



State Revenue  
Service

## Taxes for persons employed in foreign embassies in Latvia

The informative material provides information on the procedure for applying taxes to the income from paid work of natural persons - residents - employed in foreign diplomatic and consular missions in Latvia.

If a resident of Latvia is employed by an employer - a foreign taxpayer - the salary tax shall be calculated, withheld and paid by:

- 1) the employer or
- 2) by the employee.



To safeguard the interests of **employees of diplomatic and consular missions** and enhance their social protection, as well as to ensure equal opportunities in the field of social insurance, diplomatic and consular missions in Latvia may carry out mandatory

State social insurance contributions (hereinafter also - mandatory contributions) for their employees - residents of the Republic of Latvia - by registering them as employees.

**!!!** The embassy can agree with the employee to withhold income tax from the employee's salary.

### If the embassy, as the employer, pays the mandatory State social insurance contributions and income tax.

#### Mandatory State social insurance contributions

**!!!** If the **embassy chooses** to make mandatory contributions for its employees, it shall **register** with the State Revenue Service **as an employer**.



The employer shall **register each employee** with the State Revenue Service by submitting information regarding the employees (Appendix 1 of Cabinet of Ministers Regulation No. 827 of 7 September 2010, "Regulations on the Registration of Mandatory State Social Insurance Contribution Payers and Reports on Mandatory

State Social Insurance Contributions and Personal Income Tax").<sup>1</sup>

<sup>1</sup> Section 8 of Cabinet of Ministers Regulation No. 827 of 7 September 2010, "Regulations on the Registration of Mandatory State Social Insurance Contribution Payers and Reports on Mandatory State Social Insurance Contributions and Personal Income Tax".

**TAX PAYMENT PROCEDURE FOR  
PERSONS WORKING IN FOREIGN EMBASSIES IN LATVIA**

- ✓ An employer **shall pay mandatory contributions into the single tax account for each employee** once a month by the 23rd day of the month following the reporting month.<sup>2</sup>

**Mandatory contribution payments shall be paid into the single tax account:**

Beneficiary	State budget (SRS)
Registration number	90000010008
Account number	LV33TREL1060000300000
BIC code of the recipient	TRELLV22

- ✓ The **object of mandatory contributions** of an employer and employee **shall be all calculated income for work** from which personal income tax must be deducted without deduction of the non-taxable minimum, tax concessions and eligible expenses for which the taxpayer has the right to reduce the taxable income.<sup>3</sup>

**Mandatory contribution rates (%) depending on the status of the employee**

	Employee	Employee - has attained the age that gives the right to receive the State old-age pension, or who has been granted the State old-age pension (including with preferential conditions)	Employee - a recipient of a service pension or Group III disabled person - recipient of a State special pension
	<b>34,09</b>	<b>30,02</b>	<b>31,70</b>
Total rate including:			
Rate of the employer's contribution	23,59	20,77	21,94
Rate of the employee's contribution	10,50	9,25	9,76

**!!!** An employer has an obligation to, once a month until the **17th day** of the month following the reporting month, submit a report to the State Revenue Service on the object of mandatory contributions and the mandatory contributions from the work income of employees in the reporting month in accordance with the procedures specified by the Cabinet.<sup>4</sup>

**Personal income tax**



A **foreign diplomatic and consular mission** in the Republic of Latvia,  
**by agreement with** its Latvian resident **employees**,  
may itself withhold **personal income tax** (hereinafter - income tax) at the moment of the disbursement of the income and transfer it to the State budget.

- ✓ **If the salary tax is withheld and transferred to the budget by the employer** - the foreign diplomatic and consular representation that employs the employee - then the salary

<sup>2</sup>Section 21, Paragraph one of the Law "On State Social Insurance"

<sup>3</sup>Section 14, Paragraph one of the Law "On State Social Insurance"

<sup>4</sup>Section 23, Paragraph one of the Law "On State Social Insurance"

tax **must be paid into the single tax account by the 23rd day of the month when the income is disbursed.**<sup>5</sup>

**!! The tax rate is as follows:**

- **20 %** - for monthly income (excluding non-taxable income) up to 1667 euros);
- **23 %** - for the part of monthly income (excluding non-taxable income) that exceeds 1667 euros.<sup>6</sup>

✓ If **an employee has marked the employer** as the primary source of income in the salary tax booklet, the taxable income of the employee shall be his or her monthly income (except for the non-taxable income), from which eligible expenditure, tax relief<sup>7</sup> and the monthly non-taxable minimum projected by the State Revenue Service shall be subtracted.



Information on the application of the wage tax rate to the income from salaried work, as well as the application of reliefs and the application of the tax-free minimum predicted by the State Revenue Service, can be found on the website of the State Revenue Service in the section "Taxes" - "Individual income tax" - "Individual income tax" from salary and other income of a natural person" in section 3 "Tax application to income from salaried work".

Withheld salary tax shall be transferred to **the single tax account**.

