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Contact: Daina Ceplite

Ministry of Finance, Rm. 234

Phone: 226000

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Tax Advisory Off.,

US Treasury Dept.,

Contact: Luc Noiset

Min. of Finance, Rm. 317

Phone: 212938

Unofficial translation for the U.S. Treasury.  
This is intended as a reference document for  
use by advisors to the Latvian government.  
Please use the official Latvian language text  
as the basis of legal and business decisions.

The Saeima has adopted and the President declares the following Law:

**"On the Value Added Tax"**

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## Chapter L

### General Provisions

#### Article 1. Terms Used in the Law

For the purposes of this Law:

- 1) goods shall mean any item (property), transferred by its owner for remuneration, if not provided otherwise by this Law;
- 2) supply of goods shall mean a transaction of transfer of title to another person, for remuneration, entitling the other person to use the item (property). First sale of unused real estate after the completion of construction shall also mean supply of goods;
- 3) supply of services - a transaction that is not a supply of goods, but an activity performed by persons for remuneration, including the sale (transfer) of intangible assets and rights in order to refrain from an activity, or to allow an activity, as well as lease of goods. Delivery of real estate to its owner after the completion of construction shall also mean supply of services;
- 4) remuneration - the value of goods and services in monetary terms, received by the supplier of goods or services, or what the supplier was supposed to receive as a payment for the supply of goods or services (including excise tax and other taxes and fees) from the buyer or other person, irrespective of whether the payment has been made in full or in part;
- 5) internal consumption - supply of goods and services to an entrepreneur, his family and other persons, including employees, for remuneration, as well as the part of value not received that is below the market value of goods and services;
- 6) economic activity - any activity for remuneration;
- 7) entrepreneurial activity - a regular economic activity with the purpose of gaining profit;
- 8) domestic territory - the territory of the Republic of Latvia, except territories where special customs regulations apply;

9) input tax - the amount the supplier of goods or services has paid as the value added tax for goods and services purchased or received by the supplier in order to ensure his/ her economic activity;

10) agent - a person who supplies goods without becoming the owner of these goods; or supplies services on behalf of other persons in order to execute interests of these persons in transactions of supply of goods and services;

11) budget institutions - state or local government institutions and organizations funded from the state or local government budget;

12) market value in case of supply of goods or services, or internal consumption - remuneration that would have been received for goods or services, had the goods or services been supplied with the aim of gaining profit;

13) customs value - value determined in accordance with the law *On Customs Duty (Tariffs)* and the Customs Code

14) barter transactions (exchange) - transaction of exchange of goods without payment in cash.

15) clearing - accrual payment for goods, securities or services sold (purchased) on the basis of countering a claim with a counterclaim.

## Article 2. Object Subject to the Value Added Tax

(1) The VAT (hereinafter also: the tax) shall be levied on the total value of all the transactions subject to said tax, performed in a domestic territory by a person subject to this tax, if not provided otherwise by this Law.

(2) Taxable transactions shall be:

- 1) supply of goods;
- 2) supply of services;
- 3) import of goods;

4) internal consumption.

(3) The taxable value of supply of goods or services shall be the remuneration for supply of goods or services in monetary terms without the VAT. When providing agent services, the taxable value shall be the remuneration to the agent.

(4) If a VAT taxable person participates in supply of goods or services representing a foreign legal or natural person, it shall be considered that this person itself has supplied goods or services, and the total value of all the supplies of services or goods shall be subject to the tax.

(5) If an agent receives full remuneration for supply of goods, the agent shall be considered supplier of said goods, and the value of goods supplied shall be subject to the tax.

(6) Any supply value of goods shall include a remuneration payable on acquisition of the goods, or customs value, as well as all the additional payments for agent services in supply of goods, insurance, packaging and transportation, excise tax and customs duties paid for supply of goods, except the VAT.

(7) The VAT taxable value in barter and clearing transactions, or such supplies of goods and services when cash payment is not planned to be a full part of remuneration, shall be the market value of goods or services at the moment of supply of goods or services.

