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

24 January 2013 [shall come into force on 21 February 2013];

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

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

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

12 June 2014 [shall come into force on 1 October 2014];

19 February 2015 [shall come into force on 15 March 2015];

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

17 December 2015 [shall come into force on 6 January 2016];

16 June 2016 [shall come into force on 1 July 2016];

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

20 April 2017 [shall come into force on 1 June 2017];

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

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

30 May 2019 [shall come into force on 1 July 2019];

20 June 2019 [shall come into force on 12 July 2019];

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

24 November 2020 [shall come into force on 1 January 2021];

7 January 2021 [shall come into force on 9 January 2021];

15 November 2021 [shall come into force on 1 January 2022];

9 December 2021 [shall come into force on 1 January 2022];

10 February 2022 [shall come into force on 7 March 2022].

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:

**Value Added Tax Law**

**Chapter I**

**General Provisions**

**Section 1. Terms Used in this Law**

The following terms are used in this Law:

1) **building land**– a plot of land regarding which a construction permit for building thereon or for the construction of engineering communications therein, or for the construction of roads, streets or engineering communications input scheme intended for it has been issued after 31 December 2009. The plot of land shall not be deemed a building land if the construction permit for construction works has been issued:

a) until 31 December 2009 and has been extended or re-registered after 31 December 2009;

b) after 31 December 2009, but the purpose for the use of the plot of land has been changed and does not provide for building thereon;

2) **consideration**– the monetary value of goods or services which is received by a supplier of goods or services or which it should have received from a recipient of goods or services or another person as payment for the supply of goods or services without value added tax (hereinafter – the tax), irrespective of whether the payment is made in full or partially;

3) **territory of a Member State**– the territory of a certain European Union Member State (hereinafter – the Member State) to which Article 52 of the Treaty on European Union and Article 355 of the Treaty on the Functioning of the European Union is applicable, with the exception of third territories, and also the Principality of Monaco and the United Kingdom Sovereign Base Areas of Akrotiri and Dhekelia which for the purpose of tax application are regarded as territories of France or Cyprus respectively;

4) **territory of the European Union**– the aggregate of the territories of the Member States;

41) **electronically supplied services**– the services referred to in Article 7 of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (recast), including:

a) website supply, web-hosting, distance maintenance of programmes and equipment;

b) supply of software and updating thereof;

c) supply of images, text and information and making available of databases;

d) supply of music, films and games, including games of chance and gambling games, and of political, cultural, artistic, sporting, scientific and entertainment broadcasts and events;

e) supply of distance teaching;

5) **fiscal representative**– a registered taxable person which on the basis of a written contract pays the tax into the State budget and represents a taxable person of another Member State or a taxable person of a third country or third territory (also conforming to the laws and regulations governing the excise duty and the circulation of excisable goods in respect of excisable goods) in the following transactions:

a) when carrying out importation with subsequent supply of such goods to a registered taxable person of another Member State;

b) when carrying out importation with subsequent supply of such goods inland;

c) when receiving goods inland, if such goods are received for the purpose of further exportation and are located in a place specified in the laws and regulations in the field of customs or in an excise duty warehouse, and when carrying out further exportation of such goods;

d) when carrying out acquisition of goods in the territory of the European Union, if such goods are acquired for the purpose of further exportation and are located in a place specified in the laws and regulations in the field of customs or in an excise duty warehouse, and when carrying out further exportation of such goods;

e) when carrying out acquisition of goods in the territory of the European Union, if such goods are actually received inland for the purpose of supplying them to another Member State;

6) **inland**– the territory of the Republic of Latvia;

7) **auction price**– the value which in accordance with the Civil Procedure Law conforms to full price bid at an auction, the highest price bid at an auction or the initial auction price in cases when the auction is announced as not having taken place;

8) **special tax arrangement for transactions of importation of goods**– suspending of the tax amount payable into the State budget for the performed importation of goods which has been calculated in the customs declaration until indication of such sum in the tax return for the relevant taxation period;

9) **new means of transport:**

a) a motorised land vehicle the capacity of which exceeds 48 cubic centimetres or the power of which exceeds 7.2 kilowatts and which is intended for the transport of passengers or goods, if it has been used for less than six months or has travelled less than 6000 kilometres;

b) a vessel or other floating craft exceeding 7.5 metres in length and intended for the transport of passengers or goods if it has been used for less than three months or has sailed less than 100 hours, except for the vessels referred to in Section 47, Paragraph one of this Law;

c) an aircraft the take-off weight of which exceeds 1550 kilograms and which is intended for the transport of passengers or goods if it has been used for less than three months or has flown less than 40 hours, except for the aircraft referred to in Section 48, Paragraph one of this Law;

10) **gift of small value**– goods or services which are given without consideration and the value of which without the tax does not exceed EUR 15.00 during a calendar year per one person, except for goods or services related to advertising or representation expenses;

11) **seat**– legal address of a non-taxable person or address similar to the legal address in accordance with the laws and regulations of another country;

12) **unused immovable property:**

a) a newly built building or structure (also stationary equipment installed therein), or a part thereof, if it is not used after being accepted for service, and a land parcel or a part of a land parcel related thereto;

b) a newly built building or structure (also stationary equipment installed therein), or a part thereof, if such is used and sold for the first time within one year after being accepted for service, and a land parcel or a part of a land parcel related thereto;

c) a building or structure, or a part thereof, if after renewal, rebuilding or restoration works have been completed it is not being used, and a land parcel or a part of a land parcel related thereto;

d) a building or structure, or a part thereof, if after renewal, rebuilding or restoration works have been completed it is being used and sold for the first time within one year after being accepted for service, and a land parcel or a part of a land parcel related thereto;

e) an object of uncompleted construction or a part thereof – a building or structure, or a part thereof, if such building or structure has not been accepted for service, and a land parcel or a part of a land parcel related thereto;

f) a building or structure, or a part thereof, if such building or structure is being renewed, rebuilt or restored, but it has not been accepted for service yet, and a land parcel or a part of a land parcel related thereto;

13) **hire purchase**– a supply of goods in which the supplier of goods according to a concluded hire purchase contract supplies particular goods which are transferred into the ownership of the recipient of goods within the time period laid down in the contract after all the payments laid down in the contract have been made;

14) **supply of services**– a transaction which does not constitute the supply of goods; the following shall also be considered the supply of services:

a) the selling (transfer) of intangible property (intangible values and rights);

b) the obligation to refrain from some activity or action or to allow some activity or action;

c) the leasing of property;

d) the performance of construction work;

15) **fixed establishment**– any place other than a place of establishment of a business of a person which is characterised by a sufficient degree of permanence and suitable structure in terms of human and technical resources enabling to ensure services provided thereby or to receive and use services which are provided for the needs of such fixed establishment;

16) **VAT group**– a group of two or more taxable persons which conforms to the conditions of this Law, has been established on the basis of a memorandum of association of the VAT group for carrying out mutual transactions inland and has been registered in the State Revenue Service Value Added Tax Taxable Persons Register;

17) **exportation of goods**– supply of goods from the territory of the European Union to third countries or third territories;

18) **acquisition of goods in the territory of the European Union**– obtaining of the right to dispose of property as owner if the dispatch or transportation of the property from one Member State to another Member State is carried out by the supplier of goods or receiver of the goods, or a third person on behalf of the supplier or recipient of goods;

19) **importation of goods**– the entry into the territory of the European Union of goods from third countries or third territories by releasing them for free circulation;

20) **supply of goods**– a transaction which is manifested as the transfer of the ownership rights of a property to another person, so that this person could act with the property; the transactions with the following shall also be regarded as the supply of goods:

a) with immovable property or a part thereof;

b) with electricity, gas, thermal energy, heating, water, steam and cooling energy;

21) **supply of goods in the territory of the European Union**– the supply of goods if the goods are dispatched or transported from one Member State to another Member State and the dispatch or transportation of such goods is carried out by the supplier or recipient of the goods, or a third person on behalf of the supplier or recipient of the goods;

22) **goods transport service in the territory of the European Union**– goods transport service if the place of departure of transport of goods and the place of arrival of transport of goods are situated in two different Member States; if the place of departure and the place of arrival are situated within the territory of the same Member State, the transport of goods shall be treated as a stage of the goods transport service in the territory of the European Union, if such transport is a part of the transport service the place of departure and the place of arrival of which are situated in the territories of two different Member States;

23) **place of arrival of transport of goods**– the place where the transport of the goods actually ends;

24) **place of departure of transport of goods**– the place where the transport of the goods actually begins;

241) **broadcasting services**– the broadcasting services referred to in Article 6.b of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (recast) (in the wording of Council Implementing Regulation (EU) No 1042/2013 of 7 October 2013 amending Implementing Regulation (EU) No 282/2011 as regards the place of supply of services);

25) **place of establishment of a business**– the basic place of performing economic activity of a taxable person where the management of the aforementioned taxable person is located and where the main administrative decisions related to the performance of economic activity are taken;

26) **intermediary**– a taxable person who participates in the supply of services or in the supply of goods without becoming the owner of such goods or actual provider of services, in order to pursue the interests of other persons in transactions of the supply of goods or the supply of services. An intermediary shall issue a tax invoice and receive consideration only for an intermediary service provided by him;

27) **market value**– consideration for goods or services which at the time of supply would have to be paid by the recipient of the relevant goods or services, under conditions of fair competition, to another supplier who is not considered a related party within the meaning of the law On Taxes and Fees. Where no comparable price for goods or services can be ascertained, market value shall mean:

a) in respect of goods – an amount which is not less than the purchase price of the relevant goods or of similar goods or, in the absence of a purchase price, the cost price, determined at the time of supply;

b) in respect of services – an amount that is not less than the full cost of providing the service;

28) **third territories:**

a) such territories of the European Union which form part of the customs territory of the European Union – Mount Athos, the Canary Islands, the French territories referred to in Article 349 and Article 355(1) of the Treaty on the Functioning of the European Union, the Åland Islands, Campione d’Italia, the Italian waters of Lake Lugano;

b) such territories of the European Union which do not form part of the customs territory of the European Union – the Island of Heligoland, the territory of Büsingen, Ceuta, Melilla, Livigno;

29) **third countries**– such countries or territories to which the Treaty on European Union and the Treaty on the Functioning of the European Union are not applicable;

30) **electronic communications services**– the services referred to in Article 6.a of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (recast) (in the wording of Council Implementing Regulation (EU) No 1042/2013 of 7 October 2013 amending Implementing Regulation (EU) No 282/2011 as regards the place of supply of services);

31) **multi-purpose voucher**– a voucher upon the issue whereof none of the characteristics of a single-purpose voucher laid down in this Law are known;

32) **voucher**– an instrument which must be accepted as consideration or part consideration for a supply of goods or services and where the goods or services to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions for the use of such instrument;

33) **single-purpose voucher**– a voucher upon the issue whereof the place of supply of the goods or services to which the voucher relates and also the tax due on those goods or services are known.

[*19 September 2013; 6 November 2013; 12 June 2014; 19 February 2015; 23 November 2016; 20 April 2017; 30 May 2019; 28 November 2019; 10 February 2022*]

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

This Law prescribes the taxable persons, the taxable transactions and taxable value thereof, the place of supply of goods and provision of services, the tax rates and exemptions from tax, the requirements for tax payment and administration, the procedures for the payment of tax into the State budget, the provisions for the deduction of input tax and tax refund, as well as other provisions for tax application inland and liability for violations of this Law.

**Chapter II**

**Taxable Persons and Taxable Transactions**

**Section 3. Taxable Persons**

(1) Taxable person shall be any person who independently performs any economic activity in any place, irrespective of the purpose or results of that activity.

(2) Taxable persons are divided as follows:

1) inland taxable persons:

a) registered taxable persons – taxable persons which have been registered in the State Revenue Service Value Added Tax Taxable Persons Register;

b) non-registered taxable persons – taxable persons which have not been registered in the State Revenue Service Value Added Tax Taxable Persons Register, exercising the rights laid down in this Law;

2) taxable persons of another Member State:

a) registered taxable persons of another Member State – taxable persons which have been registered in the register of taxable persons of another Member State for tax payment purposes;

b) non-registered taxable persons of another Member State – taxable persons which have not been registered in the register of taxable persons of another Member State and the legal address or place or residence of which is in another Member State;

3) taxable persons of third countries or third territories:

a) registered taxable persons of third countries or third territories – taxable persons to whom an identification number of a taxable person or a similar number has been issued which allows to identify the taxable person for tax application purposes and is issued by the country in which the taxable person performs economic activity;

b) non-registered taxable persons of third countries or third territories – taxable persons to whom an identification number of a taxable person or a similar number has not been issued which allows to identify the taxable person for tax application purposes and is issued by the country in which the taxable person performs economic activity.

(3) A fiscal representative and a VAT group shall also be regarded as a registered taxable person.

(4) Any person who on occasional basis supplies a new means of transport, which is dispatched or transported to the recipient by the supplier, recipient, or by the third person on behalf of the supplier or recipient to a destination outside inland, but within the territory of the European Union, shall be regarded as a taxable person.

(5) A non-taxable person shall be regarded as a registered taxable person for the determination of the place for the supply of services, if the State Revenue Service has issued a number for such person in the State Revenue Service Value Added Tax Taxable Persons Register.

(6) For the purpose of determining the place of supply of services, a recipient of services may be regarded as a taxable person in conformity with Article 18 of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (recast).

(7) A State or local government institution or a local government shall also be regarded as a taxable person in respect of receipt of construction services in accordance with the procedures laid down in Section 142 of this Law.

(8) Bodies governed by public law, as well as private individuals who in accordance with the State Administration Structure Law fulfil the tasks of State administration delegated or transferred to them through authorisation shall not be regarded as taxable persons in respect of activities or transactions in which they engage for the fulfilment of the State administration functions or tasks.

(9) The bodies governed by public law referred to in Paragraph eight of this Section shall be regarded as taxable persons in particular cases where their treatment as non-taxable persons would significantly affect the situation in the field of competition in respect of the market participants (present or potential) performing competitive activities or transactions and thus would lead to significant distortions of competition.

(10) In any event, a body governed by public law shall be regarded as a taxable person in respect of the following transactions, if it:

1) supplies electronic communications services;

2) supplies goods, including water, gas, electricity;

3) supplies goods transport services;

4) supplies port or airport services;

5) supplies passenger transport services;

6) performs transactions in respect of agricultural products, carried out by agricultural intervention agencies pursuant to conditions of Regulations on the common organisation of the market in those products;

7) organises trade fairs and exhibitions;

8) supplies warehousing services;

9) supplies advertising services of commercial nature;

10) supplies tourism services;

11) supplies television and radio services of commercial nature;

12) supplies catering services (conforming to the exemptions referred to in Section 52, Paragraph one of this Law);

13) supplies leasing services.

(11) A legal non-taxable person shall be regarded as a taxable person if it performs acquisition of goods in the territory of the European Union or receives services the place of supply of which is determined in accordance with Section 19, Paragraph one of this Law.

(12) A person shall not be regarded as a taxable person insofar as he is bound to an employer by a contract of employment or by any other legal ties creating the relationship of an employer and employee as regards working conditions, remuneration and the employer’s liability.

**Section 4. Economic Activity**

(1) Economic activity shall mean any continuing, independent activity for consideration (including any activity of producers, traders or persons supplying services, agricultural activity).

(2) Exploitation of tangible or intangible property for the purposes of obtaining income therefrom on continuing basis shall be regarded as economic activity within the meaning of this Law.

**Section 5. Taxable Transactions**

(1) Taxable transactions shall be the following transactions carried out inland within the framework of economic activity:

1) supply of goods (including supply of goods in the territory of the European Union and exportation of goods) for consideration;

2) supply of services for consideration;

3) acquisition of goods in the territory of the European Union for consideration.

(2) Any importation of goods shall be taxable unless laid down otherwise in this Law.

(3) Acquisition of a new means of transport in the territory of the European Union carried out by a non-registered taxable person or a non-taxable person shall also be a taxable transaction.

(4) Supplies of new means of transport carried out on an occasional basis, where a new means of transport is dispatched or transported to the recipient by the supplier, recipient, or by the third person on behalf of the supplier or recipient, from inland to a destination outside inland, but within the territory of the European Union, shall also be a taxable transaction.

**Section 6. Transactions Comparable to Supply of Goods and Services for Consideration**

(1) Transfer of a part of assets to be used in economic activity of a registered taxable person for his private use or for that of his staff free of charge or their application for purposes other than those of his economic activity, shall be treated as a supply of goods for consideration, where the input tax on the relevant goods or the component parts thereof has been wholly or partly deducted.

(2) The following transactions of a registered taxable person shall be treated as a supply of services for consideration:

1) use of a part of assets of economic activity for his or her private use or for that of his or her staff or their application for purposes other than those of his or her economic activity, where the input tax on such parts of assets has been wholly or partly deducted;

2) supply of services carried out free of charge for his or her private use or for that of his or her staff or for purposes other than those of his or her economic activity.

(3) Where a taxable person acting in his own name, but on behalf of another person, takes part in a supply of service, he or she shall be deemed to have received and supplied those services himself or herself.

(4) Paragraphs one and two of this Section shall not apply to cases when the restriction for the deduction of input tax specified in Section 100, Paragraph two of this Law is applicable to a registered taxable person.

(5) If a taxable person, using an electronic interface, for example, a sales point, platform, or portal, promotes distance selling of goods imported from the third countries or third territories in consignments the true value of which does not exceed EUR 150, it shall be regarded that the taxable person has received and supplied the goods itself.

(6) If a taxable person, using an electronic interface, for example, a sales point, platform, or portal, promotes the supply of goods performed by such taxable person who does not perform economic activity in the European Union to a person in the European Union who is not a taxable person, it shall be regarded that the taxable person has received and supplied the goods itself.

(7) If it is regarded that the taxable person referred to in Paragraphs five and six of this Section has received and supplied the goods itself, the dispatch or transport of the goods shall be attributed to the supply performed by the abovementioned taxable person.

[*6 November 2013; 15 October 2020*]

**Section 7. Transactions which are not Regarded as Supply of Goods or Services for Consideration**

(1) The use of goods intended for the needs of economic activity as samples or gifts of small value shall not be regarded as a supply of goods for consideration.

(2) The transfer of an undertaking (joint ownership of property or a part thereof that is expressed as transfer of assets and liabilities) into the ownership or use of another economic operator shall not be treated as a supply of goods for consideration, if in transferring assets and liabilities for consideration or without it or in investing into equity capital of a capital company or partnership investment (capital), the acquirer of the company becomes a successor of the rights and liabilities of the transferor within the meaning of the Commercial Law and economic activity not related to sale of the company or liquidation of the commercial company is continued.

(3) If the acquirer of an undertaking does not actually become the successor of the rights and liabilities of the transferor within the meaning of the Commercial Law and economic activity is not continued as a result of the transfer of the undertaking referred to in Paragraph two of this Section, transfer of assets and liabilities shall be treated as a separate supply of goods or services (acquired rights and other intangible assets) that are taxable in accordance with the procedures laid down in this Law.

**Section 8. Transactions Comparable to Supply of Goods for Consideration in the Territory of the European Union**

(1) Dispatch or transport of movable property – a part of assets to be used in economic activity of an inland taxable person – from inland to a destination in another Member State for the purposes of provision of its economic activity, if such transfer is carried out by an inland taxable person itself or by another person on behalf of it, shall be treated as a supply of goods for consideration in the territory of the European Union.

(2) The dispatch or transport of the goods referred to in Paragraph one of this Section to another Member State for the purposes of any of the following transactions shall not be treated as a transfer to another Member State from inland to a destination in another Member State:

1) the supply of goods intended for distance selling in accordance with Section 13.1, Paragraph one of this Law;

2) the supply of goods intended for installation or assembly, if such goods are installed or assembled by a supplier or by another person on behalf of it;

3) the supply of goods by the taxable person on board a ship, an aircraft or a train in the course of a passenger transport operation within the territory of the European Union;

4) the supply of gas to another Member State through the natural gas distribution system which is located in the territory of the European Union or any networks connected to such system, supply of electricity, thermal energy or cooling energy through thermal energy or cooling networks;

5) the supply of the goods referred to in Sections 43, 47, 48, and 50 of this Law to which the zero per cent tax rate is applied in the territory of the Member State where the dispatch or transport of such goods ends;

6) the supply of gold, coins, and bank notes to central banks of the Member States;

7) the dispatch of goods to another Member State for the receipt of treatment, assessment, processing or repair services, if goods after receipt of the abovementioned services are returned to inland;

8) the dispatch of goods for temporary use within the territory of the destination Member State, which is related to services supplied by a taxable person conducting economic activity inland;

9) the dispatch of goods for temporary use, for a period not exceeding twenty-four months, within the territory of the destination Member State, in which the importation of the same goods for the purpose of their temporary use would be covered by the arrangements for temporary importation with full exemption from customs payments.

(3) If one of the conditions governing eligibility under Paragraph two of this Section is no longer met, the goods shall be regarded as having been dispatched or transported to another Member State. A transaction shall be deemed to take place in the territory of the European Union at the time when that condition ceases to be met.

(31) The transfer of goods of an inland taxable person which form part of its assets of economic activity from inland to another Member State by performing the supply of goods to a warehouse in another Member State in accordance with Section 8.1 of this Law shall not be treated as a supply of goods for consideration in the territory of the European Union.

(4) The dispatch or transport of goods to another Member State in accordance with Section 45, Paragraphs one and two of this Law after their release for free circulation inland shall be treated as a supply of goods for consideration in the territory of the European Union.

[*28 November 2019; 15 October 2020*]

**Section 8.1Supply of Goods to a Warehouse in Another Member State**

(1) It shall be deemed that the supply of goods to a warehouse in another Member State takes place if all of the following conditions are met:

1) a registered taxable person or a third person on its behalf dispatches or transports goods from inland to another Member State so that following the importation in another Member State they could be delivered at a later stage to a registered taxable person of another Member State who is entitled to become the owner of the abovementioned goods in conformity with a valid agreement between both taxable persons;

2) a registered taxable person who dispatches or transports goods from inland to another Member State does not have the seat of a economic activity and a fixed establishment in the Member State to which the goods are dispatched or transported;

3) the recipient of goods is a taxable person registered by another Member State in the Member State to which the goods are dispatched or transported, and its identity and registration number assigned thereto by the abovementioned Member State are known to the taxable person referred to in Clause 2 of this Paragraph at the beginning of the dispatch or transportation of the goods;

4) a registered taxable person who dispatches or transports goods from inland to another Member State registers the transfer of goods in the Register referred to in Section 134, Paragraph three, Clause 3 of this Law and declares the supply of such goods in the report on supply of goods and services in the territory of the European Union.

(2) If within 12 months after importation of goods in the Member State to which such goods were dispatched or transported the recipient of goods referred to in Paragraph one, Clause 3 of this Section is replaced by a taxable person registered by another Member State who has been registered in the taxable persons register of such Member State for the purpose of paying taxes, it shall be deemed that the goods are supplied to a warehouse in another Member State, provided that:

1) the conditions of Paragraph one, Clauses 1, 2, and 4 of this Section have been met;

2) the registered taxable person who dispatched or transported the goods registers such replacement in the Register referred to in Section 134, Paragraph three, Clause 3 of this Law.

(3) If within 12 months after importation of goods in the Member State to which they were dispatched or transported the goods have not been supplied to the taxable person referred to in Paragraph one, Clause 3 or Paragraph two of this Section and none of the circumstances referred to in Paragraph five, six, seven or eight of this Section has not set in, it shall be deemed that the transfer of goods from inland to destination in another Member State referred to in Section 8, Paragraph one of this Law takes place on the day of expiry of the 12-month period.

(4) Paragraph three of this Section shall not be applied and it shall be deemed that the transfer of goods from inland to destination in another Member State referred to in Section 8, Paragraph one of this Law does not take place if both of these conditions are met:

1) the right to act with the goods has not been transferred to the recipient of goods, and within 12 months after their importation in the Member State to which they were dispatched or transported such goods are returned to inland;

2) the registered taxable person who dispatched or transported the goods registers the return of such goods in the Register referred to in Section 134, Paragraph three, Clause 3 of this Law.

(5) If any of the conditions of Paragraph one or two of this Section has not been met within 12 months after the importation of goods in the Member State to which they were dispatched or transported, it shall be deemed that the transfer of goods from inland to destination in another Member State referred to in Section 8, Paragraph one of this Law takes place at the moment when any of these conditions are not met.

(6) If the goods are supplied to a person other than the taxable person referred to in Paragraph one, Clause 3 or Paragraph two of this Section, it shall be deemed that the transfer of goods from inland to destination in another Member State referred to in Section 8, Paragraph one of this Law takes place right before providing such supply of goods.

(7) If the goods, after their importation in the Member State to which they were dispatched or transported, are dispatched or transported to a country other than the Member State to which the goods were dispatched or transported, it shall be deemed that the conditions of Paragraph one or two of this Section are no longer met right before such dispatch or transportation.

(8) If the goods are destroyed, lost, or stolen, it shall be deemed that the transfer of goods from inland to destination in another Member State referred to in Section 8, Paragraph one of this Law takes place on the day when the goods were actually lost or destroyed or, if such day cannot be determined, on the day when the loss or destruction of goods has been established.

[*28 November 2019*]

**Section 9. Transactions Comparable to Acquisition of Goods for Consideration in the Territory of the European Union**

(1) Dispatch or transport of a part of assets to be used in economic activity of a taxable person from another Member State to inland shall be treated as acquisition of goods for consideration in the territory of the European Union, if such transfer is regarded as dispatch or transport of goods to another Member State in accordance with Section 8 of this Law.

(2) The following transactions shall not be treated as an acquisition of goods for consideration in the territory of the European Union:

1) receipt of goods (except for new means of transport) inland if the goods are received by:

a) a non-registered taxable person until reaching the registration threshold laid down in Section 57, Paragraph one of this Law;

b) a non-taxable person;

2) receipt of new means of transport inland, provided that all of the following conditions are met:

a) a new means of transport as a personal property is brought in from another Member State and registered inland by a non-taxable person which has acquired such means of transport in another Member State during fulfilment of the official or services duties;

b) the tax laid down in another Member State has been paid for the acquisition of a new means of transport or exemption from the tax has been applied in accordance with the applicable legal acts in such country, and it can be proven by documentary means;

c) a new means of transport has been registered for the first time in another Member State where it was purchased;

3) the receipt of such goods at the inland customs warehouses or free zones for which export procedure of goods has been started in another Member State;

4) the receipt of gold, coins and bank notes in *Latvijas Banka*.

(3) The receipt of goods inland in accordance with Section 45, Paragraphs one and two of this Law after their release for free circulation in another Member State shall be treated as an acquisition of goods for consideration in the territory of the European Union.

(4) Dispatch or transport of the goods used for the needs of the National Armed Forces of the Republic of Latvia, including for the needs of civilian staff accompanying them, from another Member State to inland, if acquisition or supply of such goods has taken place in another Member State and the latter did not apply exemption from tax or if during importation of such goods in another Member State the latter did not apply exemption from tax at the moment of importation, shall be treated as an acquisition of goods for consideration in the territory of the European Union.

[*20 April 2017; 10 February 2022*]

**Section 10. Transactions of Distance Selling of Goods**

[15 October 2020]

**Section 10.1 Transactions of Distance Selling of Goods**

(1) Within the meaning of this Law, distance selling of goods in the territory of the European Union is such supply of goods where the supplier of goods or a third party in the name of the supplier of goods dispatches or transports goods (also if the supplier indirectly participates in the dispatch or transport of goods) from such Member State which is not a Member State in which the dispatch or transport of goods to the recipient of goods ends.

(2) Within the meaning of this Law, distance selling of goods imported from the third countries or third territories is such supply of goods when the supplier of goods or a third party in the interests of the supplier of goods dispatches or transports goods (also if the supplier indirectly participates in the dispatch or transport of goods) from the third country or third territory to the recipient of goods in the Member State.

(3) Paragraphs one and two of this Section shall be applied if all of the following conditions are met:

1) the recipient of goods is a non-registered taxable person, a non-registered taxable person of another Member State or a non-taxable person;

2) the goods supplied are neither new means of transport nor goods intended for assembly or installation.

(4) The distance selling conditions referred to in Paragraphs one and two of this Section shall not apply to supplies of second-hand goods, works of art, collector’s items or antiques subject to tax in accordance with the special tax application arrangement.

[*15 October 2020*]

**Section 11. Transactions within a VAT Group**

(1) If registered inland taxable persons are members of a VAT group, it shall be considered that economic activity of one member of the VAT group is performed by the whole VAT group and any supply of goods, supply of services or receipt of goods or services by a member of the VAT group shall be treated as the supply of goods, supply of services or receipt of goods or services by the VAT group.

(2) The supply of goods or services by one member of the VAT group to another member of the same VAT group shall not be subject to the norms of this Law.

(3) If, in a transaction between two members of the same VAT group, one of them uses its own registration number in the State Revenue Service Value Added Tax Taxable Persons Register, but the other – a registration number in the taxable persons register of another Member State, the tax shall be applied in accordance with the general procedure laid down in this Law.

(4) If the supply of goods or services takes place between a member of the VAT group and such person who has been excluded from such VAT group, the tax shall be applied to the received advance payment made until exclusion from the VAT group in accordance with the general procedure laid down in this Law.

**Section 11.1 Transactions by Vouchers**

(1) Each transfer of a single-purpose voucher made by a taxable person acting in its own name shall be regarded as the supply of such goods or services to which the voucher relates. The actual transfer of goods or the actual provision of services in return for a single-purpose voucher accepted as consideration or partial consideration by the supplier shall not be regarded as an independent transaction.

(2) If a single-purpose voucher is transferred by a taxable person acting in the name of another taxable person, such transfer shall be regarded as the supply of such goods or services to which the voucher relates and which are made by the other taxable person in whose name the taxable person is acting.

(3) If the supplier of goods or services is not the taxable person who, acting in its own name, issued the single-purpose voucher, that supplier, however, shall be deemed to have provided the supply of the goods or services related to that voucher to the referred to taxable person.

(4) The actual transfer of goods or the actual provision of services in return for a multi-purpose voucher accepted as consideration or partial consideration by the supplier of goods or services shall be a taxable transaction in accordance with Section 5 of this Law, whereas each preceding transfer of that multi-purpose voucher shall not be a taxable transaction.

(5) If a multi-purpose voucher is transferred by a taxable person other than the taxable person carrying out the taxable transaction in compliance with Paragraph four of this Section, any supply of services that can be identified, such as distribution or promotion services, shall be taxable in accordance with the general procedure laid down in this Law.

[*30 May 2019*]

**Chapter III**

**Place of Transaction**

**Section 12. Place of Supply of Goods**

(1) Where goods are dispatched or transported, the place of supply of goods (also for the supply of goods in the territory of the European Union) shall be deemed to be the place where the goods are located at the time when the dispatch or transport of goods to the recipient of goods begins.

(2) Where goods are not dispatched or transported, the place of supply of goods shall be deemed to be the place where the goods are located at the time of their supply.

(3) Where the goods dispatched or transported by the supplier of goods, or by the recipient of goods or by a third person are assembled or installed by the supplier of goods or by a third person on his behalf, the place of supply shall be deemed to the place where the goods are assembled or installed.

(4) Where the goods are dispatched or transported by the taxable person who has promoted the supply of such goods, using an electronic interface in accordance with the conditions of Section 6, Paragraphs five and six of this Law, the place of supply of goods is the place where such taxable person has supplied the goods.

[*15 October 2020*]

**Section 13. Place of Supply of Goods in Distance Selling Transactions**

[15 October 2020]

**Section 13.1 Place of Supply of Goods in Distance Selling Transactions**

(1) In distance selling transactions in the territory of the European Union, the Member State in which the goods are located at the time when dispatch or transport of the goods to the recipient of goods ends shall be regarded as the place of supply of goods.

(2) Paragraph one of this Section shall not be applied if all of the following conditions are met:

1) the supplier of goods performs economic activity in only one Member State or, if no economic activity is performed, the declared place of residence or the permanent place of residence of the supplier of goods is in only one Member State;

2) goods are dispatched or transported to a Member State other than the Member State referred to in Clause 1 of this Paragraph;

3) the total value, exclusive of tax, of the supplied goods referred to in Clause 2 of this Paragraph in the previous or current calendar year does not exceed EUR 10 000.

(3) If, during a calendar year, the threshold referred to in Paragraph two, Clause 3 of this Section is exceeded, the place of supply of goods in distance selling transactions shall be determined in accordance with Paragraph one of this Section as of the moment of exceeding the threshold.

(4) The supplier of goods referred to in Paragraph two of this Section has the right to determine the place of supply of goods in distance selling transactions in accordance with Paragraph one of this Section and shall be bound by that decision for at least two calendar years.

(5) In distance selling transactions of goods imported from the third countries or third territories, one of the following Member States shall be regarded as the place of supply of goods:

1) the Member State in which the dispatch or transport of goods to the recipient of goods ends if the importation of goods is performed to such Member State which is not a Member State in which the dispatch or transport of goods to the recipient of goods ends;

2) the Member State in which the dispatch or transport of goods to the recipient of goods ends and which coincides with the Member State of importation if the supplier of goods declares the tax for the abovementioned goods in accordance with the import scheme specified in Section 140.4 of this Law.

(6) If excisable goods are supplied in accordance with the conditions for the distance selling of goods, the place of their supply shall be the Member State where the goods are located at the time when dispatch or transport thereof to the recipient of goods ends, regardless of the registration threshold laid down in the relevant Member State.

(7) In transactions of distance selling of goods, the place of supply of goods shall be inland if the taxable person of another Member State supplies excisable goods from another Member State inland to a non-registered taxable person or a non-taxable person.

[*15 October 2020*]

**Section 14. Place of Supply of Goods on Board Ships, Aircraft and Trains**

(1) Where goods are supplied to passengers on board ships, aircraft or trains during the section of their transport operation effected within the territory of the European Union, the place of supply of goods shall be deemed to be at the point of departure of the passenger transport operation.

(2) Section of a passenger transport operation effected in the territory of the European Union shall mean the section of the operation effected without stopover outside the territory of the European Union between the point of departure and the point of arrival of the passenger transport operation.

(3) Point of departure of a passenger transport operation shall mean the first scheduled point of passenger embarkation within the territory of the European Union (also after a stopover outside the territory of the European Union).

(4) Point of arrival of a passenger transport operation shall mean the last scheduled point of disembarkation within the territory of the European Union of passengers who embarked on board ship, aircraft or train in the territory of the European Union (also before a stopover outside the territory of the European Union).

(5) In the case of a return trip, the return leg shall be regarded as a separate transport operation.

**Section 15. Place of Supply of Gas, Thermal Energy, Electricity and Cooling Energy**

(1) Where gas is supplied to a taxable person through a natural distribution gas system located in the territory of the European Union or through networks connected to such system, and also electricity, thermal energy or cooling energy that is ensured through thermal energy or cooling energy networks is supplied thereto, the place of supply of such goods shall be deemed to be the seat of economic activity of such person or the place where it has a fixed establishment, or, in the absence of the seat of economic activity or fixed establishment, the declared place of residence, but, in the absence of such – place of permanent residence, if all of the following conditions are met:

1) economic activity of the taxable person is acquisition of gas, electricity, thermal energy or cooling energy and reselling thereof;

2) self-consumption of gas, electricity, thermal energy or cooling energy by the taxable person is negligible.

(2) Where conditions of Paragraph one of this Section do not apply to the supply of gas through a natural gas distribution system which is located in the territory of the European Union or networks which are connected to such system, to supply of electricity, thermal energy or cooling energy which is ensured through thermal energy or cooling networks, the place where a recipient effectively consumes such gas, electricity, thermal energy or cooling energy shall be deemed as the place of supply of goods.

(3) Where all or part of the gas, electricity, thermal energy or cooling energy is not effectively consumed by the recipient, those non-consumed goods shall be deemed to have been consumed at the place where the recipient of goods has its seat of economic activity or at the place where it has a fixed establishment to which the goods are supplied, or, in the absence of the seat of economic activity or fixed establishment, at its declared place of residence, but, in the absence of such – place of permanent residence.

[*6 November 2013*]

**Section 16. Place of Acquisition of Goods in the Territory of the European Union**

(1) Where the acquisition of goods has taken place in the territory of the European Union, the place of acquisition of goods shall be the Member State in which the goods are located at the moment when the dispatch or transport of the goods to the recipient of goods ends.

(2) The place where the acquisition of goods in the territory of the European Union has taken pace shall be inland if the goods are dispatched or transported from another Member State to inland.

(3) The place where the acquisition of goods in the territory of the European Union has taken place shall be deemed to be inland if a registered taxable person has presented a valid value added tax registration number of a taxable person in the State Revenue Service during the acquisition of goods in the territory of the European Union, unless the registered taxable person who conducted the acquisition of goods proves that the tax has been applied in the Member State where the dispatch or transport of goods ends.

(4) Paragraph three of this Section shall not be applied and the tax shall be deemed to have been applied in accordance with Paragraph one of this Section in the Member State where the dispatch or transport of goods ends if:

1) a registered taxable person has conducted the acquisition of goods in the territory of the European Union from a registered taxable person of another Member State for the purpose of supplying such goods to a final recipient in the territory of the Member State which, in accordance with Paragraph one of this Section, is to be deemed as the place where the acquisition of such goods in the territory of the European Union has taken place;

2) the final recipient of the goods is a registered taxable person of the Member State referred to in Clause 1 of this Paragraph and is responsible for the payment of the tax into the budget of its State as the recipient of such goods;

3) a registered taxable person has indicated the supply of goods referred to in Clause 1 of this Paragraph with special notation in a report on supply of goods and services in the territory of the European Union.

**Section 17. Place of Acquisition of a New Means of Transport in the Territory of the European Union**

(1) Where a non-registered taxable person or non-taxable person acquires a new means of transport in the territory of the European Union, the place of acquisition of such means of transport shall be the Member State in which the means of transport is registered.

(2) The place where the acquisition of a new means of transport in the territory of the European Union has taken place shall be inland if such means of transport is to be registered in the relevant registers laid down in the Republic of Latvia.

**Section 17.1Place of Supply of Goods to a Warehouse in Another Member State**

(1) When goods have been supplied to a warehouse in another Member State, the place of supply of goods in the territory of the European Union shall be the Member State from which the supplier of goods or a third person on its behalf dispatches or transports the goods.

(2) When goods have been supplied to a warehouse in another Member State, the place of acquisition of goods in the territory of the European Union shall be the Member State to which the goods are dispatched or transported.

[*28 November 2019*]

**Section 18. Place of Importation of Goods**

(1) The place of importation of goods shall be the Member State within whose territory the customs procedure for the importation of goods is ended.

(2) If the customs procedure for the importation of goods is ended inland, the place of importation of goods shall be inland.

**Section 19. General Provisions for the Determination of the Place of Supply of Services**

(1) If a service is supplied to a taxable person, the place of supply of service, unless otherwise laid down in this Law, shall be:

1) the seat of economic activity of the recipient of the service;

2) the place of location of the fixed establishment of the recipient of the service, if the service is provided to the fixed establishment of the recipient of the service which is not located at the seat of economic activity of such person;

3) the declared place of residence of the recipient of the service, but, in the absence of such a place – the place of permanent residence, if the recipient of the service does not have a seat of economic activity or fixed establishment.

(2) If a service is supplied to a non-taxable person, the place of supply of service, unless otherwise laid down in this Law, shall be:

1) the seat of economic activity of the supplier of the service;

2) the place of location of the fixed establishment of the supplier of the service if the service is supplied from the fixed establishment of the supplier of the service which is not located at the seat of economic activity of such person;

3) the declared place of residence of the supplier of the service, but, in the absence of such a place – the place of permanent residence, if the supplier of the service does not have seat of economic activity or fixed establishment.

**Section 20. Place of Supply of Cultural, Artistic, Sporting, Scientific, Educational, Entertainment and Other Services of Similar Nature**

(1) The place of supply of such service or ancillary service which is related to the acquisition of tickets for cultural, artistic, sporting, scientific, educational, entertainment or similar activities (for example, trade fairs, exhibitions), if they are supplied to a taxable person, shall be the place where the relevant event actually takes place.

(2) The place of supply of such service or ancillary service which is related to cultural, artistic, sporting, scientific, educational, entertainment or similar activities (for example, trade fairs, exhibitions), including the place where the service of organisers of such events is provided, if they are supplied to a non-taxable person, shall be the place where the relevant event actually takes place.

**Section 21. Place of Supply of Passenger Transport Service**

The place of supply of passenger transport service shall be the place where the passenger transport operation actually takes place in proportion to distances travelled in inland and other countries.

**Section 22. Place of Supply of Goods Transport Service**

(1) The place of supply of a goods transport service other than goods transport service within the territory of the European Union, where such service is supplied to a non-taxable person, shall be the place where goods transport actually takes place in proportion to distances travelled in inland and other countries.

(2) The place where goods transport services are supplied within the territory of the European Union, if such service is supplied to a non-taxable person, shall be the Member State in which the transportation of goods is started.

**Section 23. Place of Supply of Service Connected with the Transportation of Goods**

Where loading, unloading, handling and storage of goods service, as well as another service connected with the transportation of goods is supplied to a non-taxable person, the place of supply of service shall be the place where the service is actually supplied.

**Section 24. Place of Supply of Service Connected with a Movable Tangible Property**

(1) Where the service connected with a movable tangible property (including valuation, repair, maintenance, treatment, processing) is supplied to a non-taxable person, the place of supply of the service shall be the place where the service is actually supplied.

(2) Provisions of Paragraph one of this Section shall not apply to the lease of a movable tangible property, including lease of all means of transport.

**Section 25. Place of Supply of Service Connected with Immovable Property**

The place of supply of services connected with immovable property, including the services of estate agents and experts, guest accommodation service, the immovable property lease service, construction service and services for the preparation (including the services of architects), coordination and supervision of construction work, shall be the place where the immovable property is located.

