



COUNTRY

Doing Business in
Latvia



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Preface

This guide has been prepared by Baker Tilly Baltics SIA, an independent member of Baker Tilly International. It is designed to provide information on a number of subjects important to those considering investing or doing business in Latvia.

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Doing Business in Latvia has been designed for the information of readers. Whilst every effort has been made to ensure accuracy, information contained in this guide may not be comprehensive and recipients should not act upon it without seeking professional advice. Facts and figures as presented are correct at the time of writing.

Up-to-date advice and general assistance on Latvian matters can be obtained from Baker Tilly Baltics SIA; contact details can be found at the end of this guide.


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1 Fact Sheet

Geography

Location	At the crossroads of Northern and Eastern Europe, on the east coast of the Baltic Sea
Area	64,589km ²
Land boundaries	Estonia (north), Lithuania (south), Russia and Belarus (east)
Coastline	494km
Climate	Temperate
Terrain	Flat
Time zone	GMT +2

People

Population	2.25 million
Ethnic groups	Latvians, Russians, Byelorussians, Ukrainians and others
Religion	Lutheran, Catholic and Orthodox
Language	Latvian

Government

Country name	Republic of Latvia
Government type	Parliamentary
Capital	Riga
Administrative divisions	Vidzeme, Zemgale, Kurzeme and Latgale
Political situation	Democratic

Economy

GDP – per capita	US\$14,400 (2009 est.)
GDP – real growth rate	-1.8%
Labour force	1.2 million
Unemployment	19%
Currency (code)	Lat (LVL)

2 Business Entities and Accounting

2.1 Business Entities

The permissible forms of business entities are stated in the Commerce Law and, with exception of self-employed traders, must be registered at the Commerce Registry.

2.1.1 Limited liability companies (SIA)

A SIA must be established by at least one member with a minimum share capital of LVL2,000 contributed in cash or in-kind – see 2.1.7 for private individuals registering a limited company. When contribution in-kind exceeds LVL4,000 or amounts to 50% or more of the share capital it must be valued by a certified expert.

The board must consist of at least one member elected by the general meeting of shareholders (GMS).

2.1.2 Stock corporations (AS)

An AS is a type of limited liability company formed to conduct certain businesses (banking, insurance) or for public trading of shares.

It must be established by at least one shareholder. Except for banks, insurance companies and a few other financial market participants (for which a higher threshold of share capital is required), the minimum share capital for stock corporations is LVL25,000.

A two-level management system exists within an AS:

- A council consisting of at least three members (five if shares are publicly traded) elected by the GMS
- The council elects a board, consisting of at least one member.

2.1.3 Partnerships

There are two types of partnerships – general and limited – distinguished by the partners' liability.

A partnership (*līgumsabiedrība*) may be registered for VAT (not income tax) and acquires most legal rights and obligations, including property ownership. A partnership agreement is optional. A partnership may exist unregistered, but once it becomes a VAT payer, acquires a commercial licence, or distributes gross profits to its partners, registration becomes mandatory.

2.1.4 Branches

A foreign branch (*filāle*) or permanent establishment is a separate part of the head office undertaking. It is not a legal entity, but must be registered and obtain a domestic tax code.

Special rules apply to the taxation of a branch's profits and its allocation of expenses.

2.1.5 Representative offices

A representative office (*pārstāvniecība*) cannot trade, but must be registered and pay payroll taxes on behalf of the contracted employees.

2.1.6 Europe Economic Interest Groupings (EEIG)

An EEIG may be established by two or more members (companies, firms, or other entities) to pool resources, activities, or skills in different member states of the European Community.

2.1.7 Sole merchants

A sole merchant (*individuālais komersants*) is a private individual with annual sales over LVL200,000 or with five or more employees. It is possible for a private individual to register a limited liability company (SIA) with the lower share capital of just LVL1.

