State Revenue Service
Republic of Latvia

PUBLIC REPORT 2025

TABLE OF CONTENTS

DIRECTOR GENERAL'S OPENING STATEMENT

Dear Colleagues, cooperation partners and citizens of Latvia!

2025 has been a year of transformation for the State Revenue Service (SRS). Changes were not limited to processes, structure or technologies. They also involved a shift in mindset – redefining what a modern public institution should be and what kind of experience people expect from us.

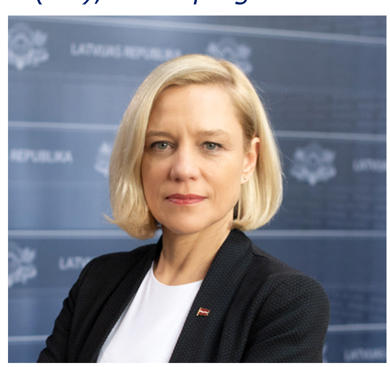
We understand that for many people the SRS is still associated with complex regulations, anxiety or uncertainty. Therefore, in recent years we have been working increasingly purposefully to ensure that cooperation with the SRS becomes simpler, clearer and more user-friendly.

In 2025, we continued to develop digital tools, enhanced the SRS's Electronic Declaration System (EDS), introduced new automation and artificial intelligence (AI) solutions, initiated the development of the SRS mobile application, and continued to reduce the administrative burden for residents and businesses. However, each of these initiatives ultimately serves one simple objective – to make life easier for people and to create an environment that enables faster economic growth for businesses.

At the same time, this was also a period of significant institutional change. The SRS became more compact, more focused and more oriented towards its core functions. We continued to strengthen customs and tax administration processes, develop data analytics, improve service quality and build a modern working environment.

However, no system works without people.

Therefore, I would like to express my sincere thanks to all colleagues. Change is never easy. It requires professionalism, resilience, and the ability to relearn. It is our people who, on a daily basis, help ensure the state's ability to function – whether administering taxes, working at the external border of the European Union (EU), or helping individuals navigate complex situations.



We know that trust cannot be earned just with slogans. It develops gradually – through experience, attitude, clear communication and fair action. Therefore, people – both clients and employees - will remain at the centre of the SRS's development.

I believe that modern public administration should be not only professional, but also understandable, accessible and bold in embracing change. This is the kind of SRS we will continue to build together.

Baiba Šmite-Roķe

Director General of the State Revenue Service

1
GENERAL INFORMATION

1.1. Legal Status, Key Activities and Functions of the SRS

The SRS is a direct administration authority under the supervision of the Minister of Finance. It ensures accounting of tax payments and taxpayers, collection of State taxes, fees and other mandatory payments as determined by the State in the territory of the Republic of Latvia, as well as collects taxes, duties and other mandatory payments for the budget of the European Union, implements customs policy and handles customs matters[1].

The main duties of the SRS are laid down in the Law On the State Revenue Service (in force until 31 December 2025) and the Law On Taxes and Fees and the Customs Law.