**Section 26. Place of Supply of Intermediation Service**

Where an intermediary supplies a service to a non-taxable person, the place of supply of the service shall be the place where the transaction, in which the intermediary is involved, is carried out in accordance with this Law.

**Section 27. Place of Supply of Electronic Communications, Broadcasting and Electronically Supplied Service**

(1) The place of supply of electronic communications, broadcasting and electronically supplied service, if it is supplied to a non-taxable person, shall be the seat or declared place of residence of the non-taxable person, but in the absence of such – the permanent place of residence.

(2) The use of electronic mail between the service provider and recipient of the service shall not mean that it is an electronically supplied service.

(3) Paragraph one of this Section shall not be applied if all of the following conditions are met:

1) the supplier of the service performs economic activity in only one Member State or, if no economic activity is performed, the declared place of residence or the permanent place of residence of the supplier is in only one Member State;

2) services are supplied to non-taxable persons who are registered in any Member State which is any Member State other than the Member State referred to in Clause 1 of this Paragraph or whose declared place of residence or the permanent place of residence is in such Member State;

3) the total value, exclusive of tax, of the supplied services referred to in Clause 2 of this Paragraph in the previous or current calendar year does not exceed EUR 10 000.

(4) If, during a calendar year, the threshold referred to in Paragraph three, Clause 3 of this Section is exceeded, the place of supply of electronic communications, broadcasting and electronically provided service as of the moment of exceeding the threshold shall be determined in accordance with Paragraph one of this Section.

(5) The supplier of a service referred to in Paragraph three of this Section has the right to determine the place of supply of services in accordance with Paragraph one of this Section and shall be bound by that decision for at least two calendar years.

[*12 June 2014; 30 May 2019; 15 October 2020*]

**Section 28. Place of Supply of the Service of Leasing a Means of Transport**

(1) The place of supplying the service of leasing a means of transport, if the continuous possession or use of the means of transport does not exceed 30 days (in respect of vessels – 90 days), shall be the place where the means of transport is actually put at the disposal of the recipient of the service.

(2) The place of supply of the service of leasing a means of transport, if the service is supplied to a non-taxable person and continuous possession or use of the means of transport exceeds 30 days (in respect of vessels – 90 days), shall be the seat, declared place of residence, but, in the absence of such – the place of permanent residence of the recipient of the service.

(3) If a pleasure craft is leased to a non-taxable person for a time period which exceeds 90 days, the place of supply of service shall be the place where the supplier of service actually puts the craft at the disposal of the recipient of the service, if the supplier of the service supplies such service from its seat of economic activity or the place of fixed establishment.

**Section 29. Place of Supply of Restaurant and Catering Services**

(1) The place of supply of restaurant and catering services, except when such services are supplied on board ships, aircraft or trains in the section of passenger transport operation in the territory of the European Union, shall be the place where such services are actually supplied.

(2) Where restaurant and catering services are supplied to passengers on board ships, aircraft or trains in the section of the passenger transport operation in the territory of the European Union between the point of departure and the point of arrival of the passenger transport operation (without stopover outside the territory of the European Union), the place of supply of the services shall be the point of departure of the passenger transport operation.

(3) Within the meaning of this Section, the point of departure of a passenger transport operation shall mean the first scheduled point of passenger embarkation within the territory of the European Union (also after a stopover outside the territory of the European Union).

(4) Within the meaning of this Section, the point of arrival of a passenger transport operation shall mean the last scheduled point of disembarkation within the territory of the European Union of passengers who embarked on board ship, aircraft or train in the territory of the European Union (also before a stopover outside the territory of the European Union).

(5) In the case of a return trip, within the meaning of this Section the return leg shall be regarded as a separate transport operation.

**Section 30. Provisions for the Determination of the Place of Supply of Other Services**

(1) Where the service is supplied to a non-taxable person whose seat, declared place of residence, but, in the absence of such – place of permanent residence is outside the territory of the European Union, the place of supply of the service shall be the seat, declared place of residence, but, in the absence of such – the place of permanent residence for the following services:

1) assignments and transfers of copyrights, patents, licences, trade marks and similar rights to the disposal and control of other persons;

2) services connected with advertising and public relations;

3) legal, accounting, audit, consulting, translating, expert-examination, engineering, market research and other similar services, as well as data processing and provision of information;

4) obligations to refrain from pursuing or exercising, in whole or in part, any activity or action referred to in this Paragraph;

5) the supply of staff services, including personnel selection and staffing services, except preparation and training of such staff;

6) the services of leasing a movable tangible property, except for leasing of all means of transport;

7) [12 June 2014];

8) [12 June 2014];

9) financial and insurance services, including reinsurance, with the exception of the leasing of safes;

10) the provision of access to natural gas distribution system, which is located in the territory of the European Union, or to the network connected to such system, to electricity, thermal energy or cooling energy network, as well as transmission and distribution services and other services directly linked thereto;

11) [12 June 2014].

(2) The place of supply of the goods transport service, if such service is provided to a registered taxable person or a registered taxable person of a third country or third territory, the electronic communications, broadcasting, and electronically supplied service, the service of leasing of movable tangible property and leasing of means of transport shall be:

1) outside the territory of the European Union, if the service is used outside the territory of the European Union, although in accordance with the requirements of this Law the place of supply of the service is inland;

2) inland, if the service is used inland, although in accordance with the requirements of this Law the place of supply of the service is outside the territory of the European Union.

(3) [12 June 2014]

[*6 November 2013; 12 June 2014* / *Amendments to the Section shall come into force on 1 January 2015. See Paragraph 19 of Transitional Provisions*]

**Chapter IV**

**Time of Transaction**

**Section 31. Time of Supply of Goods, Supply of Goods in the Territory of the European Union and Acquisition of Goods in the Territory of the European Union**

(1) The time of supply of goods shall be the time when the supply of goods takes place physically, but not later than the time when the goods are received by the recipient of goods, unless it is otherwise provided for in this Section.

(2) Where the goods are supplied permanently over a continuous time period (with the exception of hire purchase transactions) and tax invoices are issued at regular intervals for such supply of goods or such supply of goods causes further payments, it shall be deemed that the transaction has occurred at the time when the period to which such invoices or payments apply to ends, but not less than once in six months, unless it is otherwise provided for in this Section.

(3) Where the supply of goods within the territory of the European Union takes place permanently over a continuous time period and exceeds one calendar month, it shall be deemed that the transaction has occurred in the end of each calendar month until the time when the supply of goods is completely finished.

(4) The acquisition of goods in the territory of the European Union has taken place at the time when the acquisition of goods has been physically made, but not later than the time when the goods are received.

(5) If the goods brought in inland from another Member State for the treatment, evaluation, processing or repair are not brought out to the country from which such goods have been brought in, it shall be deemed that the acquisition of goods in the territory of the European Union has taken place in the taxation period in which the supply of such goods has taken place to any other person inland or outside it.

(6) If the goods brought out from inland in accordance with Section 8, Paragraph two, Clause 7 of this Law to another Member State for treatment, evaluation, processing or repair are not dispatched back to inland after the supply of the abovementioned services, it shall be deemed that the supply of goods in the territory of the European Union has taken place in the taxation period in which the supply of such goods to any other person has taken place in the relevant Member State or outside it.

(7) If the time period of the presence of goods dispatched from another Member State in inland exceeds the time limit laid down in Section 8, Paragraph two, Clause 9 of this Law, the acquisition of goods in the territory of the European Union has taken place in the taxation period when such time limit ends.

(8) If the time period of the presence of goods dispatched from inland in the Member State exceeds the time limit laid down in Section 8, Paragraph two, Clause 9 of this Law, the supply of goods in the territory of the European Union has taken place in the taxation period when such time limit ends.

(9) Supply of goods with assembly or installation shall be deemed as taken place when the assembly or installation is finished.

(10) If a new means of transport has been acquired in the territory of the European Union, the time of acquisition of the means of transport shall be determined in accordance with Paragraph four of this Section.

**Section 31.1Time of Supply of Goods to a Warehouse in Another Member State**

When the goods have been supplied to a warehouse in another Member State, the time of supply of goods in the territory of the European Union and the time of acquisition of goods in the territory of the European Union shall be the time when the right to act with the goods as owner is transferred to the recipient of goods referred to in Section 8.1, Paragraph one, Clause 3 of this Law.

[*28 November 2019*]

**Section 32. Time of Supply and Receipt of Service**

(1) Supply of service has taken place when the service is supplied to a recipient of the service, unless it is otherwise provided for in this Section.

(2) Receipt of a service has taken place, where the service is received.

(3) Where the service is supplied permanently over a continuous time period (with the exception of leasing a movable tangible property) and tax invoices are issued at regular intervals for such supply of services or such supply of services causes further payments, it shall be deemed that the transaction has occurred at the time when the period to which such invoices or payments apply to ends, but not less than once in six months, unless it is otherwise provided for in this Section.

(4) If services for which the tax is paid by the recipient of services in accordance with Sections 88 and 89 of this Law are supplied permanently over a continuous time period exceeding one year and tax invoices are not issued or payments are not made during such time period for the supply of such services, it shall be deemed that the transaction has taken place in the end of each calendar year until the time when the supply of the service is completely finished.

(5) Construction service is supplied when a statement on acceptance of construction object is signed for each stage of performance of construction works, but not less than once in 12 months.

(6) Goods transport service in the territory of the European Union or goods transport service related to exportation or transit of goods is supplied when the freight is transferred to the recipient of goods and acceptance of freight is confirmed in a transport bill of lading.

(7) Hire purchase transaction for the acquisition of immovable property shall be deemed as leasing service starting with the first hire purchase payment, if the conditions of the hire purchase contract are not fulfilled and therefore the hire purchase object remains in the ownership of the supplier.

**Section 33. Time of Importation of Goods**

Importation of goods has taken place when the goods are released for free circulation.

**Chapter V**

**Taxable Value of Transaction**

**Section 34. General Provisions for the Determination of the Taxable Value of Transaction**

(1) In a transaction of the supply of goods or services, the taxable value shall be the consideration obtained in return for the supply of goods or services.

(2) The taxable value of the supply of goods referred to in Section 6, Paragraph one of this Law shall be the acquisition value of the supplied goods or of similar goods or, in the absence of an acquisition value, the cost price for the production of the goods.

(3) The taxable value of the services referred to in Section 6, Paragraph two of this Law shall include all costs related to the supply of service.

(4) The taxable value of the supply of goods in the territory of the European Union shall be the consideration for the supplied goods or, if the goods are supplied in territory of the European Union in accordance with Section 8, Paragraph one of this Law, the acquisition value of the relevant goods or of similar goods or, in the absence of an acquisition value, the cost price for the production of the goods determined at the time of supply.

(5) The taxable value of the acquisition of goods in the territory of the European Union shall be the consideration for the acquired goods or, if the goods are acquired in territory of the European Union in accordance with Section 9, Paragraph one of this Law, the acquisition value of the relevant goods or of similar goods or, in the absence of an acquisition value, the cost price for the production of the goods determined at the time of supply.

(6) The taxable value of an intermediation service shall be the negotiation consideration.

(7) In a leasing transaction, the taxable value shall be all payments laid down in the leasing contract.

(8) In a hire purchase transaction, the taxable value shall be the consideration laid down in the contract on the hire purchase object on the day of entering into the contract, as well as all additional payments laid down in the contract, except for the interest on credit.

(9) In a transaction of supply of goods and services between related persons within the meaning of the law On Taxes and Fees, the taxable value shall be the market value of the supply of goods and services if the transaction value is:

1) less than the market value, and the recipient of goods or services has no right to deduct the input tax in full amount;

2) less than the market value, and the supplier of goods or services has no right to deduct the input tax in full amount, and the supply of goods or services is exempted from the tax in accordance with Section 52, Paragraph one of this Law;

3) more than the market value, and the supplier of goods or services has no right to deduct the input tax in full amount.

(10) If the value of taxable supply of goods and services of a non-registered taxable person exceeds the registration threshold laid down in Section 59, Paragraph one of this Law during 12 months, the taxable value of such taxable person until the time of registration shall be the amount which exceeds 35 000 lats. The calculated tax amount shall be included in the transaction value.

(11) If the total value of taxable acquisition of goods in the territory of the European Union of a non-registered taxable person exceeds the registration threshold laid down in Section 57, Paragraph one of this Law during a calendar year, the taxable value of such taxable person until the time of registration shall be the amount which exceeds 10000 lats. The calculated tax amount shall be included in the transaction value.

(12) If a taxable person of another Member State provides the supply of goods in accordance with Section 10.1 of this Law and the total value of the taxable supplies of goods (excluding the value of the supplied excisable goods) during the previous or current calendar year exceeds the registration threshold laid down in Section 60, Paragraph two of this Law, the taxable value shall be the amount which exceeds the specified registration threshold. The calculated tax amount shall be included in the transaction value.

(13) Paragraph twelve of this Section shall not apply if a taxable person of another Member State supplies excisable goods. In such case the taxable value shall be the value of the supplied excisable goods.

[*19 September 2013; 27 July 2017; 15 October 2020*]

**Section 35. Costs and Payments to be Included in the Value of Supply of Goods and Service**

(1) The value of supply of goods shall include all costs, including costs of intermediation, insurance, packaging, transport, and also all taxes, duties, and other mandatory payments to be paid in accordance with laws and regulations, except for the value added tax.

(2) The value of assembly or installation service of goods shall be included in the value of supply of goods, if a supplier or a third person acting on behalf of the supplier also installs and assembles them.

(3) The value of service shall include all costs, and also all taxes, duties, and other mandatory payments to be paid for the supply of the relevant service in accordance with laws and regulations, except for the value added tax.

(4) The value of State and local government financing shall be included in the value of supply of goods and service if the financing has been received to cover, in full or partly, expenditures related to the production of goods or supply of services and is directly related to the price of such goods or services.

(5) Paragraph four of this Section shall not apply to:

1) the State and local government financing for budgetary institutions;

2) the State and local government financing for compensation of losses in public passenger transport inland.

**Section 36. Taxable Value in Carrying out Importation of Goods**

(1) When importing goods, the customs value of the imported goods shall be taxable to which the following costs shall be added:

1) value of services if the services are directly related to the importation of goods and if the value of such services (including commission, and also transport, packing, and insurance costs incurred until the first destination in inland) is not included in the customs value of the imported goods;

2) costs of the transport of goods to the recipient of goods in another Member State if such place is known at the time of importation of goods;

3) taxes, duties, and other mandatory payments laid down in laws and regulations that are calculated for the importation of goods, except for the value added tax.

(2) If the destination of the supply of goods is not specified in the transport bill of lading, then, upon determining the value of the goods transport service to be included in the taxable value, the address of the receipt of goods indicated in the customs declaration shall be deemed as the place of receipt of goods.

(3) Natural resources tax and car and motorcycle tax shall not be included in the taxable value of goods.

(4) The taxable value of goods shall be the value of processing or treatment service if the taxable person has brought out any movable tangible property to process or treat it in the third country or third territory in accordance with the laws and regulations in the field of customs and then brings it again in inland.

**Section 37. Taxable Value in Transactions Involving Immovable Property and Transactions for Granting the Right of Superficies**

(1) Taxable value in a transaction of supply of goods – unused immovable property and building land – shall be the consideration for the supplied immovable property.

(11) Taxable value in transactions on the right of superficies shall be consideration payable for the right of superficies.

(2) If the unused immovable property referred to in Section 1, Clause 12, Sub-clause “c”, “d”, or “f” of this Law is being sold, the difference between the sales value of a building or structure and the value of such building or structure before the commencement of the renewal, rebuilding or restoration works shall be taxable.

(3) If a hire purchase contract on the supply of immovable property has been entered into, but the provisions of the contract are not fulfilled and therefore the immovable property remains in the ownership of the supplier, the tax shall be applied as for leasing transaction and shall be applied to all previously made hire purchase payments (except the interest on credit). Such leasing shall not be applicable to hire purchase transactions of residential premises, if the residential premises are not used for economic activity.

(4) If immovable property the content of which includes such buildings, structures or groups of premises which are a cadastre object and which conform to the status of an unused immovable property are being sold, the part of consideration calculated in proportion to the part of the unused immovable property against all immovable property shall be taxable.

(5) If a registered taxable person sells immovable property acquired at an auction, it has the right to take into account the status of the immovable property determined by a bailiff in accordance with Section 40 of this Law in determining the taxable value. Such right may not be exercised, if the immovable property of a registered taxable person to be sold as a result of transactions does not conform to the status of an unused immovable property or building land determined by a bailiff.

[*6 November 2013; 20 April 2017; 30 May 2019*]

**Section 37.1 Taxable Value in Transactions by a Multi-Purpose Voucher**

The taxable value of the goods or services supplied in respect of a multi-purpose voucher is equivalent to the consideration paid for such voucher or, if information on the aforementioned consideration is not available, – the monetary value indicated in such multi-purpose voucher or related documents, excluding the amount of tax in respect of the goods or services supplied.

[*30 May 2019*]

**Section 38. Value of Service in Financial Transactions**

(1) The value of crediting and monetary loan allocation and control service shall be the value of the interest on credit and the consideration for the supplied service determined by the grantor of credit or creditor.

(2) The value of service that is related to the trade of payment instruments (currency), other money market instruments, derived financial instruments and transferable securities within the meaning of the Financial Instrument Market Law (including future transactions of currency) shall be the difference between the purchase and sales price of payment instruments (currency), other money market instruments, derived financial instruments and transferable securities, taking into account the total amount of all the aforementioned transactions made in the taxation period. When submitting the annual tax return, the registered taxable person who has made the transactions referred to in this Paragraph shall take into account the total amount of such transactions for the taxation year by summing up positive and negative values.

(3) If the holder of securities or capital shares sells the transferable securities or capital shares for a price that exceeds the nominal value of a transferable security or a capital share, and the surcharge of an investment share (the difference between the sales price and the nominal value of the sold security or capital share) is not included in the capital of a commercial company as a capital increase, the value of the service shall be the difference between the sales price and nominal value of the sold transferable security (capital share). When submitting the annual tax return, the registered taxable person who has made the transactions referred to in this Paragraph shall take into account the total amount of such transactions for the taxation year by summing up positive and negative values.

**Section 39. Values which are not Included in the Taxable Value of the Transaction**

(1) The taxable value of a transaction shall be determined by taking into account the reduction in price (in the form of a discount) that the supplier of goods or service has granted to the recipient of goods or service at the time of supply of goods or service.

(2) When issuing a tax invoice that amends the initial invoice, the taxable value of a transaction shall be determined by taking into account the reduction in price (in the form of a discount) that the supplier of goods or service has granted to the recipient of goods or service on the basis of an early payment for the particular goods or service or any price discount that is granted to the recipient of goods or service after receipt of the particular goods or service.

(3) The following shall not be included in the taxable value of the transaction:

1) amount which the supplier of goods or service provider has received from the recipient of goods or service as reimbursement of such costs which have been made on behalf and in the interests of the recipient of goods or service;

2) deferred excise duty payment which is applied in accordance the laws and regulations in the field of excise duty;

3) fee for the reusable beverage packaging to which the deposit system is applied;

4) interest payments that the recipient of goods and service pays to the supplier of goods or service for the possibility to defer the payment for the for the provided supply of goods or service for a definite time period.

[*9 December 2021* / *The new wording of Clause 3 of Paragraph three shall come into force on 1 February 2022. See Paragraph 41 of Transitional Provisions*]

**Section 40. Taxable Value of a Transaction if the Property of a Registered Taxable Person is Sold at an Auction by a Bailiff or Administrator of Insolvency Proceedings**

(1) If the property of a registered taxable person is sold at an auction by a bailiff or administrator of insolvency proceedings, the auction price of the property shall be taxable in conformity with the taxable value laid down in the law.

(2) If the property of a registered taxable person is sold at an auction by a bailiff, the taxable value shall be laid down on the basis of the information provided by the registered taxable person to the bailiff before announcing the auction.

(3) If a registered taxable person has failed to provide the information referred to in Paragraph two of this Section and the bailiff determines that on the day of announcing the auction the property to be sold on auction is movable tangible property, the auction price shall be taxable.

(4) If a registered taxable person has not provided the information referred to in Paragraph two of this Section to a bailiff and the bailiff determines that on the day of announcing the auction the property to be sold on auction is an immovable property, the bailiff shall assess whether the abovementioned immovable property conforms to the status of unused immovable property in accordance with Section 1, Clause 12 of this Law or the status of building land in accordance with Section 1, Clause 1 of this Law.

(5) If a bailiff, when making the assessment laid down in Paragraph four of this Section, determines that on the day of announcing the auction the property to be sold on auction conforms to the status of unused immovable property or building land referred to in Section 1, Clause 12, Sub-paragraph “a”, “b”, or “e” of this Law, the auction price shall be taxable.

(6) If a bailiff, when making the assessment laid down in Paragraph four of this Section, determines that on the day of announcing the auction the property to be sold on auction conforms to the status of unused immovable property referred to in Section 1, Clause 12, Sub-paragraph “c”, “d”, or “f” of this Law, the difference between the acquisition price of the immovable property according to the information available in the Land Register and the auction price of such immovable property shall be taxable.

(7) If a bailiff, when making the assessment laid down in Paragraph four of this Section, determines that the property to be sold on auction does not conform to the status of unused immovable property in accordance with Section 1, Clause 12 of this Law or the status of building land in accordance with Section 1, Clause 1 of this Law, such transaction shall not be taxable.

(71) If the right of superficies is auctioned, the auction price shall be taxable.

(8) The Cabinet shall determine the information which the bailiff must find out to determine the conformity of the immovable property with the status of unused immovable property or building land.

[*30 May 2019*]

**Chapter VI**

**Tax Rates**

**Section 41. Applicable Tax Rates**

(1) The following rates shall be applicable to taxable transactions:

1) standard rate of the tax in the amount of 21 per cent (hereinafter – the standard tax rate), unless laid down otherwise in this Law;

2) reduced tax rate in accordance with Section 42 of this Law:

a) in the amount of 12 per cent;

b) in the amount of five per cent;

c) [1 January 2023 / See Paragraph 38 of Transitional Provisions];

3) the tax rate in the amount of zero per cent in accordance with Sections 43, 43.1, 44, 45, 46, 47, 48, 49, and 50 of this Law.

(2) If goods are supplied as a set, each of these goods shall be subject to the corresponding tax rate as laid down in the Law.

[*22 November 2017; 7 January 2021* / *Paragraph one, Clause 2, Sub-clause “b” shall be in force until 31 December 2023. See Paragraph 30 of Transitional Provisions*]

**Section 42. Application of the Reduced Tax Rate**

(1) The reduced tax rate in the amount of 12 per cent shall be applied to the supply of the following medicinal products:

1) medicinal products registered in accordance with the registration procedure of the European Agency for the Evaluation of Medicinal Products;

2) medicinal products included in the list of medicinal products registered in the Republic of Latvia;

3) medicinal products for which the relevant permit of the State Agency of Medicines is issued;

4) medicinal products the registration of which is not necessary in accordance with the laws and regulations in the field of pharmacy.

(2) The reduced tax rate in the amount of 12 per cent shall be applied to the supply of medical devices (also complementary parts, spare parts and accessories thereof) if they have been placed on the market in accordance with the procedures laid down in the laws and regulations regarding the registration of medical devices, and they are usually used for the treatment or relief of functional body disorders, as well as are intended only for individual use by persons with functional body disorders.

(3) The reduced tax rate in the amount of 12 per cent shall be applied to supplies of the following specialised food products intended for infants if the product labelling indicates that the product is intended for the nutrition of infants and a document attesting the harmlessness of the product is appended thereto:

1) milk and dairy products;

2) dry and liquid milk mixtures and dairy products of such mixtures;

3) soy products, dry and liquid soy mixtures;

4) fruit, berry and vegetable juices, squashes and purees;

5) special easily digestible meat products and homogenised mixed-ingredient products;

6) drinks for infant nutrition – juices diluted with tea, specially prepared infant teas, water which is adapted for infants and put in a special packaging (still);

7) therapeutic diet enteral nutrition products;

8) mixtures of aminoacids;

9) protein hydrolysates;

10) mixtures with low lactose content or without lactose;

11) gluten-free products for infants who suffer from coeliac disease;

12) gluten-free products for infants who suffer from phenylketonuria;

13) special products for infants who have hereditary pathology of metabolism;

14) mixtures with lowered or elevated protein content and products which do not contain proteins (for example, artificial sago, flour, macaroni, bread, biscuits, groats, dry flakes);

15) products and mixtures with lowered or elevated fat content;

16) products and mixtures with lowered or elevated carbohydrate content.

(4) The reduced tax rate in the amount of 12 per cent shall be applied to scheduled inland transport services of passengers and their luggage.

(5) The reduced tax rate in the amount of five per cent shall be applied to the supply of books, including school literature, brochures, booklets and similar printed publications, images, drawing and colouring books for children, printed notated music and sheet music, maps and hydrographic or similar schemes in the form of a printed publication or electronic publication, including to the supply of books in online mode or by downloading.

(6) [15 November 2021]

(7) The reduced tax rate in the amount of five per cent shall be applied to the supply of press and other mass media publications, including newspapers, magazines, newsletters, and other periodical publications, notifications of information agencies which are intended for public distribution, issued in the form of a printed publication or electronic publication, including in online mode or by downloading them, and also publications in the Internet environment, and also to the subscription fee thereof.

(8) Paragraphs five and seven of this Section shall not apply to the supply of such books, press and other mass media publications which are of erotic and pornographic nature, the thematic content and task of which is publishing of advertising or commercials, and which completely or mostly consist of audiovisual content or music.

(9) The reduced tax rate in the amount of five per cent shall also be applied to the annexes of the books, press and other mass media publications referred to in Paragraphs five and seven of this Section which are appended without additional charge and are an integral part thereof if the information included in the annex supplements the information provided in the printed publication or electronic publication and it is not of the same nature and content as referred to in Paragraph eight of this Section.

(10) The reduced tax rate in the amount of 12 per cent shall be applied to accommodation services in tourist accommodation sites.

(11) The reduced tax rate in the amount of 12 per cent shall be applied to supplies of the following firewood, if the actual consumer thereof is an inhabitant who purchases and consumes firewood for domestic needs:

1) wood in the form of round timber, logs, branches, bundles of branches or similar;

2) wood chips or shavings;

3) sawdust and wood residues;

4) sawdust and wood residues in the form of agglomerated or non-agglomerated briquettes, granules or similar.

(12) The reduced tax rate in the amount of 12 per cent shall be applied to supplies of thermal energy, if the actual consumer thereof is an inhabitant who purchases and consumes thermal energy for domestic needs.

(13) If a natural person purchases and consumes thermal energy and firewood for the needs of his or her economic activity, also for his or her professional activity, he or she shall notify a supplier or a person who ensures administration of the residential house of the purpose of use of the thermal energy and firewood.

(14) Apartment management departments, housing departments, houseowners and other persons who, in accordance with the entered-into contract, receive a fee together with the tax for the goods supplied in Paragraphs eleven and twelve of this Section and transfer it in full amount to registered taxable persons who have supplied such goods or services, shall apply the reduced tax rate in the amount of 12 per cent when issuing tax invoices to inhabitants.

(15) [22 November 2017]

(16) The reduced tax rate in the amount of five per cent shall be applied to supplies of such food products which are the fresh fruits, berries and vegetables, including washed, peeled, shelled, cut and packaged, but not thermally or otherwise processed (for example, frozen, salted, dried), referred to in the Annex to this Law.

17) [1 January 2023 / See Paragraph 38 of Transitional Provisions]

18) [1 January 2023 / See Paragraph 38 of Transitional Provisions]

[*22 November 2017; 7 January 2021; 15 November 2021* / *Paragraphs seventeen and eighteen shall be applicable from 25 December 2020 and be in force until 31 December 2022. Paragraph sixteen shall be in force until 31 December 2023. See Paragraphs 30 and 38 of Transitional Provisions*]

**Section 42.1 Application of the Reduced Tax Rate to Import of Goods and Acquisition of Goods in the Territory of the European Union**

The reduced tax rate shall also be applied to import of the goods referred to in Paragraph 42 of this Law which are subject to the reduced tax rate and to the acquisition of such goods in the territory of the European Union.

[*22 November 2017*]

**Section 43. Application of the Zero Per cent Tax Rate to Supplies of Goods**

(1) The zero per cent tax rate shall be applied to exportation of goods.

(2) The zero per cent tax rate shall be applied to goods dispatched to a fiscal representative within the framework of exportation of goods if such goods are dispatched for the purpose of further exportation and they are located in a place specified in the laws and regulations in the field of customs or in an excise duty warehouse.

(3) The zero per cent tax rate shall be applied to supply of the following goods to customs warehouse and free zones:

1) supply of such goods which are brought into the territory of the European Union from third countries or third territories and which are not released for free circulation;

2) supply of such goods for which exportation procedure is initiated in another Member State and which are brought inland for further exportation.

(4) The zero per cent tax rate shall be applied to supply of goods in the territory of the European Union, if both of the following conditions are conformed to:

1) the recipient of goods indicated in goods transport accompanying documents and tax invoice has presented a registration number of a taxable person of another Member State valid at the time of transaction;

2) goods are dispatched or transported from inland to destination in another Member State and it is attested by goods transport accompanying documents at the disposal of the supplier of goods.

(5) [6 November 2013]

(6) The zero per cent tax rate shall be applied to supply of new means of transport to any person of another Member State.

(7) The zero per cent tax rate shall be applied to supplies of goods carried out in duty-free shops to natural persons who are departing from inland to third countries or third territories.

[*6 November 2013; 10 February 2022*]

**Section 43.1Application of the Zero Per cent Tax Rate to a Chain of Transactions**

(1) For the purpose of this Section:

1) a chain of transactions is such successive supplies of goods which are covered by one transportation in the territory of the European Union;

2) intermediary of a chain of transactions is a supplier of goods in a chain of transactions who dispatches or transports goods to another Member State itself or with the intermediation of such third person which acts on its behalf and who is not the first supplier of goods in the chain of transaction.

(2) If the same goods are supplied successively and the abovementioned goods are dispatched or transported from one Member State to another Member State right from the first supplier of goods in the chain of transactions to the last supplier of goods, the zero per cent tax rate shall be applied only to the supply of goods of the intermediary of the chain of transactions.

(3) Paragraph two of this Section shall not be applied and zero per cent tax rate shall be applied to a supply of goods provided by an intermediary of a chain of transactions if the intermediary of the chain of transaction has notified its supplier of goods of its registration number of a taxable person which has been granted thereto in a Member State from which the goods were dispatched or transported.

(4) This Section shall not be applied to the transactions referred to in Section 6, Paragraphs five and six of this Law.

[*28 November 2019; 15 October 2020*]

**Section 44. Application of the Zero Per cent Tax Rate to Acquisition of Goods Made by a Fiscal Representative in the Territory of the European Union**

The zero per cent tax rate shall be applied to acquisition of goods made by a fiscal representative in the territory of the European Union if the relevant goods are supplied to such fiscal representative for the purpose of exporting and are located in a place specified in the laws and regulations in the field of customs or in an excise duty warehouse.

[*10 February 2022*]

**Section 45. Application of the Zero Per cent Tax Rate to Importation of Goods**

(1) The zero per cent tax rate shall be applied to importation of goods if a registered taxable person who is acting on behalf of a registered taxable person of another Member State supplies such goods in unchanged form to a recipient of goods which is a registered taxable person of another Member State to another Member State within 30 calendar days after their importation.

(2) The zero per cent tax rate shall be applied to importation of goods if the fiscal representative who is representing a registered taxable person of a third country or third territory or a registered taxable person of another Member State supplies such goods to a recipient of goods which is a registered taxable person of another Member State to another Member State within 30 calendar days after their importation.

(3) If a registered taxable person applies the zero per cent tax rate in accordance with Paragraph one or Paragraph two of this Section, the documents attesting that the imported goods are or will be dispatched to another Member State shall be at the disposal thereof.

(4) The State Revenue Service is entitled to request documents proving that the imported goods are intended to be transported or dispatched to another Member State from the registered taxable person who applies the zero per cent tax rate in accordance with Paragraph one or two of this Section.

(5) After importation of goods by dispatch to another Member State, the registered taxable person referred to in Paragraph one or two of this Section shall indicate the supply of goods in its tax return and report on the supplies of goods and services in the territory of the European Union.

(6) The Cabinet shall determine the procedures for the application of the zero per cent tax rate in the cases referred to in Paragraphs one and two of this Section.

**Section 46. Application of the Zero Per cent Tax Rate to Services**

(1) The zero per cent tax rate shall be applied if services are:

1) directly related to exportation of goods, including also exportation of such goods for which customs procedure has been initiated in another Member State;

2) directly related to importation of goods when the value of such services are to be included in the taxable value of the transaction in accordance with Section 36, Paragraph one of this Law;

3) directly related to transit traffic operations;

4) supplied in the free zone or customs warehouse and are directly related to goods brought in the territory of the European Union from third countries or third territories and are not released for free circulation.

(2) The Cabinet shall determine the procedures for the application of the zero per cent tax rate for the services referred to in Paragraph one of this Section.

(3) The zero per cent tax rate shall be applied to passenger transport operations on international routes, also to passenger transport operations to other Member States, if a passenger crosses the State border of the Republic of Latvia, and also to the luggage transport operations which the passenger carries with him and to his vehicle transport operations with which he is travelling.

(4) The zero per cent tax rate shall be applied to intermediary services which are supplied by the intermediary by selling tickets for the passenger transport operations on international routes referred to in Paragraph three of this Section.

**Section 47. Application of the Zero Per cent Tax Rate to Supplies of Vessels, Supplies of Goods to Vessels and Services Related to Such Supplies**

(1) The zero per cent tax rate shall be applied to supply and importation of such vessels which are used for:

1) navigation in international waters and which are carrying passengers for reward or used for the purpose of commercial, fishing or industrial activities;

2) rescue or assistance at sea;

3) inshore fishing.

(2) The zero per cent tax rate shall also be applied to supply and importation of spare parts for the vessels referred to in Paragraph one of this Section and equipment, including fishing equipment, incorporated or used therein, and also to fuelling of such vessels.

(3) The zero per cent tax rate shall be applied to:

1) supply of goods intended for the provisioning of the vessels referred to in Paragraph one, Clauses 1 and 2 of this Section;

2) modification, repair, technical maintenance, chartering and leasing of the vessels referred to in Paragraph one of this Section;

3) repair, technical maintenance and leasing of equipment, including fishing equipment, incorporated or used in vessels referred to in Paragraph one of this Section;

4) services which are not referred to in this Paragraph and which are supplied in order to meet the direct needs of the vessels referred to in Paragraph one of this Section or of their cargoes, including services provided by ship agents.

(4) The zero per cent tax rate shall be applied to fuelling and supply of goods intended for the provisioning of fighting ships, falling within the combined nomenclature code 8906 10 00 laid down in Annex I to Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (hereinafter – the Combined Nomenclature), and which are leaving the state and bound for ports or anchorages in other Member States or third countries, or third territories.

**Section 48. Application of the Zero Per cent Tax Rate to Supplies of Aircraft, Supplies of Goods to Aircraft and Services Related to Such Supplies**

(1) The zero per cent tax rate shall be applied to supply and importation of such aircraft which are used by airlines operating in return for consideration chiefly on international routes.

(2) The zero per cent tax rate shall also be applied to supply and importation of spare parts for the aircraft referred to in Paragraph one of this Section and equipment incorporated or used therein, and also to fuelling of such aircraft.

(3) The zero per cent tax rate shall be applied to:

1) supply of goods intended for the provisioning of the aircraft referred to in Paragraph one of this Section;

2) modification, repair, technical maintenance, chartering and leasing of the aircraft referred to in Paragraph one of this Section;

3) repair, technical maintenance and leasing of equipment incorporated or used in the aircraft referred to in Paragraph one of this Section;

4) services which are not referred to in this Paragraph and which are supplied in order to meet the direct needs of the aircraft referred to in Paragraph one of this Section or of their cargoes, including services provided by aircraft agents.

(4) It shall be considered that an airline is operating chiefly on international routes, if both of these conditions are conformed to:

1) annual turnover of the airline on international routes is at least 80 per cent of the total turnover;

2) number of the airline’s routes on international routes is at least 80 per cent of the total turnover.

**Section 49. Application of the Zero Per cent Tax Rate to Supplies of Goods if a Natural Person of Third Country or Third Territory whose Permanent Place of Residence is not in the Territory of the European Union Brings the Goods Acquired Inland out of the Territory of the European Union**

(1) The zero per cent tax rate shall be applied in accordance with the procedures laid down by the Cabinet to supplies of goods if a natural person of a third country or third territory whose permanent place of residence is not in the territory of the European Union brings the goods acquired inland out of the territory of the European Union.

(2) The zero per cent tax rate shall be applied indirectly by refunding the tax paid.

(3) A registered taxable person who meets the criteria laid down by the Cabinet shall refund the tax paid for the goods acquired inland to a natural person of a third country or third territory whose permanent place of residence is not in the territory of the European Union if:

1) the value of goods (without tax) supplied by the supplier of goods within one day is not less than EUR 35.00;

2) the natural person brings out the goods from the territory of the European Union.

(4) The Cabinet shall determine:

1) the procedures for the application of the zero per cent tax rate to supplies of goods if a natural person of third country or third territory whose permanent place of residence is not in the territory of the European Union brings the goods acquired inland out of the territory of the European Union;

2) the criteria which determine the right of a registered taxable person to refund the tax;

3) the procedures for the tax refund and the procedures for completing a submission of a registered taxable person and submitting to the State Revenue Service;

4) the procedures by which the State Revenue Service shall examine a submission of a registered taxable person and grant, suspend and cancel a permission for a registered taxable person to refund the tax paid for the goods acquired inland to natural persons of third countries or third territories whose permanent place of residence is not in the territory of the European Union;

5) the procedures by which a registered taxable person and a seller of goods shall settle mutual accounts and accounts with the State budget.

[*19 September 2013; 6 November 2013; 23 November 2016; 24 November 2020*]

**Section 50. Application of the Zero Per cent Tax Rate to Supplies of Goods and Services which are Provided to Diplomatic and Consular Missions, International Organisations, European Union Institutions and North Atlantic Treaty Organisation (NATO)**

(1) The zero per cent tax rate shall be applied indirectly, by refunding the tax paid, to supplies of goods and services which are provided in inland to the following bodies registered in the Republic of Latvia:

1) diplomatic and consular missions of third countries, diplomatic and consular agents thereof, administrative technical personnel, and also family members of the abovementioned persons – in conformity with the parity principle;

2) diplomatic and consular missions of other Member States, diplomatic and consular agents thereof, administrative technical personnel, and also family members of the abovementioned persons;

3) European Union institutions or their representations and the persons related thereto or bodies established by legal acts of the European Union to which Protocol on the Privileges and Immunities of the European Union of 8 April 1965 is applied – within the limits and under the conditions laid down in the abovementioned protocol and implementation agreements or headquarter agreements thereof;

4) international bodies which are not referred to in Paragraph one, Clause 3 of this Section and which have been recognised as such by the competent authorities of the Republic of Latvia, and members of such bodies – within the limits and under the conditions laid down by the international conventions establishing the bodies or by headquarters agreements;

5) international organisations or their representations, and the employees of such organisations or their representations who have a diplomatic status in the territory of the Republic of Latvia – within the limits and under the conditions laid down by the international conventions establishing such organisations or by headquarters agreements.

(2) The zero per cent tax rate shall be applied indirectly, by refunding the tax paid, to supplies of goods and services which are provided in inland to the:

1) units of the armed forces of other States party to the North Atlantic Treaty Organisation (NATO), including for the needs of civilian staff accompanying them, or for supplying messes or canteens of the units of such armed forces when such forces take part in the common defence effort inland;

2) units of the armed forces of other Member States, including for the needs of civilian staff accompanying them, or for supplying messes or canteens of the units of such armed forces when such forces take part in the defence effort inland carried out for the implementation of the European Union activity under the common security and defence policy.

(21) The zero per cent tax rate shall be applied directly on the basis of a certificate approved by the competent authority of the relevant Member State or by the competent authority of the Republic of Latvia for supplies of goods and services acquired or received inland by the European Commission, an agency and a body established under legal acts of the European Union while performing the tasks assigned thereto by legal acts of the European Union in order to respond to the COVID-19 pandemic, except where the goods and services acquired or received are used by the abovementioned persons, immediately or at a later date, for the purpose of onward supply for consideration (in such case, if the conditions of this Paragraph cease to apply, the abovementioned persons shall inform the State Revenue Service thereof and the supply of such goods and services shall be taxed in accordance with the conditions applicable at the time of the transaction).

(3) Competent authorities of the Republic of Latvia shall confirm a Value Added Tax and Excise Duty Exemption Certificate which conforms to Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (hereinafter – the certificate) which is drawn up for the acquisition of goods and receipt of services in another Member State or inland.

(4) The zero per cent tax rate shall be applied directly on the basis of a certificate approved by the competent authority of the relevant Member State for supplies of goods and services which are provided inland to the following bodies registered in other Member States:

1) diplomatic and consular missions of third countries, their diplomatic and consular agents, administrative technical personnel, and also family members of the abovementioned persons;

2) diplomatic and consular missions of the Member States, their diplomatic and consular agents, administrative technical personnel, and also family members of the abovementioned persons;

3) European Union institutions or representations thereof in the territory of the European Union and persons related thereto, the European Atomic Energy Community, the European Central Bank, the European Investment Bank or bodies established by legal acts of the European Union, to which Protocol on the Privileges and Immunities of the European Union of 8 April 1965 is applied – within the limits and under the conditions laid down in the abovementioned protocol and implementation agreements or headquarter agreements thereof;

4) international bodies which are not referred to in Paragraph four, Clause 3 of this Section and which have been recognised as such by the competent authorities of the relevant Member State, and members of such bodies – within the limits and under the conditions laid down by the international conventions establishing such bodies or by headquarters agreements;

5) international organisations or their representations and employees of such organisations or their representations who have a diplomatic status in the territory of the relevant Member State – within the limits and under the conditions laid down by the international conventions establishing such organisations or by headquarters agreements.