(8) If a VAT taxable person exports goods from the domestic territory in accordance with the procedure established by customs legislation, in order to process or manufacture them in another country and then said person re-imports the goods, the value of goods shall be determined by the remuneration paid for processing of items, or by the value which is calculated as the difference between re-import value of goods and the value of goods when exported.

(9) For suppliers of goods or services that use self-produced or acquired goods or services for internal consumption, transfer them free of charge, or at a partial charge to other producers or consumers, the taxable value shall be determined as the market value of goods and services.

### Article 3. The VAT Taxable Persons and Their Registration.

(1) A VAT taxable person (hereinafter - taxable person) shall be a natural or legal person and groups of such persons tied by contract or verbal agreement, or their agents who perform transactions referred to in Part 2, Article 1 of this Law, and that are registered or were required to be registered in accordance with a procedure set by this Article.

(2) If a budget institution supplies goods and services to other persons, it shall also be considered a taxable person.

(3) When the total taxable value of goods and services supplied by a natural or legal person, or groups of such persons tied by contract or verbal agreement, or their agents, reaches (exceeds) Ls 10 000 during 12 preceding months, said persons shall register as VAT taxable persons at the State Revenue Service no later than one month after reaching (exceeding) this amount.

(4) Natural or legal persons and groups of such persons tied by a contract or verbal agreement, or their agents, shall have the right to register at the State Revenue Service as VAT taxable persons if the total value of the goods and services supplied by them during 12 preceding months (for a newly-established enterprise - during the following 12 months) reaches or exceeds at least 75% of the amount referred to in Part 3 of this Article.

(5) Only taxable persons shall have the right to input tax deductions

(6) A person registered in accordance with Parts 3 and 4 of this Article shall acquire the right to deductions of input tax paid after the date of registration as a VAT taxable person at the State Revenue Service.

(7) A taxable person may submit a request to the State Revenue Service to be released from the register of taxable persons no sooner than one year after the date registration, if not provided otherwise by this Article. For such taxable persons the remaining value of fixed assets, as well as the remaining material value of tangible goods shall be recorded and the input tax paid from the budget on said assets and goods shall be transferred back to the budget. The State Revenue Service shall have the right to decide on expulsion of a person from the register of taxable persons no sooner than a year from the date of registration if liquidation or reorganization of such enterprise (entrepreneurial company) has occurred.

(8) When importing goods into the domestic territory, the VAT shall be paid at the border both by the VAT taxable person, and any other person importing goods.

(9) If a foreign natural or legal persons provides services listed in Article 4 in the domestic territory, it shall register as a taxable person, calculate the tax and transfer it to the budget in accordance with the procedure provided by this Law. If a Latvian natural or legal person uses VAT taxable services supplied by a non-registered foreign natural or legal person, the tax shall be paid by an agent who ensures supply of these services in the domestic territory, or in case there is no agent - by the receiver of services.

#### Article 4. Location of Supply of Goods and Services

(1) The location of supply of goods and services shall be a criterion in determining whether supply of goods and services has occurred in the domestic territory

(2) The location of supply of goods shall be the location where the goods are at the moment of start of their delivery or supply to customer

(3) The location of the supply of services shall be legal address or place of residence of provider of services.

(4) For the following services -

1) services in the field of culture, art, science, education, sports and the like;

2) services connected with loading and storage, as well as transportation referred to in Part 6 of this Article;

3) services connected with valuation of items and expert evaluation - the location of supply of service shall be the location where they are provided.

(5) The location of supply services connected with real estate (including services of expert evaluation, preparation for construction, its coordination and



supervision and services of design companies) shall be the location where this real estate is located.

(6) The location of supply of transportation services shall be the location where the transportation of goods and passengers takes place.