2.1.8 Agents

Commercial agents, brokers, liberal professions (artists and providers of professional services) and individuals with sales below LVL200,000 are often registered as self-employed (*pašnodarbinātais*) to reduce their tax burden.

Self-employed individuals are subject to simplified accounting requirements.

2.2 Accounting

Accounting principles are provided by the Companies' Annual Reports Act and the recently introduced Latvian Accounting Standards which are largely based on International Financial Reporting Standards (IFRS). Bookkeeping is governed by the Accounting Act and a set of cabinet regulations.

Sole merchants are subject to simplified accounting requirements as compared to limited companies registered by private individuals. It is sufficient for transactions to be

recognised on a cash basis and there is no requirement for accounting to be processed on a double entry system.

All accounting transactions must be reflected in LVL as per the Bank of Latvia exchange rate on the day of transaction. Domestic transaction documents should be in Latvian.

2.3 Financial Reporting

The Companies' Annual Reports Act is based on the 4th and 7th EU Directives. The fiscal year covers a 12-month period and, unless specifically reported, coincides with the calendar year. Newly established businesses may opt for a longer fiscal year (of up to 18 months), while those changing their fiscal year start date or those in liquidation may adopt a shorter fiscal year.

Annual reports consist of financial statements (balance sheet, profit and loss statement, cash-flow statement, statement of changes in equity and explanatory notes) and a management report. The GMS approves the financial statements four months after the fiscal year-end (or seven months for companies subject to consolidation). Within one month of approval of the annual accounts and no later than four (or seven) months after the fiscal year-end, the annual report should be presented together with the auditor's report and consolidated statements (if required) to the tax authorities.

If two or more of the following criteria are exceeded, financial statements must be audited by sworn auditors or an auditing firm:

- Total assets – LVL250,000
- Net sales – LVL500,000
- Average number of employees – 25.

Audited consolidated accounts are required when the aggregate figures for parent and subsidiaries exceed two or more of the following criteria over two successive years:

- Total assets – LVL1m
- Net sales – LVL2.4m
- Average number of employees – 250.

When a concern agreement (where, for example, the group agrees with the minority shareholders for a different basis of dividend calculation on account of the structure of the group) is not registered with the Commerce Registry, the “dependent” company must prepare a dependency statement reflecting inter-company transactions and their financial impact.

3 Finance and Investment

3.1 Exchange Control

The lat is fixed to the euro at LVL0.702804 per euro.

Plans to introduce the euro are scheduled for 2013.

3.2 Banking and Sources of Finance

The country's banking sector is supervised by the Financial and Capital Market Commission. Latvia's central bank, the Bank of Latvia, is charged with regulating currency in circulation by implementing monetary policy to maintain price stability.

There are 21 licensed commercial banks; foreign affiliates are mainly controlled by Scandinavian bankers.

3.3 Foreign Investment Incentives

- EU funding may be available for innovation, new product development and other project activities.
- Various tax allowances are available on new technological equipment and on the replacement and upgrade of obsolete machinery and technological equipment or business activities in rural areas, including the ability to carry forward tax losses for up to ten years.
- Certain tax grants are available for non-EU traders at Riga and Ventspils free ports and at Liepaja and Rezekne special economic zones.
- Real estate tax rebate (up 90%) may be provided by local municipalities.

3.4 Foreign Investment Restrictions

3.4.1 Acquisition of real estate

With the exception of protected zones and forests, foreigners may purchase Latvian real estate. Procedures may vary depending on the foreigner's residency and the status of the land. EU residents may acquire land without restriction, although purchases of rural land currently require municipal approval. Non-EU citizens acquiring land should either seek municipal approval or structure the deal through an EU-registered limited liability company.

3.4.2 Limitations for capital movement

Persons crossing an EU border to or from a non-EU country are required to declare cash in excess of €10,000.