(5) The zero per cent tax rate shall be applied directly on the basis of a certificate approved by the competent authority of the relevant Member State for supplies of goods and services which are provided inland to the following:

1) units of the North Atlantic Treaty Organisation (NATO) in accordance with the international agreement entered into, if it is paid for the goods supplied and services supplied from the resources of the North Atlantic Treaty Organisation;

2) units of the armed forces of other States party to the North Atlantic Treaty Organisation (NATO), including for the needs of civilian staff accompanying them, or for supplying messes or canteens of the units of such armed forces when such forces take part in the common defence effort inland;

3) units of the armed forces of other Member States, including for the needs of civilian staff accompanying them, or for supplying messes or canteens of the units of such armed forces when such forces take part in the defence effort inland carried out for the implementation of the European Union activity under the common security and defence policy.

(6) The zero per cent tax rate shall be applied directly on the basis of a certificate approved by the competent authorities of the Republic of Latvia for supplies of goods and services which are provided inland to the persons referred to in Paragraphs one and two of this Section if:

1) such persons are building an immovable property inland for official needs – to the acquisition of goods intended for the construction of such immovable property and to the supply of services during implementation of the construction project, indicated in the certificate;

2) such persons or persons related thereto acquire excisable goods from a excise duty warehouse inland – to the acquisition of excisable goods specified in the certificate.

(7) The zero per cent tax rate shall be applied directly on the basis of a certificate approved by the competent authorities of the Republic of Latvia for supplies of goods and services which are provided inland to the following:

1) European Union institutions registered in the Republic of Latvia – within the limits and under the conditions laid down by headquarters agreements;

2) the persons referred to in Paragraph five of this Section arriving in the Republic of Latvia from a country in which the certificate cannot be drawn up – to the acquisition of goods and receipt of services specified in the certificate.

(71) The zero per cent tax rate shall be applied directly to:

1) the supplies of goods and services that are provided inland to the members of the Allied Headquarters recognised in the Republic of Latvia and dependants thereof, except for the citizens and permanent residents of the Republic of Latvia, in the shop of the Allied Headquarters in accordance with conditions and restrictions of the Agreement between the Republic of Latvia and the Supreme Headquarters Allied Powers Europe and Headquarters, Supreme Allied Commander Transformation to Supplement the Paris Protocol;

2) the supplies of fuel inland to the United States Embassy in the Republic of Latvia and diplomatic and consular agents and administrative technical personnel thereof.

(8) The Cabinet shall determine:

1) the procedures for the application of the zero per cent tax rate to supplies of goods and services provided to diplomatic and consular missions, international organisations, European Union institutions, the North Atlantic Treaty Organisation (NATO), units of armed forces of other States party to the North Atlantic Treaty Organisation (NATO), units of armed forces of other European Union Member States, and the European Commission, an agency and a body established under the legal acts of the European Union and which acquires goods and services while performing the tasks assigned thereto by legal acts of the European Union in order to respond to the COVID-19 pandemic;

2) the procedures for the approval of a certificate and the procedures by which the right to use the certificate without approval shall be granted or withdrawn;

3) the procedures by which the certificate approved by the competent authorities of the Republic of Latvia shall be used inland;

4) the procedures by which the zero percent tax rate shall be applied to:

a) the supplies of goods and services that are provided inland to the members of the Allied Headquarters recognised in the Republic of Latvia and dependants thereof, except for the citizens and permanent residents of the Republic of Latvia, in the shop of the Allied Headquarters;

b) the supplies of fuel inland to the United States Embassy in the Republic of Latvia and diplomatic and consular agents and administrative technical personnel thereof.

[*20 April 2017; 10 February 2022* / *Paragraph 2.1 shall apply from 1 January 2021. Clause 2 of Paragraph two shall apply from 1 July 2022. Clause 3 of Paragraph five and the new wording of the introductory part of Paragraph six shall come into force on 1 July 2022. See Paragraphs 42, 43, and 44 of Transitional Provisions*]

**Section 51. Restrictions on Application of the Zero Per cent Tax Rate**

(1) The zero per cent tax rate shall not be applied if a registered taxable person who has made a transaction to which the zero per cent tax rate is to be applied in accordance with Sections 43, 44, 45, 46, 47, and 48 of this Law cannot present documents attesting exportation of goods or documents which attest the application of the zero per cent tax rate.

(2) The Cabinet shall determine the documents which are considered documents attesting the exportation of goods referred to in Paragraph one of this Section and documents which attest the application of the zero per cent tax rate.

(3) The zero per cent tax rate shall not be applied if a registered taxable person has failed to comply with the time limit for the dispatch of goods laid down in Section 45, Paragraphs one and two of this Law and cannot justify it with objective forced circumstances.

(4) The zero per cent tax rate shall not be applied if a registered taxable person has received advance payment for the goods or service indicated in a tax invoice on request of advance payment to which the zero per cent tax rate is to be applied in accordance with Section 43, Paragraphs one, two, three, six, and seven, Sections 44, 45, 46, 47, and 48, but within six months from the day of receipt of advance payment the goods have not been dispatched or supply of service has not been commenced.

(5) Paragraph four of this Section shall not be applied if a registered taxable person has, in accordance with the concluded contracts, received an advance payment for the supply of such goods the technological process of manufacture (production) of which is more than six months, or if the supply of goods or service has been commenced at the time of receipt of the advance payment.

(6) The zero per cent tax rate shall not be applied to supply of goods in the territory of the European Union if the supplier of goods has not submitted a report on the supply of goods and services in the territory of the European Union or has submitted such report but has not indicated complete and true information on the relevant transaction. This condition shall not apply to the case when the supplier of goods provides the State Revenue Service sufficient justification that could justify the abovementioned action.

[*28 November 2019*]

**Chapter VII**

**Exemptions from Tax**

**Section 52. Non-taxable Supplies of Goods and Services**

(1) The following supplies of goods and services shall not be taxable:

1) the postal services supplied by a supplier of the universal postal service:

a) the collection, sorting, carriage, and delivery of such letter-post items the weight of which does not exceed two kilograms;

b) the collection, sorting, carriage and delivery of such postal parcel items the weight of which does not exceed 10 kilograms;

2) means of postal prepayment which are put into circulation and supplied in accordance with the Postal Law;

3) the following medicinal services:

a) medicinal services determined by the Cabinet and supplied by a medical treatment institution using the medical technologies approved in accordance with the procedures laid down in the laws and regulations (except for forensic medicine expert-examination in criminal cases or civil cases, disability expert-examination which is performed by the State Medical Commission for the Assessment of Health Condition and Working Ability and the divisions thereof, provision of opinions on the quality of medical care and working ability expert-examination in medical treatment institutions, evaluation of the health condition of military persons for granting the service pension, as well as cosmetic surgeries and cosmetologist services without medicinal indications and solarium services);

b) mandatory health examinations which are necessary on recruitment and health examinations which are necessary due to environmental factors harmful to health and special work conditions, and also health examinations which are necessary for a person in order to exercise any rights granted or obligations specified in another law or regulation;

4) the following services related to medicine which are necessary to ensure the supply of medicinal services laid down in Clause 3 of this Paragraph:

a) transport of a patient by means of a vehicle that is specially equipped with medical devices the samples of which have been registered in accordance with the procedures laid down in laws and regulations;

b) supply of catering services which is ensured by a medical treatment institution to a patient during medical treatment process;

c) accommodation which is ensured by a medical treatment institution to a patient and a person who stays with the patient;

d) assessment of conformity of the medical treatment institutions with the mandatory requirements and services of certification of medical treatment institutions;

e) clinical diagnosis laboratory services which are ensured in other medical treatment institutions;

5) the supplies of human organs, milk, and human blood (including blood plasma and blood cells);

6) dental services;

7) the services provided by dental technicians and dental hygienists, and also the artificial teeth supplied by dentists and dental hygienists;

8) [20 April 2017];

9) social care, vocational and social rehabilitation, social assistance and social work services that are supplied to inhabitants by persons who are registered in the Register of Social Service Providers, and also catering services which are supplied by a social service provider in accordance with its programmes;

10) the supplies of goods and services for the purposes of protecting children and young persons provided by public benefit organisations;

11) services of stay of children and preschool education services supplied by preschool educational institutions;

12) services of State recognised educational institutions in the field of general education, vocational education, higher education and interest-related education, and also supply of services and goods closely linked to such educational services provided by the abovementioned educational institutions;

13) educational services the supply of which to the educational institutions referred to in Clause 12 of this Paragraph is ensured by educational institutions of other countries;

14) educational services supplied by teachers giving private classes within the framework of general education, vocational education and higher education programmes;

15) the part of a schoolchildren transport service which is financed from local government budgets and which is carried out by licensed carriers in accordance with the law On Local Governments;

16) services of occupational training or retraining of unemployed persons organised by the State Employment Agency;

17) the following cultural services:

a) theatre and circus performances;

b) concerts;

c) events intended for children, events of amateur art groups, and events intended for charity purposes;

d) visits to State recognised museums, libraries, exhibitions, zoological gardens and botanical gardens and cultural and cultural education measures organised by such institutions;

e) services of provision of public access to and use of the information present in the library collection;

18) the royalty received by the author for his work and use thereof, and also the consideration received by the performer and phonogram producer for the subject of related rights and use thereof;

19) the supply of gold, coins and bank notes to Latvijas Banka;

20) insurance and reinsurance services, including related services ensured by an insurance or reinsurance intermediary or an auxiliary insurance service intermediary;

21) the following financial transactions:

a) crediting and monetary loan allocating (including intermediation), and also credit management, carried out by the creditor;

b) transactions with credit guarantees or any other security for money (including intermediation), and also the management of credit guarantees carried out by the creditor;

c) services (including intermediation) which apply to investment and current accounts and attraction of other repayable funds, making of payments in cash and non-cash means of payment, fiduciary (trust) operations;

d) services (including intermediation) which apply to issuing and servicing of payment instruments, as well as trade (including intermediation) with payment instruments and other money market instruments, except for the payment instruments which are supplied for collecting purposes or which contain precious metal;

e) services (including intermediation) which apply to investments in capital, derivative financial instruments and securities (including their emission, storage, alienation, supervision carried out by the custodian bank, but except for other supervision), except for investment in capital, management of derivative financial instruments and securities;

22) management of investment funds, State funded pension scheme investments, closed and open pension funds, risk capital funds, and also insurance companies and other investment portfolios, which are collective investments or are established on the basis of the requirements laid down by such funds (including technical reserves and guarantee funds), if it is related to lawful or actual decision-making powers;

23) gambling, drawings by lot and lotteries, including the gambling and drawings by lot that are organised via electronic communications services;

24) sale of immovable property, except for the sale of unused immovable property and building land;

25) the following services supplied to inhabitants:

a) residential tenancy (except for accommodation services at accommodation facilities – hotels, motels, guest houses, houses used for rural tourism, camp sites and tourist accommodations);

b) [30 November 2015];

26) service for which the owner of the building or structure has an obligation to pay consideration for the lawful land use rights when the building or structure is to be considered an independent property object in accordance with the normative regulation in the field of civil law.

(2) Exemption from the tax in respect of the services referred to in Paragraph one, Clause 17 of this Section shall be applied also by persons other than public persons, if in supplying such services the profit is not gained on regular basis. If profit is gained, exemption shall be applied in cases when the profit gained is channelled or invested for the improvement of the supply of such services.

(3) The supply of goods shall not be taxable if a registered taxable person has not deducted the input tax for the relevant goods and the goods are acquired or used for ensuring the transactions referred to in Paragraph one of this Section or for the performance of State administration tasks.

(31) The supply of goods for the acquisition or use of which a registered taxable person has not deducted the input tax as they were intended for other purposes and not for the provision of taxable transactions (including luxury goods, goods for the private needs of a registered taxable person, its staff or other persons and entertainment) shall not be taxable.

(32) [30 May 2019]

(33) [30 May 2019]

(34) [30 May 2019]

(4) The Cabinet shall determine the procedures for the application of exemption from the tax to the following supplies of goods and services:

1) [28 November 2019];

2) services of State recognised educational institutions in the field of general education, vocational education, higher education and interest-related education, and also supply of services and goods closely linked to such educational services provided by the abovementioned educational institutions;

3) educational services supplied by teachers giving private classes within the framework of general education, vocational education and higher education study programmes;

4) cultural services;

5) financial transactions;

6) gambling, drawings by lot and lotteries;

7) supply of immovable property;

8) services of the rent residential premises supplied to inhabitants;

9) medicinal services.

[*6 November 2013; 12 June 2014; 30 November 2015; 20 April 2017; 30 May 2019; 20 June 2019; 28 November 2019; 15 November 2021* / *See Paragraphs 39 and 40 of Transitional Provisions*]

**Section 52.1 Non-taxable Services Supplied by an Independent Group of Persons**

(1) The services provided by an independent group of persons to the members of such group shall be exempt from the tax if all of the following conditions are met:

1) members of this group are persons who make the non-taxable transactions referred to in Section 52, Paragraph one of this Law, except for Section 52, Paragraph one, Clauses 2, 18, 19, 20, 21, 22, 23, 24, and 25 of this Law, or activities in respect of which this person is not a taxable person;

2) services are necessary only for ensuring the non-taxable transactions made by the members of such group or for ensuring such activities in respect of which the member of such group is not a taxable person;

3) the value of services is their cost price;

4) costs of services are covered by members of such group according to their share in the total expenses;

5) situation of market participants performing competitive activities or transactions (current or potential) in the field of competition is not affected significantly and thus significant distortions of competition are not caused.

(2) In order to apply Paragraph one of this Section, all of the following conditions must be met:

1) there is a written agreement between the independent group of persons and its members on the supply of services;

2) members of the independent group of persons are registered as taxable persons;

3) if a member of the independent group of persons makes taxable transactions as well, he or she shall keep records justifying that services received from the independent group of persons are being used for transactions exempt from tax in accordance with Section 52, Paragraph one of this Law, except for Section 52, Paragraph one, Clauses 2, 18, 19, 20, 21, 22, 23, 24, and 25 of this Law, or ensuring such activities in respect of which the member of this group is not a taxable person.

(3) Before commencing the supply of services to the members of the group, the independent group of persons shall inform the State Revenue Service of the establishment of the group and members of such group, concurrently submitting written agreements on the supply of services provided by the independent group of persons to the members of such group.

[*30 May 2019* / *See Paragraphs 32 and 33 of Transitional Provisions*]

**Section 52.2 Non-taxable Transactions of Distance Selling of Goods**

The supply of goods to a taxable person who, in accordance with the provisions of Section 6, Paragraph six of this Law, shall be deemed to have received and supplied the goods itself to a person who is not a taxable person shall not be taxable.

[*10 February 2022*]

**Section 53. Non-taxable Importation of Goods**

(1) The importation of goods referred to in Section 52, Paragraph one of this Law shall not be taxable.

(2) The importation of gas transported through the natural gas system or networks which are connected to such system, or gas cargo ships, and which is pumped in any natural gas system or long-distance pipeline network, the importation of electricity, thermal energy or cooling energy through thermal energy or cooling networks shall not be taxable.

(3) The importation of goods which is not subject to customs duty in accordance Council Regulation (EC) No 1186/2009 of 16 November 2009 setting up a Community system of reliefs from customs duty (codified version), except for the consignments of goods referred to in Article 23 of the Regulation, shall not be taxable.

(4) [15 October 2020]

(5) [15 October 2020]

(6) [19 September 2013]

(7) The importation of goods shall not be taxable if it is carried out by:

1) European Union institutions or their representations in the territory of the European Union, the European Atomic Energy Community, the European Central Bank, the European Investment Bank or bodies established by legal acts of the European Union, to which Protocol on the Privileges and Immunities of the European Union of 8 April 1965 is applied – within the limits and under the conditions laid down in the abovementioned protocol and implementation agreements or headquarter agreements thereof;

2) international bodies, organisations which are not referred to in Clause 1 of this Paragraph and which have been recognised as such by the competent authorities of the relevant Member State, and members of such bodies – within the limits and under the conditions laid down by the international conventions establishing the bodies or by headquarters agreements;

3) international organisations or their representations in the territory of the European Union – within the limits and under the conditions laid down by the international conventions establishing the organisations or by headquarters agreements;

4) units of the North Atlantic Treaty Organisation (NATO) for the needs of the implementation of an international agreement or for the needs of other units of armed forces of other States party to the North Atlantic Treaty Organisation (NATO), including for the needs of civilian staff accompanying them, or for supplying messes or canteens of the units of such armed forces when such forces take part in the common defence effort inland;

5) diplomatic and consular missions of Member States and third countries registered in the Republic of Latvia to which Protocol on the Privileges and Immunities of the European Union of 8 April 1965 is applied if the goods are exempted from the customs duty in accordance with Paragraph three of this Section;

6) the European Commission, an agency and a body established under legal acts of the European Union if it imports goods while performing the tasks assigned thereto by legal acts of the European Union in order to respond to the COVID-19 pandemic, except where the imported goods are used by the abovementioned persons, immediately or at a later date, for the purposes of onward supply for consideration (in such case, if the conditions of this Paragraph cease to apply, the abovementioned persons shall inform the State Revenue Service thereof and the importation of such goods shall be taxed in accordance with the conditions applicable at the time of importation);

7) units of the armed forces of other Member States for their needs, including for the needs of civilian staff accompanying them, or for supplying messes or canteens of the units of such armed forces when such forces take part in the defence effort inland carried out for the implementation of the European Union activity under  the common security and defence policy.

(8) The importation into ports by a person operating in the fisheries sector of its catches, unprocessed or after undergoing preservation for marketing, but before supplied, shall not be taxable.

(9) Re-importation of goods in inland shall not be taxable if it is carried out by a person who exported the goods and if such goods conform to the requirements which are laid down in respect of exemption from customs duties.

(10) The importation of such goods which are brought in inland in the personal luggage of a natural person who is arriving from a third country or third territory (hereinafter in this Section – the traveller) shall not be taxable if such importation of goods is not carried out for commercial purposes.

(11) The luggage which a traveller presents to the customs authorities at the time of arrival, as well as the luggage which the traveller presents later to the same customs authorities when proving that such luggage was registered at the time of departure as the luggage to be carried with him in the company providing a journey, shall be deemed as a personal luggage referred to in Paragraph ten of this Section.

(12) It shall be deemed that the importation of goods is not carried out for commercial purposes within the meaning of Paragraph ten of this Section if the importation of goods conforms to all the following conditions referred to in this Paragraph of Section:

1) the importation of goods is not carried out on regular basis;

2) only the goods intended for the traveller’s personal or family use or for gift are imported.

(13) The type and amount of goods referred to in Paragraph twelve of this Section shall be such which do not point to importation of the goods for commercial purposes.

(14) The goods which are imported by a traveller in his personal luggage shall not be taxable, taking into account the following conditions and restrictions for the value of goods:

1) the total value of goods per one person does not exceed:

a) EUR 300 if the traveller arrives by land;

b) EUR 430 if the traveller arrives by air transport or sea transport;

2) for travellers who are younger than 15 years of age, regardless of the type of arrival the total value of goods per one person does not exceed EUR 285;

3) the following is not included in the total value of goods referred to in Clause 1 of this Paragraph:

a) the value of the personal luggage which is imported temporarily or re-imported by the traveller after temporary exportation,

b) the value of medicinal products necessary for the personal needs of the traveller,

c) the value of goods indicated in Paragraph fifteen of this Section;

4) the value of one good cannot be divided.

(15) Tobacco products, alcoholic beverages and fuel which is imported by a traveller in his personal luggage, in conformity with the provisions of the law On Excise Duty and restrictions for quantity of such goods, shall not be taxable.

(16) Such importation of goods shall not be taxable to which the import scheme specified in Section 140.4 of this Law is applied if the registration number in the State Revenue Service Value Added Tax Taxable Persons Register of the supplier of goods or the intermediary referred to in Section 140.4 of this Law (who acts in the interests of the supplier of goods) for the use of the import scheme specified in Section 140.4 of this Law is at the disposal of the State Revenue Service at the moment of submitting the declaration at the latest.

[*19 September 2013; 28 November 2019; 15 October 2022; 10 February 2022* / *Clause 6 of Paragraph seven shall apply from 1 January 2021. Clause 7 of Paragraph seven shall come into force on 1 July 2022. See Paragraphs 42 and 44 of Transitional Provisions*]

**Section 54. Non-taxable Acquisition of Goods in the Territory of the European Union**

(1) Acquisition of goods in the territory of the European Union for the supply of which in inland an exemption would be applicable in accordance with Section 52 of this Law shall not be taxable.

(2) Acquisition of goods in the territory of the European Union the importation of which would be exempted from the tax in accordance with Section 53, Paragraph three or nine of this Law shall not be taxable.

(3) Acquisition of goods in the territory of the European Union made in inland shall not be taxable if:

1) the acquisition of goods in the territory of the European Union is made by a registered taxable person of another Member State who does not conduct economic activity in inland for the purpose of supplying such goods further to a registered taxable person in inland;

2) goods are sent to inland directly from the Member State other than the Member State of establishment of a taxable person of another Member State referred to in Clause 1 of this Paragraph;

3) the registered taxable person referred to in Clause 1 of this Paragraph in accordance with Section 86, Paragraph eight of this Law is liable for the payment of the tax into the State budget.

(4) The exemption laid down in Paragraph three of this Section shall not be applied if the registered taxable person of another Member State referred to in Paragraph three, Clause 1 of this Section is also registered in the State Revenue Service Value Added Tax Taxable Persons Register.

[*15 October 2020*]

**Chapter VIII**

**Registration of a Taxable Person in the State Revenue Service Value Added Tax Taxable Persons Register**

**Section 55. General Provisions for the Registration of a Taxable Person in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) A taxable person shall register in the State Revenue Service Value Added Tax Taxable Persons Register before he or she:

1) makes taxable transactions;

2) receives such services in inland the place of supply of which is determined in accordance with Section 19, Paragraph one of this Law;

3) supplies such services, the place of supply of which in accordance with Section 19, Paragraph one of this Law is another Member State and in relation to which the recipient of services is responsible for the payment of taxes.

(2) A taxable person has the right to register in the State Revenue Service Value Added Tax Taxable Persons Register for a definite period of time which it indicates for making taxable transactions in the submission for registration referred to in Section 66, Paragraph one of this Law.

[*6 November 2013*]

**Section 56. Registration of a Taxable Person in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) The following persons shall be registered in the State Revenue Service Value Added Tax Taxable Persons Register:

1) natural persons;

2) legal persons;

3) partnerships;

4) an authorised natural person of a group of persons if the group of persons is operating on the basis of an agreement for the performance of joint economic activity;

5) a VAT group, indicating the principal undertaking of the VAT group which undertakes the commitments to submit a tax return on behalf of the VAT group and fulfil other obligations of a registered taxable person (hereinafter – the principal undertaking);

6) a fiscal representative.

(2) If a taxable person of another Member State makes at least one taxable transaction inland, one of the following persons shall be registered in the State Revenue Service Value Added Tax Taxable Persons Register of the State Revenue Service:

1) a taxable person of another Member State;

2) its authorised person inland.

(3) If a taxable person of a third country or third territory makes at least one taxable transaction inland, the State Revenue Service shall register at least one of the following persons in the State Revenue Service Value Added Tax Taxable Persons Register:

1) a taxable person of a third country or third territory;

2) its authorised person inland.

[*6 November 2013*]

**Section 57. Provisions for the Registration of an Inland Taxable Person in the State Revenue Service Value Added Tax Taxable Persons Register for the Acquisition of Goods in the Territory of European Union**

(1) If a non-registered taxable person has acquired goods in the territory of the European Union and if the total value of such goods without tax in the current calendar year reaches or exceeds EUR 10 000, the taxable person shall submit the registration submission referred to in Section 66, Paragraph one of this Law to the State Revenue Service by the fifteenth date of the month following that taxation period when the registration threshold of EUR 10 000 laid down in this Law was reached or exceeded.

(2) A non-registered taxable person is entitled not to apply Paragraph one of this Section if after one acquisition of goods in the territory of the European Union by which the registration threshold of EUR 10 000 is reached or exceeded no other acquisitions of goods are intended in the territory of the European Union in the next calendar year the total value of which would exceed EUR 10 000. In such case the abovementioned person shall pay the tax into the State budget in accordance with the procedures laid down in Section 121, Paragraph three of this Law without registering in the State Revenue Service Value Added Tax Taxable Persons Register.

(3) If an inland taxable person has registered in the State Revenue Service Value Added Tax Taxable Persons Register before reaching the sum referred to in Paragraph one of this Section, then after registering in the State Revenue Service Value Added Tax Taxable Persons Register a taxable person who makes the acquisition of goods in the territory of the European Union is entitled to withdraw from it voluntarily not later than two years after the day of registration.

(4) This Section is not applicable in respect of such taxable person of another Member State or taxable person of third country or third territory who makes taxable transactions inland.

[*19 September 2013*]

**Section 58. Provisions for the Registration of a State or Local Government Institution or a Local Government in the State Revenue Service Value Added Tax Taxable Persons Register for the Receipt of Construction Services**

(1) A State or local government institution or local government which is not registered in the State Revenue Service Value Added Tax Taxable Persons Register and which has concluded a contract with a supplier of construction services for the receipt of the construction services referred to in Section 142, Paragraph four of this Law in accordance with the procurement procedure laid down in the Public Procurement Law or is involved as a public partner in a project of public-private partnership in accordance with the Law on Public-Private Partnership shall register in the State Revenue Service Value Added Tax Taxable Persons Register before receipt of such services.

(2) A registration number of the State Revenue Service Value Added Tax Taxable Persons Register shall be assigned to persons registered in accordance with Paragraph one of this Section which is to be used for the receipt of the construction services referred to in Section 142, Paragraph four of this Law.

**Section 59. Right of an Inland Taxable Person not to Register in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) An inland taxable person is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register if the total value of the taxable supplies of goods and services made thereby has not exceeded EUR 40 000 over the previous 12 months.

(2) An inland taxable person shall, not later than until the fifteenth date of the month following the month when the registration threshold laid down in Paragraph one of this Section was exceeded, submit a submission to the State Revenue Service for the registration referred to in Section 66, Paragraph one of this Section.

(3) The sum referred to in Paragraph one of this Section shall not include the value of fixed assets and intangible investments supplied by an inland taxable person if such supply is provided once within 12 months.

(4) Paragraph one of this Section shall not be applied if a taxable person supplies services to a taxable person of another Member State the place of supply of which is determined in accordance with Section 19, Paragraph one of this Law.

(5) A taxable person is entitled not to apply Paragraph one of this Section if after one transaction by which the registration threshold laid down in this Paragraph is exceeded it is not intended to make other taxable transactions during the next 12 months. In such case the abovementioned person shall pay the tax into the State budget in accordance with the procedures laid down in Section 34, Paragraph ten and Section 119, Paragraph two of this Law without registering in the State Revenue Service Value Added Tax Taxable Persons Register.

(6) Paragraph one of this Section shall not be applied if a taxable person receives services from a person from another Member State or from any third country or third territory which does not conduct economic activity inland, the place of supply of which is determined in accordance with Section 19, Paragraph one of this Law.

(7) The persons referred to in Section 3, Paragraph four of this Law do not have an obligation to register in the State Revenue Service Value Added Tax Taxable Persons Register.

(8) This Section is not applicable in respect of such taxable person of another Member State or taxable person of third country or third territory which makes taxable transactions in inland.

[*19 September 2013; 27 July 2017*]

**Section 60. Provisions for the Registration of a Taxable Person of Another Member State in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) If a taxable person of another Member State supplies goods to a person which is not a taxable person or is a non-registered taxable person and such goods are assembled or installed inland, then such taxable person of another Member State prior to making the transaction shall register in the State Revenue Service Value Added Tax Taxable Persons Register regardless of the value of assembled or installed goods.

(2) A taxable person of another Member State shall register in the State Revenue Service Value Added Tax Taxable Persons Register in case of distance selling of goods:

1) within 30 days from the time when the total value of supplies of goods in the previous or current calendar year has reached or exceeded EUR 10 000;

2) prior to making the transaction if such goods are supplied which are subject to excise duty inland regardless of the value of the excisable goods supplied.

(3) In transactions of distance selling of goods, a taxable person of another Member State has the right to register in the State Revenue Service Value Added Tax Taxable Persons Register also prior to reaching the registration threshold referred to in Paragraph two, Clause 1 of this Section.

(4) If an inland fixed establishment of a taxable person of another Member State gets involved in the supply of goods or services of such person inland, it shall register in the State Revenue Service Value Added Tax Taxable Persons Register prior to making such transactions.

[*19 September 2013; 15 October 2020*]

**Section 61. Right of a Taxable Person of Another Member State not to Register in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) A taxable person of another Member State is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register if it provides such supply of goods or services the tax for which is paid in the State budget by the recipient of goods or services.

(2) A taxable person of another Member State is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register if it only makes transactions of supplies of goods in a customs warehouse or free zone with the goods which are the Union goods within the meaning of the Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (hereinafter – the Union goods) for which goods export procedure has been commenced, as well as with the goods that are non-Union goods within the meaning of this Regulation (hereinafter – the non-Union goods).

(3) A taxable person of another Member State who is making the transactions of supplies of goods by moving the non-Union goods from one inland customs warehouse or free zone to other inland customs warehouses or free zones or customs warehouses or free zones of another Member State, as well as such Union goods for which the goods bringing-out procedure has been commenced, is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register.

(4) Taxable person of another Member State is entitled to not register in the State Revenue Service Value Added Tax Taxable Persons Register if it makes a transaction of supply of goods from another Member State to an inland warehouse and all of the following conditions are met:

1) taxable person of another Member State or a third person on its behalf dispatches or transports goods from another Member State to an inland warehouse so that the abovementioned goods would, at a later stage, however, not later than within 12 months after importation, be delivered to a registered taxable person who is entitled to assume ownership of the abovementioned goods in conformity with an agreement between both taxable persons;

2) taxable person of another Member State who dispatches or transports goods from another Member State to an inland warehouse does not have a place of establishment of a business or a fixed establishment in inland;

3) the receiver of goods is a registered taxable person and its registration number in the State Revenue Service Value Added Tax Taxable Persons Register is known to the taxable person of another Member State referred to in this Paragraph of this Section at the beginning of dispatching or transporting the goods;

4) a taxable person of another Member State, when dispatching or transporting goods from another Member State to an inland warehouse, registers the transfer of the goods in the register referred to in Section 134, Paragraph three, Clause 3 of this Law and declares such supply in its Member State in the report on supply of goods and services in the territory of the European Union.

(5) A registered taxable person of another Member State who makes inland acquisition of goods in the territory of the European Union and supply of goods, participating in the supply of goods referred to in Section 54, Paragraph three of this Law, need not register in the State Revenue Service Value Added Tax Taxable Persons Register.

(6) A taxable person of another Member State who does not conduct economic activity inland is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register, if it provides supply of such goods which are dispatched or transported by the taxable person or another person on its behalf from inland to a destination outside the territory of the European Union, except for goods which are intended for equipping or supplying pleasure boats, private aircraft or any other means of transport for private use.

(7) If a taxable person of another Member State is represented by a fiscal representative in the relevant inland transactions, the taxable person of another Member State need not register in the State Revenue Service Value Added Tax Taxable Persons Register in conformity with Section 55, Paragraph one of this Law.

(8) A taxable person of another Member State is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register, if it supplies goods or services inland only to the Allied Headquarters recognised in the Republic of Latvia.

(9) Paragraph four of this Section shall not be applied and a taxable person of another Member State shall register in the State Revenue Service Value Added Tax Taxable Persons Register prior to making the supply of goods, provided that it supplies goods to a person other than:

1) the taxable person referred to in Paragraph four, Clause 3 of this Section;

2) another registered taxable person who replaces the taxable person referred to in Paragraph four, Clause 3 of this Section within 12 months following the importation of goods in inland, and provided that the conditions of Paragraph four, Clauses 1, 2, and 4 of this Section are met.

(10) Paragraph four of this Section shall not be applied and a taxable person of another Member State shall register in the State Revenue Service Value Added Tax Taxable Persons Register if, following the importation of goods in inland, they are actually lost or destroyed.

[*20 April 2017; 28 November 2019; 24 November 2020*]

**Section 62. Provisions for the Registration of an Inland Fixed Establishment of a Taxable Person of a Third Country or Third Territory in the State Revenue Service Value Added Tax Taxable Persons Register**

If an inland fixed establishment of a taxable person of a third country or third territory gets involved in the supply of goods or services of such person, it shall register in the State Revenue Service Value Added Tax Taxable Persons Register prior to making such transactions.

**Section 63. Right of a Taxable Person of a Third Country or Third Territory not to Register in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) A taxable person of a third country or third territory is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register if it provides such supply of goods or services the tax for which is paid in the State budget by the recipient of goods or services.

(2) A taxable person of a third country or third territory who is only making transactions of supplies of goods with non-Union goods, and also with such Union goods for which the goods exportation procedure has been commenced in a customs warehouse or free zone, is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register.

(3) A taxable person of a third country or third territory who is making transactions of supplies of goods by moving non-Union goods from one inland customs warehouse or free zone to other inland customs warehouses or free zones or customs warehouses or free zones of another Member State, and also such Union goods for which the goods exportation procedure has been commenced, is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register.

(4) If a taxable person of a third country or third territory is represented by a fiscal representative in the relevant inland transactions, a taxable person of such third country or third territory need not register in the State Revenue Service Value Added Tax Taxable Persons Register in conformity with Section 55, Paragraph one of this Law.

(5) A taxable person of a third country or third territory who does not perform economic activity inland is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register, if it provides supply of such goods which are dispatched or transported by the taxable person or another person on its behalf from inland to a destination outside the territory of the European Union, except for goods which are intended for equipping or supplying pleasure boats, private aircraft or any other means of transport for private use.

(6) A taxable person of a third country or third territory is entitled not to register in the State Revenue Service Value Added Tax Taxable Persons Register, if it supplies goods or services inland only to the Allied Headquarters recognised in the Republic of Latvia.

[*20 April 2017 / Paragraph six shall come into force from 1 January 2018. See Paragraph 29 of Transitional Provisions*]

**Section 64. Conditions for the Registration of a VAT Group in the State Revenue Service Value Added Tax Taxable Persons Register and for the Registration of Members in a VAT Group**

(1) Conditions for the registration of a VAT group and for the registration of members in a VAT group shall be as follows:

1) members of a VAT group may only be registered taxable persons;

2) the maximum number of members in a VAT group is not limited;

3) a registered taxable person may not be concurrently a member of another VAT group;

4) a VAT group may be formed if the total value of the taxable supplies of goods and services of at least one participant of the VAT group is at least EUR 350 000 over the previous 12 calendar months until the month when the submission for the registration of a VAT group is submitted;

5) members of a VAT group may be:

a) capital companies which are in one group of companies (in conformity with the Group of Companies Law),

b) a branch of a foreign merchant (legal person) in the Republic of Latvia if such foreign merchant is in the composition of the same group of companies which includes other members of the VAT group in conformity with the Group of Companies Law;

6) a contract for the establishment of a VAT group has been concluded between the members of the VAT group in which the principal undertaking is indicated;

7) the members of the VAT group are accessible at their legal address.

(2) Members of a VAT group shall use their registration number in the State Revenue Service Value Added Tax Taxable Persons Register in all transactions with persons other than members of such VAT group. The registration number issued to the VAT group shall be used only for the needs of drawing up a tax return of the VAT group and for the payment of the tax.

[*19 September 2013; 23 November 2016*]

**Section 65. Conditions for the Registration of a Fiscal Representative in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) A registered taxable person shall be registered in the State Revenue Service Value Added Tax Taxable Persons Register as a fiscal representative, issuing a separate registration number of the fiscal representative in the State Revenue Service Value Added Tax Taxable Persons Register (hereinafter – the registration number of a fiscal representative) if it conforms to all of the conditions provided hereinafter:

1) counting from the day when the relevant registered taxable person has submitted a submission for registration in the State Revenue Service of Value Added Tax Taxable Persons, it has registered economic activity inland more than two years ago and has performed economic activity continuously since the day of registration;

2) on the day when the relevant registered taxable person has submitted the submission for registration in the State Revenue Service Value Added Tax Taxable Persons Register it has no tax debts or the time limits for the relevant payments have been extended (deferred, divided) in accordance with the procedures laid down in the laws and regulations regarding taxes and fees and such person fulfils his debt obligations;

3) a natural person or a person entitled to represent a legal person has no 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 amount of a tax liability;

4) the relevant registered taxable person submits tax returns and informative declarations to the State Revenue Service within the time limits laid down in the laws and regulations governing the field of taxes and submits the requested additional information within the time limit laid down by the State Revenue Service in writing, necessary for the determination of the tax amount payable into the State budget or the tax overpayment;

5) the relevant registered taxable person is accessible at its legal address or declared place of residence;

6) the relevant registered taxable person submits any of the following confirmations for the covering of the possible tax debt:

a) a confirmation issued by a bank on the fact that monetary accumulation has been established in a deposit account for the activities of a fiscal representative for the covering of the possible tax debt; such accumulation on the day of registration of a fiscal representative is EUR 14 200 and during activities of a fiscal representative – in amount of at least 20 per cent of the average total value of taxable transactions indicated in tax returns of a fiscal representative for the previous three taxation periods, however not less than EUR 14 200. A fiscal representative shall ascertain after the end of each taxation period and ensure that the accumulated amount conforms to the conditions of this Sub-clause;

b) a confirmation issued by the bank or insurance company attesting that the relevant institution will provide guarantee of not less than EUR 285 000 necessary for the operation of a fiscal representative for the covering of the possible tax debt. A fiscal representative shall ascertain after the end of each taxation period that the amount of the possible tax debt is not more than the amount of the guarantee referred to in this Sub-clause. If the amount of the guarantee is not sufficient in order to cover the possible tax debt, the fiscal representative shall ensure the increase thereof;

7) the relevant registered taxable person is a registered client in the Electronic Declaration System of the State Revenue Service.

(2) A registered taxable person shall be registered in the State Revenue Service Value Added Tax Taxable Persons Register as a fiscal representative on the basis of the submission for registration to be submitted to the State Revenue Service. If the submission for registration is signed by an authorised person, he or she shall submit a power of attorney concurrently with such submission.

(3) The Cabinet shall determine:

1) a sample form for a submission for the registration of a registered taxable person as a fiscal representative in the State Revenue Service Value Added Tax Taxable Persons Register, the procedures for completing, signing, and submitting the form;

2) the conditions and procedures for the covering of a possible tax debt in the deposit account of monetary accumulation indicated in the confirmation issued by the bank or insurance company or for the reduction of the amount of the guarantee provided and granting of exemption from submitting of such confirmation;

3) duties of a fiscal representative in respect of covering a possible tax debt in the deposit account of monetary accumulation indicated in the confirmation issued by the bank or insurance company or in respect of conformity with the amount of a guarantee provided.

[*19 September 2013; 23 November 2016; 9 December 2021*]

**Section 66. General Procedure for the Registration in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) A non-registered taxable person, taxable person of another Member State or taxable person of a third country or third territory shall be registered in the State Revenue Service Value Added Tax Taxable Persons Register on the basis of a submission for the registration to be submitted to the State Revenue Service. If the submission for registration is signed by an authorised person, he or she shall submit a power of attorney concurrently with such submission.

(2) The submission for registration referred to in Paragraph one of this Section may be submitted to the Enterprise Register concurrently with the application for the entering of a merchant in the Commercial Register.

(3) The State Revenue Service shall decide on the registration of a taxable person (including a VAT group and a fiscal representative, and also to add a new member to the VAT group) in the State Revenue Service Value Added Tax Taxable Persons Register or a decision to refuse registration within five working days after receipt of the submission for registration. If the court has proclaimed insolvency proceedings for a taxable person – legal person – and it has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register until proclaiming insolvency proceedings on the basis of any of the conditions referred to in Section 73, Paragraph one, Clause 1, 4, 5, 6, 11, or 12, or Paragraph three of this Law, registration in the State Revenue Service Value Added Tax Taxable Persons Register shall not be refused.

(4) If after receipt of the submission for registration the State Revenue Service has requested information from a taxable person on his material, technical and financial possibilities to conduct the declared economic activity, the State Revenue Service shall decide on the registration of the taxable person in the State Revenue Service Value Added Tax Taxable Persons Register or a decision to refuse to register within five working days after receipt of the requested information.

(5) [9 December 2021]

(6) The State Revenue Service shall notify the principal undertaking of the VAT group of the decision to register a VAT group in the State Revenue Service Value Added Tax Taxable Persons Register, the decision to add a new member to the VAT group, the decision on refusal to register a VAT group in the State Revenue Service Value Added Tax Taxable Persons Register, or the decision on refusal to add a new member to the VAT group.

(7) [9 December 2021]

(8) The Cabinet shall determine sample forms of the submissions for the registration of the non-registered taxable persons referred to in Paragraph one of this Section, taxable persons of another Member State or taxable persons of third country or third territory, the procedures for its completion, signing and submission.

[*12 June 2014; 17 December 2015; 9 December 2021*]

**Section 67. Time of Registration in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) [9 December 2021]

(2) [9 December 2021]

(21) A taxable person (except for a VAT group) shall be deemed as registered in the State Revenue Service Value Added Tax Taxable Persons Register from the day when the decision to register the taxable person in the State Revenue Service Value Added Tax Taxable Persons Register is considered notified in accordance with the law On Taxes and Fees.

