



Valsts ieņēmumu  
dienests

Methodological Material  
**FOR FOREIGN MERCHANTS**  
**on Payment of Natural Resources Tax**



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# Scope



The system of natural resources tax payers of the Republic of Latvia involves also foreign merchants, for whom an object of the natural resources tax forms, i.e., **foreign merchants must pay the natural resources tax** into the State budget of Latvia, as a taxpayer is a person who is the first to sell goods harmful to the environment or goods in packaging in the territory of the Republic of Latvia or to import them for ensuring its economic activities (also the primary, secondary and tertiary packaging added to goods, which is imported along with the goods).

**“The first to sell in or import into the territory of the Republic of Latvia”** — within the meaning of the Natural Resources Tax Law, this concept means that a natural resources tax payer is a person who is the first to import goods harmful to the environment or goods in packaging into Latvia (i.e., the first to cross the border of the Republic of Latvia) or the first to use them for ensuring its economic activities.

## Example 1

*A foreign merchant imports goods packed in polypropylene bags into Latvia; the foreign merchant does not sell them, but rather stores them at a warehouse in Latvia and later sells them in European Union Member States. This packaging of goods, imported into Latvia for the first time, is not subject to the natural resources tax, as it is not sold in the territory of Latvia, but rather in other European Union Member States.*

**Goods harmful to the environment** — goods, with regard to the manufacturing or distribution of which restrictions have been introduced or the waste management of which is subject to specific requirements, if they have or may have a negative impact on the environment, life or health of human beings during the cycle of circulation thereof, and they are subject to tax in accordance with the Natural Resources Tax Law.

In the regulatory framework of the Republic of Latvia, items containing compounds harmful to people and wildlife, for example, electric accumulators, all types of tyres, lubricating oils, etc., are joined in a group of objects of the natural resources tax (see Table 1 and 2).

Thus, the laws and regulations of the Republic of Latvia impose liability on both companies producing and selling goods harmful to the environment in Latvia and **foreign merchants** importing goods harmful to the environment for selling or ensuring own economic activities in Latvia for the impact of waste caused as the result of their economic activities on the environment.

## Example 2

*A foreign merchant sells goods **online** to a natural person in Latvia and organises with the delivery of goods with the mediation of other provider of goods delivery services (for example, provider of courier or postal services).*

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*In such case, the natural resources tax is paid by the foreign merchant which sells goods online to a natural person in Latvia, as the provider of courier services only physically delivers goods, whereas natural persons who do not carry out economic activities are not subjects of the Natural Resources Tax Law.*

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**Goods in packaging** — packaging is a set of items added to goods, which are used to pack, protect, contain, deliver, store, easily use and sell raw materials and finished goods, as well as familiarise with them during the entire life cycle of the packaging from the manufacturer to the consumer. Plastic carrier bags, as well as the packaging and packaging material added by the service provider to goods and received by the service recipient after the provision of the service, are considered to be packaging. Packaging is separated from a product prior to or during the consumption of the latter.

Items are considered to be packaging, if they comply to the said definition, regardless of other functions this packaging might additionally fulfil. To determine whether the respective item is to be recognised as packaging, it must be assessed whether it fulfils the packaging function.

#### Example 3

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*If payment is charged for ECO textile bags, but the buyer can voluntarily decide on their purchase and they can be re-used as shopping bags, ECO textile bags shall be recognised as goods and no natural resources tax has to be paid for them.*

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#### Example 4

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*The tax must be paid for film as packaging only when this film fulfils the function of packaging and is sold together with the product packed therein or added to an item as the result of provision of a service and is received by a service recipient after the provision of a service.*

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#### Example 5

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*If a foreign merchant (for example, an e-store) uses a cardboard box for the packaging of goods sold in the Republic of Latvia, the tax must be paid for the packaging of goods sold during the previous reporting period.*

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[Natural Resources Tax Law](#)

[Packaging Law](#)

[Cabinet Regulation No 140 of 2 April 2002 "Packaging Classification and Marking Regulations"](#)

# Taxpayer

## 1. Foreign merchants who are not obliged to register themselves at the State Revenue Service.



The provisions of [Section 27, Paragraphs nine and ten](#) of the Natural Resources Tax Law apply to foreign merchants who are not obliged to register themselves at the State Revenue Service.

**1.1.** If a foreign person who is not registered as a taxpayer at the State Revenue Service is the first to sell goods harmful to the environment or goods in packaging or to use them for ensuring its economic activities in the territory of the Republic of Latvia:<sup>1</sup>

- **the permanent establishment** of the foreign person, **the recipient of goods or other person in Latvia with whom a written agreement regarding the assumption of liabilities** in relation to the tax **has been entered into** shall submit **a report** on the calculated natural resources tax instead of the foreign person;
- **the permanent establishment** of the foreign person, **the recipient of goods or other person in Latvia with whom a written agreement** regarding the assumption of liabilities in relation to the tax **has been entered into** shall **pay the tax** instead of the foreign person.