Cash transactions between legal entities are subject to monthly restrictions and both the payer and the recipient are required to report cash transactions in excess of LVL3,000 (the limit at the time of writing) to the tax authorities. In addition, banks, insurers, lawyers and consultants and a few other businesses should report their clients' cash transactions in excess of the thresholds stated in the anti-money laundering rules. For cross-border transactions the amounts received or paid and the purpose of transaction must be declared to the Bank of Latvia.

The domestic transfer of goods between domestic legal entities or between two locations of one entity is permitted only by a source document which simultaneously serves as a VAT invoice. There are specific requirements for the source documents upon transportation of timber and excisable goods.

4 Employment Regulation and Social Security

4.1 Entry Visa and Work Permit Requirements

4.1.1 Entry visas

Visas are mainly issued by consular missions of Latvia abroad. Documents for extending the duration of a stay may be arranged through any regional office of the Citizenship and Migration Affairs Bureau.

Citizens of the EU, EEA and Swiss Confederation do not require a visa. A visa-free regime is also available to visitors from certain other countries (see Appendix 1). Foreigners not requiring a visa can stay in Latvia for 90 days during a six-month period. Temporary or permanent residence permits are required beyond this term.

Foreign citizens investing in Latvia may obtain a residence permit valid for up to five years on the condition that they either:

- Grant a subordinated loan to a bank of at least LVL200,000
- Contribute a minimum of LVL25,000 in the share capital of a limited liability company that contributes at least LVL20,000 in taxes per annum
- Acquire real estate valued at LVL 50,000 or more, or LVL100,000 if the real estate is located in Riga or Jurmala.

Non-EU citizens are encouraged to make the above acquisitions permitting them to travel without any visa in the Schengen Zone.

4.1.2 Work permit requirement

To be a board or council member of a Latvian registered company or to receive remuneration for work performed in Latvia (including work on behalf of a foreign company for longer than six months) a work permit is required. The permit should be issued for a period of employment or a term of duties up to five years, and can be extended.

Work permits are not required for EU citizens.

4.2 Hiring Local Employees

The Latvian Labour Act complies with EU policies and is rigid.

The standard working week is eight hours per day and 40 hours per week. Vacations are four calendar weeks (excluding 15 days of state holiday) available after the first six months of employment. The maximum probation period allowed is three months.

Labour agreements must be produced in a prescribed format and are usually for an indefinite period of time. Employers have limited rights to terminate labour agreements.

The minimum age of workers is 18 years (in certain circumstances it is 15 years). The average annual gross salary in the private sector is LVL5,192. However, this does not reflect actual remuneration paid "off record" in many businesses due to the high burden of payroll taxes.

4.3 Trade Unions

Although trade unions have not been popular since the Soviet era, an increasing number of professions are now turning to unions to negotiate pay rises.

4.4 Social Security System

The social benefit system provides insurance for sickness, maternity, paternity, parent support, pension, disability, unemployment and accidents at work, although the majority of benefits are low. Insured persons are domestic and foreign individuals and sole traders.

Companies are liable for calculating and paying social security contributions of 33.09%, including that payable by employees (9%).

Companies are liable to an additional commerce risk levy (LVL0.25 per employee monthly) to ensure compensation is payable in the event of bankruptcy.

5 Taxation

5.1 Corporation Tax

A 15% corporation tax rate is imposed on the worldwide income of resident companies, with a few exceptions on dividends. The list of applicable tax treaties is provided in Appendix 2.

For tax purposes, assets (except intangible assets) are depreciated under the reducing balance method at the following rates:

Buildings and constructions	10%
Railway, marine and power equipment	20%
Electronic equipment	70%
Other (furniture, trucks, equipment)	40%
Other transport vehicles	30%
Oil research and extraction equipment	15%

The value of technological equipment acquired for new production lines or assets for business in supported rural areas may be increased by ratios 1.3 – 2 to claim higher tax depreciation. Luxury cars over LVL25,424 (net of VAT) and related expenses are not deductible for tax purposes. Related third-party transactions are interpreted according to the OECD.

