

Latvia

1. Latvia was reviewed as part of the 2017/2018 and the 2018/2019 peer reviews. This report is supplementary to those previous reports (OECD, 2019^[1]) (OECD, 2018^[2]).
2. The first filing obligation for a CbC report in Latvia commences in respect of reporting fiscal years starting on or after 1 January 2016.

Summary of key findings

3. Latvia's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017^[3]), except for the following:
 - It is recommended that Latvia amend or otherwise clarify that the annual consolidated group revenue threshold calculation rule applies in a manner consistent with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than Latvia. This recommendation remains unchanged since the 2017/2018 peer review.
4. Latvia's 2017/2018 review recommended that Latvia take steps to change its legislation or otherwise implement a provision whereby a single Constituent Entity of the same MNE Group may be designated to file the CbC report which would satisfy the local filing requirement of all the Constituent Entities. This amendment has been made and the recommendation is removed.

Part A: The domestic legal and administrative framework

5. Latvia has legislation in place to implement the BEPS Action 13 minimum standard, establishing the necessary requirements including the filing and reporting obligations.

(a) Parent entity filing obligation

6. It is recommended that Latvia amend or otherwise clarify its rule for the calculation of the annual consolidated group revenue threshold calculation so that it applies in a manner consistent with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than Latvia, when local filing requirements are applicable. This recommendation remains in place since the 2017/2018 peer review.

(b) Scope and timing of parent entity filing

7. No changes were identified.¹

(c) Limitation on local filing obligation

8. Latvia's 2017/2018 review recommended that Latvia take steps to change its legislation or otherwise implement a provision whereby a single Constituent Entity of the same MNE Group may be designated to file the CbC report which would satisfy the local filing requirement of all the Constituent Entities. This amendment has been made and the recommendation is removed.²

(d) Limitation on local filing in case of surrogate filing

9. No changes were identified.

(e) Effective implementation

10. No changes were identified.

Conclusion

11. Latvia meets the terms of reference relating to the domestic legal and administrative framework, with the exceptions that:

- It is recommended that Latvia amend or otherwise clarify that the annual consolidated group revenue threshold calculation rule applies in a manner consistent with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than Latvia. This recommendation remains unchanged since the 2017/2018 peer review.

Part B: The exchange of information framework**(a) Exchange of information framework**

12. As of 31 March 2020, Latvia has 75 bilateral relationships in place, including those activated under the CbC MCAA, under bilateral CAAs and under the EU Council Directive (2016/881/EU). Within the context of its international exchange of information agreements that allow automatic exchange of information, Latvia has taken steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions.³ Regarding Latvia's exchange of information framework, no inconsistencies with the terms of reference were identified.

(b) Content of information exchanged

13. No changes were identified.

(c) Completeness of exchanges

14. No changes were identified.

(d) Timeliness of exchanges

15. No changes were identified.

(e) Temporary suspension of exchange or termination of QCAA

16. No changes were identified.

(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance

17. No changes were identified.

(g) Format for information exchange

18. No changes were identified.

(h) Method for transmission

19. No changes were identified.

Conclusion

20. Latvia meets all the terms of reference regarding the exchange of information.

Part C: Appropriate use

Appropriate use

21. No changes were identified.

Conclusion

22. Latvia meets all the terms of reference relating to appropriate use of CbC reports.

Summary of recommendations on the implementation of country-by-country reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative	It is recommended that Latvia amend or otherwise clarify that the annual consolidated group revenue threshold calculation rule applies in line with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than Latvia.
Part B	Exchange of information framework	-
Part C	Appropriate use	-

References

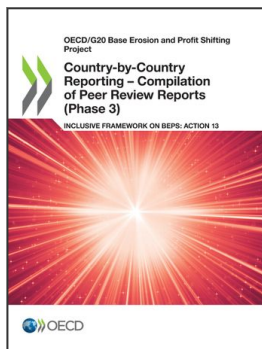
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- OECD (2018), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 1): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264300057-en>. [2]
- OECD (2017), *Terms of reference for the conduct of peer review of the Action 13 minimum standard on country-by-country reporting*, OECD Publishing, <https://www.oecd.org/tax/beps/beps-action-13-on-country-by-country-reporting-peer-review-documents.pdf>. [3]

Note

¹ Latvia's 2017/2018 peer review included a monitoring point relating to the interpretation of the definitions of "Revenues – Related Party". This monitoring point remains in place.

² <https://likumi.lv/ta/id/292196> (accessed on 24 August 2020).

³ No inconsistency with the terms of reference will be identified where a QCAA is not in effect with one or more jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions, but this is due to circumstances that are not under the control of the reviewed jurisdiction. This may include, for example, where the other jurisdiction intends to exchange CbC reports using the MCAA but it does not have the Convention in effect for the relevant fiscal period, or where the other jurisdiction has declined to have a QCAA in effect with the reviewed jurisdiction.



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