



Latvia

DAC 6 Domestic Implementation

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General Information

Territory	Latvia
Tax authority	Valsts ieņēmumu dienests
Status of legislation	Implemented Entry into force on 1 July 2020. Reportable transactions for which first implementation step took place between 25 June 2018 and 30 June 2020 need to be reported by 28 February 2021.
Taxes covered	All taxes that are not excluded
Taxes excluded	Value-added tax, customs duty, excise duty, and state social insurance contributions
Domestic transactions	No

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Definitions further clarified by guidance

Relevant taxpayer	Any person to whom a reportable cross-border arrangement is made available for implementation, or who is ready to implement a reportable cross-border arrangement or has implemented the first step of such an arrangement.
Associated enterprise	A person who is related to another person in at least one of the following ways: a) a person participates in the management of another person and is in a position to exercise significant influence over the other person; b) a person participates in the control of another person through a holding that exceeds 25% of voting rights; c) a person participates in the capital of another person through a holding that (directly or indirectly) exceeds 25% of the capital; d) a person is entitled to 25% or more of the profits of
Marketable arrangement	Cross-border arrangement that is designed, marketed, ready for implementation or made available for implementation without a need to be substantially customized.

Cross-border arrangement

An arrangement concerning either more than one Member State or a Member State and a third country where at least one of the following conditions is met:

- a) not all of the participants in the arrangement are resident for tax purposes in the same jurisdiction;
- b) one or more of the participants in the arrangement is simultaneously resident for tax purposes in more than one jurisdiction;
- c) one or more of the participants in the arrangement carries on a business in another jurisdiction through a permanent establishment situated in that jurisdiction and the arrangement forms part or the whole of the business of that permanent establishment;
- d) one or more of the participants in the arrangement carries on an activity in another jurisdiction without being resident for tax purposes or creating a permanent establishment situated in that jurisdiction;
- e) such an arrangement has a possible impact on the automatic exchange of information or the identification of beneficial ownership.

An arrangement shall also include a series of arrangements. An arrangement may comprise more than one step or part.

Intermediary

Any person that:

- a) designs, markets, organizes or makes available for implementation or manages the implementation of a reportable cross-border arrangement; or
 - b) having regard to the relevant facts and circumstances and based on available information and the relevant expertise and understanding required to provide such services, knows or could be reasonably expected to know that they have undertaken to provide, directly or using other persons, aid, assistance or advice with respect to designing, marketing, organizing, making available for implementation or managing the implementation of a reportable cross-border arrangement;
- and meets at least one of the following additional conditions:

- 1) is a tax resident in the Republic of Latvia;
- 2) has a permanent establishment in the Republic of Latvia through which the services, which are connected with cross-border schemes, are provided;
- 3) is a member of a professional association, foundation or college which is associated with a legal, tax or other advisory services in the Republic of Latvia.

Tax advantage

In national laws not specified.

Made available for implementation

Currently no guidance has been given by Latvian authorities.

Hallmark

A characteristic or feature of a cross-border arrangement that presents an indication of a potential risk of tax avoidance.

3 Additional hallmarks

Additional hallmarks

None.

4 Operation of legal professional privilege (lpp)

Operation of legal professional privilege (LPP)

If the intermediary is a sworn advocate and the provision of information regarding the cross-border arrangement to be reported would violate the professional secret, it is entitled not to provide the relevant report, if he or she informs the other intermediary or if there is no other intermediary, the relevant taxpayer regarding the reporting obligation. A sworn advocate is entitled to use the said exemption insofar as it operates within the framework of Advocacy Law of the Republic of Latvia.

Sworn advocate is not exempt from the periodic reporting for marketable arrangements.

5 Reporting deadline

Intermediaries

Intermediary shall report within 30 days following:

- a) the day after the reportable cross-border arrangement is made available for implementation; or
- b) the day after the reportable cross-border arrangement is ready for implementation; or
- c) the moment when the first step in the implementation of the reportable cross-border arrangement is made, whichever occurs first

In certain cases, the intermediary shall provide the information within 30 days of the day following that on which it has provided assistance, support, or advice directly or through other persons.

The 30-day reporting period shall start on 1 January 2021 in the following cases:

- a) when reportable cross-border arrangement is made available for implementation, ready for implementation or it's first step in the implementation is made between 1 July 2020 and 31 December 2020;

b) intermediary has provided assistance, support, or advice directly or through other persons between 1 July 2020 and 31 December 2020.