Tax losses can be carried forward in an historical order (oldest first) for eight years (special rules apply to losses from securities not publicly traded). Neither revaluation of assets nor income or losses from public traded securities has any tax impact. The transfer of losses within a group is allowed.

5.2 Individual Tax

The worldwide income of residents and Latvian source income of non-residents is taxed at 26%, with the exceptions of capital gains, which are subject to tax at 15%, and interest and dividend income, which are taxed at 10%.

Tax residents are:

- Citizens and permanent residents of Latvia
- Individuals present in Latvia for 183 days or more in any 12-month period starting or ending in the calendar year.

The following are deductible from income in arriving at the taxable amount:

- National social insurance paid by the employee
- Tax exempt minimum – LVL420 per annum
- Statutory allowances for each dependant – LVL756
- Medical costs and education expenses (up to LVL150 per annum); personal and dependant allowances, medical costs and education, applicable only for tax residents
- Dentist services (not limited)
- Accumulative life insurance premiums, payments to private pension funds and investment fund certificates owned for more than 60 months (limited to 20% of taxable income per annum)
- Expenses related to art, music, literary, science, educational and similar works
- Donations to organisations approved by the government/cabinet (up to 20% of taxable income).

With the exception of sole traders and expatriates working for non-residents, employers are liable for tax compliance and payments.

5.3 Value Added Tax (VAT)

The delivery of goods, the supply of services, community acquisitions, import and self-consumption are chargeable to VAT.

Local entrepreneurs must register for VAT once their domestic taxable sales in a 12-month period reach LVL10,000 or their EU purchases reach LVL7,000, or if they are dealing in a service sector with a foreign entrepreneur. It is permitted to register prior to reaching these thresholds.

VAT rates are:

Most domestic sales, including intra community acquisitions and third country imports, and services (except business to business services which in general are not taxed) unless they are exempt or subject to reduced VAT	21%
Hotel services, utilities for private individuals, public transportation, medicals, baby food, books, magazines and newspapers	10%
Export and transit of goods and related services, intra community shipments to EU VAT-registered persons	0%

VAT payers may only recover VAT which is paid to generate taxable supplies. VAT related to exempt supplies is irrecoverable. Input VAT should be adjusted in proportion to taxable and exempt supplies. There is a large list of VAT exempt services provided in the financial and public sectors. Special rules for the sale of real estate apply.

The taxable period may be a calendar month, quarter, or half year depending on taxable sales in the previous year. VAT should be reported electronically and any balance paid by the 20th of the following month. Invoices must be issued within 15 days of delivery of goods or supply of services. Continuous services should be invoiced at least every six months. Output VAT is accounted upon receiving advance payments or delivery of goods or supply of services.

The sales list of goods sold and services supplied to the EU are submitted for the same period as the VAT report. The requirement to submit Intrastat declarations commences as soon as annual EU shipments exceed €99,000 or EU purchases exceed €113,000.

VAT payers registered in Latvia may also be involved in VAT groups provided one of its members achieves taxable sales in excess of LVL250,000 for the last 12 months. In addition, taxpayers can use several tax reliefs and special schemes.

5.3.1 VAT compliance of foreigners

Reverse charge VAT is permitted on most services and deliveries to Latvian VAT payers.

VAT registration in Latvia, irrespective of the status of recipient, is required for:

- Domestic sales
- Sale of inland goods to overseas
- Passenger transportation services within Latvia
- Catering in Latvia
- Short term (less than 30 days) lease of the transport vehicles from Latvia
- Transactions throughout a fixed establishment in Latvia
- Transfer of inter-company assets within the EU.

Registration is required when a foreign person deals in the following areas with a VAT exempt person in Latvia:

- Provision of services related to education, sport, culture, science and arts
- Provision of services for immovable property located in Latvia.

VAT registration is required in the following cases upon dealing with a non-entrepreneur (from Latvia or elsewhere):

- Handling or storing goods in Latvia
- Transportation in/from Latvia
- Transactions related to movable property located in Latvia (additional requirements for non-EU traders)
- Certain intermediary services.