### Example 6

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*A foreign merchant TRADING SA imports raw materials in packaging into Latvia for ensuring the manufacturing process; moreover, its partner Latvian company SIA INPLASTIC only manufactures goods on behalf of TRADING SA without becoming the owner of raw materials and manufactured goods.*

*In this case, it cannot be deemed that the Latvian company is a person who uses goods (raw materials) in its economic activities and sells its goods in packaging in the territory of the Republic of Latvia. The obligation to pay the natural resources tax for the packaging of raw materials imported into Latvia and the packaging of finished goods sold in Latvia is imposed on the foreign company TRADING SA.*

*The company TRADING SA is not registered at the State Revenue Service as a taxpayer.*

***In this case, TRADING SA must agree in an agreement with its partner in Latvia SIA INPLASTIC on that obligations for natural resources tax payments shall be undertaken by the Latvian company SIA INPLASTIC.***

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**1.2.** If a foreign person who is not registered as a taxpayer at the State Revenue Service and does not have a permanent establishment or who has not entered into a written agreement regarding the assumption of liabilities in relation to the tax sell goods harmful to the environment or goods in packaging or uses them for ensuring economic activities thereof in the territory of the Republic of Latvia:<sup>2</sup>

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<sup>1</sup> Section 27, Paragraph nine of the Natural Resources Tax Law.

<sup>2</sup> Section 27, Paragraph ten of the Natural Resources Tax Law.



## NATURAL RESOURCES TAX FOR FOREIGNERS

- the foreign person **shall not submit a report** on the calculated natural resources tax;
- **the tax** into the State budget **shall be paid by the foreign person itself**.

### 2. Foreign merchants who are obliged to register themselves at the State Revenue Service.



In such case, the provisions of [Section 27, Paragraphs nine and ten](#) of the Natural Resources Tax Law do not apply.

A foreign person who is the first to sell goods harmful to the environment or goods in packaging or to use them for ensuring its economic activities in the territory of the Republic of Latvia and who **is registered or had to register itself** in accordance with laws and regulations in the Value Added Tax Taxable Person Register of the State Revenue Service **shall submit a report** on the calculated natural resources tax and make tax **payments pursuant to general procedures**.<sup>3</sup>



[Natural Resources Tax Law](#)

## Tax rates

The natural resources tax for **goods harmful to the environment** shall be calculated according to tax rates by groups of goods in accordance with Paragraph 1 of [Annex 6](#) to the Natural Resources Tax Law, which determines the classification and technical characteristics of goods harmful to the environment, correspondent to groups of tax rates.

Table 1 "Tax Rates for **Goods Harmful to the Environment**,  
Except for Electrical and Electronic Equipment"

No	Tax object	Rate (euro per 1 kg)
1.	Lubricating oils	0.17
2.	Electric batteries and galvanic power sources (including those that are incorporated in appliances and vehicles):	
2.1.	electric batteries, lead	0.74
2.2.	electric batteries, Ni-Cd and Fe-Ni	4.00
2.3.	galvanic elements and galvanic pile	11.00
2.4.	other electric batteries	17.03
3.	Substances depleting the ozone layer (freons, halons and others) (odp – ozone depletion potential)	2.22 kg odp
4.	All types of tyres	0.66
5.	Oil filters	0.33

<sup>3</sup> Section 27, Paragraphs two and three of the Natural Resources Tax Law.

**Electrical and electronic equipment** (for example, TV set, refrigerator, radio-broadcast receiver, electric toys, photo films, batteries, CD player) belongs to the group of goods harmful to the environment and is subject to Paragraph 3 of [Annex 6](#) to the Natural Resources Tax Law.

Table 2 "Tax Rates for **Electrical and Electronic Equipment**"

No	Tax object	Rate (euro per 1 kg)
1.	Category 1. Temperature exchange equipment	2.50
2.	Category 2. Screens, monitors, and equipment containing screens having a surface greater than 100 cm <sup>2</sup>	3.50
3.	Category 3. Light bulbs	8.58
4.	Category 4. Large equipment (any external dimension greater than 50 cm), including household appliances, IT and telecommunication equipment, consumer equipment, luminaires, equipment reproducing sound or images, musical equipment, electrical and electronic tools, toys, leisure and sports equipment, medical devices, monitoring and control instruments, automatic dispensers, equipment for the generation of electric currents and other equipment (except for the equipment falling under Category 1, 2 and 3 of Annex 6)	3.00
5.	Category 5. Small equipment (no external dimension greater than 50 cm), including household appliances, consumer audio-video equipment, luminaires, equipment reproducing sound or images, musical equipment, electrical and electronic tools, toys, leisure and sports equipment, medical devices, monitoring and control instruments, automatic dispensers, equipment for the generation of electric currents and other equipment (except for the equipment falling under Category 1, 2, 3 and 6 of Annex 6)	3.00
6.	Category 6. Small information technology and telecommunication equipment (no external dimension greater than 50 cm)	3.50

If several goods harmful to the environment are sold **in a set in single packaging**, taxes shall be calculated:

- for the total weight of the set — except the weight of batteries and accumulators added to these goods or placed in these goods — applying to the set the tax rate of the item, the ensuring of functions of which requires other goods included in the set;
- individually for the batteries and accumulators included in the set, applying the respective tax rate thereto for batteries and accumulators.