(3) A VAT group shall be deemed as registered in the State Revenue Service Register of Value Added Tax Register and a new member shall be deemed as added to a VAT group starting from the first date of the next taxation period after the State Revenue Service has taken the relevant decision.

(4) The State Revenue Service shall post information on registration in the State Revenue Service Value Added Tax Taxable Persons Register, except for information on the registration of a VAT group or on adding of a new member to a VAT group, on the website thereof within one working day after taking the decision on registration.

[*12 June 2014; 9 December 2021*]

**Section 68. Registration of a New Member in a VAT Group and Exclusion of a Member from a VAT Group**

(1) When adding a new member to a VAT group, the principal undertaking of the VAT group shall submit a submission to the State Revenue Service and an accordingly amended agreement on the establishment of a VAT group.

(2) The State Revenue Service shall decide to refuse adding of a new member to a VAT group if the new member fails to conform to the conditions of Section 64 of this Law.

(3) A member is entitled to withdraw from a VAT group not earlier than 12 calendar months after its adding to the VAT group, except when it no longer conforms to the conditions of Section 64 of this Law.

(4) For a member to withdraw from a VAT group, the principal undertaking shall submit a submission to the State Revenue Service for the exclusion of a member from the VAT group and an accordingly amended agreement on the establishment of a VAT group.

(5) If a member no longer conforms to the conditions of Section 64 of this Law, the principal undertaking shall submit a submission for the exclusion of the abovementioned member from a VAT group and an accordingly amended agreement on the establishment of a VAT group within two months from the day when the abovementioned member no longer conforms to the conditions of Section 64 of this Law.

(6) For a principal undertaking to withdraw from a VAT group, it shall submit a submission to the State Revenue Service for the exclusion thereof from the VAT group and an accordingly amended agreement on the establishment of a VAT group in which such member of the VAT group is indicated which will henceforth be the principal undertaking. The member which will henceforward be the principal undertaking shall be the successor of commitments and responsibilities of the previous principal undertaking in respect of the commitments and responsibilities of the VAT group towards the State Revenue Service.

(7) A member of a VAT group shall be deemed as excluded from the VAT group starting from the first date of the next taxation period after the State Revenue Service has taken the decision to exclude the member from the VAT group.

[*9 December 2021*]

**Section 69. Refusal to Register a Taxable Person in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) The State Revenue Service shall take the decision to refuse to register an inland taxable person

in the State Revenue Service Value Added Tax Taxable Persons Register (except for a VAT group) if at least one of the following conditions exists:

1) the taxable person is not accessible at the legal address indicated by it or at the address of its declared place of residence or in fact such address does not exist;

2) the taxable person does not provide information upon a request of the State Revenue Service or provides unjustified or false information on the material, technical and financial possibilities thereof to perform the declared economic activity;

3) economic activity of the taxable person has been suspended in accordance with the law On Taxes and Fees;

4) the address of the taxable person conforms to the conditions of risk address in conformity with the law On Taxes and Fees;

5) the taxable person or its official, proctor or authorised person if the abovementioned persons are residents of the Republic of Latvia has no address of the declared place of residence in Latvia;

6) an official of the taxable person – legal person, or the taxable person – natural person has been included in the list of persons of risk in accordance with the law On Taxes and Fees;

7) activities of the taxable person – merchant have been suspended on the basis of its decision in accordance with the Commercial Law.

(2) The State Revenue shall take the decision to refuse to register a taxable person of another Member State or a taxable person of a third country or third territory in the State Revenue Service Value Added Tax Taxable Persons Register if it has not provided all required information in the submission for registration or has not submitted all the documents to be appended to the submission.

(3) The State Revenue Service shall take the decision to refuse to register a taxable person of another Member State or a taxable person of a third country or third territory in the State Revenue Service Value Added Tax Taxable Persons Register, if an authorised person of the taxable person of another Member State or of the taxable person of a third country or third territory has not provided all information on the person represented by him, or has not submitted all documents to be appended to the submission.

(4) The State Revenue Service shall decide to refuse to register a VAT group in the State Revenue Service Value Added Tax Taxable Persons Register if the VAT group does not meet the conditions of Section 64 of this Law.

(5) A taxable person who has received the decision of the State Revenue Service to refuse to register in the State Revenue Service Value Added Tax Taxable Persons Register has the right to eliminate the reasons for the refusal of registration referred to in Paragraph one of this Section – to adjust the submission for registration referred to in Section 66, Paragraph one of this Law and to submit it repeatedly to the State Revenue Service.

[*17 December 2015*]

**Section 70. Repeat Registration in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) A taxable person who has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 73, Paragraph one, Clause 4, 5, 6, or 11, or Paragraph three of this Law shall be registered repeatedly in the State Revenue Service Value Added Tax Taxable Persons Register in accordance with the procedures laid down in Section 66 of this Law after fulfilment of the conditions of Section 104, Paragraph three of this Law and after:

1) submitting of the tax returns not submitted in time and payment of the tax amount payable into the State budget included in those tax returns, late payment charge, as well as fines calculated for the failure to submit tax returns in time;

2) correction of false information provided in the tax return that has been established during tax audit conducted by the State Revenue Service and payment of the tax amount payable into the State budget and late payment charge;

3) submission of the information requested by the State Revenue Service (documents supporting business revenues and expenditures, accounting records, and also other information describing the activities which affected or could have affected the assessment and payment of tax);

4) adjustment of information on the legal address or the declared place of residence;

5) the decision of the State Revenue Service to renew economic activity of the taxable person;

6) the decision of the State Revenue Service to exclude an official of the taxable person – legal person – or the taxable person – natural person – from the list of persons of risk in accordance with the law On Taxes and Fees;

7) replacement of an official of the taxable person – legal person – or the taxable person – natural person – who has been included in the list of persons of risk in accordance with the law on Taxes and Fees with an official who has not been included in the said list of persons of risk;

8) submission of complete and justified information on material, technical, and financial possibilities of the registered taxable person to perform economic activity;

9) submission of complete and justified information stating the intention to perform economic activity if a registered taxable person has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register due to the reason that no transactions had been specified in tax returns for at least the previous six calendar months;

10) submission of complete and justified information stating the intention to perform economic activity without any risks relating to the payment of taxes, if the registered taxable person has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register due to the change of all officials.

(2) If a taxable person – legal person – for which insolvency proceedings have been declared has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register until declaring insolvency proceedings on the basis of any of the conditions referred to in Section 73, Paragraph one, Clause 4, 5, 6, or 11, or Paragraph three of this Law, this taxable person shall be registered repeatedly in the State Revenue Service Value Added Tax Taxable Persons Register in accordance with the procedures laid down in Section 66 of this Law also if the conditions referred to in Paragraph one of this Section have not been met.

[*12 June 2014; 17 December 2015; 20 June 2019*]

**Section 71. Repeat Registration of a Fiscal Representative in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) A fiscal representative shall be registered repeatedly in the State Revenue Service Value Added Tax Taxable Persons Register if:

1) a registered taxable person who wishes to register as a fiscal representative conforms to Section 65, Paragraph one, Clauses 2 and 3 of this Law;

2) a fiscal representative who has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 73, Paragraph one, Clause 5 or 6 of this Law has fulfilled the commitments referred to in Section 70 of this Law;

3) any of the confirmations provided for in Section 65, Paragraph one, Clause 6 of this Law is provided for activities of a fiscal representative;

4) the relevant person does not have any tax debts for the previous taxation periods on the day when the submission for the registration of a fiscal representative in the State Revenue Service Value Added Tax Taxable Persons Register is submitted to the State Revenue Service.

(2) If until the day when a fiscal representative is excluded from the State Revenue Service Value Added Tax Taxable Persons Register he or she has been excluded from such register twice already in accordance with Section 73, Paragraph one, Clause 10 or Section 83, Paragraph two, the fiscal representative shall be registered repeatedly in the State Revenue Service Value Added Tax Taxable Persons Register not earlier than a year after the last exclusion.

**Section 72. Extension of the Term for Registration in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) If a taxable person who has been registered for a definite term in accordance with Section 55, Paragraph two of this Law wishes to extend the term for registration in the State Revenue Service Value Added Tax Taxable Persons Register, it shall submit the submission for registration referred to in Section 66, Paragraph one of this Law to the State Revenue Service not later than within 15 working days before expiry of the term for registration.

(2) The Cabinet shall determine the procedures for extending the term of registration referred to in Paragraph one of this Section in the State Revenue Service Value Added Tax Taxable Persons Register.

**Chapter IX**

**Exclusion of a Registered Taxable Person from the State Revenue Service Value Added Tax Taxable Persons Register**

**Section 73. General Cases for the Exclusion of a Registered Taxable Person from the State Revenue Service Value Added Tax Taxable Persons Register**

(1) The State Revenue Service shall exclude a registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register if at least one of the following conditions sets in:

1) a registered taxable person (except for a VAT group) submits a justified submission to the State Revenue Service for its exclusion from the State Revenue Service Value Added Tax Taxable Persons Register;

2) a registered taxable person has been liquidated or ceases to exist as a result of reorganisation;

3) a natural person who is a registered taxable person is deceased;

4) economic activity of the registered taxable person has been suspended in accordance with the law On Taxes and Fees;

5) at least one of the following conditions sets in during the time period of activity of the registered taxable person:

a) tax return has not been submitted within 30 days after the time limit for the submission of a tax return laid down in this Law;

b) false information has been provided in the tax return;

c) the requested information has not been submitted within the time limit specified by the State Revenue Service in its written request (documents supporting business revenues and expenditures, accounting records, and also other information describing the activities which affected or could have affected the assessment and payment of tax);

d) a registered taxable person has provided unjustified or false information regarding its material, technical and financial possibilities to perform economic activity;

6) a registered taxable person (except for a taxable person of another Member State and a taxable person of a third country or third territory) is not accessible at his legal address or at the address of his declared place of residence or in fact such address does not exist;

7) a registered taxable person which is a State or local government institution or local government submits a justified submission to the State Revenue Service on exclusion thereof from the State Revenue Service Value Added Tax Taxable Persons Register in which it notifies that it does not intend to receive any further construction services and make taxable transactions due to which it should be registered in the State Revenue Service Value Added Tax Taxable Persons Register in accordance with this Law;

8) a VAT group submits a submission to the State Revenue Service on the exclusion thereof from the State Revenue Service Value Added Tax Taxable Persons Register and 12 calendar months have elapsed from the day of registration of the VAT group;

9) a VAT group does not meet the conditions of Section 64 of this Law anymore;

10) at least one of the following conditions sets in during the time period of activity of a fiscal representative:

a) the fiscal representative fails to comply with the conditions of Paragraph one, Clause 5 or 6 of this Section;

b) on the fifth day of the current month the fiscal representative has tax debt to the State budget which is larger than the amount of accumulation or guarantee referred to in Section 65, Paragraph one, Clause 6 of this Law and the time limit for the payment of tax has not been extended (deferred, divided) in accordance with the procedures laid down in the laws and regulations regarding taxes and fees;

c) a natural person or a person entitled to represent a legal person has a criminal record for fraud, falsification of documents, tax evasion and similar non-payment or criminal offences which may affect the determination of the amount of a tax liability;

11) material, technical, and financial possibilities of a registered taxable person do not conform to any of the types of its economic activity;

12) activities of a registered taxable person – merchant have been suspended on the basis of its decision in accordance with the Commercial Law.

(2) A registered taxable person, which is a State or local government institution or local government and which is planning to receive henceforward only the construction services referred to in Section 142, Paragraph four of this Law and not to make taxable transactions due to which it should be registered in the State Revenue Service Value Added Tax Taxable Persons Register in accordance with this Law, is entitled to notify the State Revenue Service that starting from the next taxation period the registration number in the State Revenue Service Value Added Tax Taxable Persons Register will be used only in order to receive the construction services referred to in Section 142, Paragraph four of this Law.

(3) The State Revenue Service has the right to exclude a registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register if at least one of the following conditions sets in:

1) an official of the registered taxable person – legal person – or the registered taxable person – natural person – has been included in the list of persons of risk in accordance with the law On Taxes and Fees;

2) the registered taxable person has not specified any transactions in tax returns for at least the previous six calendar months;

3) the registered taxable person changes all of its officials.

[*6 November 2013; 17 December 2015; 20 June 2019*]

**Section 74. General Procedure for the Exclusion of a Registered Taxable Person from the State Revenue Service Value Added Tax Taxable Persons Register and Time of Exclusion**

(1) If a registered taxable person (except for a VAT group) submits a justified submission to the State Revenue Service for its exclusion from the State Revenue Service Value Added Tax Taxable Persons Register, the State Revenue Service shall examine such submission and within 10 working days after receipt of the submission at the State Revenue Service decide whether to exclude the registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register to refuse to exclude the registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register.

(2) A registered taxable person (except for a VAT group) shall be deemed excluded from the State Revenue Service Value Added Tax Taxable Persons Register from the day when the decision to exclude a registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register is considered notified in accordance with the law On Taxes and Fees. If the decision to exclude a registered taxable person from the State Revenue Service of Value Added Tax Taxable Persons is contested or appealed, it shall not suspend the operation of such decision.

(3) A registered taxable person (except for a VAT group), the economic activity of which has been suspended in accordance with the law On Taxes and Fees, shall be deemed as excluded from the State Revenue Service Value Added Tax Taxable Persons Register on the day when the decision to suspend the economic activity of the taxable person was taken.

(4) A registered taxable person, which is registered with the State Revenue Service Value Added Tax Taxable Persons Register for a definite term indicated in the submission for registration referred to in Section 66, Paragraph one of this Law, shall be deemed as excluded from the State Revenue Service Value Added Tax Taxable Persons Register starting from the next day after expiry of such time period.

(5) The State Revenue Service shall post the information on exclusion of a registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register on the website thereof within one working day after:

1) the decision to exclude the taxable person from the State Revenue Service Value Added Tax Taxable Persons Register is posted in the Electronic Declaration System of the State Revenue Service;

2) information on liquidation or reorganisation of the relevant taxable person has been received from the Enterprise Register if the registered taxable person has been liquidated or reorganised.

[*12 June 2014; 9 December 2021*]

**Section 75. Exclusion of a Registered Taxable Person from the State Revenue Service Value Added Tax Taxable Persons Register and Time of Exclusion if the Registered Taxable Person has been Liquidated or Ceases to Exist as a Result of Reorganisation**

(1) If a registered taxable person has been liquidated or ceases to exist as a result of reorganisation, the State Revenue Service shall exclude the relevant registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register within one working day after receipt of the information on its exclusion from the Enterprise Register.

(2) A registered taxable person shall be deemed as excluded from the State Revenue Service Value Added Tax Taxable Persons Register on the day when liquidation thereof has been completed, or on the day when the registered taxable person ceases to exist as a result of reorganisation.

**Section 76. Exclusion of a Deceased Natural Person – Registered Taxable Person – from the State Revenue Service Value Added Tax Taxable Persons Register and Time of Exclusion**

(1) A natural person who is a registered taxable person and who is deceased shall be excluded from the State Revenue Service Value Added Tax Taxable Persons Register on the basis of a decision of the State Revenue Service not earlier than 60 days after the death of the natural person.

(2) The person referred to in Paragraph one of this Section shall not be excluded from the State Revenue Service Value Added Tax Taxable Persons Register, if an heir or a trustee assigned by the court for the management of estate, whereof the State Revenue Service has been informed within 60 days after the death of the natural person, continues to perform economic activities instead of the estate-leaver until the time when right of inheritance of lawful heirs enters into effect.

(3) A natural person who is a registered taxable person and who is deceased shall be deemed as excluded from the State Revenue Service Value Added Tax Taxable Persons Register on the basis of a submission of the lawful heir on exclusion of such taxable person from the State Revenue Service Value Added Tax Taxable Persons Register on the day when the right of inheritance of lawful heirs has entered into effect or on the seventh day after the decision to exclude such taxable person from the State Revenue Service Value Added Tax Taxable Persons Register was taken.

(4) If the information is not received from an heir or a trustee assigned by the court for the management of inheritance, who in accordance with the procedures laid down in Paragraph two of this Section has informed the State Revenue Service that he or she continues to perform economic activity instead of the estate-leaver, or from a lawful heir within nine months after the day of death of the natural person referred to in Paragraph three of this Section that a lawful heir has been appointed or the estate acceptance process is continued, the deceased person shall be excluded from the State Revenue Service Value Added Tax Taxable Persons Register on the seventh day after the decision to exclude the registered taxable person was taken.

**Section 77. Exclusion of a Registered Taxable Person from the State Revenue Service Value Added Tax Taxable Persons Register and Time of Exclusion if Reorganisation of the Registered Taxable Person has Occurred**

If reorganisation of a registered taxable person has occurred and it continues to exist after reorganisation, the State Revenue Service shall, within 10 working days after receipt of the justified submission of such registered taxable person on exclusion from the State Revenue Service Value Added Tax Taxable Persons Register, assess the expected amount of taxable transactions and take the decision to exclude it from the State Revenue Service Value Added Tax Taxable Persons Register. If the expected amount of taxable transactions does not exceed EUR 40 000, the registered taxable person shall, upon its justified submission, be excluded from the State Revenue Service Value Added Tax Taxable Persons Register.

[*19 September 2013; 27 July 2017; 30 May 2019*]

**Section 78. Exclusion of a Registered Taxable Person from the State Revenue Service Value Added Tax Taxable Persons Register for the Receipt of Construction Services and Time of Exclusion**

(1) If a registered taxable person is a State or local government institution or local government which has been registered in the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 58 of this Law only to receive the construction services referred to in Section 142, Paragraph four of this Law, it shall submit a justified submission to the State Revenue Service on exclusion thereof from the State Revenue Service Value Added Tax Taxable Persons Register, the State Revenue Service shall examine such submission and take a decision in accordance with Section 74, Paragraph one of this Law.

(2) In the case referred to in Paragraph one of this Section, a State or local government institution or local government shall be deemed as excluded from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 74, Paragraph two of this Law.

**Section 79. Exclusion from the State Revenue Service Value Added Tax Taxable Persons Register if a Registered Taxable Person Fails to Submit a Tax Return or the Requested Information, or Provides False Information in a Tax Return or Unjustified or False Information on Its Material, Technical and Financial Possibilities to Perform Economic Activity**

(1) If at least one of the conditions referred to in Section 73, Paragraph one, Clause 5, Sub-clauses “a”, “c”, or “d” of this Law sets in, the State Revenue Service shall send a written warning to a registered taxable person regarding its exclusion from the State Revenue Service Value Added Tax Taxable Persons Register.

(2) If within 12 working days after sending of the warning referred to in Paragraph one of this Section, a registered taxable person fails to submit a tax return or the requested information, or provides unjustified or false information on its material, technical, and financial possibilities to conduct economic activity, it shall be excluded from the State Revenue Service Value Added Tax Taxable Persons Register.

(3) If the tax audit conducted by the State Revenue Service establishes that a registered taxable person has provided false information in a tax return, it shall be excluded from the State Revenue Service Value Added Tax Taxable Persons Register.

[*17 December 2015*]

**Section 80. Exclusion from the State Revenue Service Value Added Tax Taxable Persons Register if a Registered Taxable Person is not Accessible at the Indicated Legal Address or Declared Place of Residence**

(1) If in an inspection performed by the State Revenue Service it is established that a registered taxable person is not accessible at the indicated legal address or declared place of residence, the State Revenue Service shall send a written warning to it on exclusion from the State Revenue Service Value Added Tax Taxable Persons Register. The time when accessibility of the registered taxable person at the legal address or declared place of residence will be verified repeatedly shall be indicated in the warning.

(2) If a registered taxable person is not accessible at the legal address or declared place of residence also during repeated inspection, it shall be excluded from the State Revenue Service Value Added Tax Taxable Persons Register.

(3) If in an inspection performed by the State Revenue Service it is established that the legal address or declared place of residence of a registered taxable person in fact does not exist, the registered taxable person shall be excluded from the State Revenue Service Value Added Tax Taxable Persons Register.

(4) The State Revenue Service has the right to exclude a registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 73, Paragraph one, Clause 6 of this Law:

1) without performing an inspection, but sending a written warning on exclusion from the State Revenue Service Value Added Tax Taxable Persons Register, if the State Revenue Service has a written confirmation at the disposal thereof from the owner of the building or premises where the legal address of a taxable person (if the legal address was entered in the Commercial Register before 1 July 2011) or declared place of residence is registered on the fact that the particular taxable person in not located at such address;

2) without performing an inspection and without sending a written warning on exclusion from the State Revenue Service Value Added Tax Taxable Persons Register, if a registered postal item sent to the legal address or to the address of declared place of residence of the taxable person is returned to the State Revenue Service with indication that the addressee is not located at such address.

**Section 81. Exclusion from the State Revenue Service Value Added Tax Taxable Persons Register if Economic Activity of a Registered Taxable Person has been Suspended**

Upon deciding to suspend economic activity of a registered taxable person in accordance with the law On Taxes and Fees, the State Revenue Service shall concurrently take the decision to exclude the registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register.

**Section 82. Exclusion of a VAT Group from the State Revenue Service Value Added Tax Taxable Persons Register**

(1) A VAT group shall be excluded from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with the procedures referred to in Section 79 of this Law.

(2) If a member of a VAT group is liquidated and within two months from the day of the liquidation of the member of a VAT group the principal undertaking has not submitted a submission to the State Revenue Service for the exclusion of the member of the VAT group from the VAT group and an accordingly amended agreement on the establishment of a VAT group, the State Revenue Service shall exclude the VAT group from the State Revenue Service Value Added Tax Taxable Persons Register.

(3) If in an inspection performed by the State Revenue Service it is determined that a member of a VAT group is not accessible at the indicated legal address, the State Revenue Service shall send a warning to the principal undertaking and the relevant member of the VAT group on the exclusion of the VAT group from the State Revenue Service Value Added Tax Taxable Persons Register. The time when accessibility of the member of the VAT group at the legal address will be verified repeatedly shall be indicated in the warning.

(4) If a member of a VAT group is not accessible at the legal address also during repeated inspection, the State Revenue Service shall exclude the VAT group from the State Revenue Service Value Added Tax Taxable Persons Register.

(5) If in an inspection performed by the State Revenue Service it is established that the legal address indicated by a member of a VAT group in fact does not exist, the State Revenue Service shall exclude the VAT group from the State Revenue Service Value Added Tax Taxable Persons Register.

(6) If a member of a VAT group does not meet the conditions of Section 64 of this Law and the principal undertaking fails to fulfil the commitments laid down in Section 68, Paragraph five of this Law, the State Revenue Service shall exclude the VAT group from the State Revenue Service Value Added Tax Taxable Persons Register.

(7) If a member of a VAT group is excluded from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 73, Paragraph one, Clause 4, the State Revenue Service shall concurrently take the decision to exclude the member of the VAT group from the VAT group and also inform the principal undertaking thereof. Within two months after the day of excluding the member of the VAT group from the State Revenue Service Value Added Tax Taxable Persons Register, the principal undertaking or the member of the VAT group who will be the principal undertaking henceforward shall submit an amended agreement on the establishment of a VAT group. If the principal undertaking fails to fulfil the commitments laid down in this Paragraph, the State Revenue Service shall take the decision to exclude the VAT group from the State Revenue Service Value Added Tax Taxable Persons Register.

(8) A VAT group shall be deemed as excluded from the State Revenue Service Value Added Tax Taxable Persons Register from the first date of the next taxation period after the State Revenue Service has taken the decision to exclude the VAT group from the State Revenue Service Value Added Tax Taxable Persons Register.

**Section 83. Exclusion of a Fiscal Representative from the State Revenue Service Value Added Tax Taxable Persons Register**

(1) A fiscal representative shall be excluded from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with the procedures referred to in Sections 79 and 80 of this Law.

(2) The State Revenue Service, when excluding a taxable person whom a registration number of fiscal representative has also been issued from the State Revenue Service Value Added Tax Taxable Persons Register, shall also exclude the fiscal representative.

(3) If the State Revenue Service establishes that a fiscal representative has the debt referred to in Section 73, Paragraph one, Clause 10, Sub-clause “b” of this Law, the State Revenue Service shall send a written warning to the fiscal representative regarding its exclusion from the State Revenue Service Value Added Tax Taxable Persons Register.

(4) If within 10 working days after sending of the written warning referred to in Paragraph three of this Section a fiscal representative fails to pay the relevant debt, the fiscal representative shall be excluded from the State Revenue Service Value Added Tax Taxable Persons Register.

(5) If a fiscal representative is a legal person and the State Revenue Service determines that in respect of the person having the right of representation of such legal person the circumstance referred to in Section 73, Paragraph one, Clause 10, Sub-clause “c” of this Law sets in, the State Revenue Service shall send a written warning to the fiscal representative regarding its exclusion from the State Revenue Service Value Added Tax Taxable Persons Register.

(6) If within 30 days after sending of the warning referred to in Paragraph five of this Section, a fiscal representative fails to eliminate the circumstance referred to in Section 73, Paragraph one, Clause 10, Sub-clause “c” of this Law, the fiscal representative shall be excluded from the State Revenue Service Value Added Tax Taxable Persons Register.

(7) If a fiscal representative is a natural person who is the only person having the right of representation, and the State Revenue Service establishes that in respect of such person the circumstance referred to in Section 73, Paragraph one, Clause 10, Sub-clause “c” of this Law sets in, the State Revenue Service shall exclude the fiscal representative from the State Revenue Service Value Added Tax Taxable Persons Register.

**Section 83.1 Exclusion from the State Revenue Service Value Added Tax Taxable Persons Register if Material, Technical and Financial Possibilities of a Registered Taxable Person Do not Correspond to Any of the Types of Its Economic Activity**

If the State Revenue Service establishes during implementation of tax control and administration measures that material, technical and financial possibilities of a registered taxable person do not correspond to any of the types of its economic activity, the State Revenue Service shall take the decision to exclude the registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register.

[*17 December 2015*]

**Section 83.2 Exclusion from the State Revenue Service Value Added Tax Taxable Persons Register if Activities of a Registered Taxable Person – Merchant Have Been Suspended on the Basis of Its Decision in Accordance with the Commercial Law**

If a registered taxable person – merchant has decided to suspend merchant activity in accordance with the Commercial Law, the State Revenue Service shall, within five working days after receipt of the information from the Commercial Register on suspension of activities of the relevant registered taxable person – merchant, takes the decision to exclude the registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register.

[*17 December 2015*]

**Section 83.3 Exclusion from the State Revenue Service Value Added Tax Taxable Persons Register if an Official of a Registered Taxable Person – Legal Person – or a Registered Taxable Person – Natural Person – Has Been Included in the List of Persons of Risk**

(1) If the State Revenue Service establishes that an official of a registered taxable person – legal person – or a registered taxable person – natural person – has been included in the list of persons of risk in accordance with the law On Taxes and Fees, the State Revenue Service shall assess whether the official of the registered taxable person – legal person – or registered taxable person – natural person – has performed any activities resulting in losing the grounds for the inclusion of this person in the list of persons of risk.

(2) On the basis of the conducted assessment referred to in Paragraph one of this Section, the State Revenue Service has the right to take the decision to exclude a registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register.

[*17 December 2015*]

**Section 83.4 Exclusion from the State Revenue Service Value Added Tax Taxable Persons Register if a Registered Taxable Person has not Specified any Transactions in Tax Returns for at Least the Previous Six Calendar Months**

(1) If the State Revenue Service, upon implementing tax control and administration measures, finds that a registered taxable person has not specified any transactions in tax returns for a least the previous six calendar months and the economic activity of the referred to taxable person has not been suspended in accordance with the Commercial Law, the State Revenue Service shall send a written warning, informing of its right to exclude a registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register, requesting concurrently the registered taxable person to clarify in writing the factual circumstances of the abovementioned situation.

(2) If a registered taxable person provides the requested information within 20 working days after sending of the written warning referred to in Paragraph one of this Section, the State Revenue Service has the right to exclude the registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register if, upon evaluations of the information, the State Revenue Service finds that there is a risk relating to the payment of taxes and therefore the State budget could incur losses.

(3) If a registered taxable person does not provide the requested information within 20 working days after sending of the written warning referred to in Paragraph one of this Section, the State Revenue Service has the right to exclude the registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register.

[*20 June 2019*]

**Section 83.5 Exclusion from the State Revenue Service Value Added Tax Taxable Persons Register if a Registered Taxable Person Changes all Officials**

(1) If the State Revenue Service, upon implementing tax control and administration measures, finds that a registered taxable person changes all its officials, the State Revenue Service has the right to send a written warning, informing of its right to exclude a registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register, requesting concurrently the registered taxable person to clarify in writing the factual circumstances of the abovementioned situation and inviting the officials thereof to an interview.

(2) If a registered taxable person provides the requested information within 20 working days after sending of the written warning referred to in Paragraph one of this Section and interviews with officials have been conducted, the State Revenue Service has the right to exclude the registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register if,upon evaluation of the information, the State Revenue Service finds that there is a risk relating to the payment of taxes and therefore the State budget could incur losses.

(3) If a registered taxable person does not provide the requested information within 20 working days after sending of the written warning referred to in Paragraph one of this Section and interviews with officials have not been conducted, the State Revenue Service has the right to exclude the registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register.

[*20 June 2019*]

**Chapter X**

**The Tax to be Paid into the State Budget and Persons Paying Tax**

**Section 84. General Provisions for the Payment of the Tax and for the Determining of Persons Paying Tax**

(1) The tax shall be paid into the State budget by every taxable person which is registered or which in accordance with this Law must be registered in the State Revenue Service Value Added Tax Taxable Persons Register and which makes taxable transactions which are taxable inland, unless laid down otherwise in this Law.

(2) The tax for the supply of goods or services, except in the cases referred to in Section 43, Paragraphs four and six of this Law, shall be paid into the State budget also in the case when payment for goods or services has been made before the supply of goods or services.

(3) The tax for the supply of such goods which are assembled or installed shall be paid into the State budget also in the case if the consideration for the transaction has been received before the supply of goods and assembly or installation thereof.

(4) The tax for the services supplied and supplies of goods provided in accordance with the procedures referred to in Sections 141, 142, 143, 143.1, 143.2, 143.3, and 143.4 of this Law shall be paid into the State budget by the recipient of services or goods if he or she is a registered taxable person.

(5) If a taxable person of another Member State or a taxable person of a third country or third territory has not been registered in the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 55, Paragraph one of this Law, the tax for the received service shall be calculated and paid into the State budget by the recipient of the service if he or she is a registered taxable person.

(6) The tax for taxable transactions (advance payments received) made inland shall be paid into the State budget also by taxable persons of another Member State and taxable persons of third countries or third territories which are registered or which in accordance with this Law must be registered in the State Revenue Service Value Added Tax Taxable Persons Register, except when the tax for the supply of goods or services is paid into the State budget by the recipient of goods or services.

(7) If a taxable person of another Member State or a taxable person of a third country or third territory supplying goods or services inland, the place of supply of which is determined in accordance with Section 19, Paragraph one of this Law, is a fixed establishment inland participating in the supply of such goods or services, the tax for the supply of such goods or services shall be paid into the State budget by the fixed establishment of the relevant person.

(8) A registered taxable person which is a State or local government institution or a local government which in accordance with Section 58 of this Law has been registered in the State Revenue Service Value Added Tax Taxable Persons Register for the receipt of the construction services referred to in Section 142, Paragraph four of this Law has the right not to pay tax into the State Budget for other taxable transactions to which tax is applied inland in accordance with the law, if he exercises the right laid down in Section 59 of this Law.

(9) The tax shall be paid into the State budget in the cases laid down in Sections 85, 87, 88, and 89 of this Law also by non-registered taxable persons.

(10) The tax shall be paid into the State budget by every person who has indicated the tax in the tax invoice issued thereby.

(11) If the total value of the taxable supplies of goods and services made by a non-registered taxable person over the previous 12 months has exceeded EUR 40 000, he or she shall pay the tax which is calculated in accordance with Section 34, Paragraph ten of this Law into the State budget.

[*19 September 2013; 6 November 2013; 30 November 2015; 16 June 2016; 23 November 2016; 27 July 2017; 30 May 2019* / *Amendment to Paragraph four regarding replacement of the figures and words “143.3, 143.4 and 143.5” with the figures and words “143.3 and 143.4” shall come into force on 1 January 2020. See Paragraph 34 of Transitional Provisions*]

**Section 85. Persons Paying Tax into the State Budget for Importation of Goods**

(1) Any person shall pay the tax into the State budget for the importation of goods, unless laid down otherwise in this Law.

(2) If in performing the importation of goods in accordance with the laws and regulations in the field of customs the customs debt is to be ensured by the customs guarantee, a person responsible for the payment of the customs debt who, however, has not obtained an authorisation to apply special tax arrangement for transactions of importation of goods, shall submit a guarantee for the tax debt.

(3) In performing importation of goods, special tax arrangement for the transactions of importation of goods shall not be applied by:

1) a registered taxable person if it carries out importation of goods within the framework of its economic activity and has received an authorisation from the State Revenue Service;

2) a fiscal representative if it performs importation of goods, representing a registered taxable person of another Member State or a registered taxable person of a third country or third territory, and it has received an authorisation from the State Revenue Service.

(4) The State Revenue Service on the basis of a submission of a registered taxable person shall grant the authorisation referred to in Paragraph three of this Section to the registered taxable person, if it conforms to all the conditions referred to in this Paragraph:

1) it is recorded in the commercial register or registered in the State Revenue Service as a performer of economic activity;

2) during the preceding 12 months it has performed economic activity inland and is registered in the State Revenue Service Value Added Tax Taxable Persons Register;

3) its material, technical and financial possibilities conform to the types of economic activity;

4) on the day of submitting the submission it does not have any tax debts;

5) during the preceding 12 months, within the periods laid down in the laws and regulations governing the field of taxes, it has provided tax and informative declarations and the annual report, and also within the deadline specified by the State Revenue Service has provided additional information that is necessary for determining the tax amount payable into the State budget or the tax overpayment;

6) persons with the right of representation have no 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 amount of a tax liability;

7) an official of a registered taxable person – legal person – or a registered taxable person – natural person – has not been included in the list of persons of risk in accordance with the law On Taxes and Fees;

8) it is a registered client of the Electronic Declaration System of the State Revenue Service.

(5) A registered taxable person is entitled to apply special tax arrangement to transactions of importation of goods for the importation of fixed assets without the authorisation referred to in Paragraph three of this Section, provided that the conditions referred to in this Paragraph are met:

1) a registered taxable person imports a fixed asset which is intended to be used for the provision of taxable transactions fully or partially at least within 12 calendar months from the time when importation of fixed assets is carried out;

2) the value of a fixed asset (without tax) reaches or exceeds EUR 700;

3) a registered taxable person has no tax debts for the preceding taxation periods.

(6) In applying Paragraph five, Clause 1 of this Section, a passenger car shall also be deemed a fixed asset if it is imported by a registered taxable person the basic activity of which is driver skills training, provision of taxi services, provision of lease services of passenger cars, transactions of supply of passenger cars or hire purchase transactions.

(7) If a registered taxable person when importing goods uses customs services supplied by another person, such person has the right to apply the special tax arrangement for transactions of importation of goods, if the authorisation referred to in Paragraph three of this Section on behalf of the registered taxable person has been received.

(8) The Cabinet shall determine:

1) the conditions under which the authorisations referred to in Paragraph three of this Section are issued, suspended and cancelled, the procedures for issuing, suspending and cancellation such authorisations, and the procedures for the submission and examination of the submission for the receipt of such authorisation;

2) the types of the tax debt guarantee referred to in Paragraph two of this Section, the procedures for the submitting, accepting, application, determination of the amount, recording and extinguishing, and also the requirements according to which a person is exempted from submitting the debt guarantee;

3) documents confirming payment of the tax into the State budget in transactions of importation of goods.

[*19 September 2013; 6 November 2013; 23 November 2016; 20 April 2017; 20 June 2019*]

**Section 86. Persons Paying the Tax into the State Budget for the Acquisition of Goods in the Territory of the European Union**

(1) If a registered taxable person or fiscal representative makes inland acquisition of goods in the territory of the European Union, it shall calculate and pay the tax into the State budget by applying corresponding tax rate to such transaction in accordance with Section 41, Paragraph one, Clause 1 or 2 of this Law.

(2) If the total value without tax of the acquisition of goods in the territory of the European Union by a non-registered taxable person has exceeded the registration threshold laid down in Section 57, Paragraph one of this Law, it shall calculate and pay the tax into the State budget for the acquisition of goods in the territory of the European Union for the value which exceeds the registration threshold laid down in Section 57, Paragraph one of this Law.

(3) If a taxable person of another Member State or a taxable person of a third country or third territory makes inland acquisition of goods in the territory of the European Union, it shall calculate the tax and pay it into the State budget, except for the transactions referred to in Section 54 of this Law.

(4) If a taxable person of another Member State or a taxable person of a third country or third territory in accordance with Section 55, Paragraph one of this Law has not been registered in the State Revenue Service Value Added Tax Taxable Persons Register, the tax for the acquisition of goods shall be calculated and paid into the State budget by the recipient of goods if he or she is a registered taxable person.

(5) The conditions of Paragraph one of this Section shall not apply to the acquisition of goods in the territory of the European Union made by a taxable person, if the zero per cent tax rate would be applicable inland to such supply of goods in accordance with Sections 43, 47, 48, and 50 of this Law.

(6) If a registered taxable person or fiscal representative makes inland acquisition of goods in the territory of the European Union from a non-registered taxable person of another Member State, the tax for the acquisition of goods in the territory of the European Union need not be calculated and paid into the State budget.

(7) The conditions of Paragraph six of this Section shall not be applicable to the acquisition of a new means of transport.

(8) If the supplier of goods is a registered taxable person of another Member State who is not registered in the State Revenue Service Value Added Tax Taxable Persons Register, has issued a tax invoice and applies tax to transactions in accordance with the conditions of Section 54, Paragraph three of this Law, the registered taxable person shall calculate the tax and pay it into the State budget for the acquisition of goods in the territory of the European Union.

(9) [28 November 2019]

[*6 November 2013; 19 February 2015; 28 November 2019*]

**Section 87. Persons Paying the Tax into the State Budget for the Acquisition of a New Means of Transport in the Territory of the European Union**

Any person including a non-registered taxable person or a non-taxable person, in acquiring a new means of transport from any person of another Member State, shall pay tax into the State budget.

**Section 88. Persons Paying Tax into the State Budget for the Services Supplied by a Taxable Person of Another Member State**

(1) For the services the place of supply of which is determined in accordance with Section 19, Paragraph one of this Law and which are received from a taxable person of another Member State, tax shall be calculated and paid into the State budget by the recipient of services who is a taxable person.

(2) For the services referred to in Section 20, Paragraph one and Section 25 of this Law the place of supply of which in accordance with this Law is inland and which have been received from a taxable person of another Member State who is not conducting economic activity inland, tax shall be calculated and paid into the State budget by the recipient of services, if he is a registered taxable person.

(3) For the services referred to in Section 20, Paragraph two and Section 25 of this Law, the place of supply of which in accordance with this Law is inland, the tax shall be paid by the supplier of services if the recipient of such services is a non-registered taxable person or a person who is not a taxable person.

**Section 89. Persons Paying Tax into the State Budget for the Services Supplied by a Taxable Person of a Third Country or Third Territory**

(1) For the services the place of supply of which is determined in accordance with Section 19, Paragraph one of this Law and which are received from a taxable person of a third country or third territory, the tax shall be calculated and paid into the State budget by a recipient of services who is a taxable person.

(2) For the services referred to in Section 20, Paragraph one and Section 25 of this Law the place of supply of which in accordance with this Law is inland and which are received from a taxable person of a third country or third territory who is not performing economic activity inland, the tax shall be calculated and paid into the State budget by a recipient of services if he or she is a registered taxable person.

(3) For the services referred to in Section 20, Paragraph two and Section 25 of this Law, the place of supply of which in accordance with this Law is inland, the tax shall be paid by the supplier of services if the recipient of such services is a non-registered taxable person or a person who is not a taxable person.

(4) If a taxable person receives the services indicated in Section 30, Paragraph one of this Law from a taxable person of a third country or third territory, it shall calculate the tax for such services and pay it into the State budget.

(5) Paragraph four of this Section shall not be applicable to the services referred to in Section 30, Paragraph one, Clause 9 of this Law to which exemption from tax is applied in accordance with Section 52, Paragraph one, Clauses 20 and 21 of this Law.

**Section 90. Tax Payable into the State Budget upon Adjusting the Taxable Value of Goods for Reusable Beverage Packaging not Returned**

A registered taxable person who, in accordance with Section 39, Paragraph three, Clause 3 of this Law, did not include a fee in the taxable value of the transaction for the reusable beverage packaging to which the deposit system is applied shall, in submitting a return for the taxation year, adjust the taxable value of the goods supplied for the value of reusable beverage packaging not returned in the previous taxation year and pay the tax amount calculated from such value into the State budget.

[*9 December 2021 / The new wording of the Section shall come into force on 1 February 2022. See Paragraph 41 of Transitional Provisions*]

**Section 91. Persons Paying Tax into the State Budget in Other Cases**

(1) If a taxable person of another Member State supplies goods from another Member State to inland and assembles or installs them inland, tax shall be paid into the State budget by:

1) the recipient of goods if he or she is a registered taxable person;

2) a taxable person of another Member State, if the recipient of goods is a non-registered taxable person or a non-taxable person.

(2) If a registered taxable person of another Member State or a taxable person of a third country or third territory supplies gas, using the natural gas system which is located in the territory of the European Union, or networks which are connected to such system, and also supplies electricity, thermal energy or cooling energy which is ensured through thermal energy or cooling energy networks, and in accordance with the conditions of Section 15 of this Law the place of supply of goods is inland, tax shall be paid into the State budget by:

1) the recipient of gas, electricity, thermal energy or cooling energy, if he or she is a registered taxable person;

2) a taxable person of another Member State or a taxable person of a third country or third territory, if the recipient of gas, electricity, thermal energy or cooling energy is a non-registered taxable person or a non-taxable person.