(7) If the supplier of service is not a person registered in the Republic of Latvia, for the following services:

- 1) transfer of patents, copyright, trademarks and similar rights at the disposal and control of other persons;
- 2) services connected with advertising and public information and operations, including activities of advertising agents and agencies;
- 3) activities of lawyers, patent boards, tax consultants, controllers of economic activity of entrepreneurs, translators, interpreters, experts, engineers, as well as legal, economic, technical and other types of consultation with the help of other enterprises;
- 4) data processing;
- 5) supply of information, also sharing of experience - legal or residential address of a taxable enterprise (entrepreneurial company) receiving the supplied service and transferring the tax to the budget shall be considered the location of the supply of services.

(8) The location of supply of services when renting (leasing) goods from a foreign natural or legal person shall be the location where the goods are used.

#### Article 5. Tax Rates

(1) The tax rate shall be set at 13 % of the taxable value of supplies of goods (including imports), services and supplies for internal consumption.

(2) The tax rate of 0% shall be set for export supplies, international transportation, as well as for services connected with export supplies of goods in accordance with Article 7 of this Law.

## Chapter II.

### Exemptions and Relief

#### Article 6. Exemptions.

(1) The tax shall not be levied on the following:

- 1) services of nursing homes;
- 2) services of day-care centers and kindergartens;
- 3) catering in penitentiaries;
- 4) services of educational establishments directly connected with the process of education, including tuition at state and local government art and music schools;
- 5) services of training farms in catering for students at agricultural educational establishments;
- 6) services of public libraries;
- 7) tuition at private educational establishments accredited by the state;
- 8) visits to theaters, movies (except video), circus shows, concert activities, events in cultural establishments, visits to museums, exhibitions, zoological and botanical gardens, events for children and charity events, events of amateur art and sports;

- 9) medical services, supplies of medicine and medical goods in accordance with the list adopted by the Ministry of Welfare and approved by the Ministry of Finance.
- 10) supplies of gold, coins and bank notes to the Bank of Latvia;
- 11) betting, lotteries and other types of gambling;
- 12) burial services, and religious, ritual and other services provided by religious organizations registered in the Republic of Latvia provided they have no purpose of systematic gaining of profit;
- 13) insurance services supplied by insurance companies in accordance with the Law *On Insurance*;
- 14) payments of individuals on apartment rent contracts signed, except payments for rent of hotels, motels and similar establishments;
- 15) specialized baby-food in accordance with the list adopted by the Ministry of Welfare and approved by the Ministry of Finance;
- 16) scientific research financed by public foundations, or by funding from the state and local government budget, or international institutions;
- 17) the following goods and financial services:
  - a) extension of loans and their monitoring, as well as services connected with loan guarantees or other financial guarantees and their monitoring, except debt collection;
  - b) services of loan institutions connected with deposit and current account operations, payments, transfers, debts, checks and other negotiable instruments;

- c) negotiable instruments and services connected with purchase or sale of negotiable instruments in circulation, except items (money, coins) supplied for collection, or that contain precious metal;
  - d) securities and capital investments, as well as services supplied at purchase and sale of securities and capital investments;
- 18) humanitarian aid and gifts in accordance with the Cabinet regulations, but if said goods are sold, the tax shall be paid in accordance with law;
- 19) consular services;
- 20) school books and scientific literature, first publications of works of original literature in Latvian and publications for children published and printed in Latvia in accordance with lists adopted by the Ministry of Education and Science;
- 21) mass media registered in the Republic of Latvia;
- 22) services provided by companies for joint processing and sale of agricultural and fishery products, as well as companies for joint usage and maintenance of agricultural equipment, machinery and other tools (hereinafter - agricultural cooperatives) to farmers holdings that are not taxable persons;
- 23) sale of real estate, except sale or transfer of an unused real estate to its owner after completion of construction;
- 24) supplies of imported goods not subject to customs duties in accordance with Chapters 6 and 7 of the Law *On Customs Duty (Tariffs)* under a procedure set by the Cabinet, except supplies of goods to which the 0% rate of customs duty is applied.