**!!!** A notice regarding the amounts disbursed to a natural person shall be sent by the employer to the State Revenue Service not later than by 1 February of the year following the taxation year; but the notice regarding the amounts disbursed to a natural person regarding such employee with whom employment relationship has been terminated before the end of the year shall be sent by the 15th date of that month which follows the month of the termination of employment relationship.<sup>8</sup>

## **Responsibility**

- ✓ If the **embassy has chosen to make mandatory contributions for its employees** and has registered as an employer, and if it has agreed with the employee to withhold income tax from the payable salary, it shall be responsible for the timely payment of these taxes. For the failure to pay taxes and fees within the specified term, late payment charges shall be assessed at **0.05 per cent of the outstanding principal debt for each outstanding day.**<sup>9</sup>

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<sup>5</sup> Section 17, Paragraph five of the Law "On Personal Income Tax"

<sup>6</sup> Section 15, Paragraph three of the Law "On Personal Income Tax"

<sup>7</sup> Section 3, Paragraph two of the Law "On Personal Income Tax"

<sup>8</sup> Section 17, Paragraph seven of the Law "On Personal Income Tax"

<sup>9</sup> Section 29, Paragraph two of the Law "On Taxes and Fees"

## If the mandatory State social insurance contributions and salary tax are paid by the employee

**Personal income tax!!!** If the **salary tax** on an individual's earnings is **not paid by the employer** - a foreign diplomatic and consular mission in the Republic of Latvia - **the natural person shall calculate the salary tax himself or herself** from his or her income from salaried work and pay it into the budget.<sup>10</sup>



**A natural person** - a resident - **shall register** with the State Revenue Service until the end of the month following the month in which the person entered into employment relationship with the foreign diplomatic and consular mission in the Republic of Latvia.

**!!!** When registering as salary tax payer, a natural person shall present a personal identification document and an employment contract entered into with the employer.

- ✓ If the **natural person** - resident - has not submitted **the salary tax booklet** at another **place of earning the income** (the salary tax booklet is with him or her), then the natural person **may apply deductions** when calculating salary tax (the non-taxable minimum projected by the State Revenue Service, reliefs for dependant persons).
- ✓ **A natural person** - a resident (employee of a foreign diplomatic and consular mission in the Republic of Latvia) - shall transfer the tax calculated from the quarterly work remuneration (20%, 23%) **into the budget not later than until the 23rd day of the month following the quarter of the income disbursement.**



The employee **shall submit a declaration** to the State Revenue Service **quarterly by the 17th day of the month following the quarter in which the income was received and pay the calculated tax into the single tax account by the 23rd day of the month following the disbursement of income.**

**If the employment relationship** with such employer (a foreign diplomatic and consular mission in the Republic of Latvia) **has ended before the end of the quarter of disbursement of income**, the employee shall submit a declaration to the State Revenue Service by the 17th day of the month following the month in which the employment ended and pay the calculated tax for the reporting period on the monthly salary into the single tax account by the 23rd day of the same month.<sup>11</sup>

**!!! For income earned from salaried work at a foreign embassy**, the embassy employee (resident) **shall also submit an annual income declaration and calculate the tax in accordance with the summary procedures**, taking into account the tax paid in advance throughout the year.<sup>12</sup>

## If the mandatory State social insurance contributions are paid by the embassy as the employer, but the salary tax is paid by the employee

<sup>10</sup> Subparagraph 12.2 of Cabinet of Ministers Regulation No. 899 of 21 September 2010 "Procedure of application of norms of the Law "On personal income tax".

<sup>11</sup> Section 17, Paragraph 9.<sup>1</sup> of the Law "On Personal Income Tax"

<sup>12</sup> Section 19, Paragraph one of the Law "On Personal Income Tax"

## TAX PAYMENT PROCEDURE FOR PERSONS WORKING IN FOREIGN EMBASSIES IN LATVIA

If **the embassy chooses** to make mandatory State social insurance contributions for its employees, please refer to pages 1 and 2 of this informational material for further information.

However, **for personal income tax**, the employee himself or herself shall submit the declaration to the State Revenue Service once a quarter until the 17th day of the month following the disbursement of income and shall pay the calculated tax into the single tax account until the 23rd day of the month following the disbursement of income. If the employment relationship with this employer (a foreign diplomatic and consular mission in the Republic of Latvia) ends before the end of the quarter when the income was disbursed, the employee shall submit a notification to the State Revenue Service by the 17th day of the month following the month of termination of employment relationship and pay the calculated tax for the reporting period on the monthly salary into the single tax account by the 23rd day of the month following the month of termination of employment relationship.

In addition to the income earned in the foreign embassy, a foreign embassy employee (resident) shall also submit an annual income declaration and tax shall be calculated in accordance with the summary procedures, taking into account the tax paid in advance throughout the year.

### Mandatory State social insurance contributions



The **provisions of the Law "On State Social Insurance" do not mandate** compulsory **State social insurance for domestic employees working at diplomatic or consular missions** accredited in the Republic of Latvia; however, these individuals have the option to voluntarily join the State Social Insurance system, which grants them the right to receive a State old-age pension based on the amount of contributions made.



Persons who are 15 years of age or older, **whose permanent residence is in the Republic of Latvia**, and who are not subject to mandatory State social insurance in the Republic of Latvia, **can voluntarily join the State social insurance system**. A person who has not been granted a State old-age pension can voluntarily join the pension insurance system.

**!!!** A natural person shall be registered as a voluntarily insured person from the day when he or she submits a registration form in any division of the State Social Insurance Agency.

### Responsibility

- ✓ If a **natural person** has registered as a salary tax payer and **calculates salary tax himself or herself**, he or she shall be liable for payment of the tax. For the failure to pay taxes and fees within the specified term, late payment charges shall be assessed at **0.05 per cent of the outstanding principal debt for each outstanding day**.<sup>13</sup>

### State Revenue Service

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We would be pleased to receive feedback on the quality of the material or suggestions for its improvement in the "Correspondence with the SRS" section of the [Electronic Declaration System](#).

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<sup>13</sup> Section 29, Paragraph two of the Law "On Taxes and Fees".