) as an excluded account, if it satisfies the following requirements:

1) its annual end balance of the account does not exceed the amount that according to the euro reference rate published by the European Central Bank is equivalent to euros and corresponds to USD 1000;

2) the account holder has not performed any transaction with this account or another account of the account holder in the relevant financial institution in the last three years;

3) the financial institution has not received new, additional, or updated information from the account holder in the last six years in relation to the maintenance of this account or another account of the account holder;

4) the relevant financial institution has not contacted the account holder in relation to any account held thereby in the financial institution in the last six years, if an account which is a cash value insurance contract is recognised as closed.

**Section 97. Pre-existing Account**

(1) A pre-existing account is an account of a natural person or legal entity which is maintained by a financial institution on the date of determining the category of accounts. The date of determining the category of accounts for accounts the holder or beneficiary owner of which is a tax resident of another state of the European Union, is 31 December 2015. The Cabinet, in determining the list of the participating jurisdictions, in relation to each participating jurisdiction which is not a European Union Member State and with which automatic exchange of information regarding financial accounts takes place, shall determine the date of determining the category of accounts.

(2) A pre-existing account is also a financial account which has been opened after the date of determining the category of accounts, if the following conditions are fulfilled:

1) the holder of such account already until the abovementioned date holds another financial account in the relevant financial institution (or a legal entity related thereto which is operating in the Republic of Latvia), to be recognised a pre-existing account in accordance with Paragraph one of this Section;

2) the financial institution (or accordingly a legal entity related thereto which is operating in the Republic of Latvia) shall deem all accounts of such account holder as a single financial account, in applying due diligence procedures of accounts stipulated by the Cabinet which apply to determination of the end balance or value of accounts and relying on the certification or documentary evidence provided by the account holder itself;

3) the financial institution, when applying the client identification and research procedures approved by the financial institution in accordance with the Law on the Prevention of Money Laundering and Terrorism Financing to this account, is entitled to rely on the results of the application of the abovementioned procedures which apply to the pre-existing account indicated in Paragraph one of this Section;

4) in order to open a financial account after the date indicated in Paragraph one of this Section, the account holder need not provide new, additional, or updated information, except for such information which is to be submitted for achieving the regulation objectives of this Chapter.

(3) If a financial institution exercises the rights laid down in Section 99, Paragraph four of this Law, 31 December 2015 shall be deemed as the date of determining the category of accounts.

[*20 February 2020*]

**Section 98. New Account**

A new account is an account maintained by a financial institution that has been opened after the date of determining the category of accounts, except for cases when the financial institution recognises it as a pre-existing account in accordance with Section 97, Paragraph two of this Law.

**Section 99. Due Diligence Procedures**

(1) The Cabinet shall determine the procedures by which a financial institution shall carry out due diligence procedures of accounts.

(2) A financial institution shall ascertain whether a new account is reportable in accordance with the procedures laid down in this Chapter on the basis of the information included in the certification provided by the client of the financial institution itself on the tax residence, unless it contradicts with facts obtained by the financial institution regarding the client in relation to opening an account and during the course of application of the client identification and research procedures approved by the financial institution in accordance with the Law on the Prevention of Money Laundering and Terrorism Financing.

(3) A financial institution shall ascertain whether a pre-existing account is reportable in accordance with the procedures provided for in this Chapter according to the due diligence procedures stipulated by the Cabinet, including also on the basis of the information obtained by the financial institution regarding the client in relation to opening an account and during the course of application of the client identification and research procedures approved by the financial institution in accordance with the Law on the Prevention of Money Laundering and Terrorism Financing. When ascertaining whether a pre-existing account is reportable in accordance with the procedures laid down in this Chapter, a financial institution is also entitled to rely only on the information included in the certification provided by the client on the tax residence, unless it contradicts with facts obtained by the financial institution regarding the client in relation to opening an account and during the course of application of the client identification and research procedures approved by the financial institution in accordance with the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.

(4) A financial institution is entitled to apply the due diligence procedures of accounts referred to in this Chapter and Cabinet regulations also in relation to such financial accounts, the holders or beneficiary owners of which during the performance of due diligence check are not deemed persons in relation to which the information referred to in Section 100 of this Law must be provided.

(5) A financial institution is entitled to use outsourcers for carrying out the obligations laid down in this Chapter, assuming responsibility for acts or omissions of the outsourcers.

(6) A holder of financial account and a beneficial owner of a passive non-financial legal entity has an obligation to submit correct and true own certification on the place of tax residence or new documentary evidence to the financial institution within the time period laid down by the financial institution.

[*20 February 2020*]

**Section 100. Obligations of a Financial Institution**

(1) The financial institution referred to in Section 71 of this Law has an obligation to provide the following information to the State Revenue Service regarding each reportable account which is ascertained by the financial institution according to the due diligence procedures stipulated by the Cabinet:

1) if the account holder is a natural person – the given name, surname, date and place of birth, address of the person of the participating jurisdiction (who is the account holder), the name of the relevant participating jurisdiction, the identification number of the taxpayer (if such is granted);

2) if the account holder is a legal entity – the name, address of the person of the participating jurisdiction (who is the account holder), the name of the relevant participating jurisdiction, the identification number of the taxpayer (if such is granted);

3) if the account holder is a legal entity and such entity has one or several beneficiary owners which after application of due diligence procedures are recognised as reportable persons – the name, address of the account holder, information regarding the status of the participating jurisdiction and tax resident of another state, the identification number of the taxpayer (if such is granted), the given name, surname, date and place of birth, address of each beneficiary owner (who is a reportable person of the participating jurisdiction), the name of the relevant participating jurisdiction, the identification number of the taxpayer (if such is granted);

4) the account number (of functional equivalent, if there is no account number);

5) the name and identification number (if any) of the financial institution which provides reports;

6) end balance or value of the account (including – in relation to cash value insurance contract or annuity contract – value in money or repurchase amount) at the end of the relevant calendar year or other relevant reporting period or, if the account was closed in the relevant year or reporting period, information regarding closing the account;

7) regarding the account of financial instruments:

a) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year or other appropriate reporting period;

b) the total gross proceeds from the sale or redemption of financial assets paid or credited to the account during the calendar year or other appropriate reporting period with respect to which the reporting financial institution acted as a custodian, broker, nominee, or otherwise as an agent for the account holder;

8) for a deposit account – the total gross amount of interest which has been paid into account or credited to an account within a calendar year or another relevant reporting period;

9) regarding any reportable account not referred to in Clause 7 or 8 of this Paragraph – the total gross amount paid or credited to the account holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the reporting financial institution is the obligor or debtor (including the aggregate amount of any redemption payments made to the account holder during the calendar year or other appropriate reporting period).

(2) The currency of each amount shall be indicated in the information notified in accordance with Paragraph one of this Section.

(3) If a reportable account is a pre-existing account, notwithstanding the provisions of Paragraph one, Clauses 1, 2, and 3 of this Section a financial institution does not have a duty to notify the taxpayer identification number and date of birth of the beneficial owner, if the financial institution does not have such taxpayer identification number and date of birth at its disposal. A reportable financial institution has a duty to take the necessary additional actions in order to obtain the taxpayer identification number or date of birth in relation to pre-existing accounts until the end of such second calendar year which follows the year when pre-existing accounts were identified as reportable accounts.

(4) Notwithstanding the provisions of Paragraph one, Clauses 1 and 3 of this Section the data of the place of birth need not be notified, except for cases when:

1) a reportable financial institution has had an obligation to obtain and notify such data in accordance with other laws and regulations;

2) they are available in electronically searchable data maintained by a reportable financial institution.

(5) The procedures by which financial institutions shall provide the information indicated in Paragraph one of this Section to the State Revenue Service for transfer to the competent authority of another state and the State Revenue Service shall transfer such information to the competent authorities of other states shall be determined by the Cabinet.

(6) Prior to providing reports to the State Revenue Service, a reporting financial institution shall inform its clients of the subject on which the report must be submitted, and that their data will be processed and sent to the State Revenue Service in accordance with the procedures and for the purpose provided for in this Chapter.

[*20 February 2020*]

**Section 101. Obligations of the State Revenue Service in Relation to the Exchange of Information Regarding Financial Accounts**

(1) The State Revenue Service shall provide the information laid down in Section 100, Paragraph one of this Law to the competent authority of the participating jurisdiction at least once a year not later than within nine months after the end of such calendar year to which the information applies.

(2) The State Revenue Service shall send a list with the types of excepted financial institutions and excluded financial accounts to the European Commission for publishing in the Official Journal of the European Union.

**Section 101.1 Monitoring of the Automatic Exchange of Information Regarding Financial Accounts**

In order to ensure effective implementation of the monitoring of the automatic exchange of information regarding financial accounts, a financial institution shall grant the State Revenue Service access to the procedures, documents, and information referred to in Section 11.1, Paragraphs one and nine, Sections 18, 18.1, 18.2, and 37 of the Law on the Prevention of Money Laundering and Terrorism Financing.

[*16 November 2017; 20 February 2020*]

**Section 101.2 Avoidance of the Provision of Information for the Automatic Exchange of Information on Financial Accounts**

If a natural person, legal entity or financial institution on which the obligation to submit the report has been imposed performs activities the main purpose or one of the main purposes of which is to avoid the fulfilment of the obligations specified in this Chapter, for the relevant person the obligations specified in this Law shall remain the same as they would be if such actions had not been performed.

[*20 February 2020*]

**Chapter XIII**

**Liability Coverage of the Main Performer of Construction Work towards Employees of the Subcontractor Hired for Execution of Public Works Contract or Works Contract**

[22 June 2017]

**Section 102. Main Performer of Construction Work**

[22 June 2017]

**Section 103. Subcontractor**

[22 June 2017]

**Section 104. Liability Coverage**

[22 June 2017]

**Section 105. Procedures for the Calculation, Payment and Accounting of Liability Coverage**

[22 June 2017]

**Section 106. Liability for the Payment of Liability Coverage**

[22 June 2017]

**Chapter XIV**

**Electronic Recording of Information at a Construction Site and Use Thereof**

[*22 June 2017 / See Paragraph 192 of Transitional Provisions*]

**Section 107. Main Performer of Construction Work**

(1) Within the meaning of this Chapter the main performer of construction work shall be the performer of construction work who performs construction work for its own needs or has concluded a contract with the initiator of construction for the construction of a new group three building or construction work with the total costs of EUR 350 000 or more (hereinafter – the works contract) and who performs construction work by itself, or transfers certain obligations specified in the works contract or a part thereof for execution to a subcontractor.

(2) If several performers of construction work at one construction site conform to the concept “main performer of construction work” used in Paragraph one of this Section, then, within the meaning of this Law, the main performer of construction work is such performer of construction work which is to be considered as such in accordance with the laws and regulations governing the field of construction.

[*22 June 2017; 30 May 2019; 6 July 2021*]

**Section 108. Subcontractor**

Within the meaning of this Chapter, the subcontractor is a person hired by the main performer of construction work or by the initiator of the construction or, in turn, a person hired by him or her (except for the developer of the building design and the performer of author’s supervision) who performs work at a construction site for the execution of the works contract or provides labour force.

[*22 June 2017; 30 May 2019*]

**Section 109. Person Employed at a Construction Site**

Within the meaning of this Chapter, an employee of the main performer of construction work or subcontractor who performs work at a construction site for the execution of the works contract shall be regarded as a person employed at a construction site. A natural person who has registered as the performer of economic activity, domestic employee with the employer – a foreigner, a foreign employee with the employer – a foreigner shall also be regarded as a person employed at a construction site, if the abovementioned persons perform work at a construction site for the execution of the works contract, as well as a person who for the purpose of executing the works contract performs work at a construction site for the benefit and under subordination of the recipient of the labour force provision service, and a construction supervisor.

[*22 June 2017*]

**Section 110. Electronic Working Time Recording at a Construction Site**

(1) Working time recording at a construction site shall be ensured electronically, using an electronic working time recording system and the means to be used for ensuring identification of a person laid down in Section 111 of this Law. The electronic working time recording system is an audited (initial security check and, not less than once in two years, external security check has been ensured for it, also including therein the performance of penetration testing and checking of conformity with the requirements laid down in Chapter XIV of this Law) electronic system in which electronic registration, accounting, and data storage of the working time (within the meaning of this Chapter, the whole period of time during which the person is located at a construction site shall be considered working time) of the persons employed at a construction site is ensured in order to transfer the abovementioned data for inclusion in the unified electronic working time recording database.

(2) The external security check for the electronic working time recording system shall be ensured by a person who organises and manages the operation of such system (hereinafter in this Chapter – the system manager), commissioning the performance of such check from a person not related to the system manager.

(3) The Cabinet shall determine the requirements for a person who may perform the external security check laid down in Paragraph one of this Section for the electronic working time recording system.

[*30 May 2019*]

**Section 111. Electronic Identification of a Person Employed at a Construction Site**

(1) An individually designed device or information technologies solution, ensuring the identification of a person employed at a construction site and recording of the working time in the electronic working time recording system, shall be applied to identify a person employed at a construction site.

(2) The main performer of construction work shall ensure the electronic identification solution for the identification of a person at a construction site also for a person who stays in the territory of a delimited construction site, but is not employed for the purpose of performing construction work at a construction site and is not regarded as a person employed at a construction site.

(3) The requirement laid down in Paragraph two of this Section regarding granting of the electronic identification solution shall not be applicable to representatives of law enforcement authorities, State security institutions, controlling authorities, or emergency services, and also to drivers who perform delivery of construction products or other products to the construction site.

[*22 June 2017; 30 May 2019; 6 July 2021*]

**Section 112. Unified Electronic Working Time Recording Database**

(1) The unified electronic working time recording database which is a part of the Construction Information System is established in order to compile and maintain the data included in the electronic working time recording system, as well as to issue the relevant data to the institutions referred to in this Section for the performance of their functions.

(2) The unified electronic working time recording database shall be applied by:

1) the State Revenue Service – for the purpose of administering the personal income tax, mandatory State social insurance contributions, and micro-enterprise tax;

2) the State Labour Inspectorate – for the purpose of supervising and control of conformity with the laws and regulations governing the field of employment legal relationships;

3) the State Construction Control Bureau – for the purpose of control of the fulfilment of the duties of construction specialists in accordance with the provisions laid down in Section 6.1, Paragraph one, Clause 1 of the Construction Law;

4) the Central Statistical Bureau – for the purpose of statistical analysis and evaluation of work remuneration;

5) the State Border Guard – to persons who, within the meaning of the Immigration Law, are to be considered as foreigners for the purpose of control of the entry, residence, and departure procedures laid down in the laws and regulations.

(3) The data of the unified electronic working time recording database which do not contain information identifying natural persons may be used for the purpose of developing the construction policy and implementation of the general supervision of the construction sector.

(4) The Cabinet shall determine the procedures by which the data of the electronic working time recording system shall be provided for inclusion in the unified electronic working time recording database.

(5) [30 May 2019]

(6) [30 May 2019]

[*22 June 2017; 23 November 2017; 30 May 2019; 6 July 2021*]

**Section 113. Data Recordable in the Electronic Working Time Recording System and Requirements in Relation to the Electronic Working Time Recording System**

(1) The following data shall be recorded and compiled in the electronic working time recording system in an electronic system:

1) on a person employed at a construction site:

a) given name, surname;

b) personal identity number (if the person does not have a personal identity number – the date, month, and year of birth or the number of visa or residence permit attesting that the foreigner has been granted the right to employment);

c) position;

d) name of the employer or given name and surname thereof (if the employer is a natural person);

e) unified registration number assigned by the Enterprise Register of the Republic of Latvia to the employer or personal identity number (if the employer is a natural person), or another identification number (if the employer is a legal person registered abroad);

f) number of the construction permit or cadastral designation of the immovable object (if a construction permit has not been issued);

g) time when the person has arrived at the construction site and left it;

h) total amount of time – the data referred to in Sub-clause “g” of this Clause depicted as the total amount of time of 24 hours within the scope of one calendar month for each person employed at a construction site. The total amount of time shall also include the breaks from work laid down in the laws and regulations governing employment legal relationship;

2) on a person who stays at a construction site and is not employed for the performance of construction work at the construction site:

a) given name, surname;

b) personal identity number; if the person does not have a personal identity number – the date, month, and year of birth;

c) time when the person had arrived at the construction site and left it;

d) time of stay at the construction site depicted as a total amount of time of 24 hours;

3) on the works contract concluded by the main performer of construction work with the initiator of the construction and, if the contract amount changes, on amendments to such contract:

a) name of the initiator of the construction;

b) unified registration number assigned by the Enterprise Register of the Republic of Latvia to the initiator of the construction or personal identity number (if the initiator of the construction is a natural person), or another identification number (if the initiator of the construction is a legal person registered abroad);

c) contract date;

d) contract amount or, if the contract amount changes due to amendments to the contract, the new contract amount.

(2) The electronic working time recording system in respect of information resources of the system [software, files (also those which contain the information kept, processed in the system and accessible to the users of the system) and system documentation] shall use the software by which audit trails are recorded, recording data on events in the system to ensure a possibility to assess their impact on security of the system. The Cabinet shall determine the requirements for the creation, storage, and issuance of audit trail.

(3) Such functions as automatic or pre-programmed actions for the correction, changing, or deletion of the data registered in the electronic working time recording system, for the registration of the working time of the persons employed at a construction site, including the time when the person has arrived to and left the construction site, for automatic registration, or for the deduction of breaks from work provided for in the laws and regulations governing employment legal relationship for data registered in such system may not be introduced in the electronic working time recording system, including its software.

(4) The data laid down in Paragraph one, Clause 1, Sub-clauses “g” and “h”, Clause 2, Sub-clauses “c” and “d”, and Clause 3, Sub-clauses “c” and “d” of this Section which are registered and accumulated in the electronic working time recording system shall not be subject to corrections or changes. If the data laid down in Paragraph one, Clause 1, Sub-clauses “g” and “h” and Clause 2, Sub-clauses “c” and “d” of this Section which are registered in the electronic working time recording system do not coincide with the time actually spent by a person at a construction site, in addition to the data accumulated in the system the main performer of construction work shall register information regarding the time actually spent by the person at a construction site, indicating the actual arrival at the construction site, the actual time when the person left the construction site, the actual total amount of time, as well as a justification as to why the data registered in the electronic working time recording system do not coincide with the time actually spent by the person at the construction site. If incorrectly (erroneously or improperly) registered data are established in the electronic working time recording system, except for the ones referred to in the first sentence of this Paragraph, the data shall be corrected, ensuring audit trail of events in the electronic working time recording system which include information regarding the relevant corrections, including identifying information regarding the performer of correction, the date and time of performing correction, the correction performed (data deleted, corrected, changed, or supplemented), and the corrected data (value before and after correction or changing).

(5) The availability of the electronic working time recording system shall be ensured not below 96.7 per cent per month.

[*22 June 2017; 30 May 2019* / *Paragraph five shall come into force form 1 September 2019. See Paragraph 227 of Transitional Provisions*]

**Section 114. Storage of the Electronic Working Time Recording System Data, Transfer Thereof for Inclusion in the Unified Electronic Working Time Recording Database, and Issuance Thereof**

(1) The main performer of construction work shall ensure the following involving the data registered and accumulated in the electronic working time recording system:

1) storage in the non-volatile data carriers deployed in the territory of Latvia, including servers of data centres, for three years from the moment when data have been registered in the electronic working time recording system;

2) deletion after the end of the time period laid down in Clause 1 of this Paragraph;

3) issuance to the controlling authorities:

a) of data to be transferred for inclusion in the unified electronic working time recording database – until the moment when the abovementioned data have been transferred for inclusion in the unified electronic working time recording database;

b) of data not to be transferred for inclusion in the unified electronic working time recording database – throughout the term of storage laid down in Clause 1 of this Paragraph.

(2) Upon request of the State Revenue Service, the State Labour Inspectorate, the State Construction Control Bureau, or the State Border Guard, the main performer of construction work shall ensure that, upon performing an inspection at the construction site, the data contained in the electronic working time recording system on all persons would be presented and provided to the State Revenue Service, the State Labour Inspectorate, or the State Border Guard, whereas to the State Construction Control Bureau – on all construction specialists who are located at the construction site at the moment of data request.

(3) The main performer of construction work shall, by the 15th date of the current month, transfer the data registered and accumulated in the electronic working time recording system (except for the data referred to in Section 113, Paragraph one, Clause 2 of this Law, data and information which has been registered and accumulated in the case referred to in Paragraph six of this Section, and also the audit trail of events of the electronic working time recording system) regarding the previous month for inclusion in the unified electronic working time recording database in a structured manner.

(4) The main performer of construction work shall transfer the data contained in the electronic working time recording system for inclusion in the unified electronic working time recording database in a structured manner at the level of information technologies systems, using the web services of the unified electronic working time recording database.