25) fire-fighting services provided by the Firefighting and Rescue Service department of the Ministry of Interior, firefighting services of institutions, enterprises (entrepreneurial companies) and organizations, voluntary firefighters' unions and formations of firefighting volunteers.

(2) A person supplying said services (goods) may subject them to the tax by registering at the State Revenue Service.

(3) Fixed assets imported in the Republic of Latvia by a taxable person, shall not be subject to the tax on the border. In case imported fixed assets do not create distortions of competition in the country, for example, due to production of analogous fixed assets in Latvia, the tax shall be written off. Otherwise the canceled tax shall be collected from a person who has imported the fixed assets. The procedure for tax write-off and collection shall be determined by the Cabinet regulations. If a taxable person supplies goods and services not subject to the tax in accordance with Part 1 of this Article, the tax may be written off only for the portion of the tax that corresponds to the ratio established by Part 5 of Article 10.

#### Article 7. Application of 0% Rate to Exports and International Transport

(1) 0% tax rate shall be applied to:

- 1) supplies of goods outside the Republic of Latvia;
- 2) services related to supplies of goods referred to in Paragraph 1 of this Part;
- 3) supplies of services outside the domestic territory;
- 4) supplies of goods and services related to supply and maintenance of vessels that:
  - a) operate on international shipping lines;
  - b) perform emergency and rescue missions, or provide assistance on sea;

- 5) delivery, reconstruction, repairs, maintenance, chartering and lease of vessels referred to in Paragraph 4 of this Part, and supplies and services in this regard;
  - 6) delivery, reconstruction, repairs, maintenance, chartering and lease of aircraft operating on international routes, and supplies and services in this regard;
  - 7) agent services and services for cargo handling of transportation vehicles listed in Paragraphs 1-6 of this Part;
  - 8) on the basis of parity, goods and services supplied to diplomatic and consular establishments in the Republic of Latvia, their diplomatic and consular agents and their underage family members residing with them, in accordance with the procedure set by the Cabinet.
- (2) If an agent representing a natural or legal person of Latvia provides supplies of goods outside the borders of the Republic of Latvia, 0% rate shall apply for the agent on supplies of goods in accordance with the procedure set by the Cabinet.
- (3) To receive input tax refund, a VAT taxable person registered at the State Revenue Service shall submit documentary evidence substantiating that the supply of goods or services referred to in Part 1 of this Article has occurred.
- (4) The VAT amount paid by natural persons for goods (if their value exceeds Ls 100) exported from the domestic territory shall be refunded in accordance with the Cabinet regulations.
- (5) If a taxable person that has supplied goods or services in accordance with Part 1 of this Article cannot produce documents certifying to export, it shall be subject to the tax for goods and services supplied in accordance at the rate set by Part 1, Article 5.

### Chapter III.

#### Procedure of Calculation and Payment of the Tax

##### Article 8. The VAT Invoice

(1) The supply of goods shall be deemed to have occurred if the goods have been shipped, and the VAT invoice (hereinafter - tax invoice) has been filled out, or if remuneration for the supply has been received before the delivery of the goods.

(2) The supply of services shall be deemed to have occurred if the service has been provided to a customer, and a tax invoice has been filled out, or if remuneration for the service has been received before the supply of service

(3) Internal consumption shall be deemed to have occurred if goods or services have been supplied or otherwise made available to the recipient. In such a case, the duty of a taxable person shall be to fill out a tax invoice and perform recording of internal consumption in the books.

(4) A taxable person shall issue the tax invoice in accordance with Part 6 of this Article for any taxable supply of goods or services no later than 7 days after the date of transaction.

(5) A tax invoice shall be issued only by a taxable person. Any amount of the VAT paid on a VAT invoice issuer of which had no right to issue it, shall be transferred by the issuer to the state budget.

