

# Latvia

Latvia has met all aspects of the terms of reference (OECD, 2017<sup>[3]</sup>) (ToR) for the calendar year 2019 (year in review) and no recommendations are made.

Latvia can legally issue three types of rulings within the scope of the transparency framework.

In practice, Latvia issued rulings within the scope of the transparency framework as follows:

- One past ruling;
- For the period 1 April 2016 - 31 December 2016: one future ruling;
- For the calendar year 2017: two future rulings;
- For the calendar year 2018: three future rulings; and
- For the year in review: four future rulings.

Summaries of rulings are published in an anonymised way.<sup>1</sup>

No peer input was received in respect of the exchanges of information on rulings received from Latvia.

## A. The information gathering process

667. Latvia can legally issue the following three types of rulings within the scope of the transparency framework: (i) preferential regimes;<sup>2</sup> (ii) cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles; and (iii) permanent establishment rulings.

668. For Latvia, past rulings are any tax rulings within scope that are issued either: (i) on or after 1 January 2014 but before 1 April 2016; or (ii) on or after 1 January 2010 but before 1 January 2014, provided they were still in effect as at 1 January 2014. Future rulings are any tax rulings within scope that are issued on or after 1 April 2016.

669. In the prior years' peer review reports, it was determined that Latvia's undertakings to identify past and future rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. In addition, it was determined that Latvia's review and supervision mechanism was sufficient to meet the minimum standard. Latvia's implementation remains unchanged, and therefore continues to meet the minimum standard.

670. Latvia has met all of the ToR for the information gathering process and no recommendations are made.

## B. The exchange of information

671. In the prior year's peer review report, it was determined that Latvia's process for the completion and exchange of templates were sufficient to meet the minimum standard. With respect to past rulings, no further action was required. Latvia's implementation in this regard remains unchanged and therefore continues to meet the minimum standard.

672. Latvia has international agreements permitting spontaneous exchange of information, including being a party to the (i) *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011<sup>[4]</sup>) ("the Convention"), (ii) the Directive 2011/16/EU with all other European Union Member States and (iii) bilateral agreements in force with 62 jurisdictions.<sup>3</sup>

673. For the year in review, the timeliness of exchanges is as follows:

Future rulings in the scope of the transparency framework	Number of exchanges transmitted within three months of the information becoming available to the competent authority or immediately after legal impediments have been lifted	Delayed exchanges		
		Number of exchanges transmitted later than three months of the information on rulings becoming available to the competent authority	Reasons for the delays	Any other comments
	5	1	See below.	N/A

Follow up requests received for exchange of the ruling	Number	Average time to provide response	Number of requests not answered
	0	N/A	N/A

674. During the year in review, Latvia experienced one delayed exchange, due to a misinterpretation of the definition of an APA. As the APA was related to a roll-back period only, and thus did not cover any future transaction, the Latvian administration understood that information on this APA did not need to be exchanged. After this issue was internally resolved, Latvia immediately exchanged information on this

APA. It is noted that this APA had characteristics of a bilateral APA, and therefore the counterparty tax administration was already informed of the transactions covered in the APA. As this was a non-recurring issue, no recommendation is made.

675. Latvia has the necessary legal basis for spontaneous exchange of information, a process for completing the templates in a timely way and has completed all exchanges. Latvia has met all of the ToR for the exchange of information process and no recommendations are made.

## C. Statistics (ToR IV)

676. The statistics for the year in review are as follows:

Category of ruling	Number of exchanges	Jurisdictions exchanged with
Ruling related to a preferential regime	0	N/A
Cross-border unilateral advance pricing agreements (APAs) and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles	6	<i>De minimis</i> rule applies <sup>4</sup>
Permanent establishment rulings	0	N/A
<b>Total</b>	<b>6</b>	

## D. Matters related to intellectual property regimes (ToR I.4.1.3)

677. Latvia does not offer an intellectual property regime for which transparency requirements under the Action 5 Report (OECD, 2015<sup>[1]</sup>) were imposed.

## Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
	No recommendations are made.

## References

OECD (2017), *BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework*, OECD Publishing, Paris, <http://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-review-transparency-framework.pdf>. [3]

OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264241190-en>. [1]

OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264115606-en>.

[4]

## Notes

<sup>1</sup> Available at: [www.vid.gov.lv](http://www.vid.gov.lv).

<sup>2</sup> With respect to the following preferential regimes: 1) Shipping tax regime and 2) Special economic zones.

<sup>3</sup> Parties to the Convention are available here: [www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm](http://www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm). Latvia also has bilateral agreements with Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Canada, China (People's Republic of), Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hong Kong (China), Hungary, Iceland, India, Ireland, Israel, Italy, Japan, Kazakhstan, Korea, Kuwait, Kyrgyzstan, Lithuania, Luxembourg, Malta, Mexico, Moldova, Morocco, Netherlands, North Macedonia, Norway, Poland, Portugal, Qatar, Romania, Russia, Montenegro, Serbia, Singapore, Slovenia, Slovak Republic, Spain, Sweden, Switzerland, Tajikistan, Turkey, Turkmenistan, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan and Viet Nam.

<sup>4</sup> Four issued rulings were exchanged with six jurisdictions.



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