(3) A registered taxable person, which is a State or local government institution or a local government which in accordance with Section 58 of this Law is registered in the State Revenue Service Value Added Tax Taxable Persons Register for the receipt of the construction services referred to in Section 142, Paragraph four of this Law, for other taxable transactions in respect of which tax is applied in accordance with the Law, shall pay tax into the State budget if it selects not to exercise or is not entitled to exercise the right laid down in Section 59 of this Law upon prior notification thereof to the State Revenue Service.

[*6 November 2013*]

**Chapter XI**

**Deduction of Input Tax from the Tax Amount Payable into the State Budget and Adjustment of Input Tax**

**Section 92. General Provisions for the Deduction of Input Tax**

(1) If the goods are acquired and services are received for the ensuring of taxable transactions or for the ensuring of such transactions made in other countries which should be taxable, if they would be made inland, the input tax shall be:

1) the tax amounts indicated in tax invoices received from other registered taxable persons for the goods acquired and services received;

2) the tax amount paid for the importation of goods;

3) the tax amount calculated in accordance with a special tax arrangement for transactions of importation of goods in conformity with a customs declaration;

4) the calculated tax amount which is to be paid by a registered taxable person in the taxation period as a recipient of service;

5) the calculated tax amount from the acquisition of goods in the territory of the European Union;

6) the calculated tax amount for the goods acquired in accordance with Sections 141, 143, 143.1, 143.2, 143.3, and 143.4 of this Law;

7) the calculated tax amount for the services received in accordance with Sections 141, 142 and 143 of this Law;

8) the calculated or paid tax amounts for the goods acquired which have been issued as small value gifts or samples of goods;

9) the calculated or paid tax amount for goods and services to ensure the supply of goods to a taxable person who, in accordance with the provisions of Section 6, Paragraph six of this Law, is deemed to have received and supplied the goods itself to a person who is not a taxable person.

(2) The input tax is also such tax amounts laid down in Paragraph one of this Section for the goods supplied and services received for ensuring the services referred to:

1) in Section 52, Paragraph one, Clauses 20 and 21 of this Law if the recipient of services is a person of a third country or third territory;

2) in Section 52, Paragraph one, Clauses 20 and 21 of this Law if the transactions made are directly related to exportation of goods.

(3) A registered taxable person has the right to deduct a compensation disbursed to the farmer as the input tax from the tax amount payable into the State budget in accordance with Section 135 of this Law.

(31) A registered taxable person has the right to deduct as input tax from the tax amount payable into the State budget the tax amount which is indicated in such invoice for the supply of water, thermal energy, electricity or gas or for the services of sewerage or household waste removal:

1) which is issued by a person which ensures the administration of buildings and which is operating as an intermediary between the actual supplier of such goods or services and the recipient of such goods and services shall receive consideration from the recipient of such goods or services for the goods and services and the tax to be transferred in full amount to the actual supplier of goods or services;

2) in which the name of the actual supplier of goods or services, registration number in the State Revenue Service Value Added Tax Taxable Persons Register, the date and number of the invoice, the value of goods or services and the tax amount is indicated separately.

(4) A registered taxable person has the right to deduct the input tax from the tax amount payable into the State budget, unless laid down otherwise in this Law.

(5) The input tax shall be deducted by indicating the amount of input tax in a tax return and reducing the tax amount payable into the State budget for such value.

(6) A registered taxable person, in performing input tax deductions, has an obligation to ascertain whether the registered taxable person has submitted a tax invoice. Such information may be obtained from the State Revenue Service or in the database of taxable persons which is publicly accessible on the Internet.

(7) In order to exercise the right to deduct input tax, a registered taxable person has an obligation to retain the received tax invoice for the transaction made and the invoice referred to in Paragraph 3.1 of this Section.

(8) Adjustment of input tax shall be made in the cases laid down in this Chapter.

[*6 November 2013; 30 November 2015; 16 June 2016; 23 November 2016; 27 July 2017; 30 May 2019; 15 October 2020; 10 February 2022*]

**Section 93. Right to Deduct the Input Tax for Goods Acquired, Services Received and Goods Imported Prior to Registration in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) A taxable person, also a taxable person of another Member State and a taxable person of a third country or third territory, after registration in the State Revenue Service Value Added Tax Taxable Persons Register has the right to deduct the input tax calculated in accordance with Section 92 of this Law from the tax amount payable into the State budget for the goods and services acquired or received by such person prior to registration in the State Revenue Service Value Added Tax Taxable Persons Register.

(2) Paragraph one of this Section shall not be applicable to the acquisition of passenger cars, except when a passenger car is used or it will be used for ensuring such taxable transactions as driver skills training, provision of taxi services, provision of leasing services of passenger cars, transactions of supply of passenger cars or hire purchase transactions.

(3) Paragraph one of this Section shall not be applicable to administrative expenses (including lease of office premises, office maintenance services, electronic communications services, purchase of fuel, leasing services of vehicles), which have incurred prior to registration of a person in the State Revenue Service Value Added Tax Taxable Persons Register.

(4) The right referred to in Paragraph one of this Section shall not be applicable to:

1) goods that have been acquired more than 12 months before the day when a taxable person is deemed as registered in the State Revenue Service Value Added Tax Taxable Persons Register;

2) services that have been received more than three months before the day when a taxable person is deemed as registered in the State Revenue Service Value Added Tax Taxable Persons Register.

(5) The deductible input tax referred to in Paragraph one of this Section shall not be applicable to:

1) goods recorded in stocks, also to the goods manufactured by the taxable person itself on the basis of the inventory results on the day when the taxable person is deemed as registered in the State Revenue Service Value Added Tax Taxable Persons Register;

2) fixed assets according to the balance value thereof on the day when the taxable person is deemed as registered in the State Revenue Service Value Added Tax Taxable Persons Register, on the basis of the list approved by an authorised person of the taxable person;

3) goods and services which the taxable person has used for fixed assets manufactured or built by itself, if they are not accepted for service – the amount of deductible input tax is to be formed by expenses directly related to the establishment of fixed assets for the received goods and services on the basis of the list approved by an authorised person of the taxable person;

4) services on the basis of the list approved by an authorised person of the taxable person.

(6) When applying Paragraph five of this Section, a natural person (registered taxable person) who is conducting economic activity and is a personal income taxpayer who is earning income from its economic activity, in acquiring a fixed asset, shall determine the amount of deductible input tax by drawing up a statement indicating the planned proportion of use of the fixed asset for the ensuring of such transactions which give the right to deduct input tax, and for the ensuring of such transactions which do not give the right to deduct input tax.

(7) After registration in the State Revenue Service Value Added Tax Taxable Persons Register a taxable person shall submit the first tax return and concurrently also the documents therewith substantiating the deductible input tax in Paragraph five of this Section.

**Section 94. Deduction of Input Tax in Transactions of a VAT Group**

(1) Goods and services which the members of a VAT group acquire or receive for the ensuring of the economic activity from the persons who are not members of the VAT group shall be deemed as acquired or received for the needs of the VAT group, and the tax which is indicated in tax invoices received for the abovementioned goods and services for the ensuring of taxable transactions shall be deemed as input tax of the VAT group.

(2) If members of a VAT group make taxable transactions and non-taxable transactions, the VAT group in accordance with the procedures laid down in Section 98, Paragraph one of this Law shall ensure a separate or partially separate accounting of those goods and services which are used for the making of taxable or non-taxable transactions and the input tax shall be deducted in accordance with the procedures for the accounting and deduction of input tax developed by the VAT group and approved by the members of the VAT group.

(3) If a VAT group cannot ensure a separate or partially separate accounting for the acquired goods and received services in respect of which the VAT group, the members of which make taxable and non-taxable transactions in accordance with the procedures laid down in Section 98, Paragraph two of this Law, the input tax in a tax return submitted by the principal undertaking shall be deducted in conformity with the proportion of the VAT group or at the level of each member – in conformity with the actual use proportion of each member, unless it is otherwise provided for in this Section.

(4) Tax for the acquired goods and received services for the ensuring of such transactions which are made between members of a VAT group shall be deductible as input tax in accordance with the procedures laid down in Paragraph two or three of this Section, if transactions mutually made by the members of the VAT group, in which the abovementioned goods and services are used directly or indirectly, are ended by a taxable transaction.

(5) A VAT group shall deduct input tax in accordance with the procedures laid down in this Section by taking into account the transactions made by all members of the VAT group.

(6) A VAT group shall take over the commitments of making adjustments from the day of registration thereof or from the day of adding a new member, if an immovable property registered or to be registered in the State Revenue Service in accordance with the procedures laid down in Section 99 of this Law is in the ownership of its member, and continue making adjustments of input tax in conformity with the procedures for the accounting and deduction of input tax developed by the VAT group and approved by the members of the VAT group.

(7) A VAT group shall take over the commitments of making adjustments from the day of its registration or from the day of adding a new member, if a fixed asset the acquisition or manufacture value (without tax) of which reaches or exceeds EUR 70 000 is in the ownership of its participant, and continue making adjustments of input tax in conformity with the procedures for the accounting and deduction of input tax developed by the VAT group and approved by the members of the VAT group.

[*19 September 2013; 23 November 2016*]

**Section 95. Deduction of Input Tax for a Fiscal Representative**

(1) A registered taxable person to whom a registration number of a fiscal representative has also been issued shall deduct the tax indicated in the received tax invoices for the goods and services for ensuring activities of the fiscal representative as input tax in a tax return. The abovementioned deductions shall not be made in the tax return of a fiscal representative.

(2) A fiscal representative shall indicate the following as input tax in its tax return:

1) the tax amount calculated for imported goods in accordance with a special tax arrangement for transactions of importation of goods in conformity with a customs declaration;

2) the tax amount calculated, if it makes inland acquisition of goods in the territory of the European Union, representing a taxable person of another Member State or a taxable person of a third country or third territory.

[*19 February 2015*]

**Section 96. Deduction of Input Tax for a Natural Person who is a Registered Taxable Person**

(1) Input tax for a natural person who is a registered taxable person shall be formed by the tax amount referred to in Section 92, Paragraph one of this Law for the acquired goods and received services only in such amount in which the received goods and services according to their economic nature are related to ensuring taxable transactions made within the framework of economic activity of the abovementioned person, including tax amounts for:

1) the received transport services, vehicle repair, technical maintenance services and purchased fuel – in proportion to ratio of kilometres driven in a taxation period for ensuring taxable transactions within the framework of economic activity;

2) the electronic communications services received for ensuring taxable transactions within the framework of economic activity – in conformity with the itemised list of printout of the supplier of electronic communications services for a taxation period or in proportion to the ratio of the services used for ensuring taxable transactions made within the scope of economic activity in the total amount of services received;

3) the phone subscription fee – in proportion to the ratio of conversations made for ensuring taxable transactions within the framework of economic activity in the total sum for conversations.

(2) In order to deduct input tax, a natural person who is a registered taxable person shall comply with the conditions of Sections 98 and 100 of this Law.

[*6 November 2013*]

**Section 97. Time of Deducting Input Tax**

(1) Input tax for the received goods or services, except for the services received from taxable persons of another Member State or taxable persons of third countries or third territories the place of supply of which is determined in accordance with Section 19, Paragraph one of this Law, shall be deducted from the tax amount payable into the State budget in such taxation period when the goods or services were received and tax invoice was received or consideration for the supply of goods or services has been paid prior to the receipt of goods or services, but not later than the next taxation period following this taxation period, unless laid down otherwise in this Law.

(2) The input tax for the acquisition of goods in the territory of the European Union may be deducted when the tax for the acquisition of goods in the territory of the European Union is included in a tax return in accordance with Section 121, Paragraph one of this Law.

(3) If a registered taxable person receives a tax invoice from another registered taxable person with a notation “cash accounting”, the input tax for the received goods or services shall be deducted from the tax amount to be paid into the State budget not earlier than in the taxation period in which such registered taxable person has paid the tax amount indicated in the received tax invoice.

(4) Input tax for the received service, in respect of which a recipient of service pays tax into the State budget in accordance with Sections 141, 142 and 143 of this Law, shall be deductible from the tax amount to be paid into the State budget in the taxation period when the service is received and tax invoice is received or an advance payment is made for such service in accordance with the invoice.

(5) Input tax for the goods acquired in accordance with Sections 141, 143, 143.1, 143.2, 143.3, and 143.4 of this Law shall be deductible from the tax amount to be paid into the State budget in the taxation period when the goods are received and tax invoice is received or an advance payment is made for such goods in accordance with the invoice.

(6) Input tax for the services received from taxable persons of another Member State or taxable persons of third countries or third territories, the place of supply of which is determined in accordance with Section 19, Paragraph one of this Law, shall be deducted from the tax amount to be paid into the State budget after receipt of such services or when it is paid in advance for such service in accordance with the invoice.

(7) Input tax for the importation of goods shall be deducted in the taxation period when the importation of goods is performed.

(8) If the tax for the imported goods is paid in advance, such tax amount paid in advance shall be deducted as input tax in the tax return for such taxation period when the advance payment was made.

(9) The tax paid in accordance with the procedures referred to in Section 124, Paragraph one of this Law shall be deductible from the tax amount to be paid into the State budget in the taxation period in which the tax is paid into the State budget.

(10) The tax paid in accordance with the procedures referred to in Section 124, Paragraph two of this Law shall be deductible from the tax amount to be paid into the State budget in the taxation period in which the goods are dispatched or the supply of a service is commenced.

(11) The right of deducting input tax referred to in Section 93, Paragraph one of this Law shall be implemented in the taxation period in which the first tax return is submitted after registration in the State Revenue Service Value Added Tax Taxable Persons Register.

(12) At an auction organised by a bailiff or administrator of insolvency proceedings the tax amount indicated in the tax invoice for the acquisition of property shall be deducted as an input tax after:

1) the time limit for the appeal of the calculation drawn up by the bailiff or administrator of insolvency proceedings has expired and such calculation is not appealed or, if such calculation is appealed, when a court ruling on the drawn up calculation has entered into effect;

2) tax invoice is received from the bailiff or administrator of insolvency proceedings.

[*30 November 2015; 16 June 2016; 23 November 2016; 20 April 2017; 27 July 2017; 30 May 2019* / *Amendment to Paragraph five regarding the replacement of the figures and words “142, 143, 143.1, 143.2, 143.3, 143.4, and 143.5” with the figures and words “143, 143.1, 143.2, 143.3, and 143.4” shall come into force on 1 January 2020. See Paragraph 34 of Transitional Provisions*]

**Section 98. Proportion for the Calculation of Deductible Part of Input Tax**

(1) A registered taxable person for the needs of deduction of input tax shall ensure a separate accounting of the goods and services which are used only for the ensuring of such transactions which give the right to deduct input tax or only for ensuring such transactions which do not give the right to deduct input tax.

(2) If the goods acquired and services received are used for ensuring the transactions which give the right to deduct input tax and also for ensuring the transactions which do not give the right to deduct input tax and separate accounting thereof cannot be ensured in accordance with the procedures laid down in Paragraph one of this Section because the use of the resources of a registered taxable person would be disproportionate in respect of ensuring further more detailed cost allocation, the registered taxable person shall calculate the amount of input tax to be deducted in a taxation period by using the following proportion:

1) as numerator – the value of such transactions without tax made in a taxation period which give the right to deduct input tax;

2) as denominator – the total value of the transactions without tax made in a taxation period (the value of transactions included in the numerator which give the right to deduct input tax and the value of such transactions which do not give the right to deduct input tax).

(3) The value of imported goods, the value of the acquisition of goods in the territory of the European Union and the value of such goods and services, in respect of which a registered taxable person pays tax as the recipient of such goods and services, shall not be included in the numerator of the proportion laid down in Paragraph two of this Section.

(4) A registered taxable person has the right not to include the value of financial service or transaction with immovable property in the proportion referred to in Paragraph two of this Section, if atypical financial service has been supplied or atypical transaction with immovable property has been made, such transaction is of incidental nature and it clearly differs from the type of economic activity conducted by the registered taxable person.

(5) If the value of taxable transactions made by a registered taxable person in a pre-taxation year is less than five per cent of the total value of transactions and it applies Section 117, Paragraph three of this Law, it shall deduct the input tax for the goods acquired and services received for the calculation of the tax for the making of taxable transactions in accordance with Paragraph one of this Section.

(6) If a registered taxable person uses the goods acquired and services received for both ensuring the transactions which give the right to deduct input tax and for ensuring the transactions which do not give the right to deduct input tax, and separate accounting thereof cannot be ensured, as well as the value of the transactions made by the registered taxable person which give the right to deduct input tax is more than 95 per cent of the value of total transactions in a taxation period, it has the right to deduct the tax for the goods acquired and services received in full amount, not applying the proportion laid down in Paragraph two of this Section.

(7) Prior to submitting an annual return a registered taxable person who uses the procedures laid down in Paragraphs two and six of this Section for the deduction of input tax in a taxation period shall recalculate the proportion of transactions in general for the year and adjust the amount of deductible input tax and of the tax to be paid into the State budget.

(8) Public persons registered in the State Revenue Service Value Added Tax Taxable Persons Register may deduct input tax, if separate accounting of the goods and services used only for ensuring such transactions which give the right to deduct input tax is ensured.

(9) The ratio referred to in Paragraph two of this Law for the calculation of the part of input tax to be deducted shall be determined each year in form of percentage, rounding it up to the number that does not exceed the next round number.

[*6 November 2013*]

**Section 99. Deduction of Input Tax in Transactions with Immovable Property and Registration of Immovable Property**

(1) A registered taxable person has the right to deduct input tax in accordance with the procedures laid down in this Section in respect of the following transactions with immovable property:

1) acquisition of unused immovable property;

2) acquisition of used immovable property if tax has been applied to the sale of such immovable property in accordance with Section 144 of this Law;

3) construction, rebuilding, renewal or restoration of immovable property.

(2) If the immovable property is intended to be used only for ensuring of such transactions which give the right to deduct input tax, a registered taxable person shall deduct the input tax in full amount in respect of the transactions referred to in Paragraph one of this Section.

(3) If the immovable property is intended to be used only for economic activity, including for ensuring of the transactions which give the right to deduct input tax and for ensuring of the transactions which do not give the right to deduct input tax, a registered taxable person shall deduct the tax for the transactions referred to in Paragraph one of this Section in conformity with the conditions referred to in Paragraph one or two of Section 98.

(4) If the immovable property is intended to be used for both the needs of economic activity and other purposes which are not related to economic activity of a taxable person, the registered taxable person shall calculate the input tax in accordance with Paragraph three of this Section for that part of the immovable property which is intended for the use for the needs of economic activity.

(5) If the immovable property is intended to be used only for such purposes which are not related to economic activity of a registered taxable person, the tax shall not be deductible as input tax in respect of the transactions referred to in Paragraph one of this Section.

(6) The procedures laid down in this Section for the deduction of input tax shall be applied also by the registered taxable person referred to in Section 142, Paragraph three of this Law in respect of construction services referred to in Section 142, Paragraph four of this Law, which it receives in accordance with the procurement procedure laid down in the Public Procurement Law or as a public partner in accordance with the Law on Public-Private Partnership.

(7) A registered taxable person shall register any immovable property referred to Paragraph one of this Section with the State Revenue Service, unless it is laid down otherwise in this Law.

(8) Immovable property shall be registered with the State Revenue Service also if it is initially intended to be used only for non-taxable transactions or for the purposes which are not related to economic activity of the taxable person and input tax is not deducted in respect of it. Such condition shall not be applicable to cases when immovable property is used only to fulfil the State administration functions or tasks.

(81) Immovable property more than 99 per cent of which are used for taxable transactions and which in accordance with laws and regulations should not be alienated and is necessary in order to provide regulated public services, need not be registered with the State Revenue Service in accordance with Paragraph seven of this Section, and a report on the use of immovable property in accordance with Paragraph nine of this Section need not be submitted.

(9) Immovable property shall be registered by submitting Section A of a report on the use of the immovable property together with a tax return for the taxation period in which it was acquired or accepted for service.

(10) In registering immovable property, the total tax amount for the acquisition of goods or receipt of services referred to in Paragraph one of this Section, as well as the deducted amount of input tax shall be indicated, indicating the proportions of the use of the immovable property in conformity with:

1) the needs of economic activity and other purposes which are not related to economic activity of the taxable person;

2) taxable and non-taxable transactions.

(11) The deducted input tax is input tax which has been deducted by a registered taxable person in conformity with the proportions of the use of immovable property referred to in Paragraphs two, three, and four of this Section at the time when immovable property is registered with the State Revenue Service.

(12) The total amount of tax is to be formed by the amount of tax:

1) that is indicated in tax invoices received from another registered taxable person for the transactions referred to in Paragraph one of this Section;

2) that is calculated in accordance with Sections 141 and 142 of this Law;

3) that, in accordance with this Law, is calculated by a registered taxable person as the recipient of goods or services;

4) that is calculated for the importation of goods.

(13) A registered taxable person has the right to deduct input tax for unused immovable property which has been acquired before 1 October 2011, at the time when it sells such immovable property, if at the time of acquisition of immovable property the input tax was not deducted and the immovable property is sold as unused immovable property.

[*6 November 2013; 20 April 2017*]

**Section 100. Restrictions for the Deduction of Input Tax**

(1) 60 per cent of the tax for the goods acquired and services received for the representation needs which are related to organising of public conferences, receptions and meals, as well as manufacture of items representing registered taxable persons shall not be deductible as the input tax from the tax amount to be paid into the State budget.

(11) The following tax amount shall not be completely deducted as input tax from the tax amount to be paid into the State budget:

1) the acquisition, leasing and importation of such passenger car, the number of seats in which, excluding the driver’s seat, does not exceed eight seats, or the acquisition, lease and importation of such lorry with a weight of up to 3000 kilograms which has been registered as a van and has more than three seats (including the driver’s seat), if the value of the abovementioned cars corresponds to the value of representation car specified in the laws and regulations governing enterprise income tax;

2) the costs, which are related to the maintenance of the cars referred to in Clause 1 of this Paragraph (including costs for the repair of such cars and purchase of fuel).

(2) 50 per cent of the tax for an acquired, leased or imported passenger car the number of seats of which, not including the driver’s seat, does not exceed eight seats and which is not any of the cars referred to in Paragraph 1.1, Clause 1 of this Section, as well as the costs related to the maintenance of such car, including expenses for repair of the car and purchase of fuel shall not be deductible as the input tax from the tax amount to be paid into the State budget.

(3) Paragraphs 1.1 and two of this Section shall not apply to cases when:

1) a registered taxable person acquires, leases or imports a car for the making of the following taxable transactions:

a) passenger transport operations for consideration, including for the supply of taxi services;

b) provision of leasing services of cars;

c) sale of cars or hire purchase transactions;

d) provision of goods transport services;

e) driver skills training;

f) provision of security guard services;

2) a car is an emergency vehicle;

3) a car is used as a demonstration car of an authorised car dealer;

4) a car is used for ensuring taxable transactions.

(4) In order to prove conformity with the condition referred to in Paragraph three, Clause 4 of this Section, a registered taxable person shall keep records of the journeys related to the performance of economic activity by using a route control system – a device which detects signals emitted by satellites of the global positioning system (GPS) and determines coordinates of a car in real time and place. If the company car tax is to be paid for a car, then a registered taxable person shall keep records of the journeys related to the performance of economic activity in accordance with the laws and regulations governing company car tax and has also declared such car in the State register on the vehicles and the drivers thereof in accordance with the laws and regulations governing company car tax.

(5) Tax amount indicated in tax invoices shall be deductible as the input tax for the expenses of purchase of fuel for the cars referred to in Paragraph three of this Section on the basis of the number of kilometres actually driven and not exceeding the fuel consumption norm of a city cycle specified by a manufacturing plant by more than 20 per cent.

[*6 November 2013; 30 November 2015; 23 November 2016*]

**Section 101. Adjustment of Input Tax in Transactions with Fixed Assets, Except for Transactions with Immovable Property**

(1) Conditions of this Section shall apply to fixed assets the acquisition or manufacture value of which without tax reaches or exceeds EUR 70 000, except for transactions with immovable property.

(2) A registered taxable person shall make an adjustment of input tax in accordance with the procedures laid down in this Section in respect of the acquired or manufactured fixed asset referred to in Paragraph one of this Section for which input tax has been deducted in conformity with the requirements laid down in Section 98, Paragraph one or two of this Law.

(3) Adjustment period of input tax shall be five years including the year in which a fixed asset is acquired or manufactured.

(4) Adjustment of input tax shall be made by submitting an annual tax return for each taxation year starting from the acquisition or manufacture year of the fixed asset.

(5) Adjustment of input tax shall be made by calculating the difference between one fifth of the deducted input tax and input tax deductible in the relevant taxation year in conformity with the requirements laid down in Section 98, Paragraph one or two of this Law.

(6) Adjustment of input tax shall not be made, if the proportion of the use of the fixed asset for transactions which give the right to deduct input tax and for transactions which do not give the right to deduct input tax has not changed in a taxation year.

(7) A registered taxable person shall ensure separate accounting of the deducted input tax for each fixed asset indicating the adjustment of the deducted input tax made in each taxation year.

[*19 September 2013; 23 November 2016*]

**Section 102. Adjustment of Input Tax in Transactions with Immovable Property**

(1) A registered taxable person shall, within 10 years starting from the taxation year in which an immovable property is acquired or accepted for service and subsequent nine years until 1 May of the post-taxation year, inform the State Revenue Service of the use of the immovable property in a taxation year in conformity with the proportions referred to in Section 99, Paragraphs two, three and four of this Law and the tax amount to be paid into the budget or to be refunded from the budget by submitting Section B of the report on the use of the immovable property together with the annual tax return.

(2) A registered taxable person shall make adjustment of input tax for each taxation year separately for each immovable property, calculating the difference between one tenth of the deducted input tax and input tax to be deducted in the relevant taxation year, in conformity with the use of the immovable property laid down in Section 99, Paragraphs two, three and four of this Law. The registered taxable person shall pay such difference into the State budget or receive it back from the State budget.

(3) Deductible input tax shall be the input tax which is calculated by a registered taxable person for each taxation year by multiplying one tenth from the total tax amount by the proportion of the use of the immovable property intended for the needs of economic activity in respect of transactions which give the right to deduct input tax and transactions which do not give the right to deduct input tax in the relevant taxation year.

(4) If a registered taxable person sells unused immovable property, it shall not make adjustment of input tax and shall notify the State Revenue Service of the exclusion of the immovable property from the register.

(5) If immovable property (or part thereof) other than unused immovable property is sold within 10 years, starting from the taxation year in which the immovable property was acquired or accepted for service, a registered taxable person shall:

1) notify the State Revenue Service of the exclusion of the immovable property (or part thereof) from the register by submitting Section C of the report on the use of immovable property together with a tax return for the taxation period in which the immovable property was sold;

2) refund the amount of the deducted input tax into the State budget, calculating it by multiplying one tenth of the deducted input tax by full number of years left from the year following the year of selling until the 10 years referred to in Paragraph one of this Section;

3) refund into the State budget the amount of the deducted input tax regarding the year when the immovable property (or part thereof) was sold, calculating by multiplying one hundred-twentieth part of the deducted input tax by full number of months left from the month following the month of selling until the end of the year;

4) make adjustment of input tax for the year of selling until the month in which the immovable property was sold;

5) include the amount of input tax to be refunded in the value of the immovable property, and the purchaser does not have the right to deduct it from the tax amount to be paid into the State budget;

6) if a part of the immovable property is sold, making of the adjustment of input tax shall be continued for the remaining part of the immovable property.

(6) If used immovable property or a part thereof is sold in accordance with Section 144 of this Law, a registered taxable person shall:

1) notify the State Revenue Service of the exclusion of the immovable property (or part thereof) from the register by submitting Section C of the report on the use of immovable property together with a tax return for the taxation period in which the immovable property was sold;

2) make adjustment of input tax for the time period until the month in which the immovable property was sold;

3) if a part of the immovable property is sold, making of the adjustment of input tax shall be continued for the remaining part of the immovable property in conformity with the conditions of this Section;

4) if immovable property which in accordance with Section 99 of this Law is registered with the State Revenue Service and regarding which input tax has not been initially deducted fully or partially is sold within nine years after the taxation year in which it was acquired or accepted for service, and at the time of sale the tax is applied to supply of immovable property, a registered taxable person shall deduct the remaining amount of input tax not deducted from the month following the month of selling until the 10 years referred to in Paragraph one of this Section as it is laid down in Paragraph five, Clause 2 of this Section.

(7) If an immovable property or a part thereof within 10 years after acquisition or acceptance for service thereof has perished or has been destroyed due to a natural disaster or in another forced way and it has been proved by documentary means, a registered taxable person shall:

1) notify the State Revenue Service of the exclusion of the immovable property or part thereof from the register by submitting Section C of the report on the use of immovable property together with a tax return for the taxation period in which the documents attesting the loss were drawn up on the abovementioned immovable property;

2) make adjustment of input tax regarding a time period until the month in which the immovable property or part thereof was excluded from the register;

3) continue to make adjustment of input tax regarding the remaining part of the immovable property, if a part of the immovable property has perished or has been destroyed due to a natural disaster or in another forced way.

(8) The adjustment of input tax laid down in this Section need not be made and Section B of the report on the use of immovable property or a part thereof need not be submitted together the annual tax return if changes in the proportion referred to in Section 99, Paragraph ten, Clause 1 or 2 of this Law do not exceed one per cent.

(9) [6 November 2013]

(10) If a registered taxable person carries out new rebuilding, renewal or restoration for rebuilt, renewed or restored immovable property within 10 years, he or she shall submit a tax return for the taxation period in which such part of the immovable property was accepted for service and Section A of the report on the use of immovable property. Adjustment of the deducted input tax shall be made irrespective of the previously made input tax adjustment of the registered immovable property.

(11) If a registered taxable person demolishes the immovable property (or a part thereof) within 10 years after acquisition of the immovable property or acceptance for service thereof, it shall:

1) notify the State Revenue Service of the exclusion of the immovable property (or part thereof) from the register by submitting Section C of the report on the use of immovable property together with a tax return for the taxation period in which the immovable property was demolished;

2) refund the amount of the deducted input tax into the State budget, calculating it by multiplying one tenth of the deducted input tax by full number of years left from the year following the year of demolition until the 10 years referred to in Paragraph one of this Section;

3) refund into the State budget the amount of the deducted input tax for the year of demolition of the immovable property (or part thereof), calculating it by multiplying one hundred-twentieth part of the deducted input tax by full number of months left from the month following the month of selling until the end of the year;

4) make adjustment of input tax for the year of selling until the month in which the immovable property was demolished;

5) if a part of the immovable property is demolished, making of adjustment of input tax shall be continued for the remaining part of the immovable property.

(12) Adjustment of the input tax in respect of the year of selling the immovable property (or a part thereof) or the year when the immovable property was demolished, perished or destroyed due to a natural disaster or in another forced way, or the documents were drawn up, which attest the transfer of the immovable property to the acquiring company, shall be included in Section C of the report on the use of the immovable property until the month in which the immovable property is excluded from the register.

(13) Adjustment of the input tax specified in this Section need not be made and Section B of the report on the use of immovable property need not be submitted, if a registered taxable person has acquired a plot of land together with a building or structure for the purpose of demolishing such building or structure in order to build another building or structure in its place for the making of taxable transactions.

[*6 November 2013; 20 April 2017*]

**Section 103. Adjustment of Input Tax on Investments in Capital of a Commercial Company, and also in Case of Transfer and Reorganisation of the Undertaking**

(1) Adjustment of input tax shall be made regarding property investments (including fixed asset, immovable property investments) in capital of a commercial company in exchange for certificates of securities and capital shares, unless otherwise provided for in this Section.

(2) If a registered taxable person makes property investment (including investing of fixed asset, except immovable property) into equity capital of another person and the property investment is not intended to be used for taxable transactions or the property investment is invested in equity capital of a non-registered taxable person, the part of the deducted input tax shall be refunded to the State budget and calculated as follows:

1) for fixed assets and intangible investments – from the remaining (undepreciated) value of the fixed asset or intangible investment recorded in the financial accounting of the registered taxable person;

2) for other property investment – the part of the deducted input tax for goods which were acquired for ensuring of one’s own taxable transactions.

(21) A registered taxable person shall not refund the part of the deducted input tax into the State budget in accordance with the procedures laid down in Paragraph two of this Section, if it makes property investment (including investing of fixed asset, except immovable property) in the capital of the following commercial company:

1) in the capital of a newly founded commercial company which registers in the State Revenue Service Value Added Tax Taxable Persons Register within 30 days after registration with the Commercial Register Office;

2) in the capital of the acquiring commercial company which informs the State Revenue Service of changes in the composition of the property investment and of the relevant entry made in the Commercial Register Office, and the property investment is intended to be used for taxable transactions.

(3) If a registered taxable person invests the immovable property (or a part thereof) within 10 years after acquisition of the immovable property or acceptance for service thereof as a property investment in capital of a commercial company or transfers it to the acquiring company after reorganisation or transfer of the undertaking, it shall:

1) notify the State Revenue Service of the exclusion of the immovable property or a part thereof from the register by submitting Section C of the report on the use of immovable property together with a tax return for the taxation period in which the investment was made or the fact of transfer of the immovable property was approved;

2) make adjustment of the input tax for a time period until the month in which documents attesting the transfer of immovable property were drawn up;

3) terminate the making of adjustment of input tax regarding the immovable property (or part thereof) starting from the next month following the month in which the documents attesting the transfer of immovable property were drawn up.

(4) Paragraph three of this Section shall be applicable if the immovable property as a property investment is invested in capital of a newly founded or acquiring commercial company and the newly founded commercial company within 30 days after making of the relevant entries in the Commercial Register Office submits a submission to the State Revenue Service for registration in the State Revenue Service Value Added Tax Taxable Persons Register and within 60 days after making of the relevant entries in the Commercial Register Office it is registered as a registered taxable person, but the acquiring commercial company (a registered taxable person) informs the State Revenue Service of changes in the composition of property investment. In such case the newly founded or acquiring commercial company shall re-register immovable property in conformity with Section 99, Paragraph seven of this Law and continue adjustment of input tax.

(5) If a newly founded or acquiring commercial company fails to meet the requirements referred to in Paragraph four of this Section, a registered taxable person who invests immovable property or a part thereof as property investment in commercial company capital shall refund into the State budget the amounts of deducted input tax, which are calculated:

1) by multiplying one tenth from the deducted input tax by full number of years left from the year following the year of drawing up of documents attesting the fact of performance of property investment until the 10 years referred to in Section 102, Paragraph one of this Law;

2) by multiplying one hundred-twentieth from the deducted input tax by full number of months left from the months following the months of drawing up of documents attesting the fact of making the property investment until the end of the year.

(6) Adjustment of the input tax shall not be made regarding transfer of an undertaking into the ownership or use of another registered taxable person, if within 30 days after the fact of the transfer of the undertaking the acquirer of the undertaking (successor in rights and obligations) who continues to perform economic activity with the acquired undertaking informs the State Revenue Service thereof.

(7) If as a result of investment in the capital of a commercial company and transfer of an undertaking a newly founded or acquiring commercial company which is a registered taxable person acquires immovable property, it shall re-register such immovable property in the State Revenue Service on its behalf in conformity with Section 99, Paragraph seven of this Law and continue adjustment of input tax.

(8) If as a result of reorganisation a newly founded or acquiring commercial company which is a registered taxable person acquires immovable property, it shall on the basis of the information on the transferred immovable property which has been provided by a registered taxable person who transfers such immovable property and which is co-ordinated with the State Revenue Service, re-register such immovable property in the State Revenue Service on his behalf in conformity with Section 99, Paragraph seven of this Law and continue adjustment of input tax.

[*6 November 2013; 28 November 2019*]

**Section 104. Adjustment of Input Tax by Excluding a Registered Taxable Person from the State Revenue Service Value Added Tax Taxable Persons Register**

(1) If a taxable person has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 73, Paragraph one, Clause 1, 2, or 12 of this Law, it shall, within 30 days after exclusion, submit a notification on the payment of the tax which includes the tax amount payable into the State budget which is calculated from the value of stocks and advance payments present in the accounting records on the day of exclusion, the balance value of fixed assets, the costs of establishment of fixed assets and unfinished construction objects on the day of exclusion for which tax has been deducted as input tax, and shall, within three working days after submission of the notification on the payment of the tax, pay the tax amount into the State budget.

(2) If a taxable person has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 73, Paragraph one, Clause 3 of this Law, its heir or trustee assigned by the court for the management of estate shall, within 30 days after exclusion, submit a notification on the payment of the tax which includes the tax amount payable into the State budget which is calculated from the value of stocks and advance payments present in the accounting records on the day of exclusion, the balance value of fixed assets, the costs of establishment of fixed assets and unfinished construction objects on the day of exclusion for which tax has been deducted as input tax, and shall, within three working days after submission of the notification on the payment of the tax, pay the tax amount into the State budget.

(3) If a taxable person has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 73, Paragraph one, Clause 4, 5, 6, or 11, or Paragraph three of this Law and has not been renewed or re-registered in the State Revenue Service Value Added Tax Taxable Persons Register, it shall, within 90 days after its exclusion, submit a notification on the payment of the tax which includes the tax amount payable into the State budget which is calculated from the value of stocks and advance payments present in the accounting records on the day of exclusion, the balance value of fixed assets, the costs of establishment of fixed assets and unfinished construction objects on the day of exclusion for which tax has been deducted as input tax, and shall, within three working days after submission of the notification on the payment of the tax, pay the tax amount into the State budget.

(4) A fiscal representative whom the State Revenue Service excludes from the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 73, Paragraph one, Clause 10 or Section 83, Paragraph two of this Law and who has not been re-registered with such Register shall, within 30 days after exclusion, submit a notification on the payment of the tax which includes calculation of the tax amount payable into the State budget for the imported goods and goods received from other Member States present in the accounting records on the day of exclusion, and shall, within three working days after submission of the notification on the payment of the tax, pay the tax amount into the State budget.

[*24 November 2020*]

**Section 105. Adjustment of Input Tax for Bad Debts**

(1) If the value of bad debt of a supplier of goods or services for one recipient of goods or services without tax is less than EUR 430, a registered taxable person has the right to reduce the amount paid into the State budget by the amount of the tax of bad debt, if all the conditions referred to in this Paragraph of the Section are met:

1) an invoice or tax invoice has been issued for the goods or services supplied;

2) the debt has arisen during the last three taxation years;

3) tax has been calculated for the transaction made and it is included in the tax return of the relevant taxation period;

4) the amount of the bad debt has been written off from the amount of special provision for bad doubtful debts or directly as losses (expenses) in the accounting of the registered taxable person in the current taxation period or in any of the previous taxation periods;

5) the recipient of goods or services and the supplier of goods or services are not mutually related persons within the meaning of the law On Taxes and Fees;

6) the supply of goods or services to the relevant recipient of goods or services has been interrupted at least six months before and has not been renewed;

7) a registered taxable person has not transferred (ceded) its right to claim to another person;

8) a registered taxable person can prove that it has taken measures for the recovery of bad debt;

9) the supplier of goods or services has sent information to the recipient of goods or services, who is a registered taxable person or who was a registered taxable person at the time of supply of goods or services, by 1 March of the post-taxation year that the relevant debt is considered bad debt within the meaning of this Law.

(2) The day of arising of a debt shall be the next day after the date when a recipient of goods and services had to pay to the supplier of goods or services, however, the payment was not made.

(21) The condition referred to in Paragraph one, Clause 2 of this Section sets in, if within three years since the emerging of the debt:

1) a statement of claim has been submitted to a court regarding the recovery of debt from the recipient of goods or services – with regard to the case referred to in Paragraph three of this Section;

2) the bankruptcy proceedings of the recipient of goods or services have been commenced – with regard to the case referred to in Paragraph four of this Section;

3) the insolvency proceedings of the recipient of goods or services have been commenced – with regard to the case referred to in Paragraph five of this Section.

(3) If the value of bad debt of the supplier of goods or services for one recipient of goods or services without tax has reached or exceeded EUR 430, a registered taxable person has the right to reduce the amount payable into the State budget by the amount of the tax for bad debt, if the conditions referred to in Paragraph one of this Section have been met and there is a court judgment on debt collection from the recipient of goods or services and a statement of a bailiff concerning the impossibility of the collection.

(4) The supplier of goods or services has the right to reduce the amount of the tax payable into the State budget by half from the amount of the tax for bad debt, if the conditions of Paragraph one, Clauses 1, 2, 3, 4, 5, 7, and 8 of this Section have been met, the supply of goods or services has been discontinued and the bankruptcy procedure of the recipient of goods or services has been commenced. The supplier of goods or services shall reduce the amount of the tax payable into the State budget by the remaining amount of the tax for bad debt after insolvency proceedings due to completion of the bankruptcy procedure in relation to the recipient of goods or services have been terminated.

(5) If the conditions referred to in Paragraph one, Clauses 1, 2, 3, 4, 5, 7, and 8 of this Section have been met, the supply of goods or services has been discontinued, the supplier of goods or services has the right to reduce the amount of the tax payable into the State budget by the amount of the tax for the bad debt which has been recognised in accordance with the Register of Creditors’ Claims when the court has approved completion of the insolvency proceedings of the recipient of goods or services, or, if the recipient of goods or services is a natural person, – when the court has approved the completion of bankruptcy procedure.

(6) A supplier of goods or services shall, in applying Paragraphs one and three of this Section, include the amount of the tax for bad debt in the tax return for March of post-taxation year or for the first quarter of post-taxation year, additionally indicating the person whose debt is considered bad debt within the meaning of this Law, and indicate the value of the debt and amount of tax.