(5) The holder of the unified electronic working time recording database shall ensure the accumulation, storage, issuance of the data transferred by the main performer of construction work and online access thereto to controlling authorities and the Central Statistical Bureau for a time period of three years from the moment the recording of the working time of the persons employed at a construction site is started in the electronic working time recording system. The data contained in the unified electronic working time recording database shall be deleted from it after expiry of the abovementioned period. The Cabinet shall determine the obligations, rights and responsibilities of the holder of the unified electronic working time recording database.

(6) The electronic working time recording at a construction site where construction work is performed for ensuring intelligence and counter-intelligence activities shall be ensured in a local electronic working time recording system which may not be connected to an external network or a local network from which access to an external network is possible. In such case the State security institution for the needs of which construction work for intelligence and counter-intelligence activity is performed shall ensure the storage of and access to the data registered in the electronic working time recording system for the institutions referred to in Section 112, Paragraph two, Clauses 1, 2, and 3 of this Law.

[*22 June 2017; 23 November 2017; 30 May 2019; 6 July 2021*]

**Section 115. Use of the Electronic Working Time Recording System Data for Tax Administration, Implementation of Supervision and Control in the Field of Employment Relationship, Ensuring State Control of Construction Work and Control of Entry, Residence, and Departure of Foreigners, and Statistical Analysis of Work Remuneration**

(1) The data recorded in the electronic working time recording system on persons employed at a construction site and their working hours shall be used by the State Revenue Service to administer the personal income tax, mandatory State social insurance contributions, and micro-enterprise tax, by the State Labour Inspectorate to supervise and control the conformity with the laws and regulations governing the field of employment legal relationships, by the State Construction Control Bureau to control the fulfilment of the obligations of construction specialists in accordance with the provisions laid down in Section 6.1, Paragraph one, Clause 1 of the Construction Law, and by the Central Statistical Bureau for the statistical analysis and evaluation of work remuneration.

(11) The data registered in the electronic working time recording system regarding the persons employed at a construction site and persons who are present in the territory of a delimited construction site but who are not employed in the performance of construction work at the construction site shall be used by the State Border Guard for the control of the conformity with the laws and regulations governing entry, residence, and departure of foreigners.

(2) The data recorded in the electronic working time recording system on working hours of the person employed at a construction site within the scope of a calendar month may differ by not more than 20 per cent from the actually recorded working hours used for the calculation of the remuneration for work at the construction site.

(3) If the State Revenue Service finds that the data recorded in the electronic working time recording system on the working hours of the person employed at a construction site within the scope of a calendar month differs from the actually recorded working hours used for the calculation of the remuneration for work at the construction site to a greater extent than the amount referred to in Paragraph two of this Section, the State Revenue Service may use the data recorded in the electronic working time recording system to determine the reduced object taxable with taxes and fees.

[*22 June 2017; 30 May 2019; 6 July 2021*]

**Section 116. Obligations of the Main Performer of Construction Work**

(1) The main performer of construction work shall have the following obligations:

1) to ensure electronic working time recording at each construction site in accordance with that laid down in Section 113 of this Law from the moment when construction work has been commenced until the moment when an entry is made in the construction work logbook regarding the completion of construction work or, if the construction work logbook is not necessary in accordance with the laws and regulations, until the moment when construction work at a construction site are considered to be completed in accordance with the laws and regulations governing construction;

11) to use such electronic working time recording system which conforms to the requirements of this Law and for which external security check is ensured;

2) to inform the subcontractor of being involved in the performance of construction work subject to the regulation contained in this Chapter;

3) to ensure that there would be no person in the territory of a delimited construction site without being provided with an electronic identification device or information technologies solution, and whereof no data are recorded in the electronic working time recording system;

4) to ensure that an electronic identification device or information technologies solution for the electronic recording of working time in the electronic working time recording system is provided to a person employed at a construction site who performs work at the construction site of the main performer of construction work for the execution of the works contract;

5) to ensure that an electronic identification device or information technologies solution for the recording of the stay at a construction site in the electronic working time recording system is provided to a person who stays in the territory of a delimited construction site, but is not employed for the performance of construction work at the construction site and is not regarded as a person employed at the construction site;

6) to ensure that its employees or the attracted persons who perform work at the construction site for the execution of the works contract record their working time in the electronic working time recording system, using the electronic identification device or information technologies solution;

7) to submit, except for the case specified in Section 114, Paragraph six of this Law, information regarding the commencement of construction of a group three building or the commencement of such construction work the total costs of which is EUR 350 000 or more for the inclusion thereof in the unified electronic working time recording database not later than within five working days after commencement of construction work, indicating also information regarding the electronic working time recording system used at the construction site (the name and system manager). Information regarding completion of construction work shall be submitted for inclusion in the unified electronic working time recording database not later than within five working days after completion of construction work, except for the case specified in Section 114, Paragraph six of this Law;

8) to submit, except for the case specified in Section 114, Paragraph six of this Law, information (in the form of electronic data) regarding the works contract concluded with the initiator of the construction and, if the contract amount changes, the amendments to such contract for the inclusion thereof in the unified electronic working time recording database, indicating the following data:

a) name of the initiator of the construction;

b) unified registration number assigned by the Enterprise Register of the Republic of Latvia to the initiator of the construction or personal identity number (if the initiator of the construction is a natural person), or another identification number (if the initiator of the construction is a legal person registered abroad);

c) contract date;

d) contract amount or, if the contract amount changes due to amendments to the contract, also the new contract amount;

9) to submit information (in the form of electronic data) regarding all works contracts concluded with their subcontractors in the previous month and the amendments made thereto for the inclusion thereof in the unified electronic working time recording database every month by the 15th date, except for the case specified in Section 114, Paragraph six of this Law, indicating the name of the subcontractor, the unified registration number of the Enterprise Register of the Republic of Latvia assigned to the subcontractor or the personal identity number (if the subcontractor is a natural person), or another identification number (if the subcontractor is a legal person registered in a foreign country) if:

a) the contract amount is EUR 15 000 or more, indicating the date of concluding the contract and the contract amount;

b) with amendments to the contract, the amount changes for such contract which has been notified in accordance with that specified in Sub-clause “a” of this Clause, indicating also the date of adopting the amendment and the total contract amount;

c) with amendments to the contract, the contract amount reaches or exceeds EUR 15 000, indicating also the date of adopting the amendment and the total contract amount;

d) the contract concluded does not provide for the contract amount (payment within the scope of the abovementioned contract is made according to the amount of work performed), indicating also the date of the contract and the payment calculated within the scope of the contract for the amount of work performed in the previous month;

10) to ensure protection of the data registered in the electronic working time recording system (protection of the data or information resources which is implemented by means of software, identifying the user of the information system, verifying the conformity of his or her authorisation with the respective activities in the electronic working time recording system, and safeguarding information against intentional or accidental correction, changing, or deletion);

11) to ensure the registration and recording of data laid down in Section 113, Paragraph one of this Law also for a period when such disturbances occurred in the operation of the electronic working time recording system at a construction site which precluded registration or recording of data in the system;

12) to ensure retrieval of the data registered and accumulated in the electronic working time recording system for a subcontractor (in viewing mode, electronically, or in printed form) regarding its employees or persons attracted thereby who are performing work for execution of the works contract at the construction site of the main performer of construction work.

(2) In the case of disturbances in the operation of the system referred to in Paragraph one, Clause 11 of this Section, data registration and recording during the period of disturbances shall be performed manually or, if disturbances in the operation of the system do not affect electronic registration or recording of data, by using an individually designed device or information technologies solution. If the data subject to registration and recording are registered and recorded manually, the main performer of construction work, not later than within three working days after the elimination of disturbances, shall ensure the registration of data in the system manually, but, if disturbances in the operation of the system have not affected electronic registration or recording of data, the registration of the referred to data in the system shall be ensured electronically. Upon registering the data obtained in accordance with the procedures laid down in this Paragraph, an additional mark shall be added and an audit trail of events regarding the registration of the referred to data according to special procedures shall be made.

[*22 June 2017; 30 May 2019; 6 July 2021*]

**Section 117. Obligations of a Subcontractor**

A subcontractor has the following obligations:

1) to ensure that its employees or the attracted persons who perform work at the construction site of the main performer of construction work for the execution of the works contract record their working time in the electronic working time recording system, using the electronic identification device or information technologies solution;

2) to inform its subcontractor of being involved in the performance of construction work subject to the regulation contained in this Chapter;

3) the inform the main performer of construction work regarding the malfunction of the electronic working time recording system, hindering the recording of the start of working time or end of working time of its employees or the persons involved;

4) each month by the 15th date, by authorising in the unified electronic working time recording database, to submit, except for the case specified in Section 114, Paragraph six of this Law, information for inclusion in the unified electronic working time recording database regarding all works contracts concluded with its subcontractors or with the initiator of the construction in the previous month and the amendments made thereto in the amount and in accordance with the procedures laid down in Section 116, Paragraph one, Clauses 8 and 9 of this Law.

[*22 June 2017; 30 May 2019; 6 July 2021; 24 March 2022*]

**Section 118. Obligation of a Person Employed at a Construction Site**

A person employed at a construction site has the obligation to record the working time in the electronic working time recording system using the electronic identification device or information technologies solution – upon entry in the construction site, to record the start of the working time and, upon leaving the construction site, to record the end of the working time.

[*22 June 2017*]

**Chapter XV**

**Resolution of Disputes Arising with the Competent Authorities of Other European Union Member States Concerning the Interpretation and Application of International Treaties Regarding Elimination of Double Taxation of Income and Capital**

[*17 October 2019*]

**Section 119. General Provisions for Dispute Resolution**

(1) The regulation laid down in this Chapter shall be applied to resolve a dispute between the competent authorities of the Republic of Latvia and another European Union Member State which has arisen from the interpretation and application of international treaties that provide for the elimination of double taxation of income and capital.

(2) Within the meaning of this Chapter, double taxation means the imposition of taxes in Latvia and another European Union Member State in respect of one and the same taxable income or capital, if such taxes are subject to the application of international treaties which provide for the elimination of double taxation of income and capital and if such imposition results in at least one of the following conditions:

1) an additional tax charge;

2) an increase in tax liabilities;

3) the cancellation or reduction of losses that could be used to reduce taxable income.

(3) When imposing the regulation specified in this Chapter, unless a contrary inference arises, any term, which is not used in this Chapter, shall have the meaning that it has in the respective international treaty on the date of the receipt of the first notification of the action that resulted in, or that will result in, a question in dispute (for example, the decision on the findings of the tax examination (audit)). In the absence of a definition under such international treaty, such term shall have the meaning that it had at that time in accordance with the laws and regulations governing the field of direct taxes and the defined meaning prevails over the meaning attributed to the respective term in accordance with other laws and regulations.

[*17 October 2019*]

**Section 120. Application for a Question in Dispute**

(1) The taxpayer has the right to submit the application for a question in dispute to the State Revenue Service and the competent authorities of other involved European Union Member States. The application for a question in dispute shall be submitted by the taxpayer to each competent authority of the involved European Union Member State. The application shall include identical information on the resolution of the question in dispute and also all involved Member States (Member States directly linked to the question in dispute). The application may be submitted within a period of three years after the receipt of the first decision on action resulting in, or that will result in, the question in dispute (for example, the decision on the findings of the tax examination (audit)), regardless of whether the taxpayer has the right to use other legal remedies provided for in laws and regulations.

(2) The State Revenue Service, within two months after the receipt of the application for a question in dispute, shall:

1) confirm the fact of the receipt of the application to the taxpayer;

2) inform the competent authorities of other involved European Union Member States of the receipt of the application and also of the language used for communication in the respective process.

(3) The State Revenue Service shall accept the application for a question in dispute for examination in a mutual agreement procedure if the application addressed to each competent authority of the European Union Member State, including the State Revenue Service, includes the following information:

1) name of the taxpayer (for a natural person – given name and surname), registration number (for a natural person – personal identity number), address and other information which is necessary to identify the applicant and other taxpayers involved in the respective case;

2) reporting periods that are subject to the question in dispute;

3) detailed information on the factual circumstances of the case (including detailed information on the structure of transactions and the relationship between the taxpayer and the other parties to the relevant transactions and also any facts related to the relevant case determined in good faith in a mutually binding agreement between the taxpayer or another person involved in the case and the tax administration), the description and date of the actions giving rise to the question in dispute (including, where applicable, detailed information on the same income received in another Member State and the inclusion of such income in the taxable base in another Member State, and information on the tax charged or that will be charged in relation to such income in another Member State), and also the related amounts in the currencies of the relevant Member States and copies of supporting documentation for payment;

4) reference to the applicable national laws and regulations and the relevant international treaty. If more than one international treaty is applicable, the applicant shall specify which international treaty is being interpreted or applied in relation to the relevant question in dispute;

5) the following information together with copies of supporting documents:

a) an explanation of why the taxpayer considers that there is a question in dispute,

b) information on all initiated contesting or appeal procedures and also court judgments concerning the question in dispute,

c) certification by the taxpayer that he or she undertakes to respond as completely and quickly as possible to all requests made by the State Revenue Service and to provide all documents related to the question in dispute at the request of the State Revenue Service,

d) the decision (copy) on the findings of the tax examination (audit) or a copy of another document related to the question in dispute and also copies of such documents that have been issued by tax authorities with regard to the question in dispute if such decisions have been taken or documents have been drawn up. The taxpayer has no obligation to append the decision referred to in this Sub-clause or copies of documents to the application to be submitted to the State Revenue Service if such decisions have been taken or documents have been issued by the State Revenue Service,

e) information on all applications submitted by the taxpayer in accordance with another mutual agreement procedure or another dispute resolution procedure as defined in Section 132, Paragraph three of this Law, and if such mutual agreement procedure or dispute resolution procedure exists, written commitment of the taxpayer that he or she shall comply with the provisions laid down in Section 132, Paragraph three of this Law;

6) any additional information requested by the State Revenue Service to initiate the adjudication of the case on the merits;

(4) The State Revenue Service, within three months after the receipt of the application from the taxpayer, has the right to request additional information referred to in Paragraph three, Clause 6 of this Section. During the mutual agreement procedure provided for in Section 121 of this Law, the State Revenue Service is entitled to request additional information also after the referred to time limit. In accordance with Paragraph three, Clause 6 of this Section the requested information shall be provided by the taxpayer to the State Revenue Service within three months after the receipt of the request and a copy of the referred to information shall be also sent to the competent authorities of the European Union Member States.

(5) The State Revenue Service shall take the decision on accepting the application for a question in dispute for examination in a mutual agreement procedure or refusal to accept the application for examination within six months after the receipt of the application or additional information referred to in Paragraph three, Clause 6 of this Section. The State Revenue Service shall immediately inform the taxpayer and the competent authorities of the involved European Union Member States of the decision taken. The State Revenue Service, within the time limit specified in this Paragraph, is entitled to take the decision on the resolution of the question in dispute on a unilateral basis, without involving other competent authorities of the relevant European Union Member States if the taxpayer agrees with that decision. The State Revenue Service shall immediately inform the competent authorities of the involved European Union Member States of the decision on the resolution of the question in dispute on a unilateral basis.

(6) The taxpayer is entitled to withdraw the application by sending a written notification of withdrawal of the application to the State Revenue Service and the competent authorities of the involved European Union Member States. In such case the State Revenue Service shall immediately take the decision on termination of administrative proceedings and shall notify the taxpayer and the competent authorities of the involved European Union Member States thereof.

(7) If the question in dispute no longer exists, the State Revenue Service shall take the decision on termination of administrative proceedings and shall immediately notify the taxpayer and the competent authorities of the European Union Member States thereof.

[*17 October 2019*]

**Section 121. Examination of a Question in Dispute in a Mutual Agreement Procedure**

(1) If the State Revenue Service and the competent authorities of the involved European Union Member States accept the application for a question in dispute for examination in a mutual agreement procedure, they, through a mutual agreement procedure, shall endeavour to resolve the question in dispute by mutual agreement with the competent authorities of the involved European Union Member States regarding the resolution of the question in dispute within the period of two years after the receipt of the notification of the decision whereby the last competent authority of the involved European Union Member States accepted the application for a question in dispute for examination in a mutual agreement procedure.

(2) The two-year period specified in Paragraph one of this Section may be extended for one year after sending the request of the State Revenue Service to the competent authorities of the involved European Union Member States or after the receipt of the request from another competent authority of the European Union Member State, if the requesting competent authority provides written justification.

(3) Once the State Revenue Service, within the time limit specified in this Section, has reached a mutual agreement with other competent authorities of the involved European Union Member States as to how to resolve the question in dispute, the State Revenue Service shall immediately notify the taxpayer of this agreement as a decision the enforcement of which may be requested by the taxpayer on condition that he or she agrees with that decision and notifies the State Revenue Service of the renouncement of his or her right to any other legal remedies. If proceedings regarding other legal remedies have already been initiated, the decision shall only become binding and enforceable once the taxpayer has provided evidence to the State Revenue Service that action has been taken to terminate the referred to proceedings. Such evidence shall be provided within 60 days from the date on which such decision has been notified to the taxpayer. The decision shall then be implemented immediately, irrespective of any time limits set.

(4) If the State Revenue Service, within the time limit specified in this Section, has not reached agreement with other competent authorities of the involved European Union Member States as to how to resolve the question in dispute, the State Revenue Service shall inform the taxpayer thereof, stating the reasons for the failure to reach agreement.

[*17 October 2019*]

**Section 122. Decision of the State Revenue Service on Refusal to Accept the Application for a Question in Dispute for Examination in a Mutual Agreement Procedure**

(1) The State Revenue Service, within the time limit specified in Section 120, Paragraph five of this Law, shall take the decision on refusal to accept the application for a question in dispute for examination in a mutual agreement procedure, if there exists at least one of the following conditions:

1) the information referred to in Section 120, Paragraphs three and four of this Law has not been appended to the application, including failure to provide the requested additional information within the time limit set;

2) the question in dispute does not exist;

3) the application was not submitted within the period of three years, as specified in Section 120, Paragraph one of this Law;

4) the decision of the authority or court judgment by which tax evasion of the taxpayer is established in relation to the question in dispute has come into effect.

(2) The State Revenue Service shall specify in the decision the reasons for refusal to accept the application for examination in a mutual agreement procedure.

(3) If the State Revenue Service has not notified the decision on refusal to accept the application for a question in dispute for examination in accordance with the procedures and the time limit laid down in Section 120, Paragraph five of this Law, the application for a question in dispute shall be regarded as accepted for examination in a mutual agreement procedure.

(4) The taxpayer is entitled to contest or appeal the decision of the State Revenue Service on refusal to accept the application for a question in dispute for examination in a mutual agreement procedure in accordance with the procedures laid down in the Administrative Procedure Law. If the decision on refusal to accept the application for a question in dispute in a mutual agreement procedure is contested or appealed, the taxpayer is not entitled to submit the request in accordance with Section 123, Paragraph one, Clause 1 of this Law:

1) while the matter concerning the decision of the State Revenue Service on refusal to accept the application for examination in a mutual agreement procedure is reviewed in administrative procedure in relation to the contesting or appealing thereof;

2) while the decision of the supreme authority or court judgment in relation to the contested or appealed decision of the State Revenue Service on refusal to accept the application for examination in a mutual agreement procedure may be appealed;

3) if the decision of the State Revenue Service on refusal to accept for examination in a mutual agreement procedure the application submitted thereto has been recognised by the court as lawful or if the decision of another competent authority of the European Union Member State on refusal to accept for examination in mutual agreement procedure the application submitted thereto has been recognised by the court or judicial authority of the relevant European Union Member State as lawful and considering the legal framework of the referred to state, it is not possible to derogate from the judgment of the relevant court or judicial authority.

(5) If the decision on refusal to accept the application for a question in dispute for examination in a mutual agreement procedure has been contested or appealed in accordance with Section 123, Paragraph one, Clause 1 of this Law, the final decision or judgment of the authority for contesting or appealing.

[*17 October 2019*]

**Section 123. Dispute Resolution by the Advisory Commission**

(1) Upon the written request of the taxpayer submitted to the State Revenue Service and other competent authorities of the involved European Union Member States, the State Revenue Service jointly with the referred to authorities shall set up the Advisory Commission for dispute resolution (hereinafter – the Advisory Commission) in accordance with Section 124 of this Law, if at least one of the following preconditions is in effect:

1) at least one (but not all) competent authority of the involved European Union Member State has taken the decision on refusal to accept the application for examination in a mutual agreement procedure in accordance with Section 122, Paragraph one of this Law;

2) the State Revenue Service jointly with other competent authorities of the involved European Union Member States has taken the decision on accepting the application for examination in a mutual agreement procedure, but the agreement on how to resolve the question in dispute through the mutual agreement procedure has not been reached within the time limit specified in Section 121, Paragraph one of this Law.