(6) A VAT invoice shall include the following information:

- 1) the name (for a natural person - name and last name), legal or residential address, and the code number of a person subject to the VAT;
- 2) the name and address of the recipient of goods or services (for a natural person - name and last name), legal or residential address, as well as the registration number of an enterprise (entrepreneurial company) registered in Latvia (for a natural person - person ID code number);

- 3) quantity and name of goods, or the type and amount of service;
- 4) price and value of goods, or remuneration for services supplied;
- 5) the calculated tax amount;
- 6) the date of supply of goods or services.

(7) A purchase receipt received at a trading company may also be used as a tax invoice, if it contains information listed in Part 6 of this Article. If this information is incomplete, a special form of receipt shall be attached providing the missing information.

#### **Article 9. Taxation Period**

- (1) The VAT taxation period shall be one calendar month.
- (2) If the tax amount paid by an enterprise (entrepreneurial company) does not exceed Ls 1800 for the pre-taxation year, the term for submission of a tax return and taxation period may be three months or six months at a taxpayer's request.
- (3) In accordance with a request from a taxable person in regards to seasonality of economic activity, the State Revenue Service may establish other taxation period.
- (4) The total of taxation periods in a calendar year shall form a taxation year.

#### **Article 10. Input Tax Deduction and Calculation of the Tax Transferable to the Budget**

- (1) Only a taxable person, registered at the State Revenue Service, shall have the right to deduct the following input tax amounts from the VAT transferable to the budget:



1) in the VAT invoice filled out in accordance with Article 8 of this Law, separately stated tax amount for goods and services a taxable person has acquired from another person in the domestic territory to ensure its taxable operations. In order to take said deductions, the payment on the VAT invoice shall be made;

2) amount of the VAT paid for goods imported into the domestic territory to ensure its taxable operations. In order to perform said deductions, a document of import certifying the tax payment shall be necessary, where the taxable person is listed as a person ordering the goods or as importer.

(2) In regards to goods (including imports) and services used for performance of the VAT-exempt transactions listed in Article 6 of this Law, and in regards to any transactions of persons not registered as taxable persons, the input tax shall not be deducted.

(3) A taxable person shall ensure recording in the books of the amounts of the tax calculated and paid.

(4) If a taxable person has acquired goods or services in the domestic territory from a person not subject to the tax, the input tax on those goods and services shall not be deducted, except cases referred to in Part 7 of this Article.

(5) If a taxable person uses only part of goods and services supplied to perform taxable transactions, the input tax may be deducted for this part. This part (proportion) shall be determined by the following estimation:

in the numerator - the amount of taxable value without the tax on transactions (including exports) subject to the tax and cases referred to in Part 7 of this Article;

in the denominator:

the amount of total value of transactions without the tax (the transactions included in the numerator and the VAT-exempt transactions).

(6) Legal and natural persons producing agricultural products and that are not registered at the State Revenue Service as taxable persons (for the purposes of Parts 7,8 and 9 of this Article, hereinafter - farmers holdings), when selling self-produced

products to food processing plants or cooperatives, if said plants or cooperatives are taxable persons, and when presenting a certificate issued by the State Revenue Service, shall receive payment for their products, including the compensation for the tax paid on purchase of goods and services for production purposes in the amount set by Parts 8 and 9 of this Article. The provisions of this Part shall also apply to agricultural cooperatives if they:

- 1) are not taxable persons;
- 2) pay the received compensation to farmers holdings.

(7) The compensation for farmers holdings referred to in Part 6 of this Article shall be set in the amount of 15% from the value of the produce supplied. A food processing plant may reduce the tax amount payable into the state budget for the compensation amount set by this Part in its tax return for the respective taxation year. The duty of said enterprises shall be to perform recording of farmers holdings and provide information on the produce supplied to a State Revenue Service establishment that has issued the certificate referred to in Part 9 of this Article.

(8) If a food plant purchases produce from farmers holdings for value (without the compensation for the tax paid) that is higher or lower than its supply value for which analogous products from taxable persons are acquired, they shall lose the right to relief provided by Part 7 of this Article.