(7) [23 November 2016]

(8) A recipient of goods or services who is a registered taxable person shall refund to the State budget the deducted amount of input tax for the unpaid bad debt after receipt of the information referred to in Paragraph one, Clause 9 of this Section, but not later than until 31 July of post-taxation year.

(9) A recipient of goods or services who is a registered taxable person shall pay into the State budget the tax amount referred to in Paragraph eight of this Section, indicating it in the tax return of the relevant taxation period.

(10) [23 November 2016]

(11) A recipient of goods or services who is excluded from the State Revenue Service Value Added Tax Taxable Persons Register shall refund to the State budget the amount of input tax deducted for the unpaid bad debt by submitting a notification on the payment of the tax for bad debts within the time limit laid down in Paragraph eight of this Section. The transactions for which the tax is refunded shall be indicated in the notification and, within three working days after submission of this notification, the amount of input tax deducted from the State budget for the unpaid bad debt indicated in the notification shall be transferred into the State budget.

(12) The State Revenue Service shall, within 30 days after receipt of the tax return referred to in Paragraph six of this Section, inform the recipient of goods or services who is a registered taxable person or was a registered taxable person at the time of supply of goods or receipt of services and who has not paid for the supplied goods or received services, regarding increase of the amount of tax to be paid into the State budget.

(13) If a bad debt has been recovered fully or partly after the adjustments provided for in this Section for the tax to be paid into the State budget have been performed, the supplier of goods or services shall calculate the tax for the recovered bad debt or part thereof and pay it into the State budget in that taxation period when the debt was paid.

(14) If the bad debt is paid to the supplier of goods or services, the recipient of goods or services has the right to deduct the input tax for the paid bad debt or part thereof in that taxation period when the payment was made.

[*19 September 2013; 6 November 2013; 23 November 2016; 20 April 2017; 24 November 2020*]

**Section 106. Adjustment of Input Tax in Other Cases**

(1) Adjustment of input tax shall be made if the amount of the deducted input tax changes (for example, cancelled purchases or discounts received).

(2) If goods are stolen or destroyed due to a natural disaster or in another forced way, adjustment of the input tax shall be made by paying the tax which has been deducted as input tax into the State budget.

(3) Adjustment of deducted input tax, if the goods have been stolen or destroyed due to a natural disaster or in another forced way, shall not be made, if the fact of destruction or theft has been proved by documentary means.

(4) In case of loss of goods, the adjustment of deducted input tax shall be made if the value of losses of goods exceeds the amount of losses planned in accordance with the laws and regulations regarding enterprise income tax and personal income tax.

[*6 November 2013*]

**Section 107. Right of the Cabinet to Determine and Explain the Procedures for the Deduction of Input Tax and Adjustment of Input Tax, and the Documents or Information to be Submitted**

The Cabinet shall:

1) explain the conditions for the deduction of input tax and adjustment of input tax;

2) determine the documents which justify the deduction of input tax;

3) lay down the procedures for the deduction and adjustment of input tax, if a registered taxable person makes hire purchase transactions with immovable property;

4) lay down the information to be submitted to the State Revenue Service which shall be submitted by a registered taxable person who, as a result of reorganisation, transfers immovable property to a newly founded or acquiring commercial company, concerning such transferred immovable property.

**Chapter XII**

**Refund of the Overpaid Tax from the State Budget**

**Section 108. General Provisions for the Refund of the Overpaid Tax from the State Budget**

The amount of the overpaid tax shall be the difference between the tax amount calculated for payment into the State budget and deductible input tax.

**Section 109. Refund of the Overpaid Tax**

(1) In performing the tax administration measures, the State Revenue Service shall refund the approved overpaid tax amount for the taxation period within 30 days after:

1) the time limit for the submission of the tax return laid down in Section 118 of this Law;

2) the day of submitting the tax return, if the tax return has been submitted after the time limit for the submission of the tax return laid down in Section 118 of this Law;

3) the day of submitting the adjusted tax return, if an adjusted tax return has been submitted.

(2) The State Revenue Service shall, prior to refunding the approved overpaid tax amount, cover the personʼs taxes and fees administered by the State Revenue Service, other statutory payments and payments related thereto in accordance with the procedures laid down in the law On Taxes and Fees.

(3) The State Revenue Service shall refund the overpaid tax amount which has arisen for the VAT group to the principal undertaking.

[*24 November 2020* / *See Paragraph 36 of Transitional Provisions*]

**Section 110. Right of the State Revenue Service to Extend the Time Limit for the Refund of the Overpaid Tax**

[24 November 2020]

**Section 111. Refund of the Tax Paid for the Acquisition of New Means of Transport**

(1) When supplying a new means of transport to any person of another Member State, a non-registered taxable person or a non-taxable person has the right to request to refund from the State budget the tax amount which has been paid for the acquisition of the new means of transport, including for the acquisition thereof in the territory of the European Union, or for the importation of a new means of transport.

(2) The Cabinet shall determine the procedures by which in accordance with this Section:

1) a non-registered taxable person or a non-taxable person shall receive the tax amount to be refunded from the State budget;

2) the tax amount to be refunded from the State budget shall be calculated.

**Chapter XIII**

**Refund of the Tax to a Registered Taxable Person of a Third Country or Third Territory or a Registered Taxable Person of Another Member State and Submission of an Application by a Registered Taxable Person for the Receipt of the Refund of the Tax in Another Member State**

**Section 112. Refund of the Tax to a Registered Taxable Person of a Third Country or Third Territory**

(1) The tax which has been paid for the goods acquired or services received inland and for the importation of goods for the ensuring of economic activity outside the territory of the European Union shall be refunded to a registered taxable person of a third country or third territory in conformity with the parity principle, if during the time period for which it requests the tax to be refunded such taxable person:

1) is registered its economic activity outside the territory of the European Union;

2) conforms to the status of a registered taxable person outside the territory of the European Union;

3) has not been registered in the State Revenue Service Value Added Tax Taxable Persons Register;

4) has not made taxable transactions inland due to which it has to register in the State Revenue Service Value Added Tax Taxable Persons Register;

5) has not performed economic activity in the Republic of Latvia to be registered in accordance with laws and regulations.

(11) The State Revenue Service shall examine an application of a registered taxable person of a third country or third territory, decide on the complete or partial refund of the tax amount indicated in the application of the registered taxable person of the third country or third territory or the refusal to refund the tax, and shall refund the tax amount approved for refund within a time limit that may not exceed the time limit laid down in Section 113, Paragraph 1.1 of this Law.

(2) The Cabinet, in conformity with the conditions of Paragraphs one and 1.1 of this Section, shall determine:

1) the time limit for which the refund of the tax is requested and the minimum amount of the tax to be refunded;

2) the procedures by which the State Revenue Service shall decide on the complete or partial refund of the tax amount indicated in an application of a registered taxable person of a third country or third territory or refusal to refund the tax, and the procedures by which the State Revenue Service shall refund the tax to a registered taxable person of a third country or third territory in conformity with the time limit laid down in Paragraph 1.1 of this Section;

3) the documents to be submitted to the State Revenue Service and time limits for the submission thereof;

4) the sample form of the application for the refunding of the tax;

5) the cases when the State Revenue Service shall take the decision to refuse to refund the tax amount indicated in the application of a registered taxable person of a third country or third territory.

[*6 November 2013*]

**Section 113. Refund of the Tax to a Registered Taxable Person of Another Member State**

(1) The tax which has been paid for the goods acquired or services received inland and for the importation of goods for the ensuring of taxable transactions shall be refunded to a registered taxable person of another Member State if during the time period for which it requests the tax to be refunded such taxable person:

1) was registered in the register of taxable persons of another Member State;

2) has not performed economic activity inland to be registered in accordance with the applicable laws and regulations;

3) has not been registered with the State Revenue Service Value Added Tax Taxable Persons Register;

4) has not made taxable transactions inland due to which he should register in the State Revenue Service Value Added Tax Taxable Persons Register.

(11) The State Revenue Service shall examine an application of a registered taxable person of another Member State for the refund of the tax inland, decide on the complete or partial refund of the tax amount indicated in the application of a registered taxable person of another Member State for the refund of the tax inland or refusal to refund the tax, and shall refund the tax amount approved for refund not later than within four months from the day of receipt of the application or not later than within six months if additional information is requested, but not later than within eight months, if additional information is requested repeatedly.

(2) The Cabinet, in conformity with the conditions of Paragraphs one and 1.1 of this Section, shall determine:

1) the procedures by which the State Revenue Service shall receive and examine an application of a registered taxable person of another Member State for the refund of the tax inland and by which the State Revenue Service shall decide on the complete or partial refund of the tax amount indicated in the application of a registered taxable person of another Member State for the refund of the tax inland or to refuse to refund tax;

2) the procedures for refunding tax to a registered taxable person of another Member State by the State Revenue Service in conformity with the time limit specified in Paragraph 1.1 of this Section;

3) the cases when the State Revenue Service shall take the decision to refuse to refund the tax amount indicated in the application of a registered taxable person of another Member State for the refund of the tax inland.

[*6 November 2013*]

**Section 114. Submitting of an Application by a Registered Taxable Person for the Receipt of the Refund of the Tax in Another Member State**

(1) A registered taxable person shall submit an application for the receipt of the refund of the tax for the goods acquired or services received in another Member State and for the importation of goods for the ensuring of taxable transactions, if during the time period, for which it requests the tax to be refunded, such taxable person:

1) was registered in the State Revenue Service Value Added Tax Taxable Persons Register;

2) was not registered with the register of taxable persons of the Member State from which the refund of the tax is requested;

3) has not made taxable transactions in the Member State from which the refund of the tax is requested due to which it should register with the register of taxable persons of such Member State.

(2) The Cabinet, taking into account the conditions of Paragraph one of this Section, shall determine:

1) the procedures by which a registered taxable person shall submit an application to the State Revenue Service for the receipt of the refund of the tax in another Member State;

2) the procedures by which the State Revenue Service shall examine an application and forward it to the Member State from which the refund of the tax is requested;

3) the information to be included in the application;

4) the time period for which the tax is requested to be refunded and the minimum amount of the tax to be refunded.

**Chapter XIV**

**Taxation Period of the Tax and Tax Return**

**Section 115. Taxation Period of the Tax**

(1) Taxation period of the tax is one calendar month if any of the following conditions is implemented:

1) the value of the taxable transactions made by a registered taxable person in the pre-taxation year or taxation year exceeds EUR 40 000;

2) a registered taxable person provides supply of goods in the territory of the European Union to which zero per cent rate is applied in accordance with Section 43, Paragraph four of this Law;

3) a registered taxable person provides supply of goods in the territory of the European Union, participating in the supply of goods referred to in Section 16, Paragraph four of this Law;

4) a registered taxable person supplies services the place of supply of which is determined in accordance with Section 19, Paragraph one of this Law and the place of supply of which is another Member State;

5) a registered taxable person provides supply of goods to a warehouse in another Member State in accordance with Section 8.1 of this Law.

(2) The taxation period of the tax shall be one calendar month, and such taxation period of the tax shall be preserved for six calendar months if a registered taxable person has been registered in the State Revenue Service Value Added Tax Taxable Persons Register in the taxation year of the tax.

(3) The taxation period of the tax shall be one quarter for a registered taxable person who does not conform to the conditions referred to in Paragraph one or two of this Section.

(4) If the amount of the taxable transactions made during the pre-taxation year has changed, the taxation period of the tax shall be changed at the beginning of the taxation year, except in the cases laid down in Paragraph five of this Section.

(5) If a registered taxable person for whom the taxation period is one quarter in accordance with Paragraph three of this Section makes the transactions referred to in Paragraph one, Clause 2, 3, or 4 of this Section, or the value of the taxable transactions made by this person within the taxation year exceeds EUR 40 000, the taxation period for such registered taxable person shall be one calendar month and it shall be preserved until the end of the taxation year.

(6) A registered taxable person shall inform the State Revenue Service of the change of the taxation period if the period should change:

1) from quarter to month – by submitting a tax return for January;

2) from month to quarter – by submitting a notification until 31 January of the taxation year;

3) from quarter to month during the taxation year in the cases referred to in Paragraph five of this Section – by submitting a tax return for the month in which the conditions of Paragraph five of this Section are implemented.

(61) The person referred to in Paragraph two of this Section shall change the taxation period to one quarter, if he or she fails to comply with the conditions of Paragraph one of this Section and six calendar months have elapsed from the registration in the State Revenue Service Value Added Tax Taxable Persons Register by submitting a notification by the twentieth date of the seventh calendar month.

(7) The taxation period of a VAT group and fiscal representative shall be one calendar month.

(8) For a State and local government institution or local government which is a registered taxable person in accordance with Section 58 of this Law only for the purpose of receipt of the construction service referred to in Section 142, Paragraph four of this Law a taxation period shall be one quarter.

(9) The total of the taxation periods of a calendar year shall constitute the taxation year.

[*19 September 2013; 6 November 2013; 21 November 2013; 23 November 2016; 27 July 2017; 28 November 2019*]

**Section 116. Tax Return**

(1) A tax return shall consist of a tax return for a taxation period and annexes to a tax return.

(2) A tax return shall have the following annexes:

1) a report on the amounts of the input tax and tax included in the tax return for the taxation period;

2) a report on the supplies of goods and the services supplied in the territory of the European Union;

3) a revision report on the supplies of goods and the services supplied in the territory of the European Union;

4) [23 November 2016];

5) a report on the use of immovable property;

6) a return for the taxation year;

7) a report on the transactions made by a fiscal representative.

(3) The Cabinet shall determine:

1) the sample forms of the tax return to be submitted for the taxation period and of annexes thereto, as well as the procedures for the filling in and submission thereof;

2) the documents to be submitted to the State Revenue Service together with the tax return and the cases when such documents need to be submitted.

[*23 November 2016*]

**Section 117. Submission of a Tax Return and a Notification on the Payment of Tax**

(1) A registered taxable person shall submit a tax return to the State Revenue Service regarding transactions made in a taxation period, unless otherwise provided for in this Section.

(2) A registered taxable person shall also submit a tax return to the State Revenue Service in cases where it has not made taxable transactions during the taxation period.

(3) If the value of taxable transactions made by a registered taxable person is less than five per cent from the total value of transactions in a pre-taxation year, it is entitled to record only taxable transactions and include only taxable transactions in a tax return.

(4) A registered taxable person who has not submitted a tax return or has not submitted the tax return within the time limit laid down in Section 118 of this Law shall not be exempted from the payment of the tax into the State budget.

(5) A registered taxable person shall submit a return for the taxation year in cases where:

1) the proportion of taxable and non-taxable transactions for the taxation year changes and it is not otherwise provided for in this Law;

2) any adjustment of the tax payable or the deducted input tax has been made in accordance with the requirements laid down in this Law;

3) if transactions referred to in Section 38, Paragraphs two and three of this Law have been made;

4) if, in accordance with Section 39, Paragraph three, Clause 3 of this Law, a fee for the reusable beverage packaging to which the deposit system is applied was not included in the taxable value of the transaction.

(6) In the cases referred to in Paragraph five of this Section, an annual tax return shall also be submitted, if a registered taxable person has operated an incomplete year.

(7) A registered taxable person shall submit a report on the supply of goods and services in the territory of the European Union if at least one of the following conditions is met:

1) the supply of goods is provided in the territory of the European Union;

2) the taxable person of another Member State has been supplied with a taxable service in another Member State and the place of supply thereof is determined in accordance with Section 19, Paragraph one of this Law;

3) the supply of goods to a warehouse in another Member State is provided in accordance with Section 8.1 of this Law.

(8) A person shall submit to the State Revenue Service the notification on the payment of the tax if such tax is to be paid into the State budget which need not be included in a tax return.

(9) The Cabinet shall determine a sample form for the notification referred to in Paragraph eight of this Section on the payment of the tax and the procedures for filling in such notification.

(10) A bailiff shall inform the State Revenue Service of the tax paid into the State budget from the sale of property at an auction organised by the bailiff, by submitting the notification referred to in Paragraph eight of this Section.

(11) A VAT group shall submit the annexes to tax returns referred to in Section 116, Paragraph two of this Law, except for the tax return for a taxation year, for each member of the VAT group separately.

[*28 November 2019; 24 November 2020; 9 December 2021* / *The new wording of Clause 4 of Paragraph five shall come into force on 1 February 2022. See Paragraph 41 of Transitional Provisions*]

**Section 118. Time Limits for Submitting a Tax Return and a Notification on Payment of Tax**

(1) A registered taxable person shall submit the return and the annexes thereof to the State Revenue Service within 20 days after the end of the taxation period, unless otherwise provided for in this Law.

(2) [12 June 2014]

(3) [12 June 2014]

(4) [24 November 2020]

(5) A registered taxable person shall submit a return for a taxation year to the State Revenue Service until 1 May of the next taxation year.

(6) A registered taxable person shall submit a report on the supply of goods and services in the territory of the European Union to the State Revenue Service within the time limit laid down in Paragraph one of this Section for each calendar month if it:

1) provides supply of goods in the territory of the European Union or to a taxable person of another Member State in another Member State;

2) supplies taxable services whose place of supply is determined in accordance with Section 19, Paragraph one of this Law;

3) provides supply of goods to a warehouse in another Member State in accordance with Section 8.1 of this Law.

(7) If a time limit for the submission of a tax return is on a holiday or public holiday, the last day of the time limit for the submission shall be the next working day.

(8) The State Revenue Service is entitled to request that a registered taxable person submits a tax return also in another time, however, not more than once per calendar month.

(9) A person which is excluded from the State Revenue Service Value Added Tax Taxable Persons Register shall submit to the State Revenue Service a tax return and annexes thereto for the taxation period in which such person was excluded from the State Revenue Service Value Added Tax Taxable Persons Register within 20 days after his exclusion.

(10) The time limit for the submission of a notification on the payment of tax shall be 20 days after the month in which the transaction occurred regarding which the State Revenue Service is to be informed in accordance with this Law, unless otherwise provided for in this Law.

(11) In cases when a notification on the payment of tax is submitted by a bailiff regarding the tax to be paid into the State budget from the sale of the property at an auction organised by the bailiff, the time limit for the submission of a notification on the payment of tax shall be 20 days after the day when the time limit for the appeal of the calculation drawn up by the bailiff has elapsed, if such calculation has not been appealed, or when such calculation has been appealed – after the day when a court ruling on the calculation drawn up has entered into effect.

[*6 November 2013; 12 June 2014; 23 November 2016; 28 November 2019; 24 November 2020*]

**Chapter XV**

**Time when the Tax is Paid into the State Budget and Tax is Included in a Tax Return**

**Section 119. Time Limit for the Payment of the Tax into the State Budget**

(1) A registered taxable person shall pay the tax which is calculated for a taxation period into the State budget within 23 days after the end of the taxation period, unless otherwise provided for in this Section.

(2) If the total value of the taxable supplies of goods and services made by a non-registered taxable person over the preceding 12 months has exceeded EUR 40 000, he or she shall pay into the State budget the tax calculated in accordance with the procedures laid down in Section 34, Paragraph ten of this Law within 23 days from the end of the calendar month when such sum was exceeded.

(3) A bailiff shall pay the tax which is calculated for the sale of the property of a registered taxable person at an auction organised by the bailiff into the State budget within three working days after the submission of the notification on the payment of the tax specified in Section 118, Paragraph eleven of this Law.

(4) A person which has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register shall pay the tax calculated for the taxation period in which such person has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register into the State budget within 23 days after exclusion from the State Revenue Service Value Added Tax Taxable Persons Register.

(5) If a person has an obligation to submit the notification on the payment of the tax to the State Revenue Service, the tax shall be paid into the State budget within three working days after the submission of the notification on the payment of the tax specified in Section 118, Paragraph ten of this Law, unless otherwise provided for in this Law.

(6) A registered taxable person shall pay the tax calculated in the return for the taxation year until 1 May of the next taxation year.

[*19 September 2013; 6 November 2013; 27 July 2017; 23 May 2019; 24 November 2020*]

**Section 120. Time when the Tax for the Supply of Goods and Services is to be Included in a Tax Return**

(1) The tax for the goods supplied or supplied inland for which the tax is paid by the supplier of goods or services shall be included in the tax return for the taxation period when the supply of goods or services was provided and a tax invoice was issued, unless otherwise provided for in this Section.

(2) If a consideration has been received before the supply of goods or services referred to in Paragraph one of this Section, the tax for the received part of consideration shall be included in the tax return for the taxation period when the consideration was received in accordance with the tax invoice.

(21) If it is regarded that the taxable person who performs the supply of goods has received and supplied the goods in accordance with the conditions of Section 6, Paragraph five or six of this Law, the tax for the supply of goods which is performed by such taxable person and the tax for the supply of goods to such taxable person shall be indicated in the tax return for the taxation period when the payment was received.

(3) The tax for the supply of goods in the territory of the European Union shall be included in the tax return for the taxation period when the supply of goods was provided and a tax invoice was written out, unless otherwise provided for in this Law.

(4) If a tax invoice has not been submitted until the time limit laid down in Section 131, Paragraph one of this Law or it has been issued with delay, the tax for the supplies of goods or services supplied inland shall be included in the tax return for the taxation period when the supply of goods was provided or service was supplied and the time limit for the issuing of a tax invoice has set in.

(5) If a tax invoice is not issued until the time limit laid down in Section 131, Paragraph two of this Law, the supply of goods in the territory of the European Union shall be included in the tax return for the taxation period which follows the taxation period when the supply of goods in the territory of the European Union was provided.

(6) If the transactions referred to in Paragraph one of this Section are made constantly over a continuous time period, the tax shall be included in the tax return for the taxation period when a consideration for such transaction was received or when the time period to which the tax invoice written out applies to has ended, however, not less than once in six months.

(7) In the case referred to in Section 31, Paragraph three of this Law tax for the supply of goods provided constantly over a continuous period of time in the territory of the European Union shall be included in the tax return for each taxation period until the time when the transaction is completed.

(8) A registered taxable person which supplies electricity inland shall include the tax to be paid into the State budget for the electricity supplied to a consumer who issues a payment document for the electricity received by himself or herself in the tax return for the taxation period when the consideration from the consumer was received.

(9) If supply of goods or services is provided in accordance with Section 11, Paragraph four of this Law, the recipient of advance payment shall include the tax in the tax return for the taxation period in which the decision of the State Revenue Service to exclude the payer of advance payment from the VAT group entered into effect.

(10) A registered taxable person shall include the services the place of supply of which, in conformity with Chapter III of this Law, is another Member State, third country or third territory in the tax return for the taxation period in which the service was supplied to a recipient or consideration for the service was received before the supply of service.

[*15 October 2020*]

**Section 121. Time when the Tax for the Acquisition of Goods in the Territory of the European Union is Included in a Tax Return and Time Limit for the Payment of the Tax into the State Budget**

(1) The tax for the acquisition of goods in the territory of the European Union shall be included in the tax return for the taxation period when the goods were acquired in the territory of the European Union in accordance with Section 31, Paragraph four of this Law and a tax invoice was issued.

(2) If a tax invoice is not issued until the time limit laid down in Section 131, Paragraph two of this Law, the tax calculated for the acquisition of goods in the territory of the European Union shall be included in the tax return for the next taxation period after the acquisition of goods in the territory of the European Union.

(3) If the total value of the acquisition of goods made in the territory of the European Union by a non-registered taxable person in the current calendar year has exceeded EUR 10 000, he or she shall, in accordance with Section 86, Paragraph two of this Law, calculate and pay the tax into the State budget for the acquisition of goods in the territory of the European Union within 23 days from the end of the calendar month when such sum was exceeded.

[*19 September 2013; 23 May 2019*]

**Section 122. Time when the Tax for the Received Goods and Services is to be Included in a Tax Return and Paid into the State Budget if the Supplier of Goods or Services is not Registered in the State Revenue Service Value Added Tax Taxable Persons Register**

(1) The tax for the received services, the place of supply of which in accordance with this Law is inland and which have been received from taxable persons of another Member State or taxable persons of third countries or third territories who are not performing economic activity inland, shall be included in the tax return for the taxation period in which the service was received or consideration for such service has been made in advance.

(2) In the case referred to in Section 32, Paragraph four of this Law, the tax for the received services which are provided permanently over a continuous time period and in respect of which tax invoices have not been received or payments have not been made, shall be included in the tax return for the last taxation period of the calendar year until the time when the transaction is completed.

(3) If a taxable person of another Member State is not registered in the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 61, Paragraph one or four of this Law or a taxable person of a third country or third territory is not registered in the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 63, Paragraph one of this Law, the tax for the acquisition of goods in the territory of the European Union and for the received services shall be calculated and paid by the recipient of goods or services, provided that he or she is a registered taxable person, and included in the tax return for the taxation period when the goods or service were received.

**Section 123. Time when the Tax for the Importation of Goods is Included in a Tax Return and the Tax is Paid into the State Budget**

(1) The tax for the importation of goods shall be paid into the State budget when customs duty becomes collectable, unless otherwise provided for in this Law.

(2) If, in importing goods inland, the customs procedure “temporary importation” is applied, in accordance with which the goods to be imported are partially exempted from the payment of the import duty, the tax shall be paid into the State budget for each month or part of the month in the amount of three per cent of the tax amount which would have been payable for the said goods if they had been released into free circulation on the day they were transferred for the customs procedure “temporary importation” when the customs duty becomes collectible.

(3) The tax calculated for the importation of goods to which a special tax arrangement is applied in transactions of importation of goods shall be paid into the State budget, including the tax in the tax return for the taxation period in which the goods were released for free circulation.

(4) If at the time of importation of goods the actual value of the services referred to in Section 36, Paragraph one of this Law is not known or after receipt of a tax invoice from a supplier of services it differs from the service value included in a customs declaration, a registered taxable person (the recipient of imported goods) shall include the tax calculated additionally for the received service (the difference between the service value indicated in the tax invoice of a service supplier and in the customs declaration) in the tax return for the taxation period in which the service and tax invoice referred to in Section 36, Paragraph one of this Law was received.

(5) If goods are in temporary storage or applied customs procedure (except the customs procedure “release for free circulation”) in accordance with the laws and regulations in the field of customs, the tax shall be calculated and paid into the State budget when the debt of the import duty becomes collectible.

[*6 November 2013; 20 April 2017*]

**Section 124. Time when the Tax is Included in a Tax Return in Other Cases**

(1) The tax calculated in the case referred to in Section 51, Paragraph three of this Law shall be included in the tax return for the taxation period after the period in which the time limit laid down in Section 45, Paragraphs one and two of this Law has expired.

(2) The tax calculated for the advance payment in accordance with Section 51, Paragraph four of this Law shall be included in the tax return for the taxation period following a six-month period starting from the day of receipt of the advance payment.

(3) The tax which in accordance with Section 129, Paragraph ten of this Law is included in the price of a ticket (token), monthly ticket and ticket to sports or cultural event shall be included in the tax return for the taxation period in which the relevant ticket was sold to a user by the taxable person who sells the abovementioned tickets on its behalf not using intermediary services.

(31) The tax to be calculated for a transaction where a single-purpose voucher is used shall be included in the tax return for the taxation period in which this voucher is transferred as the supply of goods or services.

(32) The tax to be calculated for a transaction where a multi-purpose voucher is used shall be included in the tax return for the taxation period in which this voucher is accepted as consideration or partial consideration for the supply of goods or services.

(4) In accordance with Sections 141, 142 and 143 of this Law, the tax for the received services shall be included in the tax return for the taxation period in which the service was received and tax invoice was received or payment for the service was made in accordance with the tax invoice before the receipt of the service.

(5) In accordance with Sections 141, 143, 143.1, 143.2, 143.3, and 143.4 of this Law, the tax for the received goods shall be included in the tax return for the taxation period in which the goods were received and tax invoice was received or payment for the supply of goods was made in accordance with the tax invoice before the receipt of the goods.

[*30 November 2015; 16 June 2016; 23 November 2016; 27 July 2017; 30 May 2019* / *Amendment to Paragraph five regarding the replacement of the figures and words “142, 143, 143.1, 143.2, 143.3, 143.4, and 143.5” with the figures and words “143, 143.1, 143.2, 143.3, and 143.4” shall come into force on 1 January 2020. See Paragraph 34 of Transitional Provisions*]

**Chapter XVI**

**Tax Invoice and Accounts of Transactions**

**Section 125. Tax Invoice and Content Thereof**

(1) A tax invoice shall be deemed to be a document in printed or electronic form in which the following details and information is indicated, unless otherwise provided for in this Law:

1) the date when the invoice was issued;

2) the sequence number of one or several series of the tax invoice which provides a unique identification of the tax invoice;

3) the name of a legal person (for a natural person – given name, surname) and legal address (for a natural person – declared place of residence) of the supplier of goods or services;

4) the registration number of the supplier of goods or services in the State Revenue Service Value Added Tax Taxable Persons Register;

5) the name of a legal person (for a natural person – given name, surname) and legal address (for a natural person – declared place of residence) of the recipient of goods or services;

6) the registration number of the recipient of goods or services in the State Revenue Service Value Added Tax Taxable Persons Register or register of taxable persons of another Member State if the registration number has been assigned to a taxable person in the State Revenue Service Value Added Tax Taxable Persons Register or register of taxable persons of another Member State;

7) the date of the supply of goods or of the supply of the service if such differs from the date of issuing the invoice, or the date when a consideration was received in advance if such date is known and differs from the date of issuing the invoice;

8) the name, amount and unit of measurement of the goods or service;

9) the price (value of one unit excluding tax) of the goods or service;

10) discounts applied if they are not deducted from the value of one unit;

11) the tax rate applied;

12) the calculated tax amount;

13) the total amount of the transaction excluding tax (amount to which tax or exemption from tax is applied);

14) if a tax invoice in accordance with Section 130 of this Law is issued by the recipient of goods or services himself or herself – the indication “self-billing”;

15) if the zero per cent tax rate is applied to the supply of goods or the supplied service, or exemption from tax is applicable thereto – a reference to the Section of this Law in accordance with which the zero per cent tax rate or exemption from tax is applicable or a reference to the relevant Article of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, or another reference indicating the legal justification for the application of the zero per cent tax rate or exemption from tax;

16) if the recipient of goods or services is responsible for payment of the tax – the indication “reverse charge”;

17) if new means of transport are supplied – an indication thereto and information which proves that the supplied goods are new means of transport in accordance with Section 1, Clause 9 of this Law;

18) if the special procedures for payment of tax and deduction of input tax laid down in Section 137 of this Law are applied – the indication “cash accounting”;

19) if the special tax application arrangement laid down in Section 136 of this Law is applied – the indication “Margin scheme – Travel agents”;

20) if the special tax application arrangement laid down in Section 138 of this Law is applied – the relevant indication “Margin scheme – Second-hand goods”, “Margin scheme – Works of art” or “Margin scheme – Collector’s items and antiques”;

21) if the special provisions provided for in Sections 135, 139, 140.2, 140.4, 144, and 145 of this Law are applied to the supply of goods or the service supplied – a reference to the Section of this Law in accordance with which the tax is applied or a reference to the relevant Article of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax;

22) if an authorised person is responsible for the payment of the tax – the registration number of the authorised person in the State Revenue Service Value Added Tax Taxable Persons Register, the name of a legal person (for a natural person – given name, surname) and legal address (for a natural person – declared place of residence);

23) if a fiscal representative is responsible for the payment of the tax – the registration number of the fiscal representative in the State Revenue Service Value Added Tax Taxable Persons Register or register of taxable persons of another Member State, the name of a legal person (for a natural person – given name, surname) and legal address (for a natural person – declared place of residence).

(2) In transactions with persons from other Member States, a tax invoice shall be deemed to be a document which is received from a person of another Member State and which includes the details and information referred to in Paragraph one of this Section, however, the registration number of a taxable person of another Member State is indicated instead of the detail indicated in Paragraph one, Clause 4 of this Section.

(3) A taxable person has a responsibility to ensure the authenticity of the origin of a tax invoice (certification of the identity of the issuer of the tax invoice), constant content and legibility from the time of issuing the tax invoice throughout the storage period.

(4) The manner in which the authenticity of the origin of a tax invoice (certification of the identity of the issuer of the tax invoice), constant content and legibility are ensured shall be determined by a taxable person, guaranteeing the traceability of transactions, when interrelating a tax invoice and the transaction made.

(5) Any document which amends the initial tax invoice or especially and clearly indicates thereto shall be regarded as equivalent to the tax invoice provided if it conforms to the requirements laid down in Paragraph one of this Section.

(6) A tax invoice which has been issued and received in any electronic form shall be deemed a tax invoice in electronic form.

[*12 June 2014; 15 October 2020*]

**Section 126. Simplified Tax Invoice**

(1) A simplified tax invoice shall be a tax invoice in which the following details and information are indicated:

1) the date when the invoice was issued;

2) the name of a legal person (for a natural person – given name, surname), legal address (for a natural person – declared place of residence) of the supplier of goods or services, as well as the registration number in the State Revenue Service Value Added Tax Taxable Persons Register;

3) the name of a legal person (for a natural person – given name, surname), legal address (for a natural person – declared place of residence) of the recipient of goods or services, and also the registration number in the State Revenue Service Value Added Tax Taxable Persons Register or register of taxable persons of another Member State;

4) the name and quantity of goods or the type and quantity of service;

5) the price of goods or service (including tax or excluding tax) and the total amount of the transaction (including tax or excluding tax);

6) the tax rate and the calculated tax amount.

(2) A registered taxable person has the right to issue a simplified tax invoice in the following cases:

1) for an inland transaction the value of which excluding tax is less than EUR 150;

2) in the case referred to in Section 125, Paragraph five of this Law, indicating the date of issue of the initial tax invoice and identification number, as well as the particular data to be amended, in the additional simplified tax invoice.

(3) A cashier’s check or another document may also be used as a simplified tax invoice, where the details and information referred to in Paragraph one of this Section are not indicated, if it is accompanied by a source document in which the date and number of the cashier’s check or another document and the information referred to in Paragraph one of this Section is indicated, unless it is laid down otherwise in this Section.

(4) A cashier’s check or another document which does not contain the information referred to in Paragraph one, Clause 3 of this Section may be used as a simplified tax invoice if it has been issued for a transaction the value of which excluding tax is less than EUR 30.

[*24 January 2013; 19 September 2013; 23 November 2016*]

**Section 127. Obligation to Issue Tax Invoice**

(1) Unless otherwise provided for in this Law, a registered taxable person shall issue a tax invoice or ensure that a third person on its behalf or a recipient of goods or services issues a tax invoice regarding:

1) any provided supplies of goods and supplied services;

2) advance payment which it has received before the supply of goods or services, with the exception of advance payment for the supply of goods in the territory of the European Union;

3) the supply of goods which has been performed in accordance with Section 13.1, Paragraph one of this Law, except for the cases when the supplier of goods is using the special tax arrangement specified in Section 140.3 of this Law.

(2) A registered taxable person does not have the obligation to issue a tax invoice regarding the following transactions:

1) the services referred to in Section 52, Paragraph one, Clauses 20, 21, and 22 of this Law;

2) non-taxable supplies of goods and services supplied, other than those referred to in Clause 1 of this Paragraph, provided inland.

(3) A registered taxable person shall issue a tax invoice regarding the supply of goods or services to non-taxable persons or non-registered taxable persons in conformity to Section 125, Paragraph one or Section 126, Paragraph one of this Law upon a request of such persons.

(4) A non-registered taxable person and a non-taxable person have an obligation to issue a tax invoice regarding the supply of a new means of transport to any person of another Member State.

[*15 October 2020*]

**Section 128. Issuing of a Tax Invoice Depending on the Place of Transaction**

(1) An inland taxable person shall issue a tax invoice in accordance with the conditions of this Law if the place of supply of goods or services is inland in conformity to Chapter III of this Law and unless it is otherwise provided for in this Section.

(2) A tax invoice shall be issued in accordance with the conditions of this Law, if the seat of economic activity or fixed establishment of a supplier of goods or services from where the supply of goods or service is provided or, if the seat of economic activity or fixed establishment does not exist – the declared place of residence, but, in the absence of such – the place of permanent residence is inland in the following cases:

1) the supplier of goods or services does not perform economic activity or his or her fixed establishment does not participate in the supply of goods or services in the Member State, where the place of making the transaction is located, and the recipient of goods or services is responsible for the payment of tax;

2) the place of supply of goods or services is a third country or third territory.

(3) If a recipient of goods or services issues a tax invoice by himself or herself for himself or herself in accordance with Section 130 of this Law, the tax invoice shall be issued in accordance with the regulations of the Member State where the place of supply of goods or services is located.

(4) If, in accordance with Section 140.2, 140.3, or 140.4 of this Law, the supplier of goods or services uses any of the special tax arrangements, the tax invoice shall be issued according to the provisions of such Member State of identification which is determined in accordance with Section 140.2, Paragraph one, Clause 3, Section 140.3, Paragraph one, Clause 3, or Section 140.4, Paragraph one, Clause 4 of this Law.

[*30 May 2019; 15 October 2020*]

**Section 129. Conditions of Issuing a Tax Invoice**

(1) A registered taxable person may issue a summary tax invoice for several separate supplies of goods or services supplied within the framework of a calendar month in which the information referred to in Section 125, Paragraph one or Section 126, Paragraph one of this Law is indicated.

(2) In the case referred to in Section 128, Paragraph two, Clause 1 of this Law, the information referred to in Section 125, Paragraph one, Clauses 9, 10, 11, and 12 of this Law need not be indicated.

(3) If any of the special tax application arrangements referred to in Section 141, 142, 143, 143.1, 143.2, 143.3, or 143.4 of this Law is applied to the supply of goods or services, the information referred to in Section 125, Paragraph one, Clauses 11 and 12 of this Law shall not be indicated.

(4) If both transactions taxable by different tax rates and non-taxable transactions are included in a tax invoice, the values of such transactions shall be indicated separately.

(5) The sums indicated in a tax invoice may be expressed in any currency provided that the tax amount to be paid or adjusted is expressed in euros in conformity with the relevant currency exchange rate to be used in accounting, which was in effect at the beginning of the transaction day or at the beginning of the day when the advance payment was received accordingly.

(6) If a tax invoice is cancelled, a registered taxable person shall keep the cancelled tax invoice in the accounting thereof to justify the derogation from the sequence numbers of the issued tax invoices.

(7) If the property of a registered taxable person is sold by a liquidator, administrator or bailiff, he or she shall issue a tax invoice on behalf of the registered taxable person.

(8) If a natural person – registered taxable person – is deceased, but an heir or trustee assigned by the court continues the economic activity instead of the estate leaver, he or she shall issue a tax invoice on his or her behalf and use the estate leaver’s registration number of the registered taxable person until the time when the right of inheritance of lawful heirs enters into effect.

(9) If a transaction is made on an ongoing basis over a continuous period of time in accordance with Section 31, Paragraph two or three, Section 32, Paragraph three or four of this Law, a tax invoice shall be issued for a certain period of time which is not longer than one month, six months or one calendar year respectively.

(10) A registered taxable person who provides supplies of goods or services for a fixed price [for example, tickets (tokens), monthly tickets and tickets to sports or cultural events] shall not issue a separate tax invoice.

(11) The procedures for the issuing of a tax invoice shall be laid down by the Cabinet.

[*19 September 2013; 30 November 2015; 16 June 2016; 23 November 2016; 27 July 2017; 30 May 2019* / *Amendment to Paragraph three regarding the replacement of the figures and words “143.3, 143.4 or 143.5” with the figures and words “143.3 or 143.4” shall come into force on 1 January 2020. See Paragraph 34 of Transitional Provisions*]

**Section 130. Cases when a Purchaser or Recipient of Service Issues a Tax Invoice by Themselves for Themselves**

A recipient of goods or services is entitled to issue a tax invoice for himself or herself on behalf and in the interests of the supplier of goods or services for the goods or services supplied to him or her by a registered taxable person or a taxable person of another Member State if there is a prior agreement between the parties and if the supplier of goods or services applies the mutual recognition procedure of invoices to each invoice.

**Section 131. Time Limits for Issuing a Tax Invoice**

(1) A registered taxable person shall issue a tax invoice for a transaction made not later than on the fifteenth date from the time of transaction or receipt of advance payment, unless it is laid otherwise in this Section.

(2) A registered taxable person shall issue a tax invoice not later than on the fifteenth day of the month following the month when the following transaction has occurred:

1) the supply of goods in the territory of the European Union;

2) the supply of such service the place of supply of which is determined in conformity with Section 19, Paragraph one of this Law and the recipient of service is liable for the payment of tax, as well as for the advance payments received for the supply of such service.

(3) The bailiff or administrator of insolvency proceedings shall issue a tax invoice on behalf of a registered taxable person regarding the sale of property at an auction within 15 days from the day when the time period for appealing the invoice drawn up by the bailiff or administrator of insolvency proceedings has elapsed and such calculation has not been appealed, or if such calculation has been appealed – from the day when a court ruling on the drawn-up calculation has entered into effect.

(4) A registered taxable person may issue a tax invoice regarding the goods transport service which is directly related to exportation of goods to third countries or third territories later than within 15 days after supply of the service, but not later than within 90 days.

(5) A non-registered taxable person or non-taxable person shall issue a tax invoice regarding the supply of a new means of transport to any person of another Member State not later than on the fifteenth day of the month following the month in which the transaction occurred.

[*6 November 2013*]

**Section 132. Sending of a Tax Invoice by Electronic Means**

(1) A registered taxable person is entitled to issue (draw up) and deliver a tax invoice by electronic means only when the a recipient of such tax invoice recognises such form of the tax invoice.

(2) The authenticity of the electronic form (certification of the identity of the issuer of the tax invoice) and constant content of a tax invoice may be ensured if the tax invoice has a secure electronic signature within the meaning of the Electronic Documents Law or if the tax invoice is sent using electronic data exchange or another form selected by a taxable person itself in conformity with the provisions of Section 125, Paragraph four of this Law.