(2) The taxpayer has the right to submit the request to set up the Advisory Commission referred to in this Section only if any of the following conditions is in effect in relation to the decision of the competent authority of the European Union Member State provided for in Section 122 of this Law (notification of the existence of the relevant condition shall be included by the taxpayer in the request):

1) in accordance with the applicable laws and regulations the taxpayer has no right to contest or appeal the decision of any authority of a European Union Member State on refusal to accept the application for examination in a mutual agreement procedure;

2) the decision of the authority on refusal to accept the application for examination has not been contested or appealed by the taxpayer;

3) upon submitting the relevant notification to the State Revenue Service, the taxpayer has refused to contest or appeal the decision of the authority on refusal to accept the application for examination in a mutual agreement procedure.

(3) The taxpayer, within 50 days from the date on which the decision has been notified in accordance with Section 120, Paragraph five of this Law or information has been received in accordance with Section 121, Paragraph four of this Law, or the court has delivered a judgment in accordance with Section 122, Paragraph four of this Law, shall submit the request to set up the Advisory Commission. The Advisory Commission shall be set up within 120 days from the receipt of such request, and once it is set up, the chair of the Advisory Commission shall immediately inform the taxpayer thereof.

(4) The review of the legality of the actions of the State Revenue Service in relation to setting up the Advisory Commission shall take place in accordance with the procedures laid down in the Administrative Procedure Law.

(5) The Advisory Commission, which has been set up in the case referred to in Paragraph one, Clause 1 of this Section, within six months after the setting up thereof shall take the decision as to whether the application for a question in dispute is to be accepted for examination in a mutual agreement procedure. The Advisory Commission shall notify the decision to the State Revenue Service and the competent authorities of the involved European Union Member States within 30 days after taking of the decision.

(6) If the Advisory Commission has confirmed that all requirements of Section 120 of this Section have been complied with, the mutual agreement procedure provided for in Section 121 of this Law shall be initiated at the request of the State Revenue Service and the competent authority of another European Union Member State. If such request has been made by the State Revenue Service, the latter shall notify the Advisory Commission, the competent authorities of the involved European Union Member States and the taxpayer thereof. The time limit provided for in Section 121, Paragraphs one and two of this Law shall start from the date on which the decision of the Advisory Commission that the application for a question in dispute is to be accepted for examination in a mutual agreement procedure is notified.

(7) If within 60 days after notifying the decision of the Advisory Commission no competent authority of a European Union Member State has requested to commence the mutual agreement procedure, the Advisory Commission shall deliver an opinion on how to resolve the question in dispute in accordance with Section 129, Paragraph one of this Law. In such case, upon applying Section 129, Paragraph one of this Law, it shall be regarded that the Advisory Commission has been set up on the date on which the referred to time period of 60 days expired.

(8) In the case referred to in Paragraph one, Clause 2 of this Section the Advisory Commission shall deliver an opinion on how to resolve the question in dispute in accordance with Section 129, Paragraph one of this Law.

[*17 October 2019*]

**Section 124. Advisory Commission**

(1) The Advisory Commission shall have the following composition:

1) a chair;

2) one representative of each competent authority of the involved European Union Member State. If the competent authorities of the European Union Member States agree, the number of representatives of the competent authority of each European Union Member State may be increased to two representatives;

3) one independent person of standing appointed by the competent authority of each European Union Member State on the basis of the list referred to in Section 125 of this Law. If the competent authorities of the European Union Member States agree, the number of appointed independent persons of standing of the competent authority of each European Union Member State may be increased to two persons.

(2) The State Revenue Service jointly with other competent authorities of the involved European Union Member States shall agree on the rules for the appointment of the independent persons of standing. Following the appointment of the independent persons of standing, a substitute shall be appointed for each of them according to the rules for the appointment of the independent persons in cases where the independent persons cannot perform their duties.

(3) In the absence of the agreement on the rules for the appointment of independent persons of standing in accordance with Paragraph two of this Section, the appointment of such persons shall be carried out by drawing lots.

(4) Th State Revenue Service may object to the appointment of any particular independent person of standing for any reason agreed in advance with the competent authorities of the involved European Union Member States, or for any of the following reasons, except for the case where the independent persons of standing have been appointed by the court of any European Union Member State or another equivalent institution with delegated rights to appoint independent persons of standing:

1) the referred to person is directly related to one of the relevant tax administrations or is acting on behalf thereof or was in such a situation during the previous three years;

2) the referred to person has had or has a material holding or voting right in any of the relevant taxpayers during the last five years prior to the date of his or her appointment, or the referred to person has been or is an employee or adviser of any of the relevant taxpayers;

3) circumstances exist which give rise to doubts about the objectivity of the referred to person in respect of resolving the specific dispute;

4) the referred to person is an employee of such commercial company that provides tax advice or otherwise gives tax advice on a professional basis, or was in such a situation during a period of the last three years prior to the date of his or her appointment.

(5) Any competent authority of the involved European Union Member State has the right to request that an independent person of standing, who has been appointed in accordance with Paragraphs two and three of this Section, or his or her substitute would disclose any interest or any other circumstances that might affect the independence or impartiality of the referred to person or that might reasonably create an appearance of bias in the proceedings.

(6) For a period of 12 months after the decision of the Advisory Commission was taken, an independent person of standing, who is part of the Advisory Commission, is prohibited from being in a situation that would have given cause to a competent authority of a European Union Member State to object to his or her appointment as provided for in this Section had he or she been in that situation at the time of appointment to that Advisory Commission.

(7) A representative of the State Revenue Service at the Advisory Commission jointly with the representatives of other competent authorities of the involved European Union Member State and the independent persons of standing appointed in accordance with Paragraph one of this Section shall elect a chair from the list of persons referred to in Section 125 of this Law. Unless the representatives of each competent authority of a European Union Member State and independent persons of standing agree otherwise, the chair shall be a judge.

[*17 October 2019*]

**Section 125. List of Independent Persons of Standing**

(1) The Minister for Finance shall nominate at least three competent and independent persons, who can act with impartiality and integrity, for inclusion on the list of independent persons of standing of the European Union. The Cabinet shall approve the candidates recommended by the Minister for Finance for inclusion on the referred to list. The Minister for Finance shall notify the European Commission of the appointed independent persons of standing, specifying the given name and surname of such persons, complete and up-to-date information on professional and academic experience, competence, knowledge and any conflicts of interest of the referred to persons. The Minister for Finance may specify in the notification which of the referred to persons may be appointed as the chair of the Advisory Commission.

(2) Within the meaning of Paragraph one of this Section a person may not be regarded as independent, if he or she:

1) holds or has held a position during the past three years in the State Revenue Service;

2) is an employee of such commercial company that provides tax advice or otherwise gives tax advice on a professional basis, or was in such a situation during a period of the last three years prior to the date of his or her appointment.

(3) The Minister for Finance shall immediately inform the European Commission of all changes in the composition of the persons nominated for inclusion on the list of independent persons of standing.

(4) The Minister for Finance shall ensure that at least once a year it is examined whether there exist such circumstances which prevent the persons nominated by him or her to be on the list of independent persons of standing. If such circumstances exist, the Minister for Finance shall recall the relevant person and shall appoint another person instead of him or her in compliance with the conditions specified in Paragraph one of this Section.

(5) If, having regard to the provisions of this Section, the Minister for Finance has justifiable grounds for objecting to the retention of a person nominated by another Member State on the list of the independent persons of standing due to the lack of independence, he or she shall inform the European Commission and shall provide adequate justification.

(6) If the Minister for Finance receives information from the European Commission on objections expressed by another European Union Member State and evidence supporting such objections in respect of the independent person of standing nominated by him or her, he or she shall examine the complaint within the period of six months and shall take the decision as to whether the referred to person remains on the list of the independent persons of standing or is removed from the list. The decision shall be notified immediately to the European Commission.

[*17 October 2019*]

**Section 126. Alternative Dispute Resolution Commission**

(1) The State Revenue Service jointly with other competent authorities of the involved European Union Member States has the right to agree to setup the Alternative Dispute Resolution Commission instead of the Advisory Commission to deliver an opinion on how to resolve the question in dispute in accordance with Section 130 of this Law. The State Revenue Service jointly with the competent authorities of the involved European Union Member States may also agree to set up an Alternative Dispute Resolution Commission which is formed as a permanent commission.

(2) Except for the provisions laid down in Section 124, Paragraphs four, five and six of this Law regarding the independence of the members of the Alternative Dispute Resolution Commission, such Commission may differ from the Advisory Commission in respect of its composition and form.

(3) The Alternative Dispute Resolution Commission may apply any dispute resolution processes or technique to solve the question in dispute in a way that is binding to the involved parties. In accordance with this Section the State Revenue Service jointly with other competent authorities of the involved European Union Member States have the right to agree on any other dispute resolution process, and the Alternative Dispute Resolution Commission has the right to apply that as an alternative to the type of dispute resolution process which is applied by the Advisory Commission in accordance with Section 124 of this Law (independent opinion process).

(4) The State Revenue Service jointly with other competent authorities of the involved European Union Member States shall agree on the Rules of Functioning of the Alternative Dispute Resolution Commission (hereinafter – the Rules of Functioning) in accordance with Section 127 of this Law.

(5) The regulation specified in Sections 128 and 129 of this Law shall be applied to the Alternative Dispute Resolution Commission, unless otherwise agreed in the Rules of Functioning referred to in Section 127 of this Law.

[*17 October 2019*]

**Section 127. Rules of Functioning**

(1) The State Revenue Service, within 120 days in accordance with Section 123, Paragraph one of this Law, shall notify the taxpayer of the following:

1) the Rules of Functioning for the Advisory Commission or Alternative Dispute Resolution Commission;

2) the date by which the opinion on the resolution of the question in dispute shall be adopted;

3) references to any applicable statutory provisions of the Republic of Latvia and to any applicable international treaties.

(2) The Rules of Functioning shall be signed by the representative of the State Revenue Service jointly with the representatives of other competent authorities of the European Union Member States involved in the relevant dispute, and the Rules of Functioning shall cover the following aspects in particular:

1) the description and the characteristics of the question in dispute;

2) the terms of reference on which the State Revenue Service agrees with other competent authorities of the European Union Member States in respect of the legal and factual circumstances related to the case to be resolved;

3) the type of the dispute resolution commission (the Advisory Commission or the Alternative Dispute Resolution Commission) and also the type of process for alternative dispute resolution, if that differs from the independent opinion process applied by the Advisory Commission;

4) the time limit for the dispute resolution procedure;

5) the composition of the Advisory Commission or the Alternative Dispute Resolution Commission (including the number of the Commission members and information identifying the relevant persons, detailed information on their competence and qualification and also the possible conflict of interest of the member of the Commission);

6) the rules governing the participation of the taxpayer and third parties in the proceedings, exchanges of memoranda, information and evidence, the costs, the type of dispute resolution process to be used and any other relevant procedural or organisational matters;

7) the logistical arrangements for implementing the proceedings of the Advisory Commission and for delivery of an opinion.

(3) If an Advisory Commission is set up to deliver an opinion in accordance with Section 123, Paragraph one, Clause 1 of this Law, only the information referred to in Paragraph two, Clauses 1, 4, 5 and 6 of this Section shall be set out in the Rules of Functioning.

(4) The standard Rules of Functioning of the European Commission adopted by means of implementing acts shall apply, if the Rules of Functioning are incomplete or have not been notified to the taxpayer.

(5) If the competent authorities of the involved European Union Member States have not notified the Rules of Functioning to the taxpayer in accordance with Paragraphs one and two of this Section, the independent persons of standing and the chair shall complete the Rules of Functioning on the basis of the standard rules provided for in Paragraph four of this Section and shall send them to the taxpayer within two weeks from the date on which the Advisory Commission or the Alternative Dispute Resolution Commission was set up. If the independent persons of standing and the chair have not agreed on the Rules of Functioning or have not notified them to the taxpayer, the taxpayer may address the District Administrative Court with a claim to impose on the Advisory Commission the obligation to adopt the Rules of Functioning.

[*17 October 2019*]

**Section 128. Costs of Proceedings**

(1) Except for the cases provided for in Paragraph two of this Section and unless the State Revenue Service has not reached agreement with the competent authorities of the involved European Union Member States regarding other procedures for covering the costs, the State Revenue Service jointly with the competent authorities of other Member States shall equally cover the following costs:

1) the expenses of the independent persons of standing, i.e., an amount equivalent to the average of the usual amount reimbursed to high ranking civil servants;

2) the fees of the independent persons of standing that exceed EUR 1000 per person per day for every meeting day of the Advisory Commission or the Alternative Dispute Resolution Commission.

(2) The State Revenue Service shall not cover the costs that are incurred by the taxpayer.

(3) If the State Revenue Service jointly with other competent authorities of the involved European Union Member States reach agreement thereof, all costs referred to in Paragraph one of this Section shall be covered by the taxpayer, if he or she has submitted:

1) a notification of withdrawal of the application for a question in dispute in accordance with Section 120, Paragraph six of this Law;

2) a request to set up the Advisory Commission in accordance with Section 123, Paragraph one of this Law after the application for a question in dispute was rejected in accordance with Section 122, Paragraph one of this Law and the Advisory Commission decided that the competent authorities of the European Union Member States were correct in rejecting the application.

[*17 October 2019*]

**Section 129. Information, Evidence and Hearings**

(1) For the purposes of the procedure provided for in Section 123 or 126 of this Law, if the State Revenue Service jointly with other competent authorities of the European Union Member States reach agreement, the relevant taxpayer may provide any information, evidence or documents to the Advisory Commission or the Alternative Dispute Resolution Commission that could be of importance in the process of taking a decision. The taxpayer and the State Revenue Service shall provide any information, evidence or documents at the request of the Advisory Commission or the Alternative Dispute Resolution Commission. The State Revenue Service has the right to refuse to provide information to the Advisory Commission and the Alternative Dispute Resolution Commission in any of the following cases:

1) obtaining the information requires carrying out administrative measures that are in conflict with laws and regulations;

2) the information cannot be obtained in accordance with the laws and regulations of the Republic of Latvia;

3) the information contains a trade secret, business secret, industrial secret, professional secret or applies to a trade process;

4) the disclosure of the information is contrary to public order.

(2) The taxpayer or his or her representative has the right to participate in the meetings of the Advisory Commission or the Alternative Dispute Resolution Commission, if agreed by the State Revenue Service and the competent authorities of the involved European Union Member States. The taxpayer or his or her representative has the obligation to take part in the meetings of the Advisory Commission or the Alternative Dispute Resolution Commission at the request of the relevant Commission.

(3) If requested by the State Revenue Service, the taxpayer and his or her representative shall submit information to the State Revenue Service which he or she has received in relation to the resolution of the question in dispute.

(4) The independent person of standing is prohibited from disclosing any information received in the capacity of a member of the Advisory Commission or the Alternative Dispute Resolution Commission. The taxpayer and his or her representative is prohibited from disclosing any information (including information on documents) received as part of the proceedings provided for in this Chapter.

[*17 October 2019*]

**Section 130. Opinion of the Advisory Commission or Alternative Dispute Resolution Commission**

(1) The Advisory Commission or the Alternative Dispute Resolution Commission, within six months after the setting up thereof, shall deliver an opinion on the question in dispute to the State Revenue Service and the competent authorities of the involved European Union Member States. If the Advisory Commission or the Alternative Dispute Resolution Commission considers that the question in dispute is such that it would need more than six months to deliver an opinion, this period may be extended by three months. The Advisory Commission or the Alternative Dispute Resolution Commission shall inform the State Revenue Service, the competent authorities of the involved European Union Member States and the taxpayer of any such extension.

(2) The Advisory Commission or the Alternative Dispute Resolution Commission shall prepare its opinion in compliance with the provisions of the international treaty referred to in Section 119, Paragraph one of this Law and also any applicable laws and regulations of the involved European Union Member States.

(3) The Advisory Commission or the Alternative Dispute Resolution Commission shall approve its opinion by a simple majority of its members. In the event of a tied vote, the vote of the chair shall be the deciding vote. The chair shall communicate the opinion of the Advisory Commission or the Alternative Dispute Resolution Commission to the State Revenue Service and the competent authorities of the involved European Union Member States.

[*17 October 2019*]

**Section 131. Final Decision on Resolution of a Question in Dispute**

(1) Within six months after the receipt of the opinion of the Advisory Commission or the Alternative Dispute Resolution Commission, the State Revenue Service jointly with other competent authorities of the involved European Union Member States shall reach agreement as to how to resolve the question in dispute.

(2) The State Revenue Service jointly with other competent authorities of the involved European Union Member States have the right to take a decision which is different from the opinion of the Advisory Commission or the Alternative Dispute Resolution Commission. If the State Revenue Service and the competent authorities of other European Union Member States fail to reach agreement as to how to resolve the question in dispute, the relevant opinion of the Advisory Commission or the Alternative Dispute Resolution Commission shall become binding on the State Revenue Service.

(3) The State Revenue Service shall immediately notify he final decision on the resolution of the question in dispute (hereinafter – the final decision) to the taxpayer. If such decision is not sent within 30 days of the decision having been taken, the taxpayer may address the District Administrative Court with a claim to impose on the relevant institution the obligation to take the final decision.

(4) The final decision shall be binding on the resolution of the specific question in dispute. The final decision shall be enforced, if the taxpayer, within 60 days after the notification thereof, informs the State Revenue Service that he or she agrees with the final decision and renounces his or her rights to any other legal remedies in relation to the question in dispute. From the moment the taxpayer in accordance with the procedures laid down in this Section has informed the State Revenue Service regarding agreement with the final decision and renouncement of the rights to any other legal remedies in relation to the question in dispute, it shall be considered that an administrative contract is concluded between the State Revenue Service and the taxpayer for the resolution of the question in dispute.

(5) The final decision shall be enforced in accordance with the laws and regulations governing the administrative proceedings that govern the performance of the administrative contract, regardless of the limitation periods, except for the case where the District Administrative Court decides that independence in the proceedings was not ensured upon applying the criteria referred to in Section 124 of this Law. The taxpayer may request the enforcement of the final decision to the District Administrative Court in accordance with the laws and regulations governing administrative proceedings.

[*17 October 2019*]

**Section 132. Interaction with Legal Proceedings and Derogations from General Procedures**

(1) The fact that the decision, which causes a question in dispute, has become not subject to contesting or appeal shall not prevent the taxpayer from exercising the rights provided for in this Chapter.

(2) The taxpayer is entitled to use the legal remedies specified in laws and regulations. Without prejudice to provisions laid down in Paragraph four of this Section, in the case if the taxpayer has addressed a court to request to apply a legal remedy, the time limits accordingly referred to in Section 120, Paragraph five and Section 121, paragraphs one and two of this Law shall start from the day on which the judgment delivered in the referred to legal proceedings has become final or where the referred to criminal proceedings have been terminated or suspended.

(3) Following the submission of the application for a question in dispute by the taxpayer in accordance with Section 120 of this Law, any other mutual agreement procedure or dispute resolution procedure, taking place in accordance with the international treaty which is interpreted or applied in respect of the relevant question in dispute, shall be terminated. Any other ongoing proceedings in respect of the relevant question in dispute shall be terminated from the day on which any competent authority of the involved European Union Member States has first received the application.

(4) If a court judgment has entered into effect in relation to the question in dispute:

1) before the State Revenue Service and the competent authorities of the involved European Union Member States, through the mutual agreement procedure provided for in Section 121 of this Law, have reached agreement on the resolution of the question in dispute, the State Revenue Service shall notify all competent authorities of the involved European Union Member States of the relevant court judgment and of the fact that the relevant mutual agreement procedure must be terminated from the day of the receipt of the notification from the State Revenue Service;

2) before the taxpayer has submitted to the State Revenue Service the request provided for in Section 123, Paragraph one of this Law to resolve the question in dispute by the Advisory Commission, Section 123, Paragraph one of this Law shall be applicable if, through the mutual agreement procedure provided for in Section 121 of this Law, no agreement has been reached regarding the resolution of the question in dispute. In such case the State Revenue Service shall inform the competent authorities of the involved European Union Member States regarding the consequences of the relevant court judgement;

3) the procedure for the resolution of the question in dispute provided for in Section 123 of this Law initiated by the Advisory Commission shall be terminated, if the court judgment has entered into effect at any time after the taxpayer has submitted to the State Revenue Service the request provided for in Section 123, Paragraph one of this Law to resolve the question in dispute by the Advisory Commission, but prior to the Advisory Commission or the Alternative Dispute Resolution Commission has delivered its opinion in accordance with Section 130 of this Law. In such case the State Revenue Service shall inform the competent authorities of the involved European Union Member States and the Advisory Commission or the Alternative Dispute Resolution Commission regarding the consequences of the relevant court judgement;

(5) The State Revenue Service has the right to deprive the taxpayer of the right to use the dispute resolution procedure in accordance with Section 123 of this Law, if, taking into account the circumstances of the relevant case, it discovers that the question in dispute is not related to double taxation. In such case the State Revenue Service shall immediately inform the taxpayer and the competent authorities of the involved European Union Member States.