(9) The State Revenue Service shall issue a certificate to farmers holdings for sale of their products to the effect that the respective farm is a person not subject to the tax and it is entitled to the right to receive compensation for the tax paid on acquisition of goods to ensure the production process in the amount set by Part 7 of this Article. In order to receive the certificate the respective farm shall submit a registration certificate of a farmers holding or a certification from the respective local government on the title to land, or the right to use it.

#### Article 11. Tax Return.

(1) A registered taxable person shall, within 15 days after the end of the taxation period, submit a tax return to the State Revenue Service for the previous taxation period with the tax calculations for the previous taxation period.

(2) The State Revenue Service may request a taxable person to fill out a tax return also at any other time, if it considers it necessary, but no more frequently than once a quarter.

(3) A registered taxable person shall submit the tax return to the State Revenue Service by April 1 of the current year for the pre-taxation year; the form of said return shall be approved by the Cabinet in accordance with this Law.

#### **Article 12. Procedure of Transfer of the Tax**

(1) Taxable person shall transfer the VAT to the state budget before submission of the tax return in accordance with Article 11 of this Law.

(2) When importing goods into the domestic territory, the tax shall be paid in accordance with the procedure set by customs legislation.

(3) When selling goods (processed or unprocessed) imported into the domestic territory for which the tax has not been paid on the border at a customs establishment, a taxable person shall pay the tax in accordance with the procedure provided by this Law.

(4) When importing goods, the person filling out the customs declaration shall state the tax rate and amount on a separate line in a customs declaration.

(5) If goods are tax-exempt when imported in accordance with Article 6 and if customs establishment makes a mark of the fact that the tax is not collected, the importer shall not have the right to input tax deduction for that amount.

(6) If a tax return for a tax payment period has been duly submitted in correct form, and it shows the amount of input tax paid for a taxation period is larger than the amount of the tax transferable to the budget for this period, the excess amount of the VAT paid for this period shall be carried forward to the post-taxation period.

(7) The State Revenue Service shall refund any excess tax payment (the difference between the tax payable and the input tax paid) at a substantiated request of a registered taxable person within 15 days of submission of the claim. The refund may be made only if tax returns for the previous taxation periods have been received and checked and there is no tax debt.

(8) The tax shall become collectible by enforceable measures after the end of the taxation period.

## Chapter IV.

### Special Provisions

#### Article 13. Services of Travel Companies and Agencies

(1) The tax shall apply to services of travel (tourism) companies and agencies if the travel company or agency operates on its own behalf and uses the goods and services supplied by other persons to ensure the supply of travel services.

(2) All the services performed by a domestic travel company or agency in connection with travel shall be treated as one single service supplied to a traveler by agency. This service shall be taxable.

(3) For services of travel companies or agencies, the taxable value shall be the difference between the total amount (excluding the tax) paid by a receiver of the service (traveler) and actual expenditures for goods and services supplied to travel companies or agencies by other taxable persons.

(4) The services of travel companies or agencies shall be tax-exempt in accordance with Article 7, if:

- 1) supplies of goods and services connected with travel take place beyond the border of the Republic of Latvia;
- 2) air and sea transportation connected with travel is crossing the border; or
- 3) air and sea transportation takes place only beyond the border of the Republic of Latvia.

(5) If the services of travel companies or agencies are supplied both in the domestic territory and outside it, only the part of service which is connected with transactions beyond the border of the Republic of Latvia shall be tax-exempt.

#### **Article 14. Full or Partial Change of Ownership, Liquidation of an Enterprise**

(1) If by sale of an individual, state-owned or local government enterprise, its new owner takes over all the rights and liabilities for the purpose of continuing its economic activity, its assets, including inventory produced for sale, its raw materials and other stock shall not be subject to the tax.

(2) When transferring a state-owned or other type of enterprise on a lease with rights of acquisition, the lease payments for the use of real estate, as well as the acquisition payment for fixed assets for the purpose of ensuring entrepreneurial activity shall not be subject to the tax.

(3) If an enterprise that was never a taxable person during its time of operation is liquidated, then sale or transfer of its assets shall not be subject to the tax.