(3) When several tax invoices are sent or made available together to the same addressee by electronic means, the details common to the individual invoices may be mentioned only once if, for each tax invoice, all the information is accessible.

**Section 133. Storage of Tax Invoices**

(1) A taxable person shall ensure that the tax invoices which have been issued by itself or a third person on its behalf, or the recipient of goods or services, as well as tax invoices that are received by a taxable person shall be stored.

(2) Storage of the tax invoices received in electronic form shall be the storage of data using electronic equipment for processing (including digital compression) and storage, as well as employing wire, radio, optical or other electromagnetic means.

(21) A taxable person is entitled to convert into electronic form a tax invoice issued and received in paper and to keep it in electronic form in accordance with the requirements of laws and regulations governing accounting.

(3) A taxable person has an obligation to store all the issued and received tax invoices inland, except when the tax invoices are stored by electronic means and full online access to the relevant data is ensured.

(4) Time limit for the storage of tax invoices shall be five years from the day of issue of the invoice, unless otherwise provided for in this Section.

(5) In cases when a taxable person has an obligation to make adjustment of the input tax in accordance with Section 102 of this Law, a tax invoice shall be kept until the end of the time period of adjustment of the input tax, unless it exceeds the time limit of storage laid down in Paragraph four of this Section.

[*28 November 2019*]

**Section 134. Other Obligations of a Taxable Person in Respect of Tax Invoices and Accounts of Transactions**

(1) If a taxable person keeps tax invoices in electronic form, ensuring online access thereto for the competent authorities, then in cases when the tax is to be paid in another Member State the taxable person has a responsibility to ensure the right to access to such tax invoices, to download and use them for the control purposes also for the competent authorities of such another Member State.

(2) A taxable person has an obligation to keep sufficiently accurate accounts of transactions so that the State Revenue Service could inspect the tax application.

(3) A taxable person has an obligation:

1) to maintain a register of goods that it has dispatched or transported or that have been dispatched or transported on its behalf from inland to a destination in the territory of another Member State for the purpose of making such transactions that include assessment, treatment, processing, repair of goods or temporary use thereof in conformity with Section 8, Paragraph two, Clauses 7, 8, and 9 of this Law;

2) to keep accurate accounts according to which the goods that have been dispatched to it from another Member State by a registered taxable person or another person on its behalf and which are used for the supply of such services that include assessment or treatment of such goods can be identified;

3) according to that laid down in Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax, to maintain the register of those goods which it transfers when providing the supply of goods to a warehouse in another Member State, thus ensuring the possibility for the tax administration to ascertain that the supply of goods to a warehouse in another Member State is provided correctly;

4) according to that laid down in Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax, to maintain the register of those goods which have been received at a warehouse when making a transaction of supply of goods from another Member State to an inland warehouse.

(4) A registered taxable person who is a personal income taxpayer and keeps its accounting in a single entry system shall keep the accounts of the tax in accordance with the procedures stipulated by the Cabinet. The Cabinet shall lay down the procedures for keeping the accounts of the tax, and a sample of tax record register and the procedures for filling-in thereof.

(5) A fiscal representative, when representing a registered taxable person of another Member State or a taxable person of a third country or third territory, shall ensure detailed accounts of goods to be dispatched or received in order for the tax administration to be able to track down each movement of goods.

(6) A taxable person who, using an electronic interface, for example, a sales point, platform, or portal, promotes the supply of goods or services in the European Union to a non-taxable person has the following obligations according to the provisions for the determination of the place of transaction:

1) to perform detailed accounts according to which it is possible to identify the supplies of goods in relation to which it is regarded that the taxable person has received and supplied the goods itself in accordance with Section 6, Paragraph five or six of this Law, or the supply of services, if the taxable person participates in the supply of such electronically supplied services regarding which it is regarded that it acts on its own behalf in accordance with Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax;

2) to maintain a register on the supplies of goods and the supplied services which are not referred to in Clause 1 of this Paragraph in accordance with Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax;

3) to store the accounts regarding the abovementioned transactions for 10 years after 31 December of such year when the transaction was performed.

[*28 November 2019; 15 October 2020*]

**Chapter XVII**

**Special Tax Application Arrangements and Procedures**

**Section 135. Special Tax Application Arrangement for a Farmer**

(1) Within the meaning of this Section:

1) a farmer shall be a natural or legal person who is engaged in the production of agricultural crops, stock farming and fishery products (hereinafter – the agricultural products), who is not a registered taxable person and to whom the tax application arrangement laid down in this Section applies;

2) a processor of agricultural products shall be a registered taxable person who carries out or ensures pre-treatment of agricultural products or processes procured unprocessed agricultural products.

(2) When handing over unprocessed self-produced agricultural products to the processor of agricultural produce, a farmer shall receive a compensation from it.

(3) The compensation referred to in Paragraph two of this Section for the tax which the farmer has paid upon acquiring goods and receiving services to ensure the production of agricultural products intended for handing over to the processor of agricultural products shall be 14 per cent from the value of the supplied agricultural products.

(4) Compensation may also be disbursed by the following registered taxable persons if they conform to the conditions laid down for the processor of agricultural products in Paragraphs seven, nine and ten of this Section:

1) conforming agricultural services co-operative societies;

2) the Rural Support Service that purchases unprocessed self-produced agricultural produce from the farmer for the creation of intervention reserves.

(5) An agricultural services co-operative society shall also receive a compensation if it:

1) is not a registered taxable person;

2) the received compensation is disbursed in full to a farmer.

(6) For a farmer to be able to receive a compensation, he or she shall submit a certification to the specific processor of agricultural products that the farmer is a non-registered taxable person and that he or she has the right to receive a compensation in accordance with this Section.

(7) [23 November 2016]

(8) [23 November 2016]

(9) In its tax return for the taxation period, the processor of agricultural products shall reduce the amount of tax to be paid into the State budget by the amount of the compensation disbursed to the farmer.

(10) If the processor of agricultural products purchases agricultural products from a farmer for the value (excluding compensation) that is higher or lower than the value of supply for which analogue products are purchased from a registered taxable person, he or she shall forfeit the rights referred to in Paragraph nine of this Section.

(11) Conditions of this Section shall not be applicable if:

1) the purchased or processed products, or plant products gathered in the wild, or mushrooms, or caught fishery products or hunted products of animal origin which have not been acquired as a result of the production of agricultural products, are handed over to the processor of agricultural products;

2) the processor of agricultural products does not carry out or does not ensure the processing of the agricultural products received from a farmer, but uses them for trade.

[*23 November 2016*]

**Section 136. Special Tax Application Arrangement to Services Supplied by a Tour Operator**

(1) Tax shall be applied to the services supplied by a tour operator if the tour operator acts on its own behalf and in favour of a person who receives a tourism service (hereinafter in this Section – the traveller), and makes use of the supply of goods and services of other persons for ensuring tourism services provided to the traveller.

(2) All activities performed by a tour operator to ensure the supply of a tourism service (journey) shall be treated as a single service supplied by the tour operator to the traveller. Such service shall be taxable.

(3) The taxable amount of the service provided by a tour operator shall be the difference between the total amount (excluding the tax) paid by the recipient of the service (the traveller) and the actual charges for the supply of goods and services which are provided to the tour operators by other persons if such transactions provide direct benefit to the traveller.

(4) The tax calculated by a tour operator for the services it has provided itself (including development of a travel package and publication of advertising brochures) shall be included in the total value of a travel package and collected from the traveller. In calculating the amount of the tax payable into the State budget, the tax estimated for the goods acquired and services received inland for ensuring the service supplied by the tour operator itself (including the leasing of premises, electronic communications services, electricity) shall be deducted as the input tax.

(5) Tax for other tourism-related services (including services of accommodation facilities, transportation, public catering services) which are actually provided inland by other registered taxable persons shall be included in the total value of the tourism service and collected from the traveller. The amount of tax collected for such services shall be fully transferred by the tour operator to the actual supplier of the services. The tour operator may not deduct such amount as input tax.

(6) A tour operator shall calculate the value of taxable tourism service referred to in Paragraph three of this Section and include it in the tax return for the taxation period in which the service was supplied to the traveller and invoices were received from other persons regarding the actual value of the services supplied, but not later than the next taxation period after the supply of the service to the traveller.

(7) The value of the tourism service supplied by a tour operator shall be taxable at the standard tax rate. If the tourism service is supplied both in and outside the territory of the European Union, the zero per cent tax rate shall be applied only to that part of the service which is supplied outside the territory of the European Union.

(8) The special tax application arrangement laid down in this Section shall not be applied to services which are provided by a tourism agent which on behalf of the tour operator under an authorisation or other contract governed by civil law sells tourism services prepared by the tour operator to the traveller. The tax in respect of the intermediary service supplied by the tourism agent shall be applied in accordance with the general procedure laid down in this Law.

**Section 137. Special Procedures for the Payment of Tax and Deduction of Input Tax**

(1) A registered taxable person who conforms to at least one of the following criteria has the right to apply the procedures laid down in this Section for the payment of tax and deduction of input tax:

1) the total value of taxable transactions in the previous taxation year has not exceeded EUR 100 000;

2) upon registering in the State Revenue Service Value Added Tax Taxable Persons Register, it is not planned that the amount of transactions in the taxation year will exceed EUR 100 000.

(2) The right to apply the procedures laid down in this Section for the payment of tax and deduction of input tax can be exercised by a registered taxable person for whom the total value of taxable transactions in the previous taxation year has reached EUR 100 000, however, not exceeded EUR 500 000, and who is:

1) a registered taxable person who is operating in the fisheries sector – in respect of the supplies of fresh, frozen or chilled fish and crustaceans;

2) the producer of agricultural products or an agricultural services co-operative society – in respect of the supply of the following agricultural products:

a) live animals,

b) milk and dairy products,

c) birds’ eggs,

d) natural honey,

e) vegetables, roots, tubers,

f) cereals,

g) oil seeds and fruits, different grains, seeds and fruits.

(21) A registered taxable person for whom the total value of taxable transactions in the previous taxation year has reached EUR 100 000, however, not exceeded EUR 2 000 000, and who supplies services of the administration of a residential house has the right to apply the procedures laid down in this Section for the payment of tax and deduction of input tax with regard to the supply of services of the administration of a residential house.

(3) The total value of fixed assets and intangible investments supplied by a taxable person shall not be included in the sum of the value of transactions referred to in Paragraphs one, two and 2.1 of this Section if the taxable person provides such supply once within a 12 month period.

(4) The registered taxable persons referred to in Paragraphs one, two and 2.1 of this Section shall pay the tax into the State budget for the taxation period during which payment for the goods supplied or services supplied was received, unless otherwise provided for in this Section.

(5) The registered taxable persons referred to in Paragraphs one, two and 2.1 of this Section have the right to deduct the input tax for the goods and services received for the provision of such transactions in the taxation period during which they have paid the tax amounts indicated in tax invoices received from other registered taxable person.

(6) The registered taxable persons referred to in Paragraphs two and 2.1 of this Section shall pay the tax into the State budget for the taxation period during which payment for the goods supplied or services supplied was received, but not later than six months following the issue of the tax invoice.

(7) A registered taxable person who wishes to apply the procedures for the payment of tax and deduction of input tax laid down in this Section shall inform the State Revenue Service thereof until 31 January of the taxation year or upon submitting the submission for registration in the State Revenue Service Value Added Tax Taxable Persons Register.

(8) A registered taxable person who applies the procedures for the payment of tax and deduction of input tax laid down in this Section does not have the right to change these procedures until the subsequent taxation year.

(9) A registered taxable person who has applied the procedures for the payment of tax and deduction of input tax laid down in this Section in the taxation year, but does not wish to apply them in the post-taxation year, shall inform the State Revenue Service thereof until 31 December of the taxation year.

(10) A registered taxable person who has applied the procedures for the payment of tax and deduction of input tax laid down in this Section in the taxation year, but does not wish to apply it in the post-taxation year, shall declare the tax for transactions made in the taxation year and pay it into the State budget not later than when submitting the tax return for June or the second quarter of the post-taxation year, concurrently indicating in such tax return the input tax to be deducted for the tax amounts indicated in tax invoices received in the taxation year.

(11) A person who has been excluded from the State Revenue Service Value Added Tax Taxable Persons Register and until exclusion has applied the special procedures for the payment of tax and deduction of input tax laid down in this Section shall include the transactions made in the previous taxation periods in a tax return which were not included in tax returns, using the procedures laid down in this Section, and pay the tax into the State budget within 23 days after exclusion thereof from the State Revenue Service Value Added Tax Taxable Persons Register. Concurrently, the input tax to be deducted for the tax amounts not paid and included in tax invoices received in previous taxation periods shall be included in such tax return.

(12) The special procedures for the payment of tax and deduction of input tax laid down in this Section shall not be applicable to the services supplied and supply of goods, the place of supply of which is not inland, as well as to the supply of goods in the territory of the European Union and exportation of goods.

[*19 September 2013; 30 November 2015; 23 November 2016; 23 May 2019*]

**Section 138. Special Tax Application Arrangement in Transactions with Second-hand Goods, Works of Art, Collectors’ Items and Antiques**

(1) A dealer of second-hand goods, works of art, collectors’ items and antiques (hereinafter – the dealer) is entitled to choose to apply the special tax application arrangement laid down in this Section or the general tax application procedure in transactions with the goods laid down by the Cabinet which are deemed to be second-hand goods, works of art, collectors’ items and antiques.

(2) The dealer shall be a registered taxable person the economic activity of which is the acquisition or importation of second-hand goods, works of art, collectors’ items and antiques in order for them to be sold, regardless of whether that person is acting in his or her interests or in the interests of another person according to a contract under which negotiation consideration is payable on purchase or sale.

(3) Within the meaning of this Section, also a pledgee (except for credit institutions) which is operating in accordance with the norms of the Civil Law and sells the pledged property for the satisfaction of his or her claim shall be deemed the dealer.

(4) A seller of second-hand goods, works of art, collectors’ items and antiques (hereinafter – the seller) shall be a person who supplies or transfers second-hand goods, works of art, collectors’ items and antiques to the dealer for sale and who conforms to at least one of the following conditions:

1) is not a taxable person;

2) makes only such transactions which are not taxable in accordance with Section 52, Paragraph one of this Law or the relevant legal acts of another Member State;

3) supplies or transfers used fixed assets for sale to the dealer and is a non-registered taxable person or also a non-registered taxable person of another Member State in accordance with legal acts of another Member State;

4) is the dealer who applies the special tax application arrangement to the supply of goods in accordance with this Section or the relevant legal acts of another Member State.

(5) The requirements laid down in this Section for the seller shall be applicable also to a pledger, if the pledger sells pledged property for the satisfaction of his or her claim and conforms to at least one of the conditions of Paragraph four, Clause 1, 2, or 3 of this Section.

(6) A purchaser of second-hand goods, works of art, collectors’ items and antiques (hereinafter – the purchaser) is a person to whom goods are supplied by the dealer.

(7) The dealer has the right to choose to apply the special tax application arrangement laid down in this Section to the supply of such goods by submitting a written submission to the State Revenue Service not later than a month before the supply of goods:

1) the supply of such works of art, collectors’ items or antiques which have been released for free circulation by the dealer himself;

2) the supply of such works of art which have been supplied to the dealer by the creator of the works of art or the successor in title.

(8) The dealer is entitled to commence the special tax application arrangement laid down in this Section for the supply of goods referred to in Paragraph seven of this Section or change to the general tax application procedure starting form the first day of a new taxation period, indicating the specific date in the submission addressed to the State Revenue Service.

(9) The dealer is entitled to change the special tax application arrangement laid down in this Section for the supply of goods referred to in Paragraph seven of this Section to the general tax application procedure not earlier than after 24 months.

(10) When applying the special tax application arrangement laid down in this Section, the difference between the sales value (amount of money) which a dealer has received for the second-hand goods, works of art, collectors’ items or antiques supplied to a purchase, and the procurement value shall be taxed, reducing such difference for the calculated tax value.

(11) When applying the special tax application arrangement laid down in this Section, if the pledged property is sold, the negotiation consideration laid down in the loan agreement that is reduced for the calculated tax value shall be taxed. If the negotiation consideration is not laid down in the loan agreement or the laid down amount thereof is less than 10 per cent of the sales value referred to in Paragraph ten of this Section, the difference between the sales value and the amount of loan issued by a pledger shall be taxed, reducing such difference for the calculated tax value.

(12) The sales value referred to in Paragraph ten of this Section shall be the whole consideration that is or will be received by the dealer for the supply of goods from the purchaser or a third person, including the subsidies, taxes, duties and other payments directly related to the transaction, as well as supplementary payments (for example, the negotiation consideration, costs for wrapping, transport and insurance).

(13) Within the meaning of this Section, the sales value shall also be the amount of money which the pledgee has received from the purchaser for the pledged property sold.

(14) The procurement value referred to in Paragraph ten of this Section shall be the whole consideration which has been or will be paid by the dealer to the seller or to the creator of the works of art or successor in title for the supply of goods, including the subsidies, taxes, duties and other payments directly related to the transaction, as well as supplementary payments (for example, negotiation consideration, costs for wrapping, transport and insurance).

(15) The procurement value for the works of art, collectors’ items or antiques which the dealer has imported and which are referred to in Paragraph ten of this Section shall be the taxable value of goods in transaction of importation laid down in Section 36, Paragraph one of this Law to which the tax due or paid for the importation of such goods is added.

(16) If the value of the difference referred to in Paragraph ten or eleven of this Section is negative, the tax shall not be calculated from it.

(17) If goods are not sold, but returned to the seller or creator of the work of art, or to the successor in title, the tax shall be imposed on the whole consideration received by the dealer from the seller or the creator, or the successor in title (including payment for the service, repair or restoration, transportation).

(18) The dealer shall not indicate the tax value in a tax invoice issued to the purchaser for the taxable supplies of goods in accordance with the special tax application arrangement.

(19) If the special tax application arrangement laid down in this Section is applied to the supply of goods, the purchaser shall not deduct the tax for the acquired goods as input tax.

(20) If the special tax application arrangement laid down in this Section is applied to the supply of goods referred to in Paragraph seven of this Section, the dealer shall not deduct the tax paid or due for such supply of goods as input tax.

(21) If the special tax application arrangement laid down in this Section is applied to a transaction and the value of input tax is larger than the calculated tax value, the dealer has the right to deduct the part of input tax of the tax amount to be paid into the State budget which does not exceed the calculated tax value.

(22) The special tax application arrangement shall not be applied to supplies of such means of transport which are deemed new means of transport in conformity with Section 1, Clause 9 of this Law.

(23) The Cabinet shall determine:

1) goods that are deemed to be second-hand goods, as well as works of art, collectors’ items and antiques in conformity with the Combined Nomenclature codes laid down in Annex 1 to Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff and amendments thereto;

2) the procedures for the accounts of second-hand goods, works of art, collectors’ items and antiques and the documents necessary for the provision of accounts and content thereof.

**Section 139. Special Tax Application Arrangement in Transactions with Investment Gold**

(1) Within the meaning of this Law investment gold shall mean:

1) gold, in the form of a bar or a wafer of weights accepted by the bullion markets, of a purity equal to or greater than 995 thousandths, whether or not represented by securities;

2) gold coins of a purity equal to or greater than 900 thousandths and minted after 1800, which are or have been legal tender in the country of origin, and are normally sold at a price which does not exceed the open market value of the gold contained in the coins by more than 80 per cent.

(2) The following shall not be taxable:

1) the supply of investment gold inland and in the territory of the European Union;

2) the acquisition of investment gold in the territory of the European Union;

3) the importation of investment gold;

4) the intermediary services supplied in transactions with investment gold.

(3) In accordance with Paragraph four of this Section, a registered taxable person has the right to apply the tax for the supply of investment gold and intermediary service if it has informed the State Revenue Service of such a choice before making the transaction.

(4) A registered taxable person who normally supplies gold for industrial purposes may choose whether to apply the tax to the supply of investment gold referred to in Paragraph one, Clause 1 of this Section.

(5) A registered taxable person who produces investment gold or transforms any gold into investment gold is entitled to choose whether to apply the tax to the supply of investment gold referred to in Paragraph one of this Section.

(6) A registered taxable person who supplies intermediary services, participating in the supplies of investment gold referred to Paragraphs four and five of this Section is entitled to choose whether to apply the tax to the intermediary service.

(7) A registered taxable person who provides the supply of investment gold released from taxes has the right, in applying the procedures laid down in Section 92 of this Law, in the tax return to deduct the tax which is calculated for the following from the amount of tax to be paid into the State budget as input tax:

1) the acquisition of investment gold from other taxable persons or registered taxable persons of another Member State who have decided to apply the tax for the supply of investment gold;

2) the acquisition of gold from other registered taxable persons or registered taxable persons of another Member State or importation of gold if such gold is to be transformed into investment gold by the taxable person or an intermediary agent in the name of a taxable person;

3) services received to change the form, weight or purity of the gold or investment gold.

(8) A registered taxable person who produces investment gold or transforms gold into investment gold, regardless of whether such taxable person in accordance with Paragraph five or six of this Section has decided to apply the tax to the supply of investment gold or not, has the right in applying the procedures laid down in Section 92 of this Law, in the tax return to deduct the tax from the amount of tax to be paid into the State budget as input tax for goods which have been acquired from other registered taxable persons or registered taxable persons of another Member State, or imported goods and received services which are related to the production of investment gold.

(9) For a registered taxable person who makes transactions with investment gold, the documents which are related to such transactions shall be preserved for five years after the end of the calendar year in which the transaction ended.

**Section 140. Special Tax Calculation and Payment Arrangement for Electronically Supplied Services Provided by a Taxable Person of a Third Country or Third Territory in the Territory of the European Union**

[12 June 2014 / See Paragraph 18 of Transitional Provisions]

**Section 140.1 Special Tax Calculation and Payment Arrangements for Supplies of Electronic Communications, Broadcasting and Electronically Supplied Services to a Non-taxable Person**

[15 October 2020]

**Section 140.2 Non-Union Scheme or Special Tax Arrangements for Services Supplied by Taxable Persons who do not Perform Economic Activity in the European Union**

(1) Within the meaning of this Section:

1) the non-Union scheme is the scheme referred to in Article 57a(1) of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (recast) (in the wording of Council Implementing Regulation (EU) 2019/2026 of 21 November 2019 amending Implementing Regulation (EU) No 282/2011 as regards supplies of goods or services facilitated by electronic interfaces and the special schemes for taxable persons supplying services to non-taxable persons, making distance sales of goods and certain domestic supplies of goods);

2) taxable person who does not perform economic activity in the European Union is a taxable person who does not have a seat of economic activity and a fixed establishment in the territory of the European Union;

3) Member State of identification is the Member State in which the relevant taxable person has chosen to register for the use of the non-Union scheme;

4) Member State of consumption is the Member State in relation to which it is regarded that the supply of services takes place therein according to the provisions for the determination of the place of supply of service.

(2) It shall be permitted to apply the non-Union scheme to all the services supplied in the European Union which are supplied by a taxable person who does not perform economic activity in the European Union and supplies services to a non-taxable person who is registered in the Member State of consumption or who has the declared place of residence or the place of permanent residence in this Member State.

(3) If the taxable person referred to in Paragraph two of this Section chooses inland as the Member State of identification for the application of the non-Union scheme, he or she shall, using the Electronic Declaration System of the State Revenue Service, submit a submission to the State Revenue Service, thus notifying when the application of such scheme is commenced.

(4) The taxable person referred to in Paragraph two of this Section shall indicate the following identification data in the submission for registration in the State Revenue Service Value Added Tax Taxable Persons Register for the application of the non-Union scheme:

1) a natural person – the given name and surname; a legal person – the name;

2) address;

3) electronic address and website;

4) registration number of the taxable person of the relevant state, if any;

5) certification that the person does not have a seat of economic activity and a fixed establishment in the territory of the European Union.

(5) The State Revenue Service shall, within five working days after receipt of the registration submission of the taxable person referred to in Paragraph two of this Section, take the decision on registration in the register of the non-Union scheme and, using the Electronic Declaration System of the State Revenue Service, notify it not later than on the following day after taking of the decision.

(6) The State Revenue Service shall assign a registration number for the application of the non-Union scheme in the State Revenue Service Value Added Tax Taxable Persons Register or – in relation to a registered taxable person – shall use the registration number in the State Revenue Service Value Added Tax Taxable Persons Register already assigned thereto for activities in relation to which such taxable person is registered inland for the purpose of tax application.

(7) The State Revenue Service shall exclude a taxable person from the register of non-Union scheme if at least one of the following circumstances sets in:

1) the taxable person notifies through the Electronic Declaration System of the State Revenue Service that he or she no longer supplies the services to which the non-Union scheme applies;

2) there are other signs allowing to assume that the activity of the taxable person which is taxable and to which the non-Union scheme applies has ceased;

3) the taxable person no longer conforms to the conditions the implementation of which is required for the application of the non-Union scheme;

4) the taxable person constantly does not conform to the provisions in relation to the non-Union scheme.

(8) The taxable person referred to in Paragraph two of this Section shall, until the end of the month following the taxation period, submit a tax return for each quarter for transactions to which the non-Union scheme applies to the State Revenue Service through the Electronic Declaration System of the State Revenue Service. The taxable person shall submit the abovementioned tax return also if he or she has not performed the relevant transactions.

(9) The taxable person referred to in Paragraph two of this Section shall pay the tax which has been calculated for the taxation period into the State budget until the end of the month following the taxation period regarding which the tax return has been submitted.

(10) The taxable person referred to in Paragraph two of this Section shall be refunded the tax amount for the goods purchased and services received inland for ensuring its services supplied within the scope of the non-Union scheme from the State budget, applying the procedures laid down in Section 112 of this Law.

(11) If the taxable person referred to in Paragraph two of this Section also performs activities inland to which the non-Union scheme does not apply and in relation to which it must be registered in the State Revenue Service Value Added Tax Taxable Persons Register for the purpose of tax application, it shall deduct the tax amount for the goods and services for ensuring its services in the tax return to be submitted in accordance with Section 117 of this Law.

(12) The taxable person referred to in Paragraph two of this Section has the obligation:

1) through the Electronic Declaration System of the State Revenue Service, to notify of changes in its activity due to which the relevant conditions are no longer implemented for it to be able to apply the non-Union scheme, and also to notify the fact that he or she terminates the use of the abovementioned scheme, and to notify of other changes in the registration data;

2) to ensure detailed accounts of transactions to which the non-Union scheme applies;

3) in order to prove the correctness of tax calculations, to keep the data of accounts for 10 years after 31 December of the year in which the services were supplied;

4) through the Electronic Declaration System of the State Revenue Service, to submit the data of accounts regarding each individual type of the service supplied upon request of the State Revenue Service.

(13) The Cabinet shall determine the procedures by which the taxable person referred to in Paragraph one, Clause 2 of this Section prepares and completes the tax return for the transactions performed in the taxation period to which the non-Union scheme applies and shall make corrections thereto, and also shall determine the information to be indicated in the tax return.

[*15 October 2020*]

**Section 140.3 Union Scheme or Special Tax Arrangements for Distance Selling of Goods in the European Union, Supply of Goods in a Member State which have been Performed with the Assistance of Electronic Interface Promoting Such Supplies, and of Services Supplied by Taxable Persons who Perform Economic Activity in the European Union, but not in the Member State of Consumption**

(1) Within the meaning of this Section:

1) the Union scheme is the scheme referred to in Article 57a(2) of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (recast) (in the wording of Council Implementing Regulation (EU) 2019/2026 of 21 November 2019 amending Implementing Regulation (EU) No 282/2011 as regards supplies of goods or services facilitated by electronic interfaces and the special schemes for taxable persons supplying services to non-taxable persons, making distance sales of goods and certain domestic supplies of goods);

2) taxable person who does not perform economic activity in the Member State of consumption is a taxable person who has a place of establishment of a business or a fixed establishment in the European Union, but does not have the seat of economic activity and a fixed establishment in the territory of the Member State of consumption;

3) Member State of identification is one of the following Member States:

a) a Member State in which the taxable person has the seat of economic activity;

b) a Member State in which the taxable person has a fixed establishment – if the seat of economic activity of the taxable person is outside the European Union;

c) a Member State in which a fixed establishment of the taxable person is located and which it has indicated as the Member State in which it applies the Union scheme – if the taxable person does not perform economic activity in the European Union, but it has several fixed establishments in the European Union. The choice made by the taxable person in relation to the Member State of identification is binding to such taxable person in the relevant calendar year and in at least two following calendar years;

d) a Member State in which dispatch or transport of goods starts – if the taxable person does not have the seat of economic activity and a fixed establishment in the European Union. The choice made by the taxable person in relation to the Member State of identification is binding to such taxable person in the relevant calendar year and in at least two following calendar years;

e) a Member State which has been indicated by the taxable person as the Member State in which it applies the Union scheme – if there is more than one Member State in which dispatch or transport of goods starts. The choice made by the taxable person in relation to the Member State of identification is binding to such taxable person in the relevant calendar year and in at least two following calendar years;

4) Member State of consumption is one of the following Member States:

a) a Member State in relation to which it is regarded that the supply of services takes place therein according to the provisions for the determination of the place of supply of service;

b) a Member State in which dispatch or transport of goods to the recipient of goods ends – if distance selling of goods in the territory of the European Union takes place;

c) a Member State in which dispatch or transport of goods starts and ends – if the supply of goods is performed by the taxable person referred to in Section 6, Paragraph six of this Law.

(2) It shall be permitted to apply the Union scheme to all goods supplied in the European Union and all services supplied in the European Union which are supplied by the following taxable persons:

1) a taxable person who performs distance selling of goods in the territory of the European Union;

2) a taxable person who promotes the supply of goods within the meaning of Section 6, Paragraph six of this Law if dispatch or transport of goods starts and ends in one Member State;

3) a taxable person who does not perform economic activity in the Member State of consumption and supplies services to a non-taxable person.

(3) If the taxable person referred to in Paragraph two of this Section chooses inland as the Member State of identification for the application of the Union scheme, he or she shall, using the Electronic Declaration System of the State Revenue Service, submit a submission to the State Revenue Service, thus notifying when the application of such scheme is commenced.

(4) The taxable person referred to in Paragraph two of this Section shall indicate the following identification data in the submission for registration in the State Revenue Service Value Added Tax Taxable Persons Register for the application of the Union scheme:

1) a natural person – the given name and surname; a legal person – the name;

2) address;

3) electronic address and website;

4) registration number of the taxable person of the relevant state, if any.

(5) The State Revenue Service shall, within five working days after receipt of the registration submission of the taxable person referred to in Paragraph two of this Section, take the decision on registration in the register of the Union scheme and, using the Electronic Declaration System of the State Revenue Service, notify it not later than on the following day after taking of the decision.

(6) The State Revenue Service shall assign a registration number for the application of the Union scheme in the State Revenue Service Value Added Tax Taxable Persons Register or – in relation to a registered taxable person – shall use the registration number in the State Revenue Service Value Added Tax Taxable Persons Register already assigned thereto for activities in relation to which such taxable person is registered inland for the purpose of tax application.

(7) The State Revenue Service shall exclude a taxable person from the register of Union scheme if at least one of the following circumstances sets in:

1) the taxable person notifies through the Electronic Declaration System of the State Revenue Service that he or she no longer supplies the goods and services to which the Union scheme applies;

2) there are other signs allowing to assume that the activity of the taxable person which is taxable and to which the Union scheme applies has ceased;

3) the taxable person no longer conforms to the conditions the implementation of which is required for the application of the Union scheme;

4) the taxable person constantly does not conform to the provisions in relation to the Union scheme.

(8) The taxable person referred to in Paragraph two of this Section shall, until the end of the month following the taxation period, submit a tax return for each quarter for transactions to which the Union scheme applies to the State Revenue Service through the Electronic Declaration System of the State Revenue Service. The taxable person shall submit the abovementioned tax return also if he or she has not performed the relevant transactions.

(9) The taxable person referred to in Paragraph two of this Section shall pay the tax which has been calculated for the taxation period into the State budget until the end of the month following the taxation period regarding which the tax return has been submitted.

(10) The taxable person referred to in Paragraph two of this Section shall be refunded the tax amount for the goods purchased and services received inland for ensuring the transactions to be performed within the scope of the Union scheme from the State budget, applying the procedures laid down in Section 113 of this Law.

(11) If the taxable person referred to in Paragraph two of this Section also performs activities inland to which the Union scheme does not apply and in relation to which it must be registered in the State Revenue Service Value Added Tax Taxable Persons Register for the purpose of tax application, it shall deduct the tax amount for the goods and services for ensuring its transactions in the tax return to be submitted in accordance with Section 117 of this Law.

(12) The taxable person referred to in Paragraph two of this Section has the obligation:

1) through the Electronic Declaration System of the State Revenue Service, to notify of changes in its activity due to which the relevant conditions are no longer implemented for it to be able to apply the Union scheme, and also to notify the fact that he or she terminates the use of the abovementioned scheme, and to notify of other changes in the registration data;

2) to ensure detailed accounts of transactions to which the Union scheme applies;

3) in order to prove the correctness of tax calculations, to keep the data of accounts for 10 years after 31 December of the year in which the transactions were performed;

4) through the Electronic Declaration System of the State Revenue Service, to submit the accounts regarding each individual type of transactions upon request of the State Revenue Service.

(13) The Cabinet shall determine the procedures by which the taxable person referred to in Paragraph one, Clause 2 of this Section prepares and completes the tax return for the transactions performed in the taxation period to which the Union scheme applies and shall make corrections thereto, and also shall determine the information to be indicated in the tax return.

[*15 October 2020*]

**Section 140.4 Import Scheme or Special Tax Arrangements for Distance Selling of Goods Imported from the Third Countries or Third Territories**

(1) Within the meaning of this Section:

1) import scheme is the scheme referred to in Article 57a(3) of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (recast) (in the wording of Council Implementing Regulation (EU) 2019/2026 of 21 November 2019 amending Implementing Regulation (EU) No 282/2011 as regards supplies of goods or services facilitated by electronic interfaces and the special schemes for taxable persons supplying services to non-taxable persons, making distance sales of goods and certain domestic supplies of goods);

2) taxable person who does not perform economic activity in the European Union is a taxable person who does not have a seat of economic activity and a fixed establishment in the territory of the European Union;

3) intermediary is a taxable person who performs economic activity in the European Union and who has been appointed by the taxable person who performs distance selling of goods imported from the third countries or third territories as the person who is responsible for the payment of tax and fulfilment of liabilities for the purpose of import scheme on behalf and in the interests of the abovementioned taxable person;

4) Member State of identification is one of the following Member States:

a) a Member State in which the relevant taxable person has chosen to register for the application of the import scheme – if the taxable person does not perform economic activity in the European Union;

b) a Member State in which a fixed establishment of the taxable person is located and which it has indicated as the Member State in which it applies the import scheme – if the taxable person does not perform economic activity in the European Union, but it has one or several fixed establishments in the European Union. The choice in relation to the Member State of identification made by such taxable person who has more than one fixed establishment in the European Union is binding to such taxable person in the relevant calendar year and in at least two following calendar years;

c) a Member State in which the taxable person has the seat of economic activity – if the taxable person constantly performs economic activity in this Member State;

d) a Member State in which the intermediary has the seat of economic activity – if the intermediary constantly performs economic activity in this Member State;

e) a Member State in which a fixed establishment of the intermediary is located and which it has indicated as the Member State in which it applies the import scheme – if the intermediary does not perform economic activity in the European Union, but it has one or several fixed establishments in the European Union. The choice in relation to the Member State of identification made by such intermediary who has more than one fixed establishment in the European Union is binding to such intermediary in the relevant calendar year and in at least two following calendar years;

5) Member State of consumption is a Member State in which dispatch or transport of goods to the recipient of goods ends.

(2) It shall be permitted to apply the import scheme to distance selling of goods (except for excisable goods) imported from the third countries or third territories if the true value of the consignment of such goods does not exceed EUR 150 which are made by the following taxable persons:

1) a taxable person who performs economic activity in the European Union and distance selling of goods imported from the third countries or third territories;

2) a taxable person who performs economic activity in the European Union and distance selling of goods imported from the third countries or third territories and who is represented by an intermediary who performs economic activity in the European Union;

3) a taxable person who does not perform economic activity in the European Union, but who performs distance selling of goods imported from the third countries or third territories and who is represented by an intermediary who performs economic activity in the European Union;

4) a taxable person who performs economic activity in a third country with which the European Union has entered into such agreement regarding mutual cooperation the scope of operation of which is similar to Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures and Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax and which is accepted in accordance with the examination procedure referred to in Article 5 of Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission’s exercise of implementing powers, and who performs distance selling of goods from the abovementioned third country.

(3) The taxable person referred to in Paragraph two, Clauses 2 and 3 of this Section may concurrently only have one intermediary for the application of the import scheme.

(4) If the taxable person referred to in Paragraph two of this Section or his or her intermediary chooses inland as the Member State of identification for the application of the import scheme, the taxable person or his or her intermediary shall, using the Electronic Declaration System of the State Revenue Service, submit a submission to the State Revenue Service, thus notifying when the application of such scheme is commenced.

(5) The taxable person referred to in Paragraph two of this Section who does not use an intermediary shall indicate the following identification data in the submission for registration in the State Revenue Service Value Added Tax Taxable Persons Register for the application of the import scheme:

1) a natural person – the given name and surname; a legal person – the name;

2) address;

3) electronic address and website;

4) the identification number of the taxable person or an equivalent number which allows to identify the taxable person for the needs of tax application and which has been assigned by the country in which the taxable person performs economic activity.

(6) An intermediary, before it starts applying the import scheme in the interests of the taxable person referred to in Paragraph two, Clauses 2 and 3 of this Section, shall indicate the following identification data in the submission for registration in the State Revenue Service Value Added Tax Taxable Persons Register for the application of the import scheme:

1) a natural person – the given name and surname; a legal person – the name;

2) address;

3) electronic address;

4) the identification number of the taxable person or an equivalent number which allows to identify the taxable person for the needs of tax application and which has been assigned by the country in which the taxable person performs economic activity.

(7) An intermediary shall indicate the following identification data in the submission for registration in the State Revenue Service Value Added Tax Taxable Persons Register for the application of the import scheme regarding each taxable person who is represented thereby before the relevant taxable person commences the application of the import scheme:

1) a natural person – the given name and surname; a legal person – the name;

2) address;

3) electronic address and website;

4) the identification number of the taxable person or an equivalent number which allows to identify the taxable person for the needs of tax application and which has been assigned by the country in which the taxable person performs economic activity;

5) the individual registration number which has been assigned in accordance with Paragraph ten of this Section.

(8) The State Revenue Service shall, within five working days after receipt of the registration submission of the taxable person referred to in Paragraph two of this Section or his or her intermediary, take the decision on registration in the register of the import scheme and, using the Electronic Declaration System of the State Revenue Service, notify it not later than on the following day after taking of the decision.

(9) The State Revenue Service shall assign to the taxable person referred to in Paragraph two of this Section and his or her intermediary an individual registration number in the State Revenue Service Value Added Tax Taxable Persons Register which may be applied only for the purpose of the import scheme.

(10) The State Revenue Service shall assign to an intermediary a separate individual registration number in the State Revenue Service Value Added Tax Taxable Persons Register for each taxable person represented thereby for the application of the import scheme.

(11) The State Revenue Service shall exclude from the register of the import scheme:

1) a taxable person who does not use an intermediary if at least one of the following circumstances sets in:

a) the taxable person, using the Electronic Declaration System of the State Revenue Service, notifies that it does not perform distance selling of goods imported from the third countries or third territories;

b) there are other signs allowing to assume that the activity of the taxable person which is taxable and to which the import scheme applies has ceased;

c) the taxable person no longer conforms to the conditions the implementation of which is required for the application of the import scheme;

d) the taxable person constantly does not conform to the provisions in relation to the import scheme;

2) an intermediary if at least one of the following circumstances sets in:

a) the intermediary has not, for two successive quarters of a calendar year, operated as an intermediary in the interests of a taxable person applying the import scheme;

b) the intermediary no longer conforms to the conditions the implementation of which is required for the application of the import scheme in the status of an intermediary;

c) the intermediary constantly does not conform to the provisions in relation to the import scheme;

3) a taxable person who is represented by an intermediary if at least one of the following circumstances sets in:

a) the intermediary, using the Electronic Declaration System of the State Revenue Service, notifies that the taxable person referred to in Paragraph two, Clauses 2 and 3 of this Section no longer performs distance selling of goods imported from the third countries or third territories;

b) there are other signs allowing to assume that the activity of the taxable person which is taxable and to which the import scheme applies has ceased;

c) the taxable person no longer conforms to the conditions the implementation of which is required for the application of the import scheme;

d) the taxable person constantly does not conform to the provisions in relation to the import scheme;

e) the intermediary, using the Electronic Declaration System of the State Revenue Service, notifies that it does not represent this taxable person anymore.

(12) In importing goods for distance selling from the third countries or third territories, a taxable transaction shall have occurred and the tax to a transaction of distance selling of goods imported from the third countries or third territories shall be imposed at the moment of the supply of goods. The goods shall be considered supplied at the moment when the payment has been received.

(13) The taxable person referred to in Paragraph two of this Section or an intermediary shall, until the end of the month following the taxation period, submit a tax return for each month for transactions to which the import scheme applies to the State Revenue Service through the Electronic Declaration System of the State Revenue Service. The taxable person shall submit the abovementioned tax return also if he or she has not performed the relevant transactions.

(14) If the tax return should be submitted in accordance with Paragraph thirteen of this Section, additional liabilities or formalities shall not be imposed at the moment of importation for the purposes of tax application.

(15) The tax which has been calculated for the taxation period shall be paid into the State budget until the end of the month following the taxation period regarding which the tax return has been submitted.