Moreover, EU VAT payers should register for local VAT if they intend to provide distance sales exceeding €34,000 per annum, delivery of excisable goods or goods for assembly and installation on behalf of VAT exempt persons in Latvia. Third country residents in their turn shall be registered for Latvian VAT when their commerce involves telecommunications.

VAT refunds to EU VAT payers, without any local fiscal presence in Latvia, are provided on a quarterly or annual basis by submitting VAT refund application in their own country of residence not later than 30 September of the following year. Copies of invoices or importation documents shall be presented when the VATable amount is €1,000 or more, or €250 in case of the fuel. The deadline for application to Latvian tax office by non-EU traders is 1 July. It should be presented to Latvian tax authorities together with accounting vouchers verifying the VAT paid in Latvia and home country VAT (or similar tax) identity number.

5.4 Withholding Taxes

Profit repatriation is possible after withholding taxes charged on various pre-tax payments to overseas:

Dividends, except dividends to EU/EEA companies taxed at 0%	Up to 10%
Management and consultancy fees	Up to 10%
Personnel outsourcing working in Latvia	26%
Interest paid to related overseas parties (reduced rate of 5% for EU companies until 1 July 2013, afterwards 0%)	Up to 10%
Royalties related to art, literature, sound recording and movies (reduced rate of 5% for related-EU companies until 1 July 2013, afterwards 0%)	15%
Other royalties not listed above (0% applicable to EU-related companies as from 1 July 2013)	5%
Rent for estate located in Latvia	5%
Gross proceeds from sale of real estate or shares in companies holding more than 50% of assets in real estate situated in Latvia	2%
Majority of payments to off-shores (Appendix 3)	15%

Different tax rates may apply upon payments to individuals.

5.5 Other Taxes

5.5.1 Natural resource (packaging) tax

Natural resource tax is payable on the packaging of goods entering Latvia, packaging materials and environmentally hazardous goods upon their first sale. The extraction of natural resources and pollution are subject to licensing and taxation.

5.5.2 Customs and excise goods

Certain excisable goods such as tobacco, fuel and spirits are subject to licensing and tax contributions.

5.5.3 Real estate tax

Real estate tax is charged on land and buildings owned or possessed by domestic or foreign persons. The tax base is the cadastral value (a value attributed by the State Land Registry based on their own formula) of real estate taxed at:

Land, engineering structures and buildings, except for residential houses provided for use of individuals taxed from 0.1% – 0.3%	1.5%
Unattended agriculture land	3%

5.5.4 Capital gains tax

15% capital gains tax applies on any profit made by an individual from the sale of capital assets.

When the seller is a non-resident and the buyer is a Latvian resident corporation, a 2% withholding tax is deducted from the gross price and considered as advance payment until non-resident individual submits his annual tax return declaring taxable income and applying a 26% tax rate on the net profit from sale.

5.5.5 Other fiscal charges

Other fiscal charges, such as gambling and lottery taxes or state and municipal duties, are imposed on different services, permissions and trading activities.

Appendix 1

Visa-free Regime Countries

Citizens of the EU, EEA and Swiss Confederation as well as the following countries do not require a visa to enter Latvia:

- Andorra
- Antigua and Barbuda
- Argentina
- Australia
- The Bahamas
- Barbados
- Brazil
- Brunei
- Canada
- Chile
- Costa Rica
- Croatia
- El Salvador
- Former Yugoslav Republic of Macedonia (FYROM) (applies only to holders of biometric passports)
- Guatemala
- Honduras
- Israel
- Japan
- Korea (South Korea)
- Malaysia
- Mauritius
- Mexico
- Monaco
- Montenegro (applies only to holders of biometric passports)
- New Zealand
- Nicaragua
- Panama
- Paraguay
- Saint Kitts and Nevis
- San Marino