[*17 October 2019*]

**Section 133. Special Provisions for Natural Persons and Small Enterprises**

(1) The provisions of this Section shall be applicable to the taxpayer, if he or she:

1) is a natural person;

2) does not conform to the criteria of a large enterprise because on the balance sheet date it does not exceed at least two of three limit values of the criteria specified below:

a) the balance sheet total – EUR 20 000 000,

b) the net turnover – EUR 40 000 000,

c) the average number of employees during the financial year – 250;

3) does not conform to the criteria of a large multinational enterprise group according to which a large multinational enterprise group is such where the parent commercial company and subsidiary commercial companies prepare the consolidated annual account in accordance with the applicable financial statement reporting principles (standards) and where on the balance sheet date the parent commercial company exceeds at least two of three limit values of the criteria specified below:

a) the balance sheet total – EUR 20 000 000,

b) the net turnover – EUR 40 000 000,

c) the average number of employees during the financial year – 250.

(2) The taxpayer referred to in Paragraph one of this Section may submit the applications, complaints, replies to a request for additional information, withdrawals and requests which have been revised accordingly in Section 120, Paragraphs one, four, six and seven of this Law, Section 123, Paragraphs one, two and three of this Law, by way of derogation from general provisions, only to the competent authority of the European Union Member State in which the taxpayer is resident. If the State Revenue Service is the competent authority in such case, within two months after the receipt of the referred to documents it shall notify thereof to all competent authorities of the involved European Union Member States. Once such a notification has been made, the taxpayer shall be deemed to have submitted the application to the competent authorities of the involved European Union Member States on the date any of the documents referred to in this Paragraph is submitted to the competent authority of the state of residence of the taxpayer.

(3) If the State Revenue Service receives additional information in relation to Section 120, Paragraph four of this Law, it shall send a copy to all competent authorities of the involved European Union Member States. Once additional information has been submitted to the competent authority of the state of residence of the taxpayer, it shall be deemed that they were received also by the competent authorities of the involved European Union Member States.

[*17 October 2019*]

**Section 134. Publicity**

(1) The Advisory Commission and the Alternative Dispute Resolution Commission shall issue their opinions in writing.

(2) The State Revenue Service jointly with other competent authorities of the involved Member States have the right to agree to publish the final decision referred to in Section 131 of this Law in its entirety, if agreed by each of the involved taxpayers.

(3) If the State Revenue Service or the relevant taxpayer does not agree that the final decision is published in its entirety, the State Revenue Service shall publish an abstract of the final decision. That abstract shall contain a description of the case and the subject matter, the date, the tax periods involved, the legal basis, the sector and a short description of the final outcome, and also a description of the dispute resolution method used.

(4) The State Revenue Service shall send the information to be published in accordance with Paragraph one of this Section to the taxpayer prior to the publication thereof. No later than 60 days from the receipt of such information, the taxpayer may request the State Revenue Service not to publish information that concerns any trade, business, industrial or professional secret or trade process, or that is contrary to public order.

(5) The State Revenue Service shall use standard forms of the European Commission approved by the implementing acts for the publication of the information.

(6) The State Revenue Service shall immediately notify the information to be published in accordance with Paragraph three of this Section to the European Commission.

[*17 October 2019*]

**Chapter XVI**

**Administrative Offences in the Field of Taxes and Competence within the Administrative Offence Proceedings**

[*19 December 2019 / The Chapter shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 135. Evasion of Tax Payments and Payments Equivalent Thereto**

For evasion from taxes or payments treated as such or for concealing or reducing income, profit or other taxable objects, a fine from twenty-eight up to four hundred units of fine shall be imposed on a natural person or member of a board with or without deprivation of the right of the member of a board to hold specific positions in commercial companies for a period of up to three years.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 136. Failure to Comply with the Procedures for the Registration of Taxpayers**

For not registering with the Taxpayer Register in the time periods provided for in laws and regulations, a warning or fine from ten up to four hundred and two units of fine shall be imposed on a natural person, but a fine from ten up to seventy units of fine – to a legal person.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 137. Disbursement of Work Remuneration not Indicated in the Accounting Records**

For disbursing work remuneration not indicated in accounting records, a fine from twenty-eight up to four hundred units of fine shall be imposed on a natural person or member of a board with or without deprivation of the right of the member of a board to hold specific positions in commercial companies for a period of up to three years.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 138. Settlement of Unauthorised Transactions if the Economic Activity of a Taxpayer is Suspended**

For making transactions or fulfilling payment obligations without authorisation when the economic activity of the taxpayer is suspended, a fine from twenty-eight up to four hundred units of fine shall be imposed on a natural person or member of a board with or without deprivation of the right of the member of a board to hold specific positions in commercial companies for a period of up to three years.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 139. Failure to Comply with the Conditions for Declaring Cash Transactions and Restrictions on the Use**

(1) For the failure to declare such cash transaction that have been made with natural persons who need not to register economic activity in accordance with the laws and regulations, a fine of three per cent of the undeclared sum shall be imposed on a natural and legal person.

(2) For the failure to declare transactions made in cash, except for the cases referred to in Paragraph three of this Section, a fine of three per cent of the undeclared amount shall be imposed on a natural person, but a fine of five per cent of the undeclared amount – on a legal person.

(3) For not declaring the cash transactions of ship agency commercial companies and air transport agency commercial companies, and also transactions of international road haulage and freight forwarding commercial companies, a fine of 10 per cent of the undeclared sum shall be imposed on a legal person.

(4) For the failure to declare cash transaction by breaching the deadline for the submission of the returns specified in tax laws and regulations, a fine from five up to four hundred units of fine shall be imposed on a legal and natural person.

(5) For making transaction in cash if the amount of transaction exceeds the amount of restriction on the use cash specified in Section 30 of this Law, a fine of 15 per cent of the amount of transaction shall be imposed on a legal and natural person.

(6) For failure to comply with the procedures for settling accounts laid down in laws and regulations, a fine from fourteen to two hundred and eighty units of fine shall be imposed on a legal person.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 140. Failure to Comply with the Requirements for Use of Electronic Equipment and Devices for the Registration of Taxes and Other Payments**

(1) For the failure to install and use electronic devices and equipment conforming to the laws and regulations for the registration of taxes and other payments, a fine from twenty-eight up to one hundred and seventy units of fine shall be imposed on a natural person, but a fine from twenty-eight up to two hundred and eighty units of fine – on a legal person.

(2) For not fulfilling the procedures for the use of electronic devices and equipment laid down in the laws and regulations for the registration of taxes and other payments and user commitments, a fine from twenty-eight up to one hundred and forty units of fine shall be imposed on a legal or natural person.

(3) For not fulfilling the procedures for the use of electronic devices and equipment laid down in the laws and regulations for the registration of taxes and other payments and obligations of maintenance service providers, a warning or fine from fourteen up to one hundred and forty units of fine shall be imposed on a legal person.

(4) For the use of electronic devices and equipment for the registration of taxes and other payments if their design or software has been changed thus creating an opportunity to conceal or reduce the object subject to taxes or fees, a fine from forty-two up to four hundred units of fine shall be imposed on a natural person, but a fine from two hundred and eighty up to four thousand units of fine – on a legal person.

(5) For taking unlawful actions to change the design of the electronic devices and equipment laid down in laws and regulations, intervene in the software and thus create an opportunity to conceal or reduce the object subject to taxes or fees, a fine from eighty up to four hundred units of fine shall be imposed on a natural person, but a fine from two hundred and eighty up to four thousand units of fine – on a legal person.

(6) For not storing journal rolls of the electronic devices and equipment laid down in laws and regulations for the registration of taxes and other payments or data entered therein for the time period provided for in the laws and regulations, a fine from eighty up to four hundred units of fine shall be imposed on a natural person, but a fine from eighty up to eight hundred and sixty units of fine – on a legal person.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 141. Failure to Comply with the Time Limit for Submitting Tax Returns**

(1) For the submission of a tax return by breaching the time limit for submission laid down in the tax laws and regulation for 3–10 days, except when, within 12 months, the submission of the monthly or quarterly return in the Electronic Declaration System of the State Revenue Service has been missed once for a period of up to five days, a warning or a fine from five up to fourteen units of fine shall be imposed on a natural and legal person.

(2) For the submission of a tax return by breaching the time limit for submission laid down in the tax laws and regulations for 11–20 days, a fine from fifteen up to thirty units of fine shall be imposed on a natural and legal person.

(3) For the submission of a tax return by breaching the time limit for submission laid down in the tax laws and regulations for 21–30 days, a fine from thirty-one up to fifty-six units of fine shall be imposed on a natural and legal person.

(4) For the submission of a tax return by breaching the time limit for submission laid down in the tax laws and regulations for more than 30 days, or the failure to submit a return, a fine from fifty-seven up to one hundred and forty units of fine shall be imposed on a natural and legal person.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraphs 229 and 230 of Transitional Provisions*]

**Section 142. Failure to Comply with the Time Limit for Submitting Informative Returns**

(1) For the submission of an informative return (except for the informative return referred to in Paragraph two of this Section) by breaching the time limit for submission laid down in the tax laws and regulations for two days, except when, within 12 months, the submission of the informative return in the Electronic Declaration System of the State Revenue Service has been missed once for a period of up to five days or the failure to submit a return, a warning or a fine from three up to thirty units of fine shall be imposed on a natural or legal person.

(2) For the submission of an informative return on employees (to be submitted regarding persons commencing work) by breaching the time limit for submission provided for in the tax laws and regulations or the failure to submit a return, and also for the submission of the notice on the amounts disbursed to a natural person by breaching the time limit for submission provided for in the tax laws and regulations for more than two days or the failure to submit the notification, a fine from twenty-eight up to hundred units of fine shall be imposed on a natural person, but a fine from seventy up to one thousand four hundred and twenty units of fine – on a legal person.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 143. Failure to Report a Suspicious Transaction**

For the failure to report the suspicious transaction provided for in Section 22.2of this Law to the State Revenue Service, a fine of up to 10 per cent of the suspicious transaction amount shall be imposed on a natural and legal person.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 144. Non-compliance with the Regulation with regard to the Recording of Electronic Information at a Construction Site**

(1) For the failure to fulfil the obligation imposed on a person employed at construction site by laws and regulations to record the working time in the electronic working time recording system – upon entry in the construction site, to record the start of the working time and, upon leaving the construction site, to record the end of the working time –, a warning or a fine from two up to four units of fine shall be imposed on a natural person.

(2) For the failure to fulfil the obligation imposed on an employer by the laws and regulations to ensure that the persons employed at or attracted to the construction site which perform work at the construction site for the fulfilment of the works contract would register their working time in the electronic working time recording system, a fine from four up to one thousand units of fine shall be imposed on a legal person.

(3) For the failure to fulfil the obligation imposed on the main performer of construction works by laws and regulations to ensure that a person which stays in the territory of a fenced-off construction site but is not employed in the performance of construction works at the construction site and is not considered to be a person employed at the construction site would register their time of stay at the construction site in the electronic working time recording system, a fine from four up to one thousand units of fine shall be imposed on a legal person.

(4) For the offence referred to in Paragraphs two and three of this Section if at least 30 per cent of the number of person registered in the electronic working time recording system at the beginning of the control measure (but not less than 20 such persons) have failed to fulfil the obligation to register in the electronic working time recording system at a construction site, a fine in the amount of 0.1 percent up to 5 per cent of the amount of construction works contract, but not more than EUR 100 000, as intended for a legal person, shall be imposed on the main performer of construction works.

(5) For the failure to fulfil the obligation imposed on the main performer of construction work by the laws and regulation to submit for inclusion in the unified electronic working time recording database (in the form of electronic data) information regarding the commencement of construction works or regarding the works contract concluded with the initiator of construction for more than a month, a fine from twenty up to one thousand units of fine shall be imposed on a legal person.

(6) For the failure to fulfil the obligation imposed on the main performer of construction work and subcontractor by the laws and regulations to submit for inclusion in the unified electronic working time recording database information regarding all works contracts concluded with its subcontractors within the previous month the sum of which is EUR 15 000 or more for more than a month, a fine from fourteen up to eighty-six units of fine shall be imposed on a legal person.

(7) For the failure to fulfil the obligation imposed on the main performer of construction work by the laws and regulations to store, present and issue to controlling authorities the data registered and collected in the electronic working time recording system in accordance with the procedures and to the extent specified in laws and regulations, a fine from twenty up to one thousand units of fine shall be imposed on a legal person.

(8) For the failure to fulfil the obligation imposed on the main performer of construction work by the laws and regulations to transfer the data registered and collected in the electronic working time recording system to the unified electronic working time recording database in accordance with the procedures and to the extent specified in laws and regulations for more than a month, a fine form twenty up to one thousand units of fine shall be imposed on a legal person.

(9) For the failure to fulfil the obligation imposed on the main performer of construction work by the laws and regulations to introduce the electronic working time recording system (electronic working time recording at every construction site), a fine in the amount from 0.1 per cent up to five per cent of the works contract amount, but not more than EUR 1000 000, shall be imposed on a legal person.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Section 145. Competence within the Administrative Offence Proceedings**

(1) Administrative offence proceedings for the offences referred to in Sections 135, 136, 137, 138, 139, 140, 141, 142, 143 and 144 of this Law shall be conducted by the State Revenue Service.

(2) Administrative offence proceedings for the offences referred to in Section 142 of this Law (except for the submission of the notice on the amounts disbursed to a natural person by breaching the deadline for the submission specified in the tax laws and regulations, or the failure to submit such notification) shall be conducted also by the State Labour Inspection.

[*19 December 2019 / Section shall come into force on 1 July 2020. See Paragraph 229 of Transitional Provisions*]

**Chapter XVII**

**Simplified Tax Payment Solution**

[*16 June 2021*]

**Section 146. Conditions for the Use of the Simplified Tax Payment Solution**

(1) The simplified tax payment solution shall be applied in order to calculate, deduct, and record tax payments from income obtained within the scope of economic activity and to transfer them into the single tax account in accordance with the procedures laid down in this Chapter.

(2) The simplified tax payment solution may be used only for the calculation and collection of such tax for which the use thereof is provided for in the specific tax law.

(3) A taxpayer who uses the simplified tax payment solution:

1) has an obligation to ensure that all income related to economic activity are transferred or paid into the operating income account;

2) if he or she complies with the conditions for the use of the simplified tax payment solution laid down in this Law and the specific tax law:

a) needs not submit the tax and informative returns provided for in this Law or the specific tax laws;

b) needs not calculate the tax amount to be paid by himself or herself and needs not make the tax payment;

3) shall not calculate the late payment charge for the late payment of taxes if, within the scope of the simplified tax payment solution, the tax has not been calculated, deducted, and transferred into the single tax account due to reasons that do not depend on the taxpayer.

(4) A taxpayer may apply an account which conforms to the following criteria as the operating income account:

1) it, within the meaning of the Law on Payment Services and Electronic Money, is to be classified as a payment account which is used by one user only and which is not the basic account of the consumer;

2) it is opened with a credit institution or a branch of a member state’s credit institution in Latvia, or with a payment institution licensed in Latvia, or an electronic money institution licensed in Latvia, or a Latvian branch of these institutions licensed in a member state which offers to its clients the use of the operating income account service (hereinafter in this Chapter – institution providing the service).

(5) A taxpayer, except for the case referred to in Section 148, Paragraph four of this Law, concurrently has only one operating income account for the application of the single tax regime. One operating income account may be concurrently used for the application of different tax regimes (with the same tax rate) if the specific tax law provides for such possibility.

[*16 June 2021; 16 June 2022*]

**Section 147. Procedures for the Commencement and Termination of the Operation of the Simplified Tax Payment Solution**

(1) A taxpayer, in compliance with that laid down in the specific tax law, has the right to apply for the use of the simplified tax payment solution by submitting a submission in the Electronic Declaration System of the State Revenue Service in the form of structured data, indicating therein the operating income account number, the institution providing the service which has opened this account, and the planned date for the commencement of the operation thereof within the scope of the simplified tax payment solution. The taxpayer shall, complying with one of the following conditions according to the situation, submit the submission:

1) concurrently with the submission regarding registering as the payer of the particular tax if the person has not been registered with the Enterprise Register of the Republic of Latvia or with the Taxpayer Register of the State Revenue Service and has not been registered as the payer of the particular tax;

2) not later than five working days prior to the moment of commencement of the simplified tax payment solution specified in the specific tax law if the taxpayer has been registered with the Enterprise Register of the Republic of Latvia or with the Taxpayer Register of the State Revenue Service and wishes to commence the application of the simplified tax payment solution in the collection and calculation of such tax for which the use of the simplified tax payment solution is provided for in the specific tax law.

(2) The State Revenue Service shall inform the institution providing the service which, according to that indicated in the submission, provides the service of the operating income account to the taxpayer of the date from which the use of the relevant account for the simplified tax payment solution may be commenced within one working day after the following in relation to the taxpayer:

1) registration of the taxpayer as the payer of the particular tax – if the person has not been registered with the Enterprise Register of the Republic of Latvia or with the Taxpayer Register of the State Revenue Service and as the payer of the particular tax on the day of submitting the submission;

2) re-registration of the taxpayer as the payer of the particular tax – if the taxpayer has been registered with the Enterprise Register of the Republic of Latvia or with the Taxpayer Register of the State Revenue Service on the day of submitting the submission, however, changes the applicable tax regime;

3) receipt of the submission of the taxpayer – if the taxpayer has been registered with the Enterprise Register of the Republic of Latvia or with the Taxpayer Register of the State Revenue Service on the day of submitting the submission, and also has been registered as the payer of the particular tax and wishes to commence the use of the simplified tax payment solution.

(3) The institution providing the service shall, within two working days after receipt of the information specified in Paragraph two of this Section, send a notification to the State Revenue Service by which it confirms that it commences the deduction and transfer of the tax into the single tax account and shall notify of the date when the use of the account for the simplified tax payment solution may be commenced or inform the State Revenue Service of refusal to implement the abovementioned activities, indicating the reason for refusal.

(4) The State Revenue Service shall, within one working day after receipt of the notification referred to in Paragraph three of this Section, notify the taxpayer in the Electronic Declaration System of the State Revenue Service that it commences the use of the simplified tax payment solution, indicating the date of commencement. If the State Revenue Service refuses or suspends the use of the operating income account within the scope of the simplified tax payment solution, the taxpayer shall be notified thereof within one working day after a submission of the taxpayer or receipt of the information of the institution providing the service accordingly, indicating a reason for refusal or suspension.

(5) The simplified tax payment solution may be applied also to the operating income which has been obtained in the period from registration of the taxpayer as the performer of economic activity and the payer of the particular tax until the moment when, in compliance with the notification of the State Revenue Service, the application of the simplified tax payment solution is commenced if the following conditions are fulfilled:

1) the taxpayer submits the submission to the State Revenue Service regarding the application of the simplified tax payment solution concurrently with the submission regarding registration as the performer of economic activity and the payer of the particular tax;

2) operating income within 10 days from the date of the commencement of the simplified tax payment solution have been transferred or paid into the operating income account.

[*16 June 2021; 16 June 2022*]

**Section 148. Refusal to Apply the Simplified Tax Payment Solution, Procedures for the Suspension of Operation, Termination of and Making of Changes in the Solution**

(1) The State Revenue Service shall refuse or suspend the use of the simplified tax payment solution if at least one of the following criteria is detected:

1) in accordance with the conditions of the specific tax law, the taxpayer is not entitled to use the simplified tax payment solution;

2) the institution providing the service does not approve the use of the relevant account (the operating income account indicated in the submission of the taxpayer) for the simplified tax payment solution or notifies that it suspends the use thereof if at least one of the following conditions is in effect:

a) the account indicated by the taxpayer is considered as the basic account within the meaning of the Law on Payment Services and Electronic Money;

b) the account indicated by the taxpayer has been closed or is being closed;

c) the competent authority has determined restrictions for the making of payments from the payment account.

(2) If one of the cases referred to in Paragraph one, Clause 2 of this Section sets in, the institution providing the service shall, within one working day, notify the State Revenue Service and the taxpayer of the date from which the State Revenue Service has an obligation to suspend the application of the simplified tax payment solution to the operating income account of the taxpayer and from such date shall discontinue deduction of the tax within the scope of the simplified tax payment solution.

(3) The case referred to in Paragraph one, Clause 2, Sub-clause “c” of this Section shall not apply to the restrictions which have been determined in recovery proceedings with the orders of the State Revenue Service or a sworn bailiff specified in Section 66.1 of the Credit Institution Law and Section 44.3 of the Law on Payment Services and Electronic Money. If the abovementioned orders have been received in relation to the taxpayer, the institution providing the service shall implement execution of the relevant orders from the operating income account after tax deduction in accordance with the procedures laid down in Section 149 of this Law.

