



VAT Standard rate

The standard VAT rate in Latvia in 2023 is 21%.

VAT Reduced rate

A reduced rate of 5% applies to digital:

- Books;
- Newspapers;
- Magazines;
- News agency announcements.

Thresholds

The threshold for all EU- established businesses is €10,000. If a digital supplier stays below 10,000 selling cross-border per year, such seller can charge the VAT rate of the domestic country. As soon as such passes the annual sales limit, the seller is obliged to charge VAT rate of customer's country. The threshold for non-EU businesses is zero. That means that non-EU supplier of digital services needs to register from the first B2C sale.

Latvian businesses must register for VAT when revenue exceeds €40,000 for the period of the previous 12 months.

Pieces of evidence

General EU conditions to determine the location of the buyer or user:

- IP address;
- Shipping Address;
- Phone code +371;
- The location of the customer's landline phone through which the service is provided;
- Address of the buyer of the service.

List of electronic services

An approximate, but not exhaustive, list of electronic services:

Website hosting;
Software;
Electronic images, text, and access to databases;
Online games, including gambling;
Downloadable and streaming music and films;
Distance learning.

Registration procedure

When a company supplies electronic services to non-taxable persons, a such seller can choose to register for VAT, OSS, or non-union OSS. The time for VAT registration in Latvia depends on the type of registration. Non-union OSS registration takes around one week. And VAT registration from 3 weeks to 5 weeks. All documents need to be translated into Latvian.

Marketplaces

When a non-EU company trades through a marketplace like Appstore or social media, such sellers don't need to register for VAT in the EU country – it is a marketplace's responsibility to calculate and remit VAT.

Tax representative

There is no need to appoint a fiscal representative to handle all formalities related to VAT registration and filling.

Keeping records

Records about performed transactions must be kept to check the correctness of tax returns and payments. The retention period for the records is 10 years.

VAT payment date

The VAT payment dates entirely correspond with reporting deadlines.

Filing VAT returns

The OSS deadline is the last day of the month after the end of reporting quarter. Standard VAT returns must be filed no later than the 20th day of the month following the quarter. This VAT return can only be filed electronically at the SRS electronic declaration system or EDS.