- Serbia (applies only to holders of biometric passports, excluding holders of Serbian passports issued by the Serbian Coordination Directorate (*Koordinaciona uprava*))
 - The Seychelles
 - Singapore
 - Uruguay
 - USA
 - Vatican City State
 - Venezuela
 - Special Administrative Regions of the People's Republic of China:
 - Only passport holders of Hong Kong SAR
 - Only passport holders of Macao SAR.
- 

Appendix 2

Double Tax Treaties and Reliefs

The applicable double tax treaties signed by Latvia stipulate the following preferential tax rates (they do not reflect tax reliefs available for dividends, interest and royalties distributed to the EU companies under EU directives 90/435/EEK and 2003/49):

Recipient	Dividends (1) %	Interest (2) %	Royalties (3) %	Rentals of Industrial, Commercial or Scientific Equipment and Real Estate %	Management Fees (4) %	Disposal of Real Estate (5) %
Treaty:						
Albania	10/5	0/5/10	5	5	0	2
Austria	10/5	0/5/10	5/10	5	0	2
Azerbaijan	10/5	0/5/10	5/10	5	0	2
Armenia	10/5	0/5/10	5/10	5	0	2
Belarus	10	0/5/10	5/10	5	0	2
Belgium	10	0/5/10	5/10	5	0	2
Bulgaria	10/5	0/5	5/7	5	0	2
Canada	10/5	0/5/10	5/10	5	0	2
China	10/5	0/5/10	5/10	5	0	2
Croatia	10/5	0/5/10	5/10	5	0	2
Czech Republic	10/5	0/5/10	5/10	5	0	2
Denmark	10/5	0/5/10	5/10	5	0	2
Estonia	10/5	0/5/10	5/10	5	0	2
Finland	10/5	0/5/10	5/10	5	0	2
France	10/5(6)	0/5/10	5/10	5	0	2
Georgia	10/5(7)	0/5/10	5/10	5	0	2
Germany	10/5	0/5/10	5/10	5	0	2
Greece	10/5	0/5/10	5/10	5	0	2
Hungary	10/5	0/5/10	5/10	5	0	2
Iceland	10/5	0/5/10	5/10	5	0	2
Israel	10/5(6)	0/5/10	5	5	0	2
Ireland	10/5	0/5/10	5/10	5	0	2
Italy	5/15(6)	0/5/10	5/10	5	0	2
Kazakhstan	10/5	0/5/10	5/10	5	0	2
Kirghizia	10/5	0/5/10	5	5	0	2
Korea	10/5	0/10	5/10	5	0	2
Kuwait*	5/0	0/5	5	5	0	2
Lithuania	10/0	0	0	0/5(5)	0	2
Luxembourg	10/5	0/5/10	5/10	5	0	2
Macedonia	10/5(6)	0/5	5/10	5	0	2
Malta	10/5	0/5/10	5/10	5	0	2
Morocco	10/6	0/10	10	5	0	2
Moldova	10	0/5/10	5/10	5	0	2
Montenegro	10/5	0/5/10	5/10	5	0	2
Netherlands	10/5	0/5/10	5/10	5	0	2
Norway	10/5	0/5/10	5/10	5	0	2
Poland	10/5	0/5/10	5/10	5	0	2
Portugal	10	0/5/10	5/10	5	0	2
Romania	10	0/5/10	5/10	5	0	2
Serbia	10/5	0/5/10	5/10	5	0	2
Singapore	10/5	0/5/10	5/7.5	5	0	2
Slovak Republic	10	0/5/10	5/10	5	0	2
Slovenia	10/5	0/5/10	5/10	5	0	2
Spain	10/5	0/5/10	5/10	5	0	2
Sweden	10/5	0/5/10	5/10	5	0	2
Switzerland	10/5(7)	0/5/10	5/10	5	0	2
Tadzhikistan	10/5/0	0/7	5/10	5	0	2
Turkey	10/5	0/5/10	5/10	5	0	2
United Kingdom	10/5	0/5/10	5/10	5	0	2
United States	10/5(6)	0/5/10	5/10	5	0	2
Ukraine	10/5	0/5/10	5/10	5	0	2
Uzbekistan	10	0/5/10	5/10	5	0	2