(4) The taxpayer has the right to change the operating income account to another such account in the same or other institution providing the service, ensuring continuity of the simplified tax payment solution and the collection of the tax. The taxpayer shall, three working days prior to the change of the operating income account, submit a submission in the form of structured data in the Electronic Declaration System of the State Revenue Service. The State Revenue Service shall, in compliance with the coordination procedures laid down in Section 147, Paragraph two of this Law, change the operating income account after receipt of the approval of the relevant institution providing the service, informing such institution providing the service which provided the service of the operating income account to the taxpayer and such institution providing the service which will henceforth provide the service of the operating income account of changes in the use of the operating income account of the taxpayer, indicating the date of changes. Continuity of tax collection shall be considered as ensured also if, in changing the account, temporarily (for not longer than three working days) there are two operating income accounts at the same time for the application of the single tax regime to which the simplified tax payment solution is applied.

(5) The taxpayer, in compliance with the specific tax law, has the right to terminate the application of the simplified tax payment solution to the operating income account by submitting a submission in the form of structured data in the Electronic Declaration System of the State Revenue Service three working days before it is planned to terminate the application of the simplified tax payment solution to the operating income account. The State Revenue Service shall, within one working day after receipt of the submission of the taxpayer, notify the taxpayer that the application of the simplified tax payment solution to the operating income account is terminated, indicating the date of termination, and shall also inform thereof the institution providing the service which provides the service of the operating income account to the taxpayer.

(6) If the taxpayer to whom the simplified tax payment solution has been applied terminates economic activity, the application of the simplified tax payment solution shall be terminated with the date when the State Revenue Service approves the notification of the taxpayer regarding termination of economic activity. The State Revenue Service shall, within one working day after the notification of the taxpayer regarding termination of economic activity has been approved, inform the institution providing the service which provided the service of the operating income account to the taxpayer that the application of the simplified tax payment solution to the operating income account is terminated, indicating the date of termination.

[*16 June 2021; 16 June 2022*]

**Section 149. Calculation and Deduction of Tax within the Scope of the Simplified Tax Payment Solution**

(1) Starting from the date of commencement of the operation of the simplified tax payment solution, the institution providing the service shall, from each incoming payment in the operating income account which forms the credit turnover of the abovementioned account, immediately make such sum unavailable to the taxpayer (hereinafter in this Chapter – reserve) which has been calculated in compliance with the tax rate applicable to such tax regime in the specific tax law which has been notified to the institution providing the service by the State Revenue Service. If the specific tax law provides for the application of different tax rates to the relevant tax regime, the State Revenue Service shall notify the maximum tax rate applicable to such tax regime to the institution providing the service.

(2) The institution providing the service shall, each day by 12.00 o’clock, inform the State Revenue Service of the credit turnover of the previous day of the operating income account of the taxpayer.

(3) The State Revenue Service shall, upon receipt of the information specified in Paragraph two of this Section regarding the credit turnover, inform the relevant institution providing the service by 24.00 o’clock of the same day of the amount of tax to be transferred into the single tax account.

(4) The institution providing the service shall, immediately but not later than on the following working day after information from the State Revenue Service regarding the amount of tax has been received, perform the following activities:

1) send information to the State Revenue Service regarding the amount of the deducted tax which will be transferred on the particular day into the single tax account in division according to taxpayers;

2) transfer tax into the single tax account according to the information which has been submitted by the State Revenue Service in accordance with Paragraph three of this Section. The institution providing the service shall transfer tax in one payment as the sum total of tax payments of all its clients who use the operating income account, in compliance with the following conditions:

a) all tax payments have been deducted for the same date;

b) the amount of each tax payment to be transferred shall be equal with the amount of tax indicated in the information which has been submitted by the State Revenue Service in accordance with Paragraph three of this Section;

c) information has been indicated in the payment order in order to identify tax payments which have been transferred and taxpayers from who the tax has been deducted;

3) release the monetary funds reserved in the operating income account which, according to the information provided by the State Revenue Service to the institution providing the service, exceed the amount of tax to be transferred into the single tax account on the particular day.

(5) The institution providing the service shall revoke the reservation of the sum referred to in Paragraph one of this Section if at least one of the following conditions has been fulfilled:

1) within 14 days from sending of the information specified in Paragraph two of this Section, the information referred to in Paragraph three of this Section regarding the amount of tax has not been received from the State Revenue Service;

2) in the time period from reservation of the amount of money until receipt of information from the State Revenue Service, the restriction referred to in Section 148, Paragraph one, Clause 2, Sub-clause “c” of this Law has been imposed on the relevant account for making of payments from such account. In such case the institution providing the service shall revoke the reservation of the sum, concurrently sending information thereon to the State Revenue Service.

(6) If the institution providing the service as the payment service provider has been imposed the restriction referred to in Section 148, Paragraph one, Clause 2, Sub-clause “c” of this Law which precludes making of payments, the institution providing the service shall, without delay (regardless of whether information from the State Revenue Service on the amount of tax has been received), transfer the reserved amount of tax into the single tax account, concurrently sending information thereon to the State Revenue Service.

(7) The amount of tax to be reserved and transferred into the single tax account shall be calculated by rounding up to the nearest cent and taking into account the third character after comma. If the third character after comma is from 0 to 4, the value of cent shall not change. If the third character after comma is from 5 to 9, the cent is rounded up by one cent.

(8) The taxpayer shall calculate, declare, and pay tax in accordance with the general procedures laid down in the specific tax law for the reporting period (outside the simplified tax payment solution) if at least one of the following cases has set in:

1) the taxpayer loses the right to use the simplified tax payment solution – from the date when the taxpayer, in compliance with the conditions of the specific tax law, loses the right to use the simplified tax payment solution;

2) in the cases referred to in Section 148, Paragraph one, Clause 2 of this Law the operation of the operating income account is suspended – for the whole period of suspension, starting from the date of suspending the operation of the operating income account;

3) the taxpayer terminates the application of the simplified tax payment solution – in accordance with Section 148, Paragraph five of this Law from the date notified by the State Revenue Service starting with which the application of the simplified tax payment solution is terminated.

(9) The State Revenue Service shall provide the information at the disposal of the Service to the taxpayer regarding the amount of tax deducted within the scope of the simplified tax payment solution and transferred into the single tax account if the obligation to declare and pay tax in accordance with the general procedures laid down in the specific tax law for the reporting period (outside the simplified tax payment solution) arises for the taxpayer. The State Revenue Service shall include the information at the disposal thereof in the preform of such return the obligation for the submission of which in the Electronic Declaration System of the State Revenue Service arises for the taxpayer.

(10) If the application of the simplified tax payment solution is terminated in accordance with Section 148, Paragraph five or six of this Law while the date has not set in starting from which the use of the operating income account is terminated, the calculation and deduction of tax shall be performed within the scope of the simplified tax payment solution in compliance with the procedures and conditions laid down in this Section.

(11) The State Revenue Service shall, on the basis of the information provided by the institution providing the service and the information of the single tax account regarding the amount of tax from the operating income account, register and record income of the operating income account for the taxpayer, the tax deducted and transferred into the single tax account from the income of the operating income account.

(12) The taxpayer, within three years from transfer of the tax deducted within the scope of the simplified tax payment solution into the single tax account, has the right to submit a submission in the form of structured data in the Electronic Declaration System of the State Revenue Service and to request refund of the incorrectly deducted tax. The State Revenue Service shall examine this submission and perform refund of the incorrectly deducted tax in compliance with the procedures laid down in Section 28, Paragraph two of this Law. Refund of the tax shall be performed to the payment account indicated by the taxpayer which is not the operating income account.

(13) If the taxpayer detects that tax is not deducted from the income transferred or paid into the operating income account and transferred into the single tax account in accordance with the procedures laid down in Section 149 of this Law, it shall, without delay, inform the State Revenue Service or institution providing the service.

(14) The activities to be performed by the institution providing the service in accordance with this Chapter shall not be considered as tax administration activities within the meaning of this Law.

[*16 June 2021; 16 June 2022*]

**Section 150. Data Exchange within the Scope of the Simplified Tax Payment Solution**

(1) Within the scope of the simplified tax payment solution, data exchange between the State Revenue Service and the relevant institution providing the service shall occur electronically in online mode.

(2) The State Revenue Service shall publish the data exchange structure in the catalogue of the State Information Systems integrator held by the State Regional Development Agency.

[*16 June 2021; 16 June 2022*]

**Transitional Provisions**

1. With the coming into force of this Law, the following shall be repealed:

1) the law On Taxes and Duties in the Republic of Latvia (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1991, Nos. 3/4/, 21/22; 1992, Nos. 2/3., 27/28; 1993, Nos. 7, 22/23; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1994, No. 14);

2) the decision of the Supreme Council of the Republic of Latvia of 28 December 1990 On the Procedures by which the Law of the Republic of Latvia On Taxes and Duties in the Republic of Latvia Comes into Force (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1991, No. 3/4);

3) the decision of the Supreme Council of the Republic of Latvia of 23 December 1991 On the Procedures by which the Law of the Republic of Latvia On Additions to the Law of the Republic of Latvia of 28 December 1990 On Taxes and Fees in the Republic of Latvia Comes into Force (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992; No. 2/3);

4) the decision of the Supreme Council of the Republic of Latvia of 17 June 1992 On the Procedures by which the Law of the Republic of Latvia On Amendments and Additions to the Law of the Republic of Latvia of 28 December 1990 On Taxes and Fees in the Republic of Latvia Comes into Force (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992; No. 27/28);

5) the decision of the Supreme Council of the Republic of Latvia of 9 February 1993 On the Procedures by which the Law of the Republic of Latvia On Additions to the Law of the Republic of Latvia of 28 December 1990 On Taxes and Fees in the Republic of Latvia Comes into Force; (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992; No. 2/3);

6) the decision of the Presidium of the Supreme Council of the Republic of Latvia of 9 June 1993 On the Application of Section 3, Paragraph two of the Law of the Republic of Latvia On Taxes and Fees in the Republic of Latvia (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1993, No. 26).

2. [14 December 2000]

3. The law On Land Tax (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1991, No. 11/12, 21/22; 1992, No. 13/14; 1993, No. 20/21; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1995, No. 24; 1997, No. 3, 14) is repealed on 1 January 1998.

[*4 December 1997*]

4. Until the date on which the law On Enterprise Income Tax comes into force, the law On Profit Tax shall be in force.

5. Until the date on which the law On Value Added Tax comes into force, the law On Turnover Tax shall be in force.

6. [14 December 2000]

7. [28 February 2003]

8. By 1 April 1995, the Cabinet shall draft and adopt regulations regarding the procedures by which local governments may determine local government fees.

9. By 1 April 1995, the Cabinet shall adopt regulations on the establishment and operational procedures of the Transaction Evaluation Commission for the application of Section 39 of this Law.

10. Such provisions of this Law the execution of which is governed by the Cabinet regulations may not be applied before the relevant Cabinet regulations have come into force.

11. The Cabinet shall submit a draft law to the *Saeima* which specifies the administrative and criminal liability of the civil servants (employees) of the tax administration for the disclosure of the information referred to in Section 22, Paragraph one of this Law.

12. The State Revenue Service shall develop and publish in the official gazette *Latvijas Vēstnesis* the methodology for the assessment of taxes and the reflection of operations related thereto in accounting by the day when this Law comes into force.

13. Until the relevant amendments are made to the law On Aviation, the Cabinet has the right to determine taxes and fees for airports.

[*6 June 1996*]

14. [25 November 1999]

15. Late and unpaid tax liabilities which have arisen up to 1 October 1999 shall be made in the following order: first the principal debt, then the increase in the amount of principal debt, and finally, the late payment charge.

[*6 June 1996; 25 November 1999*]

16. [8 March 2001]

17. From 1 January 1998, the State Revenue Service shall administer social tax payment debts. When carrying out inspections of the period when the law On Social Tax was in force, the provisions of the law On Social Tax shall be applied, except for the liability for the reduction of the tax base which shall be determined in accordance with Section 32 of the law On Taxes and Fees, considering that late payment charge in the amount of 0.1 per cent of the principal debt (also the fine) not paid on time shall be recovered for each day of delay.

[*4 December 1997*]

18. The amendments provided for by this Law to Section 1, Clauses 1 and 5, Section 8, Clause 9, Section 19, Paragraphs one and two, Section 20, Clause 9, and Section 25, Paragraph four of the law On Taxes and Fees shall come into force on 1 January 1998.

[*4 December 1997*]

19. Section 11, Paragraph two, Clause 20 of the law On Taxes and Fees shall come into force at the same time as the corresponding amendments to the law On Entrepreneurial Activity.

[*4 December 1997*]

20. Social tax payers (employers) whose social tax debts have arisen up to 1 January 1998 and who have agreed upon the amounts of such debt with the State Social Insurance Agency shall submit a submission to the State Revenue Service for the division of the social tax debt payments in instalments and deferment for a period of up to one year without assessment of late payment charges until 1 October 1998.

[*18 June 1998*]

21. [8 March 2001]

22. For companies whose equity capital does not meet requirements of the law On Limited Liability Companies and against which only tax administrations have registered their creditor claims with the Enterprise Register of the Republic of Latvia and the total amount of these claims does not exceed 5000 lats, tax debts shall be extinguished based on a submission to the Enterprise Register of the Republic of Latvia and tax administration statement attached thereto on tax debts, indicating the principal debt, the increase in the amount of principal debt, late payment charges and a fine for every type of tax. The tax debts which are to be paid into State budget shall be extinguished by the Director General of the State Revenue Service, while the tax debts to be paid into local government budgets shall be extinguished by the relevant local government.

[*14 October 1998; 13 April 2000; 8 March 2001; 31 January 2008; 12 June 2009*]

23. The amendments made with this Law to Section 8, Clause 5 in the law On Taxes and Fees in respect of the law On Excise Duty for Tobacco Products shall come into force at the same time as the law On Excise Duty for Tobacco Products, but amendments in respect of the law On Excise Duty for Alcoholic Beverages, simultaneously with the law On Excise Duty for Alcoholic Beverages.

[*14 October 1998*]

24. Decisions of the Ministry of Finance to extend the term for the settlement of late tax liabilities to be transferred into the budget for up to one year and up to three years and the commitments statements related to such extension of the time limit which have been taken up to the day of this Law coming in force shall be in force until the time limit specified therein. In accordance with procedures stipulated by the Cabinet, the Ministry of Finance is entitled, based on a recommendation by the Interministry Commission established by the Minister for Finance, to revoke the decision to extend the term for the settlement of late tax liabilities to be transferred into the State budget if the undertakings (companies) and institutions financed from the budget do not fulfil their obligations.

[*25 November 1999; 12 December 2002*]

25. In accordance with procedures stipulated by the Cabinet, the Ministry of Finance is, based on the recommendation of the Interministry Commission established by the Minister for Finance, entitled up to 1 January 2001:

a) to reduce previously assessed late payment charges in the amount of up to 100 per cent for the late tax liabilities to be paid into the State budget, as well as personal income tax, for those taxpayers who within a 90-day period from the day the decision has been taken by the Ministry of Finance, pay the total principal debt of a specific late tax liability by 1 October 1999 and the related amount of increase in the principal debt;

b) to reduce previously assessed late payment charges in accordance with the percentage of fulfilment of obligations for late tax liabilities to be paid into the State budget, as well as personal income tax payments, if within the period provided for in Sub-paragraph “a” of this Paragraph the taxpayer pays more than 50 per cent of the principal debt of the specific late tax liability which has arisen up to 1 October 1999 and the related amount of increase in the principal debt;

c) to apply the conditions set out in Sub-paragraphs “a” or “b” of this Paragraph to taxpayers no more than two times;

d) to apply the conditions set out in Sub-paragraphs “a” or “b” in respect of personal income tax payment debts with the consent of the local government into whose budget more than 50 per cent of the relevant tax liabilities are to be paid.

[*25 November 1999; 13 April 2000; 12 December 2002*]

26. In applying Paragraph 25 of the Transitional Provisions, first the principal debt of the mandatory State social insurance contributions (social tax) and the related increases in the amount of principal debt shall be paid.

[*25 November 1999*]

27. The Ministry of Finance shall reduce the previously assessed late payment charges by 100 per cent for undertakings (companies) if both of the following conditions exist:

a) the undertaking (company) based on an order of the Cabinet in regard to provision of State aid to a specific undertaking (company) in accordance with the law On State and Local Government Privatisation Funds has received State aid for entrepreneurial activity;

b) the undertaking (company) has utilised the resources from this aid from this State toward the payment of principal tax debts which have arisen up to 1 October 1999, and the related increases in the amount of principal debt.

[*25 November 1999; 12 December 2002*]

28. Until 1 September 2000, the Cabinet shall adopt regulations which regulate the amount of the State fee for the certification of the proficiency of the official language for performing professional and official duties, its payment procedures and fee reductions for socially vulnerable and indigent persons.

[*13 April 2000*]

29. The provisions of Section 11, Paragraph two, Clause 40 of this Law shall come into force on 1 January 2001.

[*13 April 2000*]

30. Until 1 January 2001, undertakings (companies) registered with the Enterprise Register and the State Revenue Service, representative offices and branches thereof as well as public organisations and associations thereof are not required to re-register in accordance with Section 15.1 of the law On Taxes and Fees and the registration numbers issued by the Enterprise Register and State Revenue Service shall be used for taxpayer identification.

[*14 December 2000*]

31. By1 January 2003 the Enterprise Register shall issue the uniform eleven-digit registration number and nine-digit Enterprise Register number. On the registration certificates issued, both numbers shall be indicated. During the abovementioned time period, both of the numbers issued may be used for the identification of the relevant legal persons.

[*14 December 2000*]

32. All State authorities that use the nine-digit number to identify legal persons shall carry out the necessary transition by the deadline referred to in Paragraph 31 of Transitional Provisions in order to use the uniform eleven-digit number from 1 January 2003.

[*14 December 2000*]

33. By 31 March 2001 the Cabinet shall issue the regulations provided for in Section 15.1 Paragraph seven of the law On Taxes and Fees regarding the registration of taxpayers with the State Revenue Service.

[*14 December 2000*]

34. [31 January 2008]

35. For privatised undertakings (companies) the Minister for Finance shall extinguish the fines, increases in the amount of principal debt and late payment charges related to tax debts, for payment into the State and local government budgets, if:

1) the undertaking (company) has settled all current tax liabilities and it does not have late tax liabilities which have arisen after 1 January 2000;

2) the tax obligations of the undertaking (company) do not exceed its assets. In determining the debt obligations of the undertaking (company), the amounts which are to be extinguished in accordance with this Paragraph are disregarded;

3) a decision on the conformity of such aid with the legal norms of the European Union has been taken by the European Commission;

4) in regard to the extinguishment of fines, increases in the amount of principal debt and late payment charges for payment into local government budgets, consent has been obtained from the local government into whose budget more than 50 per cent of the relevant tax and related mandatory payments shall be paid.

[*14 December 2000; 12 December 2002; 28 February 2003; 31 March 2004*]

36. Paragraph two, Clause 43 of Section 11 shall come into force at the same time as the Law on Detective Activity comes into force.

[*8 March 2001*]

37. The functions of the authority performing the disposal of the state property as provided for in Paragraphs ten and twelve of Section 24 and Paragraph 39 of Transitional Provisions of this Law shall be performed by the Privatisation Agency.

[*30 March 2006*]

38. [30 March 2006]

39. In cases when the tax debt to be paid into the State and local government budget has arisen for privatised undertakings (companies) after privatisation and has not been paid or has not arisen prior to privatisation and could not be capitalised, the Minister for Finance is entitled to take a decision on capitalisation and the authority performing seizing of the State property shall capitalise the principal debt of the tax payment to be paid into the State or local government budget, at the same time writing off late charges and fines, if the undertaking conforms to the following criteria:

a) the undertaking (company) manufactures high technology products and the products specified by the Cabinet as products be supported are more than 75 per cent of the net turnover of the undertaking (company) during the pre-taxation period,

b) the State or local government share does not exceed 25 per cent of the equity capital.

[*10 May 2001; 12 December 2002*]

40. Paragraph 39 of Transitional Provisions is applicable to the taxes referred to in Section 8 of this Law and such principal tax debts as have arisen until 31 December 2000 and to the late charges and fines related thereto that have arisen until the time of capitalisation.

[*10 May 2001*]

41. The authority performing capitalisation in the cases provided for in Paragraph 39 of Transitional Provisions shall capitalise the principal tax debts to be paid into the State and local government budget and at the same time shall write off late charges and fines, applying the Cabinet procedures referred to in Section 24, Paragraphs ten and twelve of this Law.

[*10 May 2001*]

42. In accordance with Paragraph 39 of Transitional Provisions, the capitalised principal tax debts and late charges and fines related thereto shall be extinguished by the Minister for Finance according to notification by the authority performing capitalisation.