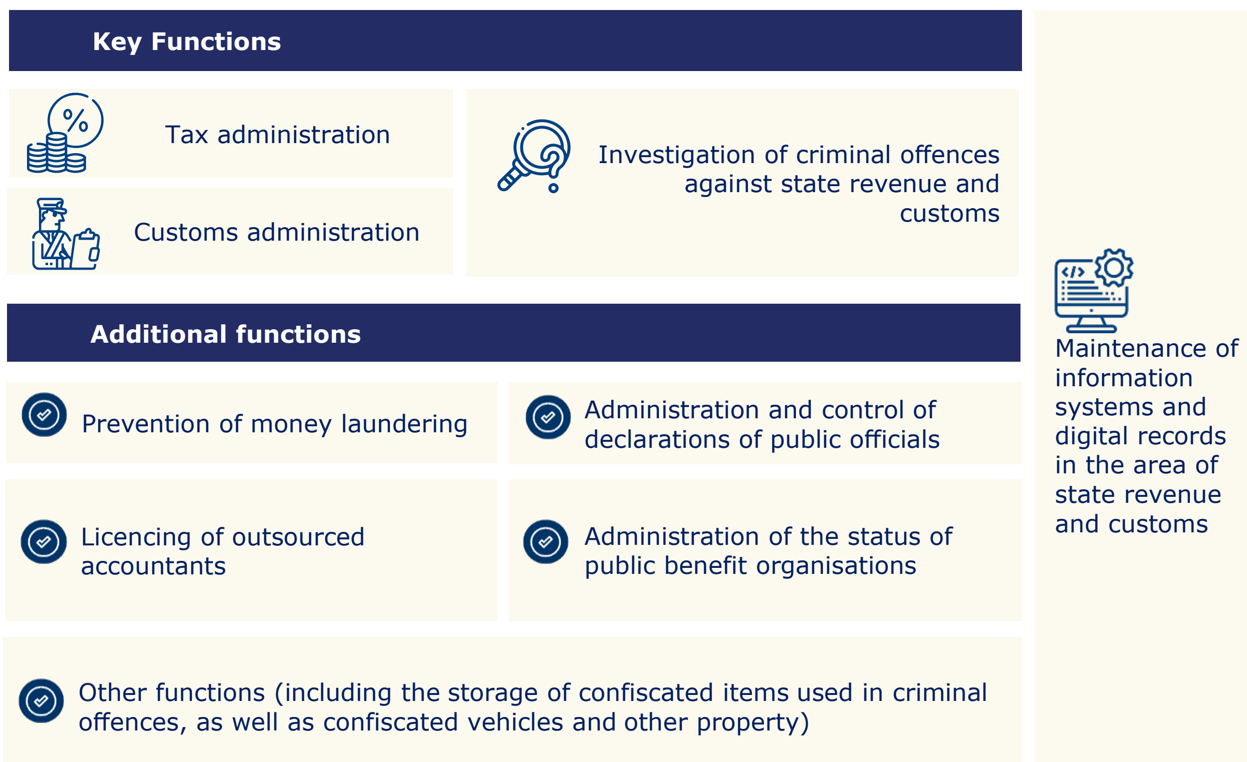


Figure 1. ***Key functions and additional functions of the SRS***

[1] By implementing the functions and tasks set out in the Law On the State Revenue Service (in force until 31 December 2025), the Law On Taxes and Duties, the Customs Law, the Cabinet of Ministers Regulation No 940 of 16 November 2004 Statute of the State Revenue Service (in force until 31 December 2025), other regulatory enactments and the SRS Rules of Procedure.