**Example 7**

*A foreign company imports a set of goods harmful to the environment — a portable computer, in which a battery is installed — for selling in Latvia.*

*To calculate the natural resources tax for electrical and electronic equipment, in which a source of electricity (battery, accumulator), which is another item harmful for the environment in this set, is installed, the company must determine individually, firstly, the weight of the computer itself without the battery included therein and, secondly, the weight of the battery installed in the computer according to tax rates by groups of goods.*

*Likewise, the natural resources tax for the electrical and electronic equipment sold in Latvia, in which a source of electricity is installed (the situation is similar to the mobile phone, watch, calculator and other goods in which batteries or accumulators are installed), will be the sum for two tax objects.*

Natural resources tax rates **for the packaging of goods and products** are set in [Annex 7](#) to the Natural Resources Tax Law, and **plastic carrier bags** are subject to the rate determined in [Section 24, Paragraph five](#) of the Natural Resources Tax Law.

Table 3 "Tax Rates for Packaging of Goods and Items"

<b>Tax object</b>	<b>Rate</b> <i>(euro per 1 kg of material)</i>
Of glass raw materials	0.44
Of plastic (polymer) raw materials, except bioplastic or polystyrene raw materials	1.22
Of metal raw materials	1.10
Of wood, paper and cardboard or other natural fibre and bioplastic raw materials	0.24
Of polystyrene raw materials	2.20
<b>Lightweight plastic carrier bags</b> added by a merchant to the set of packed or non-packed goods or products (purchase) for the sake of customers' convenience or advertising design	4.80
Plastic carrier <b>bags</b> with the <b>thickness of the material exceeding 50 microns</b> and the weight of one bag exceeding three grams (the weight of 1,000 bags exceeding three kilograms), the weight of one bag not exceeding 0.003 kilograms ( <b>the weight of 1,000 bags not exceeding three kilograms</b> ) and which are added by a merchant to the set of packed or non-packed goods for the sake of customers' convenience or advertising design	1.50
Per packaging, if the type and weight of the packaging raw material cannot be substantiated by accounting documents and the volume of packaging does not exceed 300 kg per year	120 euro per year





[Natural Resources Tax Law](#)

[Cabinet Regulation No 404 of 19 June 2007 "Procedures for the Calculation and Payment of Natural Resources Tax, the Issuance of Permits for Use of Natural Resources and the Auditing of Management Systems"](#)

# Calculation, Declaration and Payment Procedures

## TAXATION PERIOD



The taxation period is a calendar **quarter** or **year** (if the annual tax calculated according to base rates does not exceed 142.29 euro).

## REPORT



The form (annex) of the report on the calculated natural resources tax, its completion and submission procedures are laid down in [Annex 1](#) to Cabinet Regulation No 404 of 19 June 2007 "Procedures for the Calculation and Payment of Natural Resources Tax, the Issuance of Permits for Use of Natural Resources and the Auditing of Management Systems".

## CALCULATION



The natural resources tax for selling goods harmful to the environment in Latvia or for the use of goods harmful to the environment for ensuring own economic activities is calculated in Euro for each physical unit or weight unit of goods according to tax rates by types of goods. The tax for packaging is calculated according to tax rates for each weight unit of the type of packaging material.

Likewise, the following mathematical action is performed in both cases of tax object:

$$\text{natural resources tax rate (euro) * kg}$$

The weight or number of goods harmful to the environment and the type and weight of packaging material are substantiated by **accounting documents**, and the accounting of goods harmful to the environment and packaging is ensured to substantiate tax calculations.

## DECLARATION



A report on the calculated natural resources tax shall be submitted to the State Revenue Service once **a quarter** by the **20th date** of the month following the respective quarter.

## NATURAL RESOURCES TAX FOR FOREIGNERS

If the tax calculated for a year according to base rates does not exceed 142.29 euro, a report shall be submitted for the previous year to the State Revenue Service **by the 20th of January of the following year.**

A foreign person who is not registered as a taxpayer at the State Revenue Service and does not have a permanent establishment or who has not entered into a written agreement regarding the assumption of liabilities in relation to the tax **shall not submit a report, whereas the tax shall be transferred** to the single account **by the foreign person itself.**

### PAYMENT



The tax for the previous quarter shall be transferred to the single tax account by the **23rd date** of the month following the respective quarter.

If the sum of tax calculated according to base rates does not exceed 142.29 euro for all taxable objects in total, the tax for the previous year shall be transferred to the single tax account **by the 23rd of January of the following year.**

The tax for goods harmful to the environment and packaging may be paid immediately after importing these goods or packed goods into the territory of Latvia.

Name	Single tax account
Recipient:	State budget (SRS)
Registration number:	90000010008
Account number:	LV33TREL1060000300000
BIC code:	TRELLV22



[Natural Resources Tax Law](#)

[Cabinet Regulation No 404 of 19 June 2007 "Procedures for the Calculation and Payment of Natural Resources Tax, the Issuance of Permits for Use of Natural Resources and the Auditing of Management Systems"](#)