[*10 May 2001; 12 December 2002*]

43. Section 11, Paragraph two, Clause 44 shall come into force on 1 July 2002.

[*20 December 2001*]

44. Section 11, Paragraph two, Clauses 46 and 47 shall come into force on 1 March 2002.

[*20 December 2001*]

45. The Cabinet has the right, up to 31 December 2003, to extend, up to seven years, the term for the payment of such late tax liabilities payable to the State budget and local government budgets which have formed for privatised or to be privatised undertakings (companies) up to 31 December 2000, not assessing the late payment charges specified in this Law and specific tax laws, and to extinguish the previously assessed fine and late payment charges for such tax liabilities if the following conditions are fulfilled:

a) the undertaking (company) has settled all current tax liabilities in full amount from 1 January 2002;

b) the debt obligations of the undertaking (company) do not exceed its assets. In determining the debt obligation of the undertaking (company), the amounts which are to be extinguished in accordance with this Paragraph are disregarded;

c) in relation to local government budgets, the consent of the local government into which budget more than 50 per cent of the relevant tax payment is to be paid into has been obtained for the extension of the payment term of the taxes to be paid in and the extinguishment of the late payment charges.

[*9 October 2002*]

46. The extension of the payment term for late tax liabilities provided for in Paragraph 45 of these Transitional Provisions for undertakings (companies) on the basis of a recommendation from the Minister for Finance shall be granted by a Cabinet order just once. The Cabinet shall determine the time limits for the settlement of late tax liabilities and the amount thereof, extinguish the previously assessed fines and late payment charges for such tax liabilities, as well as provide for the reinstatement of the late payment charges and fines in respect of the part of the tax debt that is not paid within the time limits specified in the order.

[*9 October 2002; 12 December 2002*]

47. The recommendation referred to in Paragraph 46 of these Transitional Provisions shall be issued by the Minister for Finance on the basis of:

a) documents submitted by the undertaking (company) which certify the conformity of the undertaking (company) to the conditions referred to in Paragraph 45 of the Transitional Provisions;

b) proposals submitted by the undertaking (company) for the fulfilment of such tax payment obligations as may have granted an extension of the term;

c) a statement submitted by the tax administration on the specific tax principal debt, the increase in the principal debt, and the amount of late payment charges and fines.

[*9 October 2002; 12 December 2002*]

48. For an undertaking (company) to which the tax administration statement referred to in Paragraph 47, Sub-paragraph “c” of these Transitional Provisions on the extension of the term for the payment of late tax payments has been issued the tax administration shall suspend the assessment of late payment charges associated with the relevant principal debt. If the term for the payment of the tax payment is not extended, the assessment of late payment charges shall be renewed according to general procedures from the day when such assessments were suspended.

[*9 October 2002*]

49. [9 October 2003]

50. For Section 11, Paragraph two of this Law:

a) Clause 48 shall come into force concurrently with the law On Protection of Employees in Case of Insolvency of Employer;

b) Clause 52 shall come into force concurrently with the relevant amendments to the Personal Data Protection Law;

c) Clause 53 shall come into force concurrently with the coming into force of the Electronic Documents Law.

[*9 October 2002*]

51. Based upon a decision taken by the Minister for Finance from 1 January up to 31 December 2006, the Ministry of Finance is entitled to:

1) extinguish late tax payments to be paid into the State budget, as well as previously assessed late payment charges and fines for personal income tax payments for those taxpayers who within a period of 90 days from the day of the taking of the Minister for Finance’s decision pay all the late specific tax payment principal debt which has formed up to 31 December 2004, and the increase in the amount of principal debt associated with this;

2) extinguish late tax payments to be paid into the State budget, as well as previously assessed late payment charges and fines for personal income tax payments in conformity with the percentage fulfilment of obligations if within the term specified in Sub-paragraph 1 of this Paragraph, the taxpayer has paid in more than 50 per cent of the late specific tax payment principal debt which has formed up to 31 December 2004, and the increase in the amount of principal debt associated with this;

3) extinguish the increase in the amount of principal debt associated with the principal debt if the outstanding tax payments to be paid into the State budget, as well as the personal income tax payment debt is paid in full 30 days from the day of the decision of the Minister for Finance;

4) apply to the personal income tax payment debt the conditions referred to in Sub-paragraphs 1, 2, and 3 of this Paragraph if the consent has been obtained from the local government into whose budget more than 50 per cent of the taxes are payable.

[*12 December 2002; 31 March 2004; 1 December 2005*]

52. For a taxpayer whom the Minister for Finance has permitted to arrange the payment of the relevant outstanding specific tax payment in accordance with the conditions in Paragraph 51 of these Transitional Provisions, the State Revenue Service shall suspend the assessment of late payment charges associated with the relevant tax payment principal debt from the first day of that month in which the decision of the Minister for Finance is taken.

[*12 December 2002*]

53. The assessment of late payment charges shall be reinstated according to general procedures from the day on which such assessments were suspended in relation to that part of the relevant late specific tax payment principal debt which is not paid in by the term specified in Paragraph 51, Sub-paragraph 1 of these Transitional Provisions.

[*12 December 2002*]

54. Those tax payments which are made in accordance with the decision of the Minister for Finance referred to in Paragraph 51 of these Transitional Provisions shall be paid in the following order: firstly the principal debt, thereafter the increase in the amount of principal debt.

[*12 December 2002*]

55. The decision of the Minister for Finance referred to in Paragraph 51 of these Transitional Provisions shall be taken if up to 15 December 2006 the following documents are submitted to the Ministry of Finance:

1) taxpayer’s application in which a description of the taxpayer is provided and the cause of the debts is indicated, and the measures which have been performed to pay the tax debt;

2) tax administration’s issued statement on the outstanding tax payments which the taxpayer has formed until 31 December 2004, indicating separately the payment principal debt, the amount of increase in the principal debt and the late payment charges on the first day of the month of submission;

3) the decision of the relevant local government council which certifies that the relevant local government agrees to apply the conditions referred to in Paragraph 51, Sub-paragraphs 1, 2, and 3 of the Transitional Provisions to the personal income tax payment debt.

[*12 December 2002; 31 March 2004; 1 December 2005*]

56. Within ten days after the end of the term specified in the decision of the Minister for Finance, the State Revenue Service shall submit to the Minister for Finance a statement indicating therein that the taxpayer has fulfilled the obligations specified in the decision.

[*12 December 2002*]

57. Amendments to Section 11, Paragraph two of this Law in relation to the deletion of Clause 22 shall come into force on 1 January 2004.

[*12 December 2002*]

58. In applying Section 15, Paragraph one, Clause 10 of this Law, up to the day when the regulatory enactment regarding the procedures for the use of electronic signatures comes into force, those taxpayers who submit corroborative documents and data from accounting registers in electronic form shall also submit them in writing.

[*28 February 2003*]

59. Section 18, Clauses 13, 14, and 15 of the Law shall come into force on 1 September 2003.

[*28 February 2003*]

60. Amendments to Section 28, Paragraph two of this Law in relation to the application of late payment charges for failure to refund overpayments within the specified term shall come into force on 1 January 2004.

[*28 February 2003*]

61. Until 1 April 2004, on the basis of a justified application from a taxpayer, Section 25, Paragraph one, Clause 4 of this Law shall be applied also to those State Revenue Service tax control (examinations, reviews) additional assessed tax payment debts, as well as the fines associated thereof, increases in the principal debt amounts, and late payment charges the term for the collection of which has ended in accordance with Section 23, Paragraph one of the law On Taxes and Fees in the wording that was in force until 1 January 2000.

[*28 February 2003; 9 October 2003*]

62. Section 11, Paragraph one, Clause 10 of this Law shall come into force concurrently with the Law on Lotteries of Goods and Services.

[*19 June 2003*]

63. Amendments to Section 11, Paragraph two, Clause 51 of this Law shall come into force concurrently with the coming into force of the new version of the Hunting Law.

[*19 June 2003*]

64. Section 22, Paragraph two, Clause 9 of the Law shall come into force on 1 May 2004.

[*31 March 2004*]

65. Up to the day of the new Cabinet regulations coming into force, however, not later than 1 July 2005, the Cabinet Regulation No. 322 of 31 October 1995, Regulations Regarding the Procedures by which Local Governments may Impose Local Government Fees, shall be in force.

[*16 December 2004*]

66. For Norwegian employers who employ Latvian seafarers on ships registered in the Norwegian International Ship Register, in accordance with the Temporary Agreement between the Ministry of Welfare of the Republic of Latvia and the Royal Ministry of Labour and Social Affairs of Norway, the increase in the amount of principal debt and the late payment charges of the State mandatory social insurance payments shall not be calculated if the State budget has received such payments within 183 days after coming into effect of the abovementioned Agreement. If the abovementioned condition is not fulfilled, the increase in the amount of principal debt and late payment charge shall be calculated beginning with the 184th day after the coming into effect of the Agreement.

[*16 December 2004*]

67. Section 11, Paragraph two, Clauses 56 and 57 of this Law shall come into force on 1 January 2006.

[*21 April 2005*]

68. By 1 July 2005, the Cabinet shall determine:

1) a form of the residence certificate provided for in Section 42, Paragraph three, Clause 2 of this Law for tax purposes;

2) a uniform form – certificate on savings income provided for in Section 42, Paragraph seven of this Law;

3) a form of the certificate for non-withholding of tax provided for in Section 43, Paragraph two of this Law;

4) a form of the certificate issuable by the competent authority provided for in Section 45, Paragraph four of this Law.

[*21 April 2005*]

69. The payers and the economic entities referred to in of Section 45, Paragraph three of this Law shall submit the information referred to Section 42, Paragraph one and Section 45, Paragraph three of this Law to the State Revenue Service for the first time for the period from 1 July 2005 to 31 December 2005. In this case the abovementioned information shall be submitted not later than on 31 March 2006.

[*21 April 2005*]

70. Up to 31 December 2010 the percentage share provided for in Section 46, Paragraph one, Clause 4 and Paragraph three of this Law shall be 40 per cent.

[*21 April 2005*]

71. The State Revenue Service shall provide the information referred to in Section 43, Paragraph one of this Law for the first time for the period from 1 July 2005 to 31 December 2005. In this case the abovementioned information shall be submitted not later than on 30 June 2006.

[*21 April 2005*]

72. In applying the provisions of Section 42, Paragraph one of this Law up to the date on which a safe electronic signature is ensured for an electronic document, the paying agents shall notify the State Revenue Service in writing.

[*21 April 2005*]

73. Amendments in Section 15, Paragraph one, Clause 8, Section 18, Clause 13, and Section 28.1 of this Law shall come into force on 1 January 2006.

[*1 December 2005*]

74. Until 31 December 2006, the taxpayers which are not engaged in carrying on activities with excise goods (alcoholic beverages, tobacco products, and oil products), medicines and timber may opt to use mandatory delivery note-invoice forms as documents supporting transactions. The mandatory delivery notes-invoices shall be drawn up and used in conformity with Cabinet Regulation No. 339 of 25 June 2003, Regulations Regarding Mandatory Delivery Notes-Invoices. For transactions involving timber taxpayers shall use timber transport delivery notes-invoices until 31 December 2006. The timber transport delivery notes-invoices shall be drawn up and used in conformity with Cabinet Regulation No. 181 of 15 March 2005, Procedures for Using and Drawing up a Timber Transport Delivery Note-Invoice.

[*1 December 2005*]

75. The Cabinet shall issue the regulations provided for in Section 28.1, Paragraph three of this Law by 31 December 2005.

[*1 December 2005*]

76. The Cabinet shall issue the regulations provided for in Section 28.1, Paragraph four of this Law by 1 July 2007, and the regulations provided for in Section 28.1, Paragraph five of this Law – 31 December 2006.

[*26 October 2006*]

77. Cabinet Regulation No. 361 of 1 July 2003, Regulations Regarding Electronic Devices and Equipment for Registering Tax and Other Payments, shall apply to the extent they set out technical requirements for the electronic devices and equipment used for the registration of tax and other payments, and to the extent they do not conflict with the regulations regarding the procedures for the use of electronic devices and equipment for the registration of tax and other payments and the obligations of users, traders, maintenance service providers and experts, up to the date on which the Cabinet regulations regarding technical requirements for the electronic devices and equipment used for the registration of tax and other payments will come into force, however, not later than until 1 July 2007.

[*26 October 2006*]

78. Section 11, Paragraph two, Clause 36 of this Law is repealed on 30 June 2006.

[*30 March 2006*]

79. Section 11, Paragraph two, Clause 36.1 of this Law shall come into force on 1 July 2006.

[*30 March 2006*]

80. The provisions of Section 11, Paragraph two, Clause 59 of this Law shall come into force on 1 January 2007.

[*30 March 2006*]

81. Amendments to Section 11, Paragraph two, Clause 5 of this Law which provides for the payment of a State fee for the certification of signatures with the Enterprise Register shall come into force on 1 July 2006.

[*25 May 2006*]

82. The amendment to Section 11, Paragraph two, Clause 12 of this Law regarding the determination of a State fee for the review of documents related to requesting the status of the permanent resident of the European Community in the Republic of Latvia, and the amendment to Clause 40 regarding the determination of a State duty for the examination of the knowledge of the official language for requesting the status of the long-term resident of the European Community in the Republic of Latvia shall come into force concurrently with the law on the status of a long-term resident of the European Community in the Republic of Latvia.

[*25 May 2006*]

83. Section 11, Paragraph two, Clauses 60, 61, 62, 63, and 64 of this Law shall come into force on 1 January 2007.

[*14 September 2006*]

84. The amendment to Section 18, Clause 13 of the Law regarding the deletion of the words “mandatory delivery note-invoice and” shall come into force on 1 January 2009.

[*26 October 2006*]

85. Until 31 December 2006, the calculated principal debt increase charge applicable to the principal debt of a particular tax shall be summed up with the late payment charges.

[*26 October 2006*]

86. Until coming into force of the new Cabinet regulations provided for in Section 30 of this Law, however, not later than until 1 July 2007, Cabinet Regulation No. 329 of 24 July 2001, Regulations for Reporting Cash Transactions, shall apply, insofar as it is not in contradiction with this Law.

[*26 October 2006*]

87. Taxpayers may voluntarily use the mandatory delivery notes-invoices acquired from the State Revenue Service until 31 December 2006 for the drawing up of the documents supporting transactions until 1 January 2008. The mandatory delivery notes-invoices shall be drawn up and used in conformity with Cabinet Regulation No. 339 of 25 June 2003, Regulations Regarding Mandatory Delivery Notes–Invoices.

[*26 October 2006*]

88. If against an enterprise (company), branch, unit or a representative office in respect of which an application for registration with the Commercial Register had not been filed by the term provided for in the provisions of Chapter II of the Law On Procedures for the Coming into Force of The Commercial Law and in respect of the liquidation of which a decision has not been taken, only tax administration has filed claims to the commercial register – the Enterprise Register of the Republic of Latvia and the total amount of these claims does not exceed 5 000 lats, the tax debts shall be extinguished on the basis of the application to the commercial registry office – Enterprise Register of the Republic of Latvia – and a certificate of the tax administration accompanying it regarding tax debts by specifying the principal debt, the principal debt increase charge, the late payment charge and a fine. The tax debts payable to the State budget in whole or in part shall be extinguished by the Director General, the deputy thereof or the head of the structural unit of tax administration of the State Revenue Service, whilst the tax debts payable into the local government budget shall be extinguished by the relevant local governments.

[*19 December 2006; 31 January 2008; 12 June 2009*]

89. The term restrictions applicable to tax reviews (audits) as provided for in Section 23, Paragraph three of this Law shall not apply in cases when the tax review (audit) has been commenced on request of the person directing the criminal proceedings or when the tax administration has received a request from the person directing the criminal proceedings regarding the performance of a tax review (audit) by 1 January 2007.

[*19 December 2006*]

90. The amendment in Section 29, Paragraph two of this Law shall not apply to the fines which fall due for payment on or before 31 December 2006.

[*19 December 2006*]

91. If the decision on the findings of the tax review (audit) has been taken until 31 December 2006, the officers of the tax administration have the right, in assessing the substance and nature of the infringement committed by the taxpayer, to determine how many times the infringement has been committed, what are the losses caused, the good faith of the taxpayer; in cases when the taxpayer has challenged the decision of the tax administration – to reduce the fine imposed as a result of the control procedure [tax review (audit) and review] by up to 70 per cent.

[*1 March 2007*]

92. The following officers of the tax administration have the right to reduce the fines imposed in accordance with Paragraph 91:

1) the head of the supreme institution of the tax administration;

2) the heads of territorial tax administration offices if the amount by which the fine is reduced does not exceed 1000 lats, notifying the head of the supreme institution of the tax administration of the decision taken within five days from the date on which the decision is taken.

[*1 March 2007; 12 June 2009*]

93. The head of the supreme authority of the tax administration has the right to cancel ungrounded decisions to reduce the fine taken by the heads of the structural units of the tax administration in accordance with Paragraph 91 within 30 days of the receipt of the notification of the head of the structural unit of the tax administration or the date of the receipt of the taxpayer’s complaint.

[*1 March 2007; 12 June 2009*]

94. The provisions of Section 11, Paragraph two, Clause 85 of this Law shall come into force on 1 January 2008.

[*17 May 2007*]

95. The amendment to Section 1, Clause 22 of this Law shall not apply to the fines the payment term of which was due on or before 31 December 2006.

[*8 November 2007*]

96. The amendment to Section 3, Paragraph two of this Law regarding the right of the local governments to levy a surcharge of the immovable property tax shall come into force on 1 January 2011.

[*8 November 2007*]

97. In applying Section 15, Paragraph one, Clause 3 of this Law until 1 January 2011, a tax and an informative return submitted in electronic form shall be considered to have been submitted in the due term if the State Revenue Service has received it within five days past the due term provided for in the laws and regulations.

[*31 January 2008; 12 June 2009*]

98. The amendment to Section 15, Paragraph one, Clause 3 of this Law regarding the obligation to submit tax and informative returns in electronic form for the budget authorities and companies in which shares are owned by the State or a local government or the State and a local government shall come into force on 1 January 2009, but regarding the other taxpayers, except for such natural persons which are not performing economic activity – on 1 January 2011.

[*31 January 2008; 1 December 2009*]

99. The taxpayers the registered office or registered residential address whereof is located in an administrative territory which does not have an internet access has the right to submit tax and informative returns in paper form until 1 January 2012.

[*31 January 2008; 1 December 2009*]

99.1 The duty to submit tax and informative returns electronically provided for in Section 15, Paragraph one, Clause 3 of this Law shall apply to the taxpayers – natural persons starting from 1 January 2014. Until 31 December 2013 the taxpayers – natural persons – shall have the discretionary right to submit tax and informative returns either electronically or in paper form.

[*14 April 2011*]

100. Section 22, Paragraph 2.1 of this Law shall come into force concurrently with the relevant amendments in Section 15 of the Personal Data Protection Law which provides for imposing prohibition on the disclosure of information for ensuring the financial interests of the government in the tax field.

[*31 January 2008*]

101. The provisions laid down in Sections 24 and 25 of this Law applicable to the immovable property tax shall also apply to the land tax.

[*8 May 2008*]

102. [11 December 2008]

103. The amendments providing for the deletion of the words “individual undertaking (including a farm or a fishery undertaking)” (in the relevant case and number), “an individual undertaking, a farm or fishery undertaking” (in the relevant case and number) and “individual enterprises (including farm and fishery undertakings)” (in the relevant case) as well as amendments to Section 25, Paragraph one of this Law regarding the deletion of Clause 2 shall come into force on 1 July 2011.

[*11 December 2008*]

104. The amendments to Section 1, Clauses 3 and 8, Section 2, Paragraphs three and four, Section 3, Paragraph one, Clause 3, Section 10, Paragraphs one and three, the introductory part of Section 12, Paragraph one and Clause 1 and the deletion of Paragraph two, the amendment to Section 12, Paragraphs three and four and the deletion of Paragraph five, amendments to Section 23, Paragraph two, Section 25, Paragraph five, Clause 2, and Section 37.1, Paragraph two shall come into force on 1 July 2009.

[*11 December 2008*]

105. The decisions on tax matters taken by the local government council up to 1 July 2009, except for the decisions relating to the recovery of the late tax payments and decisions on covering of the costs incidental to the recovery on an uncontested basis on account of the taxpayer after 1 July 2009 may be appealed to the chairman of the local government council within 30 days of the receipt of the decision.

[*11 December 2008*]

106. With respect to late tax payments the due term whereof is in 2008, the term for the application provided for in Section 24, Paragraph one, Clause 5 of this Law shall be determined counting from 1 January 2009.

[*11 December 2008*]

107. The amendment to Section 41, Paragraph one regarding the supplementation of this Paragraph with words “and a half of the late payment charge which has been calculated for the period during which the tax payment is outstanding from the due payment term of the particular tax until the day of the commencement of the tax review (audit)” shall apply to the taxpayers that have applied for the conclusion of a prospective settlement agreement after 1 January 2009.