Reportable transactions for which the first implementation step took place between 25 June 2018 and 30 June 2020 need to be reported by 28 February 2021.

For marketable arrangements, the intermediary is required to file a periodic report with all new reportable information every 3 months.

Users (where LPP applies)

Relevant taxpayer shall report within 30 days following:

- a) the day after the reportable cross-border arrangement is made available to the relevant taxpayer for implementation; or
- b) the day after the reportable cross-border arrangement is ready for the relevant taxpayer to implement; or
- c) when the first phase of the implementation of the reportable cross-border arrangement, which is related to the relevant taxpayer, has been made.

Reportable transactions for which first implementation step took place between 25 June 2018 and 30 June 2020 need to be reported by 28 February 2021.

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Reporting principles for intermediary

Circumstances in which intermediary is obliged to report

Intermediary is obliged to report information that is within their knowledge, possession or control (whichever occurs first) on reportable cross-border arrangements.

Obligation to inform user what data was communicated

No

Priority of reporting where multi member state reporting obligations exist

Where the intermediary is liable to file information on reportable cross-border arrangements with the competent authorities of more than one Member State, such information shall be filed only in the Member State that features first in the list below:

- a) the Member State where the intermediary is resident for tax purposes;
- b) the Member State where the intermediary has a permanent establishment through which the services concerning the arrangement are provided;
- c) the Member State which the intermediary is incorporated in or governed by the laws of;
- d) the Member State where the intermediary is a member of a professional association, foundation, or college which is involved in legal, tax, or advisory services.

Circumstances under which intermediary not required to report

In case of multiple reporting obligations, the intermediary is entitled not to submit a report to the Latvian State Revenue Service if it has evidence that the same information has been submitted in another Member State. In this case, within 30 days after the submission of the relevant report in another Member State, the intermediary shall provide information on the reference number of the reportable cross-border arrangement and certify that it has no other information at its disposal.

The intermediary shall also be exempt from filing the information if he or she is bound by legal professional privilege and has notified the other intermediary or in the absence thereof, the relevant taxpayer about reporting obligation.

What will the tax authorities provide for the notification received

The fact that the Latvian State Revenue Service does not react to a reportable cross-border arrangement does not mean consent to the activities included in this arrangement or to the application of tax laws about this arrangement.

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Reporting principles for taxpayer

Circumstances in which taxpayer is obliged to report

The relevant taxpayer is obliged to report if:

- a) there is no intermediary, who is obligated to submit a report;
- b) the intermediary notifies of the application of the reporting exemption (in case if the intermediary is sworn advocate) and reporting obligation to the relevant taxpayer.

Priority of reporting where multiple taxpayers are involved

Where the relevant taxpayer must file information on the reportable cross-border arrangement with the competent authorities of more than one Member State, such information shall be filed only with the competent authorities of the Member State that features first in the list below:

- a) the Member State where the relevant taxpayer is resident for tax purposes;
- b) the Member State where the relevant taxpayer has a permanent establishment benefiting from the arrangement;
- c) the Member State where the relevant taxpayer receives income or generates profits, although the relevant taxpayer is not resident for tax purposes and has no permanent establishment in any Member State;
- d) the Member State where the relevant taxpayer carries on any activity, although the relevant taxpayer is not resident for tax purposes and has no permanent establishment in any Member State.

Circumstances under which taxpayer not required to report

Where there are multiple reporting obligations, the relevant taxpayer shall be exempt from filing the information if it has proof that the same information has been filed in another Member State. In this case, within 30 days after the submission of the relevant report in another Member State, the relevant taxpayer shall provide information on the reference number of the reportable cross-border arrangement and certify that it has no other information at its disposal.

Proof that reporting obligation is satisfied by other taxpayer

The relevant taxpayer shall be released from the obligation to supply information only in so far as he or she can prove that the same information has already been provided by another relevant taxpayer. In such a case, within 30 days after the submission of the relevant report by another relevant taxpayer, the relevant taxpayer shall provide the Latvian State Revenue Service with information including the reference number of the reportable cross-border arrangement and certify that it has no other information at its disposal.

8 Reporting principles applicable to all

Language

Latvian. The other language may be used, but the State Revenue Service is entitled to request translation.

