



Valsts ieņēmumu
dienests

Information material

Selling of Agricultural Products of Foreign Traders on Latvian Markets



22 July 2020

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1. Value added tax



According to the Value Added Tax Law, a person who is a resident of another country performs **at least one** taxable transaction (supply of goods), such person **must register** with the State Revenue Service (SRS) Value Added Tax (VAT) Taxable Persons Register **prior to the commencement of trade**.

Thus, a foreign trader of agricultural products (non-residents) registers it or its authorised representative with the SRS VAT Taxable Persons Register prior to the commencement of trade, regardless of whether the trader has registered in its home country as a performer of economic activities or merchant, as well as regardless of the volume of production to be sold and the value thereof.¹



It is possible to register in the SRS Register of VAT Payers for a certain chosen period, for example, even for one day.²

The payment of VAT in the State budget and the procedure and time limits for submitting VAT declarations for foreign residents are identical to those for Latvian taxpayers.



In order to register with the SRS VAT Taxable Persons Register, it is required to submit an application for the registration by arriving in person to one of the SRS Customer Service Centres or by sending the application to the e-mail address vid@vid.gov.lv, using a secure electronic signature.

Further information is available on the SRS webpage www.vid.gov.lv in the section "Taxes" – "Value Added Tax".

2. Income taxes



Non-residents who have registered economic activity in their home country (both legal and natural persons) and who use a trading place on the market in Latvia inconsistently during a season have no obligation to register economic activity in Latvia because they pay income tax for the generated income in their country of residence.

Example 1

A non-resident (a legal or natural person) who arrives to Latvia and uses a marketplace for two or three days (inconsistently) during a season has no obligation to register its economic activity in Latvia.

A non-resident (a foreign merchant) who has registered economic activity in its home country and who also performs a permanent economic activity and gains income in Latvia has an obligation to register its economic activity in Latvia. In general, a foreign merchant has an option to choose the way in which to

¹ Section 56 Paragraphs two and three of the Value Added Tax Law

² Section 55 Paragraph two of the Value Added Tax Law

register its economic activity, i.e. by applying for a branch of a foreign merchant to be entered in the Commercial Register or by applying to the SRS for registration of a permanent establishment in ³ Latvia. In this case, a non-resident (legal person) submits its balance sheet, profit or loss statement and corporate income tax declaration on the results of the tax year and pays the corporate income tax for the income generated in Latvia in accordance with the general procedure⁴. Further information is available on the SRS webpage www.vid.gov.lv in the section "Taxes" – "Corporate Income Tax".

Example 2

A non-resident (legal person) who acquires a subscription for sale on the market for a period of six months, opens a trading place or a kiosk on the market and has a specified place where it performs economic activity continuously and gains income has an obligation to register its economic activity in Latvia⁵.



A non-resident (natural person) who has not registered economic activity in his or her home country but performs economic activity continuously (three or more trading times in a calendar year⁶) and gains income in Latvia has an obligation to register his or her economic activity with the SRS and to pay personal income tax in accordance with the general procedure. Further information is available on the SRS webpage www.vid.gov.lv in the section "Taxes" – "Personal Income Tax".

3. Use of a cash register and execution of transaction supporting documents



The requirements for the use of cash registers, hybrid cash registers and cash systems (cash registers) do not apply to foreign natural or legal persons, which are registered only with the SRS VAT Taxable Persons Register, but for which there are no specified locations for the performance of economic activities in Latvia⁷.



A non-resident who has registered in Latvia **only as a VAT payer** does not have to comply with the requirements specified in the regulatory enactments of the Republic of Latvia regarding the use of cash operations and, accordingly, the execution of corroborative documents and transaction supporting documents. In this case, a non-resident must comply with the procedures laid down in the regulatory enactments of its country of residence.

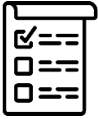
³ Section 14 Paragraph six of the Law On Taxes and Fees

⁴ Section 3 Paragraph two of the Law on Corporate Income Tax

⁵ Section 14 Paragraph six of the Law On Taxes and Fees

⁶ Section 11 Paragraph 1³ and Section 28 Clause 6 of the Law on Personal Income Tax

⁷ Paragraph 2 of the Cabinet Regulation No. 96 of 11 February 2014 "Procedure of the Use of Electronic Devices and Equipment of Registration of Taxes and Other Payments"



However, if a non-resident **has registered economic activity in Latvia**, it is the subject of the Law On Accounting⁸, whom the requirements specified in the regulatory enactments of the Republic of Latvia regarding the application of accounting norms pertain to, including the execution of corroborative documents and transaction supporting documents, compliance with the requirements of cash registers⁹, as well as the procedures for their use¹⁰, etc.



Further information is available on the SRS webpage www.vid.gov.lv in the section "Electronic cash registers and POS systems" and "Organising of accounting".

⁸ Section 1 of the Law On Accounting

⁹ Cabinet Regulation No. 95 of 11 February 2014 "Regulations on the Technical Requirements for Electronic Devices and Equipment of Registration of Taxes and Other Payments"

¹⁰ Cabinet Regulation No. 96 of 11 February 2014 "Procedure of the Use of Electronic Devices and Equipment of Registration of Taxes and Other Payments"