

Latvia

Summary of CbC Reporting and Transfer Pricing Documentation Rules

Country-by-Country Report ([Cabinet Regulation No. 397](#))

- **Effective Date:** Fiscal years beginning on or after January 1, 2016.
- **Filing Threshold:** In general, Latvian MNE groups with consolidated group revenue of €750 million or more in the preceding fiscal year.
- **Local Filing:** A Latvian subsidiary may be required to file a CbC report if certain conditions are met.
- **Information Reported:** Generally consistent with the OECD guidance.
- **Language:** Latvian or English (however, the tax authority can request a full or partial translation to Latvian).
- **Forms/Filing Instructions:**
 - CbC Notification of Reporting Entity: Submitted to the State Revenue Service (SRS) via the [SRS Electronic Declarations System](#).
 - CbC Report: Submitted to the SRS via the [SRS Electronic Declarations System](#).
- **Deadline for Filing Notification of Reporting Entity:** By the last day of the reporting year.
- **Deadline for Filing CbC Report:** Within 12 months of the last day of the reporting year.
- **Penalties:** Penalties may apply for non-compliance.
- **Exchange of Information:**
 - MCAA CbC - signed.
 - EU Directive 2016/881: enacted.
 - U.S. CAA CbC - signed.

For a schedule of CbC report and CbC notification deadlines (by country), please see [CbC Reporting Deadlines](#).

Public Country-by-Country Report ([Income and Income Tax Disclosure Act](#))

- **Effective Date:** Financial years beginning on or after June 22, 2024.
- **Reporting Threshold:**
 - Latvian MNEs (or a Latvian stand-alone company) with consolidated revenue exceeding €750 million in each of the last two consecutive financial years (and active in at least one other tax jurisdiction).
 - Non-EU MNEs with a “medium” or “large” subsidiary¹ in Latvia with consolidated revenue exceeding €750 million in each of the last two consecutive financial years (or a non-EU corporation with a branch in Latvia and the revenue of the Latvian branch exceeds €8 million in each of the last two consecutive financial years).²

¹ Pursuant to the fourth or fifth parts of Art. 5 of the Law on Annual Reports and Consolidated Annual Reports.

² In general, this provision does not apply if the non-EU MNE (or non-EU corporation) has prepared and published a statement of income tax data that (i) is publicly available and free of charge on its website; (ii) is issued in one of the official EU languages; (iii) is published within 12 months of the closing date of the balance sheet for the reporting financial year; and (iv) contains certain identifying information regarding relevant enterprises.

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- Latvian subsidiaries or branches established for the sole purpose of circumventing the EU public CbC reporting requirements.

Consistent with the EU directive, credit institutions and investment brokerage companies established in Latvia that are already subject to separate reporting under procedures in regulatory acts and EU Directive 2013/36 are exempt from this reporting obligation.

- *Information Reported and Presentation of Information:* The information reported, as well as the presentation of the information, is consistent with the EU directive. A common template and electronic reporting format will be provided.

Consistent with the EU directive, the information reported includes the name of the company, financial year in question and currency used; a brief description of the nature of the business activities; number of full-time employees; net revenue; profit or loss before income tax; income tax accrued; income tax paid; and accumulated earnings. Under the Latvian rules, the reasons for any significant differences between the amount of income tax accrued and income tax paid may be presented in the report.

In addition, the data is disclosed (i) separately for each EU member state; (ii) separately for each country listed on the EU list of non-cooperative jurisdictions (i.e., “blacklist”) on March 1 of the relevant financial year or listed on the “grey list” on March 1 of the relevant financial year and on March 1 of the previous financial year; and (iii) aggregated for the rest of the world.

- *Publication and Accessibility:* The report (prepared or translated into Latvian) must be submitted electronically to the Electronic Declaration System of the State Revenue Service. The State Revenue Service will electronically transfer the report to the Register of Enterprises within 5 working days and the report will be published on the website of the Register of Enterprises.

In general, Latvia exempts an entity from the requirement to publish the report on its website if the report is submitted and made public on the website of the Register of Enterprises in a machine-readable electronic reporting format and is available free of charge to any person located in the European Union for at least 5 years. The company’s website must contain a notice of this exemption and a reference to the website of the Register of Enterprises.

- *Publication Deadline:* The report must be published within 12 months of the balance sheet date of the reporting year.
- *Deferral:* MNEs can temporarily omit certain information if the disclosure of such information could seriously harm the commercial interests of the companies to which the report refers. The element of information not included and justification for the omission must be clearly stated in the report. The omission does not apply to information related to tax jurisdictions included in the EU list of non-cooperative jurisdictions (i.e., blacklist or grey list). The omitted information must be included in a subsequent report, no later than 5 years after its omission.
- *Audit Requirement:* If an audit report of the financial statements of the reporting entity is required, it must include a statement of whether a CbC report was required to be published (for the preceding financial year) and, if so, if the report was published in accordance with the rules.
- *Penalties:* Specific penalty provisions have not been introduced.

Master File ([Regulation No. 802 of the Cabinet Ministers – Transfer Pricing Documentation](#))

- *Effective Date:* Fiscal years beginning on or after January 1, 2018.
- *Filing Threshold and Deadline for Preparation/Submission:*

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- If (i) related party transactions exceed €15 million or (ii) revenue exceeds €50 million and related party transactions exceed €5 million during the reporting fiscal year – the master file must be submitted within 12 months of the year-end.
- If revenue is less than €50 million and related party transactions are less than €15 million but more than €5 million during the reporting year – the master file must be prepared within 12 months of the year-end and submitted within one month of a request from the tax authority.
- Information Reported: Generally, in line with OECD guidance.
- Language: Latvian or English (however, the tax authority can request a full or partial translation to Latvian).
- Penalties: Penalties equal to 1% of the amount of the controlled transactions, but not more than €100,000 may apply for non-compliance.

Local File ([Regulation No. 802 of the Cabinet Ministers – Transfer Pricing Documentation](#))

- Effective Date: Fiscal years beginning on or after January 1, 2018.
- Filing Threshold and Deadline for Preparation/Submission:
 - If related party transactions exceed €5 million during the reporting fiscal year – the local file must be submitted within 12 months of the year-end.
 - If related party transactions are less than €5 million but more than €250,000 during the reporting year – the local file must be prepared within 12 months of the year-end and submitted within one month of a request from the tax authority.
- Information Reported: Generally, in line with OECD guidance.
- Language: Latvian.
- Penalties: Penalties equal to 1% of the amount of the controlled transactions, but not more than €100,000 may apply for non-compliance.

Limited Transfer Pricing Documentation ([Regulation No. 324 of the Cabinet Ministers](#))

For intra-group transactions of low value-adding services which do not exceed €250,000, simplified transfer pricing documentation must be submitted within one month of a request from the tax authority.