

# Tax and duty system in Latvia

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## Law on Taxes and Duties

On 2 February 1995 the Saeima of the Republic of Latvia adopted the Law on Taxes and Duties, which entered into force on 1 April 1995. This Law shall apply to all taxes and duties, unless the specific tax law provides for other procedures appropriate to the specific nature of the particular tax or duty, which may not conflict with this Law. The procedures for determining the customs duty, collection and application of sanctions shall also be regulated by the Customs Law and other laws and regulations governing the procedures laid down in customs matters.

There are 14 taxes imposed in Latvia in accordance with the specific tax law:

[State compulsory social security contributions;](#)

[Personal income tax;](#)

[Solidarity tax;](#)

[Enterprise income tax;](#)

[Micro-enterprise tax;](#)

[Immovable property tax;](#)

[Value added tax;](#)

[Excise duty;](#)

[Natural resources tax;](#)

[Lotteries and gambling tax;](#)

[Customs duty;](#)

[Electricity tax;](#)

[Vehicle operation tax;](#)

[Company car tax.](#)

Find out about changes in tax policy in 2022 [here](#).

Find out about changes in tax policy in 2021 [here](#).

Law on Taxes and Duties states:

types of taxes and duties (Sections 8, 12);

the general framework of the In-Depth Cooperation programme (Section 7.<sup>1</sup>);

classification of taxpayers (Section 14);

rights and obligations of taxpayers and fee payers (Sections 15, 16);

procedures for the registration of taxpayers (Section 15.<sup>1</sup>);

requirements for transfer price documentation (Section 15.<sup>2</sup>);

requirements to identify on the website (Section 15.<sup>3</sup>);

regulation regarding the determination of the market price (value) of the transaction by the taxpayer and the tax

administration (Section 16.<sup>1</sup>);

rights and obligations of the Tax and Duty Administration (Sections 18, 18<sup>1</sup>, Section 28, Paragraphs one and two, Section 28.<sup>2</sup>);

procedure and collection of taxes and duties (Sections 23, 23.<sup>1</sup>, 23.<sup>2</sup>);

the regulation of the extension of the tax payment period (Section 24);

the procedures of tax declaration revision (Section 33.<sup>2</sup>);

tax debt and overpayment regulation (Sections 25, 25.<sup>1</sup>, 25.<sup>2</sup> and 25.<sup>3</sup>);

the debt collection system (Section 26);

procedure for refunding incorrectly recovered payments, overpaid taxes and state duties (Sections 28, 28.<sup>2</sup>);

calculation of late payment charges for late payment of taxes and duties (Section 29);

restrictions on the use of cash (Section 30);

liability for the reduction of the amount of tax to be paid into the budget or unjustified increase of the amount of tax to be refunded from the budget, as well as for the performance of economic activity without registering as a taxpayer and other tax violations (Sections 32, 32.<sup>2</sup>, 32.<sup>4</sup>, 34);

regulation for the suspension of economic activity of a taxpayer in cases of violations of laws and regulations upon initiative of the State Revenue Service (Sections 34.<sup>1</sup>, 34.<sup>2</sup>);

regulation on the supervision of e-commerce (Sections 34.<sup>4</sup>, 34.<sup>5</sup>);

procedures for contesting and appealing decisions taken in tax and duty matters (Sections 37, 37.<sup>1</sup>, 40);

regulation regarding entering into an agreement between the State Revenue Service and the taxpayer (Section 41);

regulation on the implementation of mutual assistance for the recovery of tax claims in the European Union (Chapter X);

regulation for the reimbursement of late tax payments by a legal person (Chapter XI);

framework for the automatic exchange of information on financial accounts (Chapter XII).

In accordance with the Law On Taxes and Duties, the tax and duty system of the Republic of Latvia consists of:

state taxes on which taxable objects and rates are determined by the Saeima;

state duties imposed in accordance with the Law On Taxes and Duties, other laws and Cabinet regulations;

local government fees imposed in accordance with the Law On Taxes and Duties and binding regulations of local governments;

taxes specified in directly applicable laws and regulations of the European Union.

<https://www.fm.gov.lv/en/tax-and-duty-system-latvia>