(16) The taxable person referred to in Paragraph two of this Section shall be refunded the tax amount for the goods purchased and services received inland for ensuring the transactions to be performed within the scope of the import scheme from the State budget, applying the procedures laid down in Section 112 or 113 of this Law.

(17) If the taxable person referred to in Paragraph two of this Section performs activities inland to which the import scheme does not apply and in relation to which it must be registered in the State Revenue Service Value Added Tax Taxable Persons Register for the purpose of tax application, it shall deduct the tax amount for the goods and services for ensuring its transactions in the tax return to be submitted in accordance with Section 117 of this Law.

(18) The taxable person referred to in Paragraph two of this Section and an intermediary have the obligation:

1) through the Electronic Declaration System of the State Revenue Service, to notify of changes in its activity due to which the relevant conditions are no longer implemented for it to be able to apply the import scheme, and also to notify the fact that he or she terminates the use of the abovementioned scheme, and to notify of other changes in the registration data;

2) to ensure detailed accounts of transactions to which the import scheme applies. The intermediary shall keep separate accounts regarding each taxable person who is represented thereby;

3) in order to prove the correctness of tax calculations, to keep the data of accounts for 10 years after 31 December of the year in which the transactions were performed;

4) through the Electronic Declaration System of the State Revenue Service, to submit the data of accounts regarding each individual type of transactions upon request of the State Revenue Service.

(19) The Cabinet shall determine the procedures by which the taxable person referred to in Paragraph one, Clause 2 of this Section and an intermediary prepare and complete the tax return for the transactions performed in the taxation period to which the import scheme applies and shall make corrections thereto, and also shall determine the information to be indicated in the tax return.

[*15 October 2020*]

**Section 140.5 Import Scheme for Taxable Persons who Present Goods to the Customs Authority or Special Tax Arrangements for the Declaration of and Payment for a Consignment of Goods Imported from the Third Countries or Third Territories**

(1) It shall be permitted to apply the import scheme for the taxable persons who present goods to the customs authority for distance selling of goods imported from the third countries or third territories which is performed by the taxable person referred to in Article 63d of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax (recast) (in the wording of Council Implementing Regulation (EU) 2019/2026 of 21 November 2019 amending Implementing Regulation (EU) No 282/2011 as regards supplies of goods or services facilitated by electronic interfaces and the special schemes for taxable persons supplying services to non-taxable persons, making distance sales of goods and certain domestic supplies of goods) if the true value of the consignment of goods (except for excisable goods) does not exceed EUR 150 and if all of the following conditions are met:

1) the supply of goods is not performed in accordance with the import scheme specified in Section 140.4 of this Law;

2) the dispatch or transport of goods ends in the Member State of importation.

(2) The recipient of the consignment of goods shall be responsible for the payment of tax to the taxable person referred to in Paragraph one of this Section.

(3) The taxable person referred to in Paragraph one of this Section has an obligation to collect the calculated tax from the recipient of the consignment of goods and to pay the tax into the State budget.

(4) If the import scheme is applied to taxable persons who present goods to the customs authority, the standard rate of tax shall be applied to the consignment of goods.

(5) The tax calculated in Paragraph three of this Section for the consignment of goods is presented once a month as the sum total in a notification issued by the customs authority.

(6) The taxable person referred to in Paragraph one of this Section shall pay the tax which has been calculated according to the import scheme for taxable persons who present goods to the customs authority and the payment of which is ensured with the general guarantee in accordance with the laws and regulations in the field of customs, into the State budget until the sixteenth date of the month following the month in which goods have been declared.

(7) The taxable person referred to in Paragraph one of this Section has the obligation:

1) to ensure detailed accounts regarding consignment of goods to which the import scheme applies to taxable persons who present goods to the customs authority;

2) in order to prove the accuracy of the declared sum of tax, to store the data of accounts for the time period stipulated by the Member State of importation. If the Member State of importation is inland, the data of accounts shall be stored for five years from the moment of supply of goods;

3) upon request of the competent authority of the Member State of importation, to submit the data of accounts electronically. If the Member State of importation is inland, the data of accounts shall, using the Electronic Declaration System of the State Revenue Service, be submitted upon request of the State Revenue Service;

4) upon request of the competent authority of the Member State of importation, to send information on the sum of tax declared electronically.

[*15 October 2020*]

**Section 141. Special Tax Application Arrangement for the Supplies of Timber and Services Related to Timber**

(1) The tax for the supply of timber referred to in Paragraph three of this Section provided inland shall be paid by the recipient of timber into the State budget if the supplier of timber and recipient of timber are registered taxable persons.

(2) Tax for the services related to the timber referred to in Paragraph four of this Section that are provided inland shall be paid into the State budget by the recipient of services if the supplier of services and recipient of services are registered taxable persons.

(3) The procedures referred to in Paragraph one of this Section are applicable to the supply of the following kinds of timber:

1) cut and trimmed, cross-cut and not cross-cut, barked and unbarked, lengthways split and unsplit round timber consisting of one element without artificial joints, the length of which exceeds one metre, but the thin-end diameter of which is at least three centimetres;

2) sawn timber of any length, sawn, planed or unplaned, consisting of one element without artificial joints and which is thicker than six millimetres;

3) wood in the form of round timber, logs, branches, bundles of branches or similar;

4) wood chips and shavings, sawdust and wood residues;

5) sawdust and wood residues in the form of agglomerated or non-agglomerated briquettes, granules or similar intended to be used as firewood.

(4) The procedures referred to in Paragraph two of this Section shall be applicable to the following services:

1) services related to the preparation of timber (including granting of felling rights, cutting of firebreak areas in forest land and arrangement of sample felling areas, measuring, evaluation, cutting, trimming and stacking of standing trees and roundwood);

2) timber treatment and processing services (including sawing, cutting into length, barking, milling, planing, turning, grinding, drying, gluing, lacquering and chipping);

3) labelling, rejection of spoilage, sorting, packaging of timber;

4) services of chemical treatment of timber (including impregnation of timber);

5) transport, loading, unloading, transhipment and storage of timber;

6) marketing and intermediary services related to the supply of timber.

(5) The supplier of timber shall issue a tax invoice to the recipient of timber in which the value of timber shall be indicated excluding tax.

(6) The recipient of timber shall pay the value of timber indicated in the tax invoice to the supplier of timber.

(7) The supplier of services referred to in Paragraph two of this Section shall issue a tax invoice to the recipient of services in which the value of the supplied service is indicated excluding tax.

(8) The recipient of services referred to in Paragraph two of this Section shall pay the value of the services indicated in the tax invoice to the supplier of services.

(9) The recipient of timber shall pay for the received goods and the recipient of services referred to in Paragraph two of this Section shall pay for the received services using non-cash payments.

[*30 November 2015; 28 November 2019; 24 November 2020*]

**Section 142. Special Tax Application Arrangement for Construction Services**

(1) Within the meaning of this Section, the construction services shall be any performance of construction works, as well as designing of all types included in the contract for construction services.

(2) The tax for the construction services supplied inland shall be paid into the State budget by the recipient of construction services if the supplier of construction services and recipient of construction services are registered taxable persons.

(3) The procedures laid down in Paragraph two of this Section shall also be applied by a State or local government institution or a local government which is registered in the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 55, Paragraph one or Section 58, Paragraph one of this Law and receives the construction services referred to in Paragraph four of this Section in accordance with the procurement procedures laid down in the Public Procurement Law or as a public partner in accordance with the Law on Public-Private Partnership.

(4) The procedures laid down in Paragraph two of this Section shall be applicable to the construction services.

(5) Expenses directly related to the provision of a particular service (including the acquisition and installation value of construction products, constructions or devices, which are an integral part of the structure, or of other devices provided for in the laws and regulations in the field of construction, the value of construction instruments, mechanisms or technological equipment) shall be included in the value of the supplied construction service.

(6) The supplier of a construction service shall issue a tax invoice to the recipient of the construction service in which the value of the supplied construction service shall be indicated excluding tax.

(7) The recipient of the construction service shall pay the value of the construction service indicated in the tax invoice to the supplier of the construction service.

(8) [30 May 2019 / See Paragraph 34 of Transitional Provisions]

(9) [30 May 2019 / See Paragraph 34 of Transitional Provisions]

(10) [30 May 2019 / See Paragraph 34 of Transitional Provisions]

(11) [30 May 2019 / See Paragraph 34 of Transitional Provisions]

(12) The recipient of the construction service shall pay for the received service using non-cash payments.

[*27 July 2017; 30 May 2019* / *Amendments regarding the new wording of the title of the Section, the deletion of Paragraphs eight, nine, ten, and eleven, and the new wording of Paragraph twelve shall come into force on 1 January 2020. See Paragraph 34 of Transitional Provisions*]

**Section 143. Special Tax Application Arrangement for the Supplies of Scrap and Services Related to Scrap**

(1) The tax for the supply of scrap referred to in Paragraph three of this Section provided inland shall be paid by a recipient of scrap into the State budget if the following conditions are met:

1) the supplier of scrap and the recipient of scrap are registered taxable persons;

2) the recipient of scrap has a licence for the purchase of metal cuttings and scrap in the Republic of Latvia or, in the absence of such licence, a permit for the performance of Category A or B polluting activity or waste collection, reloading, sorting and storage.

(2) The tax for the services related to the scrap referred to in Paragraph four of this Section that are provided inland shall be paid into the State budget by the recipient of services if the following conditions are met:

1) the supplier of services and the recipient of services are registered taxable persons;

2) the recipient of scrap has a licence for the purchase of metal cuttings and scrap in the Republic of Latvia or, in the absence of such licence, a permit for the performance of Category A or B polluting activity or waste collection, reloading, sorting and storage.

(3) The procedures laid down in Paragraph one of this Section are applicable to supply of the following scrap:

1) cuttings and scrap of ferrous and non-ferrous metals and their alloys which have arisen as a result of economic activity in industry, construction, agriculture or in other fields, as well as in domestic activities;

2) metal articles or parts thereof which are not usable for the intended purposes due to breakings, curvatures, wear or other reasons;

3) different types of used and non-reusable means of transport or parts thereof, including car wrecks;

4) electric and electronic equipment waste;

5) batteries and accumulators.

(4) The procedures laid down in Paragraph two of this Section shall be applicable to the following services:

1) grading of scrap of ferrous and non-ferrous metals and their alloys from the flows of industrial and municipal waste;

2) sorting, separation, cutting, compressing, pressing, casting in bars of cuttings and scrap of ferrous and non-ferrous metals and their alloys;

3) breaking, separation, cutting, compressing, pressing of used products of ferrous or non-ferrous metals and their alloys and other non-reusable materials;

4) breaking, separation and sorting of metal constructions of non-reusable buildings, engineering structures or other infrastructure objects or parts thereof.

(5) The supplier of scrap shall issue a tax invoice to the recipient of scrap in which the value of scrap shall be indicated excluding tax.

(6) The recipient of scrap shall pay the value of scrap indicated in a tax invoice to the supplier of scrap.

(7) The supplier of services referred to in Paragraph two of this Section shall issue a tax invoice to the recipient of services in which the value of the supplied service is indicated excluding tax.

(8) The recipient of services referred to in Paragraph two of this Section shall pay the value of the services indicated in the tax invoice to the supplier of services.

(9) The recipient of scrap shall pay for the received goods and the recipient of services referred to in Paragraph two of this Section shall pay for the received services using non-cash payments.

[*28 November 2019; 24 November 2020*]

**Section 143.1 Special Tax Application Arrangements for Supplies of Mobile Phones, Tablet Computers, Laptop Computers, Integrated Circuit Devices and Video Game Consoles**

(1) The tax for the supply of goods referred to in Paragraph two of this Section provided inland shall be paid by a recipient of goods into the State budget if the supplier of goods and the recipient of goods are registered taxable persons.

(2) The procedures referred to in Paragraph one of this Section shall be applicable to the supply of the following goods:

1) mobile phones;

2) tablet computers and laptop computers;

3) integrated circuit devices (including microprocessors and central processing units);

4) video game consoles.

(3) The supplier of goods referred to in Paragraph two of this Section shall issue a tax invoice to the recipient of goods in which the value of the supplied goods shall be indicated excluding tax.

(4) The recipient of goods referred to in Paragraph two of this Section shall pay the value of goods indicated in the tax invoice to the supplier of goods.

(5) The recipient of goods referred to in Paragraph two of this Section shall pay for the received goods using non-cash payments.

[*30 November 2015; 27 July 2017]*

**Section 143.2 Special Tax Application Arrangements for Supplies of Cereals and Technical Crops**

(1) The tax for the supply of goods referred to in Paragraph two of this Section provided inland shall be paid by a recipient of goods into the State budget if the supplier of goods and the recipient of goods are registered taxable persons.

(2) The procedures referred to in Paragraph one of this Section shall be applicable to the supply of the following cereals and technical crops (including oil seeds), including the supply of mixtures of these goods (which are not normally used in the unaltered state for final consumption):

1) wheat;

2) rye;

3) barley;

4) oat;

5) corn;

6) buckwheat;

7) triticale;

8) soy bean, also split;

9) linseed, also split;

10) rape or colza seeds, also split.

(3) The supplier of goods referred to in Paragraph two of this Section shall issue a tax invoice to the recipient of goods in which the value of the supplied goods shall be indicated excluding tax.

(4) The recipient of goods referred to in Paragraph two of this Section shall pay the value of goods indicated in the tax invoice to the supplier of goods.

(5) The recipient of goods referred to in Paragraph two of this Section shall pay for the received goods using non-cash payments.

[*16 June 2016*]

**Section 143.3 Special Tax Application Arrangements for the Supplies of Untreated Precious Metals, Precious Metal Alloys and Metals Clad with Precious Metals**

(1) The tax for the supply of goods referred to in Paragraph two of this Section provided inland shall be paid by a recipient of goods into the State budget if the supplier of goods and the recipient of goods are registered taxable persons.

(2) The procedures referred to in Paragraph one of this Section shall be applicable to the supply of the following goods:

1) untreated precious metals and semi-finished products thereof, if the special tax application arrangements referred to in Section 139 of this Law do not apply to them in transactions with investment gold;

2) untreated precious metal alloys and semi-finished products thereof;

3) untreated metals clad with precious metals and semi-finished products thereof;

4) waste and scrap of precious metals or metals clad with precious metals.

(3) The supplier of goods referred to in Paragraph two of this Section shall issue a tax invoice to the recipient of goods in which the value of the supplied goods shall be indicated excluding tax.

(4) The recipient of goods referred to in Paragraph two of this Section shall pay the value of goods indicated in the tax invoice to the supplier of goods.

(5) The recipient of goods referred to in Paragraph two of this Section shall pay for the received goods using non-cash payments.

[*23 November 2016*]

**Section 143.4 Special Tax Application Arrangements for Supplies of Ferrous and Non-ferrous Semi-finished Metals**

(1) The tax for the supply of ferrous and non-ferrous semi-finished metals determined by the Cabinet which is provided inland shall be paid by a recipient of ferrous and non-ferrous semi-finished metals into the State budget, if the supplier of ferrous and non-ferrous semi-finished metals and the recipient of ferrous and non-ferrous semi-finished metals are registered taxable persons.

(2) The supplier of ferrous and non-ferrous semi-finished metals shall issue a tax invoice to the recipient of ferrous and non-ferrous semi-finished metals where the value of the supplied ferrous and non-ferrous semi-finished metals shall be indicated excluding tax.

(3) The recipient of ferrous and non-ferrous semi-finished metals shall pay to the supplier of ferrous and non-ferrous semi-finished products the value of ferrous and non-ferrous semi-finished metals indicated in the tax invoice.

(4) The recipient of ferrous and non-ferrous semi-finished metals shall pay for the received goods using non-cash payments.

(5) The Cabinet shall determine the supplies of such goods which are considered ferrous and non-ferrous semi-finished metals in conformity with the Combined Nomenclature codes laid down in Annex I to Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff, and amendments thereto.

[*30 May 2019*]

**Section 143.5 Special Tax Application Arrangements for the Supply of Household Electronic Devices and Household Electrical Equipment**

[30 May 2019 / See Paragraph 34 of Transitional Provisions]

**Section 144. Special Tax Application Procedures in Transactions of Supply of Used Immovable Property**

(1) If an immovable property is not an unused immovable property (hereinafter – the used immovable property), only a registered taxable person has the right to apply tax on the supply thereof.

(2) A registered taxable person shall exercise the right referred to in Paragraph one of this Section if the used immovable property which is registered with the State Revenue Service is supplied to the registered taxable person.

(3) After making a transaction, a registered taxable person shall inform the State Revenue Service in the relevant taxation period of the supply of the used immovable property by submitting Section C of the report on the use of the immovable property.

(4) When selling immovable property, the sales value of such immovable property shall be taxable.

(5) The Cabinet shall determine the procedures by which a registered taxable person shall make the input tax adjustment if the used immovable property for the supply of which the registered taxable person has chosen to apply the tax in accordance with the conditions of this Section previously has not been partially or wholly used for ensuring taxable transactions.

[*6 November 2013*]

**Section 145. Application of Tax in Cases of Change of Participants of a Merchant (Undertaking), Reorganisation of Liquidation**

(1) If a State or a local government capital company is privatised, and its new owner takes over all rights and liabilities of the capital company in order to continue economic activity, the transaction shall not be taxable.

(2) If a commercial company (undertaking) which during its period of operation was not a registered taxable person is liquidated, then the tax need not be paid when selling or transferring the property of such person.

(3) If a commercial company (undertaking) which has been a registered taxable person or which should have been a registered taxable person during the period of its operation is liquidated, then the tax for the goods supplied shall be calculated and paid in accordance with this Law. In such cases, the person who fulfils the functions of a liquidator shall submit a tax return to the State Revenue Service.

(4) If a property of a registered taxable person is sold by a bailiff, administrator of insolvency proceedings or liquidator, the tax shall be imposed on the market value (price) or the auction price of the property (full price bid at the auction, the highest price bid at the auction or the initial auction price in cases when the auction is announced as not having taken place).

(5) If, as a result of reorganisation, a commercial company which is a registered taxable person is divided and a new commercial company (undertaking) is established and registered in the State Revenue Service Value Added Tax Taxable Persons Register within 30 days after registration in the commercial register, the tax for the separated property and the liabilities transferred thereby shall not be calculated.

(6) If, as a result of reorganisation, a commercial company (undertaking) which is a registered taxable person is merged, the tax for the transferred property and the liabilities transferred thereby shall not be calculated.

(7) If, as a result of reorganisation, a commercial company (undertaking) which is a registered taxable person is restructured into a commercial company of another type, the tax for the transferred property and the liabilities transferred thereby shall not be calculated.

(8) If an individual merchant which is a registered taxable person is transformed into a commercial company, the tax for the transferred property shall not be calculated.

[*6 November 2013*]

**Chapter XVIII**

**Liability for Violations of this Law**

**Section 146. Liability for Violations of this Law**

(1) Liability for violations of this Law shall be determined by this Law and other laws and regulations of the Republic of Latvia.

(2) If a person issues a tax invoice illegally or receives a tax that he or she does not have the right to receive, the State Revenue Service has the right to recover the illegally received amounts of the tax in the State budget on an uncontested basis and to collect a fine in the amount of 100 per cent from the illegally received amount of tax.

(3) If a registered taxable person, when importing goods that are intended for ensuring taxable transactions, applies special tax arrangements to transactions of importation of goods, but has not indicated the tax amount in the tax return for the relevant taxation period, the person shall pay a fine in the amount of 10 per cent of the amount of tax not indicated in the tax return.

(4) If a person has not calculated and has not paid the tax into the State budget in accordance with Section 84, Paragraph seven, Section 86, Section 88 and Section 89 of this Law, such person shall pay a fine in the amount of 10 per cent of the unpaid amount of tax. Payment of the fine shall not release the person from paying the tax into the State budget in accordance with the procedures and in the amount laid down in this Law.

(5) Members of a VAT group shall be held jointly liable for the violations of this Law.

(6) Members of a VAT group shall be held jointly liable for the tax commitments arisen during the activities of the VAT group and the time limit for the fulfilment of which has set in within three years after exclusion of the VAT group or a member thereof from the State Revenue Service Value Added Tax Taxable Persons Register.

(7) A fiscal representative shall be held liable for tax commitments arising from the transactions represented by him or her, as well as for the presentation of supporting documents in relation to represented transactions.

(8) A registered taxable person the property of which is sold at an auction by a bailiff shall be held liable for the indication of such transaction in a tax return and for the reduction of the amount of tax to be paid into the State budget or unjustified increase of the amount of tax to be refunded from the State budget if the person has not provided the bailiff information regarding the application of the tax to such transaction or has provided false information regarding the taxable value of the property to be sold at the auction.

(9) The administrator of insolvency proceedings shall be responsible that within 45 days after the day when an entry on the declaration of insolvency proceedings was made in the Insolvency Register such tax returns of a registered taxable person – legal person – are submitted which had to be submitted for taxation periods until the declaration of insolvency proceedings. Returns shall be submitted according to the information that is at the disposal of the administrator of insolvency proceedings.

(10) The fulfilment of the obligation referred to in Paragraph nine of this Section shall not exempt the registered taxable person – legal person – from the liability for non-compliance with the time limit for submitting the tax return specified in Section 118 of this Law.

[*12 June 2014* / *See Paragraph 170 of Transitional Provisions*]

**Transitional Provisions**

1. With the coming into force of this Law, the Law On Value Added Tax (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1995, No. 9, 24; 1996, No. 11; 1997, No. 24; 1999, No. 10, 24; 2001, No. 1, 7, 24; 2002, No. 21; 2003, No. 2, 15, 24; 2004, No. 2, 6, 8, 10, 23; 2005, No. 2, 14, 24; 2006, No. 14; 2007, No. 3; 2008, No. 5, 24; 2009, No. 2, 15; L*atvijas Vēstnesis*, 2009, No. 178, 200; 2010, No. 59, 199, 206; 2011, No. 65, 117, 202; 2012, No. 88) is repealed.

2. Tax return and annexes thereto for the last taxation period of 2012 shall be completed and submitted in accordance with the Cabinet Regulation No. 1640 of 22 December 2009, Regulations Regarding Value Added Tax Return.

3. If the hire purchase contract in which a hire purchase object conforms to the supplies of goods referred to in Section 52, Paragraph one of this Law is concluded until 1 January 2001, the tax shall not be calculated for those payments which are to be made in accordance with such contract after 1 January 2001. If conditions of such hire purchase contract are not fulfilled and the hire purchase object remains in the ownership of the lessor, the tax shall be applicable as for leasing transactions.

4. If the hire purchase contract which provides for the supply of taxable goods is concluded until 1 January 2001 and interest for credit not taxable until 31 December 2000 is indicated separately in the contract, then such interest shall not be taxable also after 1 January 2001 until the end of operation of the particular contract.

5. If the hire purchase contract is entered into until 30 April 2004, the tax for such transaction shall be payable together with the payments to be made in the time limits indicated in the contract, applying such tax rate as was applicable to the hire purchase object on the day of concluding the contract.

6. The crediting of hire purchase which is performed in accordance with a contract entered into until 30 April 2004 shall be deemed to be a financial transaction and tax shall not be applicable thereto.

7. A registered taxable person has the right to make adjustment of input tax in accordance with Section 105 of this Law for such bad debts which have arisen from 1 January 2009.

8. Section 105, Paragraph four of this Law shall be applicable to the amounts of bad debts if the court ruling on the completion of bankruptcy procedure has been given in accordance with the regulation of insolvency proceedings which was in force until 31 October 2010.

9. In accordance with Section 56, Paragraph three of this Law, a taxable person of a third country or third territory who makes taxable transactions inland and has been registered with the State Revenue Service Value Added Tax Taxable Persons Register until 31 December 2012 shall register an authorised person in the State Revenue Service Value Added Tax Taxable Persons Register until 1 July 2013.

10. Section 57, Paragraph four and Section 59, Paragraph eight of this Law shall not be applicable to an authorised person who represents a taxable person of another Member State or a taxable person of a third country or third territory and who made taxable transactions inland as an authorised person until 31 December 2012. Such person has an obligation to register in the State Revenue Service Value Added Tax Taxable Persons Register until 1 April 2013, if it continues to make inland taxable transactions as an authorised person after 1 January 2013.

11. Registered taxable persons who, in accordance with Section 10, Paragraphs 7.3 and 7.4 of the law On Value Added Tax, did not deduct input tax for the acquired, leased or imported passenger car the number of seats of which, excluding the driver’s seat, does not exceed eight seats, and input tax for costs related to the maintenance of such car, has the right to deduct such input tax until 30 June 2013, indicating it in the tax return for the current taxation period.

12. Section 52, Paragraph one, Clause 21, Sub-clause “e” of this Law in respect of the tax application to an investment made in capital and management and supervision of securities shall be applicable starting from 1 January 2014.

13. Until 31 December 2016, a registered taxable person has the right to apply the tax in transactions with immovable property which has been purchased until 27 July 2011 and to which amendments to Section 1, Clause 16, Section 2, Paragraph 17.1 and Section 6, Paragraph one, Clause 23 of the Law On Value Added Tax which shall come into force on 1 October 2011 apply in accordance with such procedures as laid down until 31 December 2012.

[*30 November 2015*]

14. Section 3, Paragraph seven, Section 58, Section 73, Paragraph one, Clause 7 and Paragraph two, Section 84, Paragraph eight, Section 91, Paragraph three, Section 115, Paragraph eight and Section 142 of this Law shall be applied to the construction services referred to in Section 142, Paragraph four of this Law which are supplied to State and local government institutions and local governments which have been registered or should be registered in the State Revenue Service Value Added Tax Taxable Persons Register in accordance with Section 55, Paragraph one or Section 58, Paragraph one of this Law and which receive the construction services referred to in Section 142, Paragraph four of this Law in accordance with the procurement procedure laid down in the Public Procurement Law or as a public partner in accordance with the Law on Public-Private Partnership if the contracts for the receipt of such services have been concluded starting from 1 January 2013. The tax shall be imposed on the construction services which are supplied to the persons referred to in this Paragraph in accordance with the contracts concluded until 31 December 2012 in accordance with the general procedure laid down in this Law.

[*24 January 2013*]

15. Section 100, Paragraph 1.1 of this Law shall apply to such passenger car which has been purchased, leased or imported starting from 1 January 2014 and costs related to the maintenance thereof (including costs for the repair of such car and purchase of fuel). If the passenger car referred to in Section 100, Paragraph 1.1 of this Law has been purchased until 31 December 2013, then the norms of this Law which were in force until 31 December 2013 shall be applicable to the costs related to the maintenance thereof.

[*6 November 2013*]

16. A registered taxable person who, in accordance with Section 10, Paragraph 7.1 of the law On Value Added Tax and Section 100, Paragraph two of this Law, did not deduct the input tax in full amount in 2011, 2012 and 2013, has the right to deduct such undeducted part of the input tax for 2011 in 2014, for 2012 – in 2015, for 2013 – in 2016, indicating it in the tax return for the current taxation period, if the passenger car was used for ensuring taxable transactions in 2011, 2012 or 2013 accordingly. A registered taxable person shall prove the fact that the abovementioned car was used for ensuring taxable transactions in the relevant time period by the following:

1) the fact that records of the journeys related to the performance of economic activity was kept in accordance with the laws and regulations governing company car tax;

2) the fact that the car was declared in the State Register of Vehicles and Drivers in accordance with the laws and regulations governing company car tax.

[*6 November 2013*]

17. A registered taxable person who made a property investment in 2013 (including by investing a fixed asset, except for immovable property) in any of the commercial companies referred to in Section 103, Paragraph 2.1 and refunded the part of the deducted input tax into the State budget for such investment in 2013 has the right to accordingly adjust the tax return for the particular taxation period in 2014.

[*6 November 2013*]

18. Section 140 of this Law shall be repealed on 1 January 2015.

[*12 June 2014*]

19. Amendments in relation to rewording of Section 27 of this Law, amendments to Section 30, as well as amendments to Section 125, Paragraph one, Clause 21 regarding the substitution of the figure “140” with the figure “140.1” shall come into force from 1 January 2015.

[*12 June 2014*]

20. The special tax calculation and payment arrangements referred to in Section 140.1 of this Law for electronic communications, broadcasting and electronically supplied services for a person who is not a taxable person, as well as amendments regarding the supplementation of Section 1 of this Law with Clauses 4.1, 24.1 and 30 shall be applicable from 1 January 2015.

[*12 June 2014*]

21. The Cabinet shall issue the regulations referred to in Section 140.1, Paragraph fourteen of this Law by 1 October 2014.

[*12 June 2014*]

22. Section 146, Paragraph nine of this Law shall be applicable in relation to insolvency proceedings for which an entry in the Insolvency Register for the declaration of insolvency proceedings was made starting from 1 October 2014.

[*12 June 2014*]

23. Amendments in relation to the deletion of Section 52, Paragraph one, Clause 8, Sub-clause “b” and Clause 25, Sub-clause “b” of this Law, amendments to Section 52, Paragraph four, Clause 8, amendments in relation to the supplementation of Section 137 of this Law with Paragraph 2.1, and amendments to Paragraphs three, four, five and six of this Law shall come into force on 1 July 2016.

[*30 November 2015*]

24. A registered taxable person who is a supplier of service of the administration of a residential house and wishes to apply Section 137, Paragraph one or 2.1 of this Law after 1 July 2016 until the end of this taxation year shall inform the State Revenue Service thereof by 30 June 2016 or upon submitting an submission for registration in the State Revenue Service Value Added Tax Taxable Persons Register.

[*30 November 2015*]

25. Section 143.1 of this Law shall come into force on 1 April 2016.

[*30 November 2015*]

26. Section 73, Paragraph one, Clause 12 of this Law shall be applicable in cases where the activities of a registered taxable person – merchant have been suspended starting from 1 January 2016.

[*17 December 2015*]

27. Amendments to Section 105, Paragraphs one and three of this Law in relation to the rounding up of said amounts of money shall be applicable to the bad debts that have been incurred from 1 January 2017.

[*23 November 2016*]

28. The processor of agricultural products shall, by 1 February 2017, submit the State Revenue Service a report on the amount and value of the agricultural products received from the specific farmer in the year 2016 by providing the following information therein:

1) the name, registration number in the State Revenue Service Value Added Tax Taxable Persons Register and legal address of the processor of agricultural products;

2) the name, registration code (for a natural person – given name, surname, personal identity number) and legal address (for a natural person – declared place of residence) of a farmer;

3) the type of received agricultural products and price of one unit;

4) the total amount and total value of the agricultural products received from each specific farmer in the taxation year.

[*23 November 2016*]

29. Amendments to Section 50 of this Law regarding the supplementation of the Section with Paragraph 7.1 and the supplementation of Paragraph eight with Clause 4, as well as amendments to Section 61 regarding the supplementation of the Section with Paragraph eight and to Section 63 regarding the supplementation of the Section with Paragraph six shall come into force on 1 January 2018.

[*20 April 2017*]

30. Section 41, Paragraph one, Clause 2, Sub-clause “b”, Section 42, Paragraph sixteen of this Law and Annex to this Law shall be in force until 31 December 2023.

[*22 November 2017; 24 November 2020*]

31. Amendments regarding the supplementation of Section 1 of this Law with Clauses 31, 32, and 33, regarding the supplementation of this Law with Sections 11.1 and 37.1, and also regarding the supplementation of Section 124 with Paragraphs 3.1 and 3.2 shall be applied to vouchers issued from 1 July 2019.

[*30 May 2019*]

32. Section 52.1 of this Law shall be applied to services supplied by the independent group of persons to members of such group from 1 July 2019.

[*30 May 2019*]

33. Those independent groups of persons which meet the conditions of Section 52.1 of this Law and wish to continue to apply exemption from tax in accordance with Section 52.1 of this Law shall inform the State Revenue Service of the creation of the group and the members of such group by 1 August 2019, concurrently submitting a written agreement on the supply of such services which are supplied by the independent group of persons to members of this group.

[*30 May 2019*]

34. Amendments to Section 84, Paragraph four, Section 92, Paragraph one, Clause 6, Section 97, Paragraph five, Section 109, Paragraph five, Clause 4, Section 124, Paragraph five, and Section 129, Paragraph three of this Law regarding the deletion of figures “142” and “143.5”, amendments regarding the new wording of the title of Section 142, the deletion of Paragraphs eight, nine, ten, and eleven and the new wording of Paragraph twelve, and also amendments regarding the deletion of Section 143.5 shall come into force on 1 January 2020.

[*30 May 2019*]

35. By 20 September 2019 the State Revenue Service shall exclude from the State Revenue Service Value Added Tax Taxable Persons Register such registered taxable persons (except for a VAT group) that have been registered in the State Revenue Service Value Added Tax Taxable Persons Register for at least 12 calendar months, but by 20 July 2019 have not specified any transactions in tax returns for the past 12 calendar months. A registered taxable person shall be deemed excluded from the State Revenue Service Value Added Tax Taxable Persons Register on the seventh day after the decision to exclude the registered taxable person from the State Revenue Service Value Added Tax Taxable Persons Register has been delivered to the post office, or if the registered taxable person is a user of the Electronic Declaration System of the State Revenue Service – on the second working day after the decision has been posted in the abovementioned system. If the decision to exclude a registered taxable person from the State Revenue Service of Value Added Tax Taxable Persons is contested or appealed, it shall not suspend the operation of such decision.

[*20 June 2019*]

36. Amendments to Section 109 of this Law shall be applicable in respect of such overpaid tax amounts which have been indicated in the tax returns submitted to the State Revenue Service from 1 January 2021. The overpaid tax amounts which have been included in the tax returns submitted to the State Revenue Service until 31 December 2020 shall be repaid in accordance with the procedures that were in force until 31 December 2020.

[*24 November 2020*]

37. If the deadline for the approval of the overpaid tax amount was extended until 31 March 2020 in accordance with Section 110 of this Law, the State Revenue Service shall refund the approved overpaid tax amount not later than on the following working day after approval of validity of the overpaid tax amount.

[*24 November 2020*]

38. Section 41, Paragraph one, Clause 2, Sub-clause “c”, Section 42, Paragraphs seventeen and eighteen of this Law shall be applicable from 25 December 2020 and shall be in force until 31 December 2022.

[*7 January 2021*]

39. Section 52, Paragraph one, Clause 26 of this Law shall be applicable from 1 January 2022 to the service for which a consideration for the lawful land use rights is due in the mutual legal relationship of the land owner and the owner of the structure regardless of the status of the land owner.

[*15 November 2021*]

40. Section 52, Paragraph one, Clause 26 of this Law shall also be applicable in relation to the service for which a lease payment is due, being determined by an agreement or a court ruling regarding the mutual legal relationship of the land owner and the owner of the structure in the time period from 1 January 2022 to 31 December 2023 in the cases referred to in Section 14, Paragraph one, Clauses 1, 2, 3, and 4 of the law On the Time Period of Coming into Force and the Procedures for the Application of the Introduction, Parts on Inheritance Rights and Property Rights of the Renewed Civil Law of 1937 of the Republic of Latvia.

[*15 November 2021*]

41. Amendments regarding the new wording of Section 39, Paragraph three, Clause 3, Section 90, and Section 117, Paragraph five, Clause 4 of this Law in relation to the replacement of the words regarding the deposit system of the reusable packaging with the terminology used in the laws and regulations in the field of packaging shall come into force from 1 February 2022.

[*9 December 2021*]

42. Section 50, Paragraph 2.1 and Section 53, Paragraph seven, Clause 6 of this Law shall be applicable from 1 January 2021.

[*10 February 2022*]

43. Section 50, Paragraph two, Clause 2 of this Law shall be applicable from 1 January 2022.

[*10 February 2022*]

44. Amendments regarding the supplementation of Section 50, Paragraph five of this Law with Clause 3, the new wording of the introductory part of Paragraph six and the supplementation of Paragraph seven of Section 53 with Clause 7 shall come into force on 1 July 2022.

[*10 February 2022*]

**Informative Reference to European Union Directives**

[*12 June 2014; 20 April 2017; 30 May 2019; 28 November 2019; 7 January 2021; 15 October 2020; 10 February 2022*]

This Law contains legal norms arising from:

1) Thirteenth Council Directive 86/560/EEC of 17 November 1986 on the harmonization of the laws of the Member States relating to turnover taxes – Arrangements for the refund of value added tax to taxable persons not established in Community territory;

2) Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax;

3) Council Directive 2006/138/EC of 19 December 2006 amending Directive 2006/112/EC on the common system of value added tax as regards the period of application of the value added tax arrangements applicable to radio and television broadcasting services and certain electronically supplied service;

4) Council Directive 2007/74/EC of 20 December 2007 on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries;

5) Council Directive 2008/8/EC of 12 February 2008 amending Directive 2006/112/EC on as regards the place of supply of services;

6) Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State;

7) Council Directive 2008/117/EC of 16 December 2008 amending Directive 2006/112/EC on the common system of value added tax to combat tax evasion connected with intra-Community transactions;

8) Council Directive 2009/47/EC of 5 May 2009 amending Directive 2006/112/EC as regards reduced rates of value added tax;

9) Council Directive 2009/132/EC of 19 October 2009 determining the scope of Article 143(b) and (c) of Directive 2006/112/EC as regards exemption from value added tax on the final importation of certain goods (codified version);

10) Council Directive 2009/69/EC of 25 June 2009 amending Directive 2006/112/EC on the common system of value added tax as regards tax evasion linked to imports;

11) Council Directive 2009/162/EU of 22 December 2009 amending various provisions of Directive 2006/112/EC on the common system of value added tax;

12) Council Directive 2010/88/EU of 7 December 2010 amending Directive 2006/112/EC on the common system of value added tax, with regard to the duration of the obligation to respect a minimum standard rate;

13) Council Directive 2010/45/EU of 13 July 2010 amending Directive 2006/112/EC on the common system of value added tax as regards the rules on invoicing;

14) Council Directive 2013/61/EU of 17 December 2013 amending Directives 2006/112/EC and 2008/118/EC as regards the French outermost regions and Mayotte in particular;

15) Council Directive (EU) 2016/856 of 25 May 2016 amending Directive 2006/112/EC on the common system of value added tax, as regards the duration of the obligation to respect a minimum standard rate;

16) Council Directive (EU) 2016/1065 of 27 June 2016 amending Directive 2006/112/EC as regards the treatment of vouchers;

17) Council Directive (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods;

18) Council Directive (EU) 2018/912 of 22 June 2018 amending Directive 2006/112/EC on the common system of value added tax as regards the obligation to respect a minimum standard rate;

19) Council Directive (EU) 2018/1910 of 4 December 2018 amending Directive 2006/112/EC as regards the harmonisation and simplification of certain rules in the value added tax system for the taxation of trade between Member States;

20) Council Directive (EU) 2019/475 of 18 February 2019 amending Directives 2006/112/EC and 2008/118/EC as regards the inclusion of the Italian municipality of Campione d’Italia and the Italian waters of Lake Lugano in the customs territory of the Union and in the territorial application of Directive 2008/118/EC;

21) Council Directive (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods;

22) Council Directive (EU) 2019/1995 of 21 November 2019 amending Directive 2006/112/EC as regards provisions relating to distance sales of goods and certain domestic supplies of goods;

23) Council Directive (EU) 2020/2020 of 7 December 2020 amending Directive 2006/112/EC as regards temporary measures in relation to value added tax applicable to COVID-19 vaccines and in vitro diagnostic medical devices in response to the COVID-19;

24) Council Directive (EU) 2021/1159 of 13 July 2021 amending Directive 2006/112/EC as regards temporary exemptions on importations and on certain supplies, in response to the COVID-19 pandemic;

25) Council Directive (EU) 2019/2235 of 16 December 2019 amending Directive 2006/112/EC on the common system of value added tax and Directive 2008/118/EC concerning the general arrangements for excise duty as regards defence efforts within the Union framework.

The Law shall come into force on 1 January 2013.

The Law has been adopted by the *Saeima* on 29 November 2012.

President A. Bērziņš

Rīga, 14 December 2012

Value Added Tax Law

**Annex**

**Fruits, Berries and Vegetables to which the Reduced Tax Rate in the Amount of Five Per Cent is Applied**

[*22 November 2017* / *Annex shall be in force until 31 December 2023 / See Paragraph 30 of Transitional Provisions*]

1. Apples

2. Chokeberries

3. Raspberries

4. Red bilberries

5. Pears

6. Carrots

7. Quinces

8. Bergamot berries

9. Sweetcorn

10. Lettuce (head lettuce) and chicory (including leaf chicory)

11. Cranberries (including large cranberries)

12. Gooseberries

13. Fennel

14. Beetroot

15. Turnips

16. Cabbage, curly kale, broccoli, cauliflower and similar food brassicas

17. Herbs [including dill, parsley, basil, coriander (kinza), mint and similar]

18. Cucumbers

19. Viburnum berries

20. Red currants

21. Squash (courgette)

22. Swedes

23. Potatoes

24. Blackberries

25. Logan berries

26. Kohlrabi

27. Korinte shadberries

28. High bush blueberries

29. Garlic

30. Garlic chives

31. Pumpkins

32. Cherries

33. Cloudberries

34. Mangolds

35. Horse-radish

36. Blueberries

37. Radish

38. Wild strawberries

39. Parship

40. Patisson

41. Parsley roots

42. Rowan tree berries

43. Plums

44. Elderberries

45. Field beans

46. Beans

47. Leeks

48. Rhubarbs

49. Radishes

50. Lettuce vegetables (including, Romain lettuce, oakleaf lettuce, rucola, endive, mizuna, sprouts)

51. Honeysuckle berries

52. Celery (root, stalk, leaf)

53. Onions and shallots

54. Spring onions

55. Sorrels

56. Sea buckthorn berries

57. Asparagus

58. Spinach

59. Tomatoes

60. Jerusalem artichokes

61. Turnips

62. Black currants

63. Strawberries

64. Peas