

LATVIA

As per 1 January 2020

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EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Personal Income Tax Rates – Employment Income

Tax rate	<p>Progressive personal income tax rate:</p> <ul style="list-style-type: none"> – for annual income up to EUR 20,004 tax rate is 20 % – for annual income from EUR 20,004 to EUR 62,800 tax rate is 23 % – for a part of income, exceeding EUR 62,800 tax rate is 31.4 % <p>Salary (monthly) tax:</p> <ul style="list-style-type: none"> – for monthly income up to EUR 1,667 tax rate is 20%; – for a part of monthly income, exceeding EUR 1,667 tax rate is 23%.
Tax period	Calendar year.
Tax residency / Domicile according to domestic law	<p>Person shall be treated as Latvian tax resident if:</p> <ol style="list-style-type: none"> 1. Permanent place of living is in Latvia or; 2. The person is present in Latvia for 183 days or more or; 3. The person is a Latvian citizen who is employed in a foreign country by the government of the Republic of Latvia.
Tax registration	Before the commencement of activities in Latvia if no local employer exists. In case of local employer – within ten days following the conclusion of the employment contract.
Employment income definition	Any type of income (both cash and in kind) received within employment relationships.
Examples of tax exemption	Allowance for dependants, non-taxable minimum, daily allowances in case of business trips etc.
Specific expatriate concession	Not applicable
Income of board members	Taxed similarly to employment income.
Tax returns	In case of local employment, the employer is liable for filing of tax returns. In case of foreign employer, the tax return has to be filed by the employee.
Tax payments	Generally the tax is payable on a monthly basis.
Tax on real estate property	

TAX TREATIES

Employment income / income from board members	Art 15/16 Model OECD Tax Convention
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INTERNATIONAL SOCIAL SECURITY

Cross border employments	EU Regulation No 883/2004 and EU regulation No. 1408 / 71
Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71	Generally applicable
Social Security Cost as % from gross salary and absolute amounts	35,09%, which is payable by employer (rate 24,09%) and employee (rate 11%).

IMMIGRATION

Work permit	Nationals of EU, EEA and Switzerland do not need a work permit to work in Latvia. Nationals of other countries need to obtain a work permit to work in Latvia.
Visa	EU and EEA citizens do not need a visa to enter Latvia. Third country nationals are required to receive visa.
Residency permits / registration certificate	EU and EEA citizens are required to apply for the registration certificate, if the presence in Latvia exceeds 3 months. Third country citizens need to apply for a residence permit, if the stay in Latvia exceeds 90 days.
Driving license	Driving licence, issued by another EU or EFTA member state, can be used in Latvia without any limitations. Driving licences, issued by other countries can be used in Latvia only for driving a B category vehicle (passenger car). If the driving license contains data in non-Latin letters, a notarial translation should be presented. Third country citizens shall receive a Latvian driving license, if the presence in Latvia exceeds 1 year.
STOCK OPTION PLAN	Certain tax exemptions are applicable in case the provisions of stock option plan provided by the law are fulfilled.
ARTICLE 15 OF THE OECD MODEL	
183 days	
Notion of employer	An employer is a natural or legal person or a partnership with legal capacity that, on the basis of an employment contract, employs at least one employee.
Existence of a permanent establishment	

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