9 Penalties

Circumstances in which penalties may apply

Incomplete, late - or non-filing.

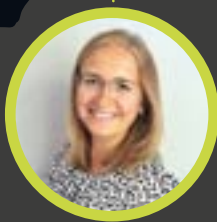
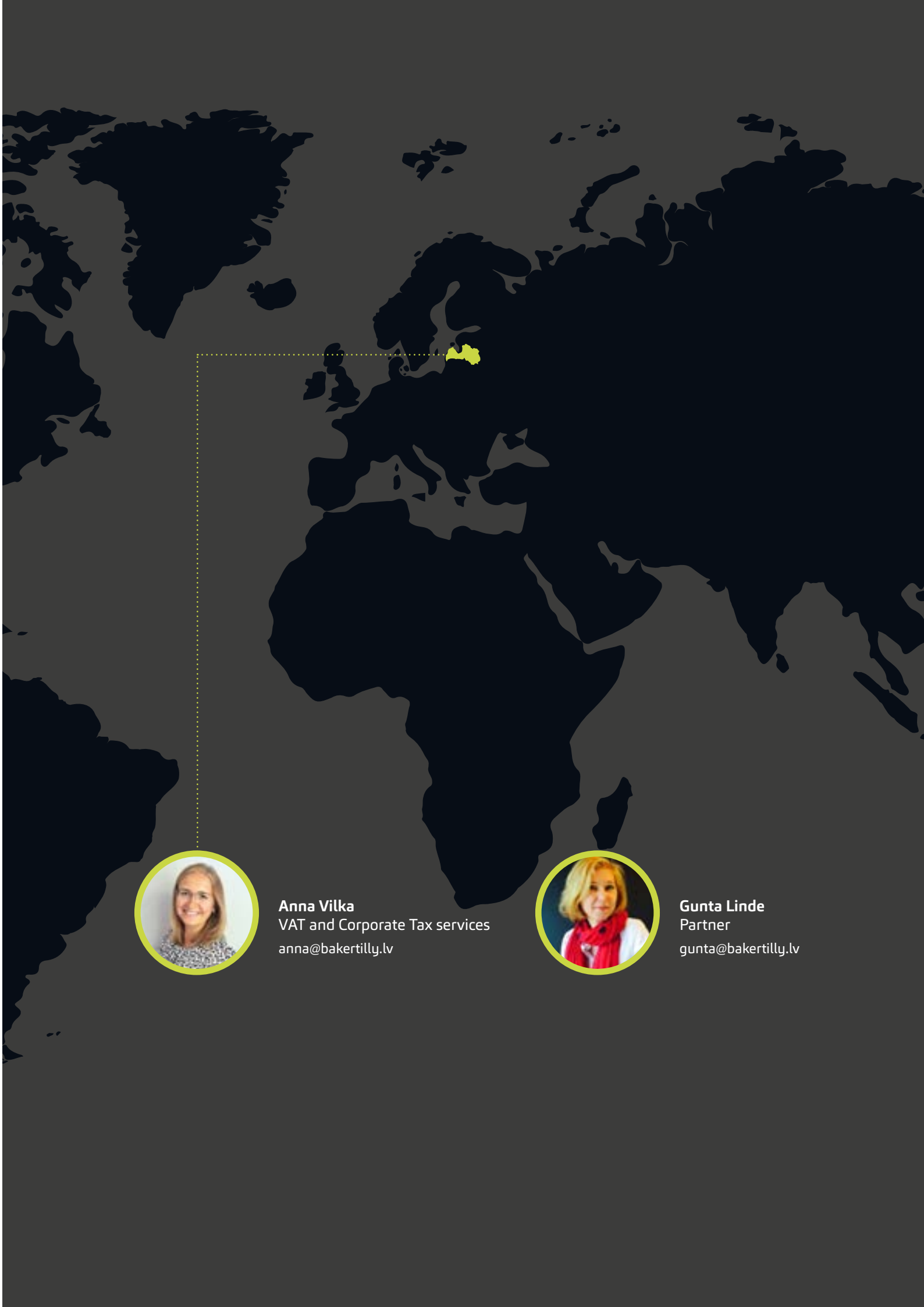
Amount

Up to 3 200 EUR.

10 Country specifics

Country specifics / deviation from EU directive

None.



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