[*11 December 2008*]

108. Section 11, Paragraph one, Clause 11 of this Law shall come into force concurrently with the Law on the Road User Charge.

[*11 December 2008*]

109. The provisions of Section 11, Paragraph two, Clause 91 of this Law shall come into force on 1 July 2009.

[*11 December 2008*]

110. Amendment to Section 11, Paragraph two, Clause 78 of this Law in relation to deletion thereof shall come into force on 1 July 2009. The amendment to Section 11, Paragraph two, Clause 68 regarding its rewording, and Section 11, Paragraph two, Clauses 92 and 93 of this Law shall come into force on 1 December 2009. Section 11, Paragraph two, Clause 64.1 of this Law shall come into force on 1 April 2010.

[*30 April 2009*]

111. [1 December 2009]

112. The amendments to Section 30, Paragraphs 1.1, 1.2, 1.3 of this Law, amendments to Paragraphs four and six shall come into force on 1 July 2009.

[*21 May 2009*]

113. Amendments to Section 29 of this Law regarding the suspension and resumption of the calculation of the late payment charge to commercial companies within the legal protection proceedings shall come into force concurrently with the relevant amendments in the Insolvency Law.

[*11 June 2009*]

114. The provisions of Section 11, Paragraph two, Clause 94 of this Law shall come into force on 1 July 2009.

[*11 June 2009*]

115. The amendment to Section 37 of this Law providing for the procedures for one-tier challenging of the decisions of the officers of the State Revenue Service shall be applicable once the territorial authorities of the State Revenue Service have completed the transfer of the tasks and documents entrusted to them to the structural units designated by the Director General of the State Revenue Service, however not later than on 1 November 2009.

[*12 June 2009*]

116. The provisions of Section 11, Paragraph two, Clause 97 of this Law shall come into force on 1 January 2011.

[*20 December 2010*]

117. The amendments to Section 18, Paragraph one of this Law regarding the deletion of Clause 13 shall come into force on 1 January 2013.

[*1 December 2009*]

118. Taxpayers shall be required to inventory their delivery note numbers outstanding on 31 December 2009 and submit a statement, not later than by 15 January 2010, on the use of delivery note numbers to the State Revenue Service, in conformity with Cabinet Regulation No. 1038 of 27 December 2005, Regulations Regarding Delivery Notes with the Numbers Assigned by the State Revenue Service. Unused delivery note numbers shall be cancelled.

[*1 December 2009*]

119. Section 18, Paragraph one, Clause 19 of this Law shall come into force concurrently with the relevant amendments in the Non-Profit Organisations Law.

[*1 December 2009*]

120. Section 11, Paragraph two, Clauses 99, 100, 103, 104, and 105 of this Law shall come into force concurrently with relevant amendments in the Law on the Supervision of the Handling of Food.

[*17 December 2009; 20 May 2010*]

121. The amendment to Section 11, Paragraph two, Clause 35 of this Law regarding the deletion of the words “and distributors, places of film distribution and films” shall come into force on 1 July 2010.

[*20 May 2010*]

122. Section 18, Paragraph one, Clause 20 of this Law shall come into force on 1 August 2010.

[*20 May 2010*]

123. Section 11, Paragraph two, Clause 108 of this Law shall come into force on 1 January 2011, and Clause 109 thereof shall come into force 1 August 2010.

[*17 June 2010*]

124. Section 11, Paragraph two, Clause 110 of this Law shall come into force concurrently with the Law on the Circulation of Pyrotechnic Articles.

[*9 August 2010*]

125. Section 8, Clause 12 and Section 20, Clause 12 of this Law shall come into force on 1 September 2010.

[*9 August 2010*]

126. Section 11, Paragraph two, Clause 111 of this Law shall come into force concurrently with the relevant changes in the Consumer Right Protection Law.

[*9 September 2010*]

127. Section 30, Paragraph 1.4 and 1.5 of this Law shall come into force on 1 July 2011.

[*21 October 2010*]

128. The amendment to Section 11, Paragraph two, Clause 16 of this Law regarding the State fee for the extension of the breeder’s rights shall come into force on 1 December 2011, the amendment to Section 11, Paragraph two, Clause 73 regarding the State fee for the permit to use animals in trials and the amendment to Section 11, Paragraph two, Clause 76 regarding the State fee for the registration of the wild animal species holding place shall come into force on 1 January 2011.

[*28 October 2010*]

129. Section 11, Paragraph one, Clause 12 of this Law shall come into force concurrently with the Financial Stability Fee Law.

[*20 December 2010*]

130. Section 11, Paragraph two, Clause 117 of this Law shall come into effect concurrently with the relevant amendments in the Water Management Law.

[*20 December 2010*]

131. Section 11, Paragraph two, Clause 118 of this Law shall come into effect concurrently with the relevant amendments in the law On Pollution.

[*20 December 2010*]

132. The amendment to Section 11, Paragraph two, Clause 70 of this Law shall come into force on 1 July 2011.

[*14 April 2011*]

133. The taxpayers in respect of which up to the date on which the amendments in Section 28, Paragraph three of this Law come into force, the tax administration in accordance with Section 28, Paragraph three of this Law in connection with the initiated criminal proceedings has taken the decision not to refund the overpaid taxes and not to set them off against the outstanding or current taxes, has the right, within three years after the term on which the tax payment is due in accordance with the specific tax law (excluding the time from the refusal of the tax administration to refund overpaid taxes up to the date on which the amendments come into force) to submit to the tax administration a reasoned application regarding the refunding of the overpaid taxes or steering thereof for the covering the outstanding and current payments. The tax administration shall refund, on the basis of a received reasoned request, the amount of the overpaid tax into the bank account specified by the taxpayer or steer it for the cover the outstanding or current tax liabilities within 15 days of the completion of the audit by the tax administration. The tax administration shall refund the overpaid taxes to the taxpayer who has been subject to a tax review (audit) by the tax administration in respect of the amount of overpaid taxes up to the date on which the amendments to Section 28, Paragraph three of this Law have come into force, within 15 days on the receipt of a reasoned application or shall steer the overpayment for the covering of outstanding or current tax liabilities.

[*14 April 2011*]

134. The taxpayers which up to the date on which the amendments to Section 28, Paragraph three of this Law come into force have not applied to the tax administration for the refund of the overpaid taxes because of the initiated criminal proceedings have the right, within three years after the due term on which the tax payment is due in accordance with the specific tax law (excluding the time form the initiation of the criminal proceedings up to the date on which the amendments came into force) to submit a reasoned application to the tax administration or steering thereof for the covering of outstanding or current tax liabilities. The tax administration shall refund, on the basis of a received reasoned request, the amount of the overpaid tax into the bank account specified by the taxpayer or steer it for the cover the outstanding or current tax liabilities within 15 days of the completion of the audit by the tax administration. The tax administration shall refund the overpaid taxes to the taxpayer who has been subject to a tax review (audit) by the tax administration in respect of the amount of overpaid taxes up to the date on which the amendments to Section 28, Paragraph three of this Law have come into force, within 15 days on the receipt of a reasoned application or shall steer the overpayment for the covering of outstanding or current tax liabilities.

[*14 April 2011*]

135. The tax administration audits referred to in Paragraphs 133 and 134 of these Transitional Provisions shall not be subject to the restriction laid down in Section 23, Paragraph one of this Law in respect of the term during which according to the findings of the tax review (audit) it is possible to adjust tax and informative returns and subject to the liability laid down in the laws as well as the restriction laid down in Section 23, Paragraph 5.1 for the term during which data conformity audit should be performed.

[*14 April 2011*]

136. If less than 15 calendar days remain until the due term for submitting the application provided for in Paragraphs 133 and 134 of these Transitional Provisions, the taxpayer may submit this application within one month from the date on which the amendments in Section 28, Paragraph three of this Law come into force.

[*14 April 2011*]

137. Section 11, Paragraph two, Clause 120 of this Law concurrently with relevant amendments to the Immigration Law.

[*5 May 2011*]

138. Amendments to Section 24 of this Law with respect to the rewording of Paragraph one, Clause 1, deletion of Clause 2, supplementing Clause 3 with words “and six months”, deletion of Clause 5 and supplementing Paragraph one with Clause 6, as well as amendments to the introductory part of Paragraph 1.1 of the abovementioned Section, amendments with respect to the rewording of Paragraph 1.1, Clause 2, amendments with respect to the rewording of the introductory part of Paragraph 1.3, amendments in Paragraph 1.3,Clause 1, and amendments to Paragraphs 1.4, seven, and nine as well as Paragraph 9.1 shall come into force on 1 July 2012.

[*13 October 2011*]

139. The amendments to Section 33.3 regarding the deletion thereof and in Section 41 regarding the rewording of the Section shall apply with respect to the decisions on the findings of the audit which are taken after these amendments come into force.

[*13 October 2011*]

140. Section 7.1 of this Law shall come into force on 1 July 2012.

[*22 March 2012*]

141. The Cabinet shall issue the laws and regulations provided for in Section 7.1, Paragraphs four, five and six of this Law by 30 June 2012.

[*22 March 2012*]

142. Section 1, Clause 29 of this Law, the amendment to Section 15, Paragraph three, Clause 5, and Section 15, Paragraph three, Clause 5.1, Sections 15.2 and 16.1, the amendment regarding the supplementation of Section 18, Paragraph one, Clause 10 of this Law, Section 23, Paragraph 1.1, the amendment regarding the supplementation of the first sentence of the introductory part of Section 23, Paragraph 3.1, Section 23, Paragraph 3.1, Clause 4, the amendment to Section 30, Paragraphs one, two, and four, and Section 30, Paragraph seven shall come into force on 1 January 2013.

[*21 June 2012*]

143. The Cabinet shall issue the laws and regulations provided for in Section 16.1, Paragraph three, as well as Section 30, Paragraph seven of this Law by 30 December 2012.

[*21 June 2012*]

144. The duty of reporting cash transactions provided for in Section 15, Paragraph three, Clause 5.1 and Section 30, Paragraph seven of this Law shall come into force from 2014 by reporting, each year, the cash transactions carried out in the previous year.

[*21 June 2012*]

145. The amendment to Section 11, Paragraph two, Clause 73 of this Law regarding the State fee for the issuance of the trial project for the use of animals in procedures shall come into force on 1 January 2013.

[*27 September 2012*]

146. The late tax payments of the taxpayers, the insolvency proceedings, legal protection proceedings or out-of-court legal protection proceedings whereof have been started by 31 October 2010, shall be cancelled or enforced on an uncontested basis by applying the Sections 25., 25.2, and 26 of the law On Taxes and Fees in accordance with the wording which was in force up to 31 October 2010.

[*13 December 2012*]

147. The amendments to Section 15.1, Paragraph one of shall come into force concurrently with the relevant amendments to the Commercial Law.

[*13 December 2012*]

148. The amendments to Section 18, Paragraph one, Clause 8; Paragraph one, Clause 22 and this Section, Paragraphs five and six of this Law shall come into force on 1 April 2013.

[*13 December 2012*]

149. Section 7.2 of this Law shall come into force on 1 May 2013.

[*13 December 2012*]

150. The amendment to Section 7, Paragraph four of this Law regarding its rewording shall come into force on 1 July 2013.

[*14 March 2013*]

151. Until 30 June 2013, the Cabinet shall issue the regulations provided for in Section 7, Paragraph four of this Law.

[*14 March 2013*]

152. Amendments to Section 11, Paragraph two, Clause 51 of this Law shall come into force on 1 January 2014.

[*12 September 2013*]

153. The guarantee referred to in Section 26.2, Paragraph one of this Law for taxpayers to whom a special permit (licence) for the operation of an approved tax warehousekeeper, for the operation of a registered consignee with petroleum products or for the operation of a registered consignor with petroleum products has already been issued at the time of coming into force of this Section, shall be submitted within 90 calendar days after coming into force of this Section.

[*6 November 2013*]

154. If the guarantee referred to in Section 26.2, Paragraph one of this Law is not submitted within the time period referred to in Clause 153 of Transitional Provisions of this Law, economic activity of the taxpayer shall be suspended in accordance with Section 34.1 of this Law.

[*6 November 2013*]

155. Until 31 December 2013 the Cabinet shall issue the laws and regulations provided for in Section 26.2, Paragraph four of this Law.

[*6 November 2013*]

156. Section 1, Clause 31, Sub-clauses “d” and “e” of this Law shall come into force on 1 July 2014.

[*6 November 2013*]

157. Amendment to Section 11, Paragraph two, Clause 56 of this Law regarding its deletion shall come into force concurrently with the respective amendments to the Electronic Communications Law.

[*19 December 2013*]

158. Until 1 May 2014, the Cabinet shall issue the regulations provided for in Section 15, Paragraph one, Clause 3 of this Law.

[*27 February 2014*]

159. Amendments to Section 15, Paragraph one, Clause 3 of this Law providing for submitting tax returns and informative returns in the form of an electronic document shall come into force on 1 June 2014.

[*27 February 2014*]

160. Section 11, Paragraph two, Clauses 127 and 128 of this Law shall come into force on 1 January 2015.

[*5 June 2014*]

161. In relation to the late tax payments, the payment term of which has set in after 8 August 2014 until the day of coming into force of Section 24, Paragraph one, Clause 9 of this Law, the time period for submitting the application provided for in the abovementioned legal norm shall be determined counting from the day of coming into force of the relevant legal norm.

[*18 September 2014*]

162. Section 24, Paragraph one, Clause 9 and Paragraph 1.5 of this Law is repealed from 9 August 2016.

[*18 September 2014; 11 June 2015*]

163. In applying the amendments provided for in Section 24 of this Law in relation to supplementation of its Paragraph one with Clause 9 and supplementation of Section with Paragraph 1.5, the late payment charge is not calculated also for the time period before coming into force of these amendments.

[*18 September 2014*]

164. For the application of Section 24, Paragraph 9.1 of this Law in the time period from 1 October 2014 until 9 August 2015 the restriction of the number of term extensions laid down therein in a calendar year shall be not more than six times.

[*18 September 2014*]

165. Amendments to Section 11, Paragraph two of this Law regarding the rewording of Section 29, as well as regarding the deletion of Clauses 70, 96, and 100 of this Law shall come into force on 1 January 2015.

[*25 September 2014*]

166. Section 11, Paragraph two, Clauses 129 and 130 of this Law shall come into force on 1 January 2015.

[*16 October 2014*]

167. The fee of submission of an informative return laid down in Section 15, Paragraph three, Clause 5.2 of this Law must be fulfilled from 1 January 2016, submitting the relevant informative returns each year.

[*17 December 2014*]

168. Until 1 June 2015 the Cabinet shall issue the regulations provided for in Section 15, Paragraph three, Clause 5.2 of this Law.

[*17 December 2014*]

169. Amendments to Section 18, Paragraph one of this Law in relation to a uniform publicly accessible database (register) of receipts registered with the State Revenue Service shall come into force on 1 October 2015.

[*17 December 2014*]

170. Chapter XI of this Law shall be applicable to the late tax payments of a legal person which have been incurred after 1 January 2015.

[*17 December 2014*]

171. Until 31 March 2015, the Cabinet shall issue the regulations provided for in Section 15, Paragraph four of this Law.

[*29 January 2015*]

172. Amendments to Section 2 of this Law in relation to the additional duties of the State Revenue Service and a credit bureau in processing of personal data, Section 18, Paragraph one, Clause 24 and its Paragraphs seven and eight, Section 22, Paragraph two, Clause 7, and Section 22.1 shall come into force on 1 March 2016.

[*17 September 2015*]

173. The Cabinet shall issue the regulations provided for in Section 18, Paragraphs seven and eight of this Law until 1 January 2016.

[*17 September 2015*]

174. Amendments to Section 11, Paragraph two of this Law regarding the rewording of Clause 39, as well as regarding the deletion of Clause 90 shall come into force on 1 January 2016.

[*26 November 2015*]

175. Amendments to Section 11, Paragraph one of this Law in relation to supplementation thereof with Clause 133, shall come into force concurrently with the relevant amendments to the law On Environmental Impact Assessment.

[*26 November 2015*]

176. Until 30 January 2016 the Cabinet shall issue the regulations provided for in Section 22.2, Paragraphs one and six of this Law.

[*30 November 2015*]

177. Section 22.2 of this Law which determines the duty of a credit institution and a payment service provider to provide information to the State Revenue Service regarding suspicious transactions shall come into force on 1 April 2016.

[*30 November 2015*]

178. The Cabinet shall, until 1 September 2016, prepare and submit amendments to this Law to the *Saeima*, providing for the application of an obligation for the State Revenue Service to provide information regarding suspicious transactions also to other subjects of the Law on the Prevention of Money Laundering and Terrorism Financing.

[*30 November 2015*]

179. Section 18, Paragraph one, Clause 25, Section 26.1, Paragraph 3.1, and Section 28,1, Paragraphs 4.1 and six of this Law shall come into force on 1 July 2016.

[*30 November 2015*]

180. The provisions of Section 11, Paragraph two, Clause 135 of this Law shall come into force on 1 March 2016.

[*17 December 2015*]

181. Payment settlement with regard to the cash transactions referred to in Section 30, Paragraph eight of this Law which have been concluded prior to 1 January 2017 and full or partial execution whereof is provided for after 1 January 2017 shall be subject to the change to the settlement of a non-cash payment by 1 January 2018.

[*23 November 2016*]

182. Section 16, Clause 13, Section 18.2, Section 24, Paragraph one, Clause 11, amendments to Section 24, Paragraphs 1.1, seven, and 9.1, Section 26, Paragraph three, Section 26, Paragraph three, Clause 1.1, amendments to Section 26, Paragraph eleven, Section 26.1, Paragraph 1.1, Section 29, Paragraphs four and seven, Section 34, Paragraph five with regard to deletion of Clause 2, Section 34, Paragraph six, amendment with regard to the new wording of Section 34.1, Paragraph six, Clause 5, amendments to Section 61, Paragraph three, and Chapter XIII shall come into force on 1 July 2017.

[*23 November 2016; 8 June 2017*]

182.1 Amendments to Section 18, Paragraph one of this Law with regard to deletion of Clauses 17 and 18 shall come into force on 1 September 2017.

[*8 June 2017*]

183. The Cabinet shall issue the regulations referred to in Section 18.2, Paragraph nine of this Law by 1 March 2017.

[*23 November 2016*]

184. The tax administration may issue an order whereby the notified amount of monetary funds or enforceable measures in the encashment order or the order regarding suspension of the taxpayer’s payment transactions in whole or in part which has been issued by 30 June 2017, are adjusted. The respective order shall be prepared and notified, taking into account the provisions laid down in Section 18.2 of this Law and the restrictions on recovery specified in the legal norms in force on the day of preparing the order.

[*23 November 2016*]

185. Paragraph six, Clause 2 and the second sentence of Paragraph nine of Section 18.2 of this Law is repealed from 1 July 2019.

[*23 November 2016*]

186. The type of data exchange specified in Section 18.2, Paragraph six, Clauses 1 and 2 of this Law shall be ensured by the State Revenue Service for data exchange with credit institutions and payment service providers starting from 1 July 2017. The type of data exchange specified in Section 18.2, Paragraph six, Clause 1 of this Law shall be applied by the State Revenue Service for data exchange with credit institutions and payment service providers which in accordance with the procedures stipulated by the Cabinet have previously informed the State Revenue Service regarding the use of the type of data exchange specified in Section 18.2, Paragraph six, Clause 1 of this Law. The type of data exchange specified in Section 18.2, Paragraph six, Clause 2 of this Law, in accordance with the procedures stipulated by the Cabinet, shall be applied by the State Revenue Service until 30 June 2019 for data exchange with credit institutions and payment service providers that have previously not informed the State Revenue Service regarding the use of the type of data exchange specified in Section 18.2, Paragraph six, Clause 1 of this Law.

[*23 November 2016*]

187. A late payment charge shall be calculated for the amount of the principal tax debt included in the decision on voluntary settlement of late tax liabilities which has been taken by 30 June 2017 in the amount specified in Section 29, Paragraph two of the Law for each day throughout the period of default by 30 June 2017, and half of the late payment charge specified in Section 29, Paragraph two of this Law for each day throughout the period of default which started on 1 July 2017.

[*23 November 2016*]

188. If on 1 July 2017 the amount of the late payment charge has reached or exceeded two fifths of the amount of late payment (principal debt), calculation of the late payment charge shall be stopped.

[*23 November 2016*]

189. Amendment to Section 11, Paragraph two of this Law regarding deletion of Clause 80 shall come into force concurrently with the relevant amendments to the Law on Social Services and Social Assistance.