(4) If an enterprise that has been (or was required to be) a taxable person during its time of operation is liquidated, the tax on the goods supplied and on internal consumption shall be calculated and paid in accordance with this Law. In these cases the person or persons performing liquidation of the enterprise shall submit a VAT tax return to the State Revenue Service at the location of liquidators. An enterprise shall have the right to deduct from the amount of the VAT transferrable to the budget the part of the tax paid by November 1, 1993 on the remaining value of the fixed assets acquired. The provisions of this Paragraph shall not apply to fixed assets acquired without paying the VAT.

### **Chapter V.**

#### **Closing Provisions**

#### **Article 15. Liability for Violations of This Law**

(1) Liability of a taxable person for failure to pay the tax duly and correctly shall be determined in accordance with legislative acts of the Republic of Latvia.

(2) If taxable value is concealed, or the amount of the tax is not calculated and stated in a tax return correctly, penalties shall be applied in accordance with the law *On Taxes and Fees*.

(3) If a taxable person has failed to register in accordance with the provisions of Article 3 of this Law, but it performs taxable transactions, the person shall be subject to the tax and fine payments from the date it was required to register in accordance with this Law.

(4) If a taxable person unlawfully issues a tax invoice, receives the VAT it is not entitled to, or intentionally performs other activities prohibited by this Law, the State Revenue Service shall have the right, under a non-dispute procedure, to collect the tax amount unlawfully cashed by enforceable measures and collect a fine in the amount of 200% of the tax amount unlawfully cashed.

#### Article 15. Dispute Settlement

Disputes regarding the tax calculation shall be settled in accordance with law.

#### Transition Provisions

1. With this Law taking effect, the following shall become ineffective:

1) the Law of the Republic of Latvia *On Turnover Tax*, dated December 18, 1991 (LR AP and Valdības Zinotājs, No 29/31, 1992, No 1/2; 20/21; 24/25; 31, 1993; No 2, 1994) and the Cabinet, Ministry of Finance and the State Revenue Service regulations, instructions and letters regulating the application of the law *On Turnover Tax*;

2) Decision of the Supreme Council of the Republic of Latvia *On Procedure of the Law of the Republic of Latvia On Turnover Tax Becoming Effective*, dated December 19, 1991 (Zinotājs, No 2, 1992);

3) Decision of the Supreme Council of the Republic of Latvia *On Procedure of the Law On Amendments and Additions to the Law of the Republic of Latvia On Turnover Tax Dated December 18, 1991, Becoming Effective*, dated February 12, 1992 (Zinotajs, No 10, 1992);

4) Decision of the Supreme Council of the Republic of Latvia *On Procedure of the Law On Amendments to the Law of the Republic of Latvia On Turnover Tax Dated December 18, 1991, Becoming Effective*, dated June 1, 1993. (Zinotajs, No 24, 1993);

5) Decision of the Presidium of the Supreme Council of the Republic of Latvia, dated July 10, 1992 *On Explanation of the Term 'Travel Services' Used in the Law of the Republic of Latvia On Turnover Tax, dated December 19, 1991*;

6) Decision of the Presidium of the Supreme Council of the Republic of Latvia, dated November 12, 1992 *On Explanation of the Term 'Services and Work for Remuneration' for Budget Organizations and Establishments as Used in the Law of the Republic of Latvia On Turnover Tax, dated December 19, 1991* (Zinotajs, No 46, 1992).

2. With this Law taking effect, the turnover tax taxpayers registered at the State Revenue Service shall be considered VAT taxable persons.

3. Provisions of the Law regulated by the Cabinet regulations shall not apply before the adoption of the respective Cabinet regulations.

4. Turnover tax taxpayers that have the right not to register as VAT taxable persons in accordance with Article 3 of this Law, may announce their refusal to make further tax payments by April 1, 1995.

The Law shall become effective May 1, 1995.

The Law has been adopted by the Saeima on March 9, 1995

President,  
Republic of Latvia

G. Ulmanis