* Effective from 1 January 2011

Notes:

- (1) 5% applies if the beneficial owner is a company that directly holds a minimum of 25% of the shares. According to the majority of the double taxation treaties, the 25% requirement is fulfilled if the shareholder has 25% of the capital. Some treaties provide a withholding tax rate of 15% on dividends; Latvian legislation applies a maximum rate of 10%, which is the highest applicable rate for dividends paid to all countries (except dividends distributed to the EU residents holding over 25% of the shares based on EU directive 90/435/EEC)
- (2) 10% applies if the recipient is a related party. 5% applies if the payment is made by a commercial bank registered in Latvia
- (3) 10% or 7.5% applies on royalties for literary or artistic works, including movies, videos and recordings
- (4) Treated as part of business profits, but only if there is no permanent establishment. Consultancy could be treated as a permanent establishment if provided in excess of 6 months
- (5) Also applies on the disposal of shares if more than 50% of a company's assets form real estate located in Latvia. 5% is charged on rentals
- (6) At least 10% shareholding required
- (7) At least 20% shareholding required
- (8) At least 10% shareholding and US\$75,000 capital contribution required.

There are two ways for applying tax relief:

- Complete the residence application form (or statement on absence of permanent establishment in Latvia) and submit it for approval to the fiscal offices of the two countries before exercising a transaction and making mutual payments overseas
- Carry out the transaction and withhold statutory taxes from the payments overseas and afterwards apply to the tax office for a tax refund.

Appendix 3

Listed Off-shores

Certain jurisdictions are qualified as “black-listed”, payments to which are subject to disadvantageous tax rates:

- Andorra
- Anguilla (United Kingdom of Great Britain and Northern Ireland)
- Antigua and Barbuda
- The Antilles (Kingdom of the Netherlands)
- United Arab Emirates
- Aruba (Kingdom of the Netherlands)
- The Bahamas
- Bahrain
- Barbados
- Belize
- The Bermudas (United Kingdom of Great Britain and Northern Ireland)
- British Virgin Islands
- Brunei Darusalim
- Dominica
- Jersey (United Kingdom of Great Britain and Northern Ireland)
- Djibouti
- Ecuador
- Guernsey
- Gibraltar (United Kingdom of Great Britain and Northern Ireland)
- Grenada
- Guam (United States of America)
- Guatemala
- Hong Kong
- Jamaica
- New Caledonia (France)
- Jordan
- Cayman Islands (United Kingdom of Great Britain and Northern Ireland)
- State of Qatar
- Kenya
- Costa Rica
- Cook Islands (New Zealand)
- Kuwait
- Labuan (Malaysia)

- Lebanon
- Liberia
- Liechtenstein
- Macao
- Maldives
- Republic of Mauritius
- The Marshall Islands
- Isle of Man
- Monaco
- Montserrat
- Nauru
- Niue (New Zealand)
- Alderney (United Kingdom of Great Britain and Northern Ireland)
- Panama
- Independent State of Samoa
- San Marino
- Democratic Republic of Sao Tome and Princi
- Seychelles
- Saint Pierre and Miquelon
- Saint Kitts-Nevis
- Saint Lucia
- Saint Vincent and the Grenadines
- Saint Helena Island (United Kingdom of Great Britain and Northern Ireland)
- Tahiti (French Polynesia)
- Turks and Caicos Islands (United Kingdom of Great Britain and Northern Ireland)
- Tonga
- Uruguay
- Vanuatu
- Venezuela
- Virgin Islands (United States of America)
- Island of Zanzibar (United Republic of Tanzania).

Unless there is a prior exemption from the tax authorities, payments to off-shores are subject to ordinary corporate income tax (15%) with certain exceptions.

On certain occasions this also applies to Latvian resident individuals.

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