[*22 December 2016*]

190. Section 11, Paragraph two, Clause 140 of this Law shall come into force concurrently with the Law on Psychologists.

[*30 March 2017*]

191. Section 16, Paragraph one, Clause 14 and Paragraph two of this Law shall come into force on 1 January 2018.

[*8 June 2017*]

192. The electronic working time recording at a construction site specified in Chapter XIV of this Law shall be introduced from 1 October 2017.

[*22 June 2017*]

193. The requirements laid down in this Law regarding introduction of the electronic working time recording system at a construction site and the deadline for its introduction shall be applied in respect of the construction of new group three buildings and construction work with the total costs of one million euros or more, if the deadline for completion of construction work specified in the construction permit is 1 July 2018 or later.

[*22 June 2017*]

194. [30 May 2019]

194.1 The Cabinet shall issue the regulations referred to in Section 112, Paragraph four of this Law by 1 October 2019.

[*30 May 2019*]

195. The Cabinet shall, by 1 November 2017, draft and submit to the *Saeima* amendments to this Law which provide for determination of the holder of the unified electronic working time recording database and its duties.

[*22 June 2017*]

196. Section 114, Paragraphs three, four, and five, Section 116, Clauses 7, 8, and 9, and Section 117, Clause 4 of this Law shall be applicable from 1 February 2020.

[*22 June 2017; 10 January 2019; 30 May 2019*]

197. Section 115, Paragraph three of this Law shall be applicable from 1 October 2019.

[*22 June 2017; 30 May 2019*]

198. Until the day on which the application of Section 115, Paragraph two of the Law is commenced in accordance with Paragraph 197 of these Transitional Provisions, the data recorded in the electronic working time recording system on the working hours spent by the person employed at a construction site within a calendar month may differ from the actually recorded working hours used for the calculation of the remuneration for work at the construction site in the following amount:

1) until 30 September 2018 – by 25 per cent;

2) from 1 October 2018 until 31 December 2018 – by 15 per cent.

[*22 June 2017; 30 May 2019*]

199. Until 1 September 2018, a credit institution and payment service provider shall submit to the State Revenue Service information regarding clients – natural persons who are residents of the Republic of Latvia – the total balance of whose sight-deposit accounts and payment accounts at the beginning of the day on 1 January 2018 is equal to EUR 15 000 or more, indicating the given name, surname, personal identity number and total balance of sight-deposit accounts and payment accounts of the client.

[*8 February 2018*]

199.1 The Cabinet shall evaluate the progress and results of the practical implementation of Section 22.3 of this Law, in particular whether upon providing information regarding the turnover of the account of a natural person to the State Revenue Service any disproportionate interference in the right of a data subject to privacy is excluded, and shall submit to the *Saeima* a report thereon every year by 31 October in the period between 2020 and 2022.

[*8 February 2018*]

200. The Cabinet shall issue the regulations provided for in Section 22.3, Paragraph two of this Law by 1 May 2018.

[*28 July 2017*]

201. Amendments to Section 1, Clause 3, Clause 5 of this Law regarding the deletion of the word “fee” from Clause 5 of the Section and the supplementation of the Section with Clauses 5.1 and 5.2, amendments to Sections 2 and 3, the amendment to Section 10 regarding the new wording of Paragraph one, the amendment regarding the deletion of Section 11, the amendment to Section 13, the amendment to Section 16, Paragraph two, Clause 3, the amendment regarding the new wording of the title of Chapter V, amendments to Section 18 regarding the new wording of the Section, deletion of the word “fee” from Paragraph one, Clause 5 of the Section and supplementation of the Section with Paragraph 1.1, and amendments to Section 23.1, the amendment regarding the deletion of Section 26.2 and Section 101.1 of the Law shall come into force on 1 January 2018.

[*16 November 2017*]

202. The obligation specified in Section 18, Paragraph 1.1 of this Law regarding the accounting of State fees shall be started on 1 July 2018. The Cabinet shall issue the regulations provided for in Section 18, Paragraph 1.1 of this Law not later than until 31 March 2018.

[*16 November 2017*]

203. Amendments to Section 7.2, Paragraph one of this Law aimed at ensuring access to the Electronic Declaration System of the State Revenue Service from the official electronic address account shall come into force on 1 March 2018.

[*16 November 2017*]

204. Section 15.1, Paragraph 1.1 of this Law shall come into force on 1 March 2018.

[*16 November 2017*]

205. Amendments to Section 15.1, Paragraphs eight and nine of this Law regarding the function of the Enterprise Register to ensure access to information from the list of public persons and institutions shall come into force on 1 June 2018.

[*16 November 2017*]

206. Until 1 June 2018, the State Revenue Service shall register public persons and institutions as taxpayers in accordance with the procedures laid down until 1 March 2018.

[*16 November 2017*]

207. Section 1, Clause 34 of this Law, amendments to Section 23.1, Paragraphs one and two, as well as Paragraph three regarding the deletion thereof, Section 23.1, Paragraphs five, six, seven, eight, nine, ten and eleven, amendments to Section 24, Paragraph six and Section 28 Paragraph four regarding the introduction of the single tax account shall come into force on 1 January 2021.

[*23 November 2017*]

208. The transfer of payments referred to in Section 23.1, Paragraph one, Clause 5 of this Law into the single tax account shall be commenced from 1 January 2025. During the period from 1 January 2021 to 31 December 2024, customs payments referred to in Section 1, Clause 4 of the Customs Law shall be payable into the budget account specified by tax administration, and they shall be recognised as received in the State budget in accordance with the laws and regulations which determine the procedures for making payments into the State budget, and they shall be recognised as received, and shall be payable in accordance with the requirements for the use of online payment services in accounting with the State budget.

[*23 November 2017; 8 December 2022*]

209. The Cabinet shall issue the regulations provided for in Section 23.1, Paragraphs nine, ten and eleven of this Law until 1 May 2018.

[*23 November 2017*]

210. Amendment to Section 7.1 of this Law in relation to its rewording shall come into force on 1 January 2019.

[*27 September 2018*]

211. The Cabinet shall issue the regulations referred to in Section 7.1, Paragraph four of this Law (in the wording which comes into force on 1 January 2019) by 1 November 2018.

[*27 September 2018*]

212. In order to ensure operation of the In-depth Cooperation Programme in compliance with Section 7.1 of this Law starting from 1 January 2019 (in the wording which comes into force on 1 January 2019), the State Revenue Service shall take the measures necessary for the inclusion of participants in the relevant programme up to 31 December 2018.

[*27 September 2018*]

213. In respect of a participant of the In-depth Cooperation Programme included in the In-depth Cooperation Programme in accordance with the criteria laid down in the Cabinet Regulation No. 459 of 26 June 2012, Regulations Regarding Operation of In-depth Cooperation Programme, the relevant advantages and reliefs shall be applicable up to 31 December 2018.

[*27 September 2018*]

214. Amendments to Sections 1 and 15.2of this Law by which requirements for the transfer pricing documentation are reworded providing for liability for violation of the requirements for the transfer pricing documentation, as well as the terms used in the Law are adjusted to the new requirements for the transfer pricing documentation shall be applicable to the transactions conducted starting from the reporting period which starts in 2018. The taxpayer is entitled to apply the abovementioned amendments also to the transactions conducted in earlier reporting periods. If the taxpayer fails to exercise the right to apply the abovementioned amendments also to the transactions conducted in earlier reporting periods, the wording of Section 15.2of this Law which was in force at the moment of conducting of the relevant transactions shall be applicable to the transactions conducted during these periods.

[*25 October 2018*]

215. Section 16.1, Paragraph 1.1of this Law shall come into force on 1 January 2019.

[*25 October 2018*]

216. The Cabinet shall issue the regulations provided for in Section 15.2, Paragraphs ten and twelve of this Law by 1 December 2018.

[*25 October 2018*]

217. Amendment to Section 1, Paragraph 24 of this Law by which the definition of a unit is extended shall come into force on 1 January 2019.

[*1 November 2018*]

218. Amendments to Section 16, Paragraph one, Clause 14 and Paragraph two of this Law shall come into force on 1 February 2019.

[*1 November 2018*]

219. For transactions related to alienation of immovable properties which have been concluded prior to 1 May 2019 and the operation of which continues after this date, and full or partial enforcement of which is provided for in the form of cash settlements, the conditions referred to in Section 30, Paragraph 1.6 of this Law shall be applicable from 1 January 2020.

[*3 April 2019*]

220. A credit institution shall, until the day of coming into force of amendments to Section 18.2, Paragraph two, Clause 1 and Paragraph three, Clause 1, Section 34, Paragraph six and Section 34.1, Paragraph six, Clause 5 of this Law in relation to the deletion of the order of the tax administration on the partial suspension of the taxpayer’s payment transactions, continue enforcement of the order notified by the tax administration on the partial suspension of the taxpayer’s payment transactions as an order on the suspension of the taxpayer’s payment transactions in conformity with the condition included in the order in relation to the amount to be preserved to the natural person.

[*30 May 2019*]

221. Amendment to Section 18.2, Paragraph ten of this Law regarding deletion of the second sentence shall come into force on 1 July 2019.

[*30 May 2019*]

222. Amendment to Section 22.2, Paragraph three, Clause 9 of this Law regarding replacement of the number “60 000” with the number “10 000” shall come into force on 1 September 2019.

[*30 May 2019*]

223. Amendment to Section 107 and Section 116, Clause 7 of this Law regarding replacement of the number and words “one million euros” with the number “EUR 350 000” shall come into force on 1 January 2020.

[*30 May 2019*]

224. The requirements laid down in this Law for the introduction of the electronic working time recording system at a construction site and the time period laid down for its introduction which comes into force on 1 January 2020 shall not be applied to the construction of new group three buildings and construction work the costs of which are EUR 350 000 or more, but less than one million euros, if the deadline for the completion of construction work specified in the construction permit does not exceed two months from the day of coming into force of the abovementioned requirements.

[*30 May 2019*]

225. The requirement laid down in Chapter XIV of this Law for the provision of external security check of the electronic working time recording system shall be applicable from 1 June 2020. The main performer of construction work who has, until 1 June 2020, commenced the use of the electronic working time recording system for which an external security check has not been provided has the right to continue the use of such system at the particular construction site until completion of construction work therein, however, not longer than until 1 January 2021.

[*30 May 2019*]

226. The Cabinet shall issue the regulations provided for in Section 110, Paragraph three and Section 113, Paragraph two of this Law by 31 December 2019.

[*30 May 2019*]

227. Section 113, Paragraph five and Section 116, Paragraph two of this Law shall come into force on 1 September 2019.

[*30 May 2019*]

228. Section 18, Paragraph one, Clause 33 of this Law shall come into force on 1 January 2022.

[*19 December 2019*]

229. The amendment to Section 2, Paragraph one of this Law regarding the administrative offence in the field of taxes, the punishment imposable therefore and definition of the competence in the imposition of fines in this Law, Section 2, Paragraph 1.1, amendment to Section 18, Paragraph one, Clause 29 regarding the disbursement of the work remuneration not indicated in the accounting records, amendment to the title of Chapter VII and Chapter XVI shall come into force concurrently with the Law on Administrative Liability.

[*19 December 2019*]

230. The administrative liability specified in Section 141 of this Law for the failure to comply with the deadline for submitting tax returns relating to late submission of the annual income return committed by payers of personal income tax if the payers of personal income tax have, according to the law On Personal Income Tax, the obligation to submit the annual income return in line with the obligation to supplement personal income tax and such obligation is based only on the application of the annual differentiated non-taxable minimum or progressive rate to the income from which personal income tax is deductible within the taxation year instead of disbursement of the income shall be applicable starting from returns for the taxation year 2022.

[*19 December 2019*]

231. Section 15, Paragraph ten and Section 32.5, Paragraph three of this Law shall be applicable from 1 July 2020.

[*20 February 2020*]

232. Amendments to Section 22.2 of this Law shall come into force concurrently with amendments to the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing in relation to the provision of information on suspicious transactions, using the Financial Intelligence Data Receipt and Analysis System of the Financial Intelligence Unit of Latvia.

[*16 June 2021*]

233. Amendment to Section 7.2, Paragraph three of this Law, Section 7.3, amendments to Section 15, Paragraph three, Clause 3 of this Law and Section 16, Paragraph one, Clause 15 shall come into force on 1 January 2022.

[*6 July 2021; 24 March 2022*]

234. Section 7.4 of this Law shall come into force on 1 January 2023.

[*24 March 2022*]

**Informative Reference to European Union Directives**

[*21 April 2005; 14 September 2006; 8 November 2007; 11 December 2008; 15 March 2012; 14 March 2013; 17 December 2015; 23 November 2016; 8 June 2017; 16 November 2017; 17 October 2019; 20 February 2020; 22 December 2022*]

The Law contains norms arising from:

1) [23 November 2016];

2) Council Directive 2004/66/EC of 26 April 2004 adapting Directives 1999/45/EC, 2002/83/EC, 2003/37/EC and 2003/59/EC of the European Parliament and of the Council and Council Directives 77/388/EEC, 91/414/EEC, 96/26/EC, 2003/48/EC and 2003/49/EC, in the fields of free movement of goods, freedom to provide services, agriculture, transport policy and taxation, by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia;

3) Council Directive 76/308/EEC of 15 March 1976 on mutual assistance for the recovery of claims resulting from operations forming part of the system of financing the European Agricultural Guidance and Guarantee Fund, and of the agricultural levies and customs duties;

4) Council Directive 2001/44/EC of 15 June 2001 amending Directive 76/308/EEC on mutual assistance for the recovery of claims resulting from operations forming part of the system of financing the European Agricultural Guidance and Guarantee Fund, and of agricultural levies and customs duties and in respect of value added tax and certain excise duties;

5) [14 March 2013];

6) [14 March 2013];

7) [14 March 2013];

8) [14 March 2013];

9) [14 March 2013];

10) Council Directive 2006/98/EC of 20 November 2006 adapting certain Directives in the field of taxation, by reason of the accession of Bulgarian and Romania;

11) Council Directive 2008/7/EC of 12 February 2008 concerning indirect taxes on the raising of capital;

12) [15 March 2012];

13) Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures;

14) Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC;

15) Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation;

16) Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation;

17) Council Directive (EU) 2016/2258 of 6 December 2016 amending Directive 2011/16/EU as regards access to anti-money-laundering information by tax authorities;

18) Council Directive (EU) 2017/1852 of 10 October 2017 on tax dispute resolution mechanisms in the European Union;

19) Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements;

20) Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation.

The Law shall come into force on 1 April 1995.

The Law has been adopted by the *Saeima* on 2 February 1995.

President G. Ulmanis

Rīga, 18 February 1995

On Taxes and Fees

**Annex**

**Associated Entities Which Function as Public Authorities or the Special Status Whereof is Recognised under an International Agreement, and the Relevant Original Form of these Associated Entities in the Legislation of Member States**

[*21 April 2005; 8 November 2007*]

1. Associated entities in the European Union:

1.1. Belgium:

1.1.1. Vlaams Gewest (Flanders);

1.1.2. Région wallonne (Wallonie);

1.1.3. Région bruxelloise/Brussels Gewest (Brussels region);

1.1.4. Communauté française (French community);

1.1.5. Vlaamse Gemeenschap (Flemish community);

1.1.6. Deutschsprachige Gemeinschaft (German speaking community);

1.1.1Bulgaria:

1.1.11. Общините (local governments);

1.1.12. Социалноосигурителни фондове (social insurance funds);

1.2. Spain:

1.2.1. Xunta de Galicia (Galicia region executive committee);

1.2.2. Junta de Andalucía (Andalusia region executive authority);

1.2.3. Junta de Extremadura (Estremaduras region executive authority);

1.2.4. Junta de Castilla-La Mancha (Castile-La Mancha region executive authority);

1.2.5. Junta de Castilla-León (Castile-Leon region executive authority);

1.2.6. Gobierno Foral de Navarra (Navarras region local government);

1.2.7. Govern de les Illes Balears (Balears Isles region local government);

1.2.8. Generalitat de Catalunya (Catalonia autonomous region local government);

1.2.9. Generalitat de Valencia (Valencia autonomous region local government);

1.2.10. Diputación General de Aragón (Aragon region council);

1.2.11. Gobierno de las Islas Canarias (Canary Islands local government);

1.2.12. Gobierno de Murcia (Murcia local government);

1.2.13. Gobierno de Madrid (Madrid local government);

1.2.14. Gobierno de la Comunidad Autónoma del Pays Vasco/Euzkadi (government of the Autonomous Community of the Basque Country);

1.2.15. Diputación Foral de Guipúzcoa ( Guipúzcoa regional council);

1.2.16. Diputación Foral de Vizcaya/Bizkaia (Biszkaia regional council);

1.2.17. Diputación Foral de Alava (Alava regional council);

1.2.18. Ayuntamiento de Madrid (Madrid City Council);

1.2.19. Ayuntamiento de Barcelona (Barcelona City Council);

1.2.20. Cabildo Insular de Gran Canaria (Gran Canaria Island Council);

1.2.21. Cabildo Insular de Tenerife (Tenerife Islands Council);

1.2.22. Instituto de Crédito Oficial (National Credit Institutions);

1.2.23. Instituto Catalán de Finanzas (Catalan Institute of Finance);

1.2.24. Instituto Valenciano de Finanzas (Valenciano Institute of Finance);

1.3. Greece:

1.3.1. Оργανισµός Тηλεπικοινωνιών Ελλάδος (National Telecommunications Organisation);

1.3.2. Оργανισµός Σιδηροδρόµων Ελλάδος (National Railway Organisation);

1.3.3. ∆ηµόσια Επιχείρηση Ηλεκτρισµού (National Electricity Society);

1.4. France:

1.4.1. La Caisse d'amortissement de la dette sociale (CADES) (Social Debt Redemption Fund);

1.4.2. L'Agence française de développement (AFD) (French Development Agency);

1.4.3. Réseau Ferré de France (RFF) (French Railway Network);

1.4.4. Caisse Nationale des Autoroutes (CNA) (National Motorway Fund),

1.4.5. Assistance publique Hôpitaux de Paris (APHP) (Paris National Hospital Support);

1.4.6. Charbonnages de France (CDF) (French Coal Board);

1.4.7. Entreprise minière et chimique (EMC) (Mining and Chemistry Society);

1.5. Italy:

1.5.1. regions;

1.5.2. provinces;

1.5.3. local governments;

1.5.4. Cassa Depositi e Prestiti (Deposit and Loan Fund);

1.6. Latvia: local governments;

1.7. Poland:

1.7.1. gminy (municipalities);

1.7.2. powiaty (districts);

1.7.3. województwa (provinces);

1.7.4. związki gmin (community associations);

1.7.5. związki powiatów (district associations);

1.7.6. związki województw (province associations);

1.7.7. miasto stołeczne Warszawa (the city of Warsaw);

1.7.8. Agencja Restrukturyzacji i Modernizacji Rolnictwa (Agriculture Restructurisation and Modernisation Agency);

1.7.9. Agencja Nieruchomości Rolnych (Agricultural Property Agency);

1.8. Portugal:

1.8.1. Regiăo Autónoma da Madeira (Madeira autonomous region);

1.8.2. Regiăo Autónoma dos Açores (Acores Island autonomous region);

1.8.3. local governments;

1.8.1 Romania: autorităţile administraţiei publice locale (local State administration authorities);

1.9. Slovakia:

1.9.1. mestáa obce (local governments);

1.9.2. Železnice Slovenskej republiky (Slovakia Railway Society);

1.9.3. Štátny fond cestného hospodárstva (National Motorway Fund);

1.9.4. Slovenské elektrárne (Slovakian Power Station);

1.9.5. Vodohospodárska výstavba (Rational Water Usage Society).

2. International associated entities (the provisions laid down in Section 46, Paragraph seven of this Law do not apply to the international commitments which the member states could have entered into with respect to the aforementioned international entities):

2.1. the European Reconstruction and Development Bank;

2.2. the European Investment Bank;

2.3. the Asian Development Bank;

2.4. the African Development Bank;

2.5. the World Bank/IBRD/IMF;

2.6. the International Financial Corporation;

2.7. the American Development Bank;

2.8. the European Council Social Development Fund;

2.9. the European Nuclear Energy Community;

2.10. the European Community;

2.11. Corporación Andina de Fomento (CAF) (Andean Development Corporation);

2.12. Eurofima;

2.13. the European Coal and Steel Community;

2.14. the Nordic Investment Bank;

2.15. the Caribbean Development Bank.

3. Associated entities in third countries (countries that are not members of the European Union, their dependent or associated territories, and the countries with which international agreements on the savings income that are binding on Latvia have not been concluded) shall meet the following criteria:

3.1. the entity is clearly considered to be a public authority according to legal acts of the relevant country;

3.2. such public authority has been established or operates to meet the general needs of the society not having an industrial or commercial character and effectively controlled by the government;

3.3. such public authority issues debt instruments professionally and on a regular basis;

3.4. the relevant country can guarantee that such public authority will not exercise its early redemption rights.