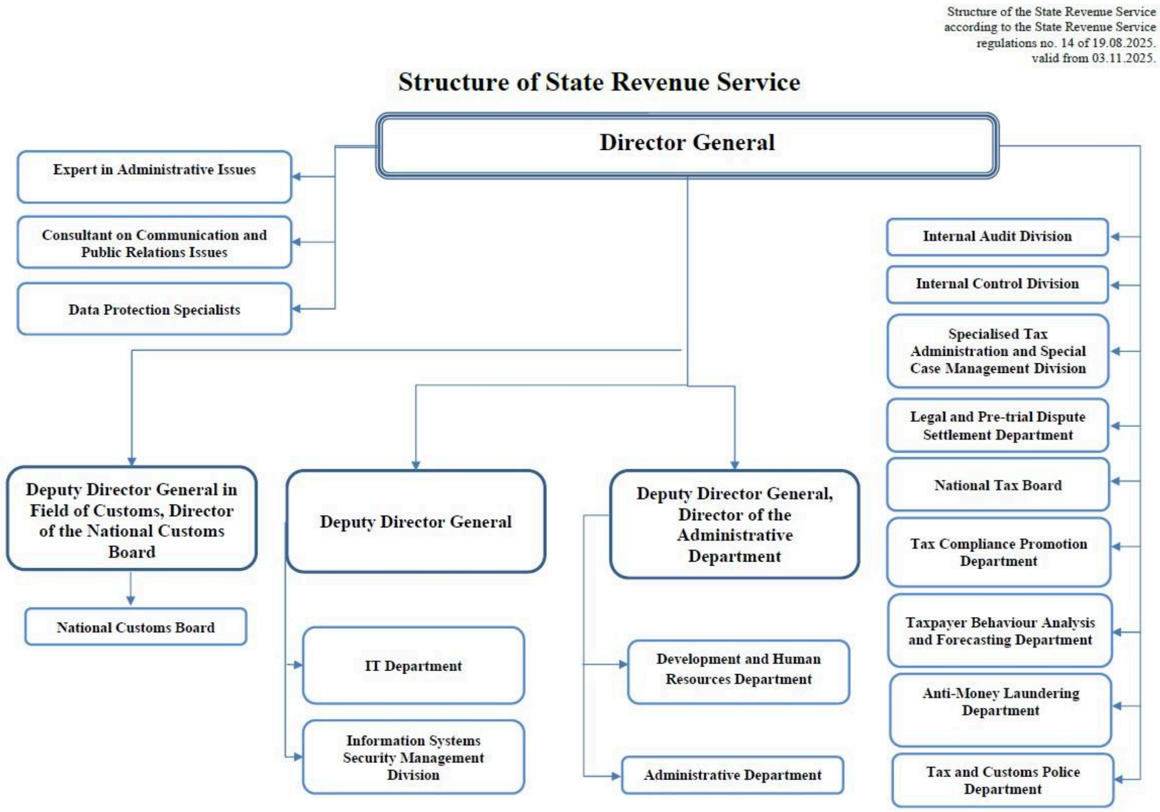


*Figure 2. **Structure of the SRS (in force as of 3 November 2025)***

Key Structural Changes of the SRS in 2025

Separation of the Tax and Customs Police

The institutional reforms implemented by the SRS significantly improved the institution's governance model and structure, making it more compact, more effective and more service-oriented towards the public and businesses.

Based on the information report approved by the Cabinet of Ministers in 2024, a decision was taken to separate the investigative functions from the SRS. At the end of 2024, the Saeima adopted the new State Revenue Service Law and the Tax and Customs Police Law, which provide for the establishment of an independent direct administration authority – the Tax and Customs Police – under the supervision of the Minister of Interior, effective 1 January 2026. In 2025, the SRS implemented all preparatory measures to ensure full separation of the Tax and Customs Police and the start of its operations as an independent authority as of 1 January 2026. As a result, the SRS no longer carries out criminal investigations, and criminal proceedings related to tax and customs matters are henceforth conducted outside the institutional structure of the SRS. These structural changes strengthen the SRS's role as a service-oriented institution and allow to focus primarily on tax and customs policy administration and customer service.

Enhancement of Internal Control

As of 1 January 2025, the investigative and operational functions and tasks of the Internal Security Department in the prevention, detection and investigation of criminal offences related to corruption committed by officials (employees) of the

SRS in public service, were transferred to Corruption Prevention and Combating Bureau. In 2025 the SRS established the Internal Control Division, ensuring a unified approach to the management of corruption and conflict of interest risks, the conduct of service inspections and disciplinary investigations, as well as the supervision of personal data protection. The newly established unit promotes transparency in the institution's operations, ethical conduct, and compliance with regulatory requirements.

Strengthening of digital transformation and project management

To modernise processes, consolidate resources, and advance digitalisation and automation, the SRS centralised the analysis and management of core business processes of tax-related information systems by integrating them under the Information Technology Department. As a result, in 2025, both the management and maintenance of the SRS's information and communication technology resources and the expertise required for their improvement and development were brought together within a single structural unit.

Centralisation of Support Functions

On 3 November 2023 the reorganisation of the SRS support functions ("support block") was completed. As a result of the reform, support processes and human resources were consolidated, reducing internal administrative burden while strengthening accountability within the structural units responsible for the strategic development, human resource management, financial management and logistics of the institution. At the same time the institution reinforced initiatives aimed at improving access to human-centred services by implementing "People first" concept and enhancing the design of SRS services (see also Section 2.4).

Transfer of additional functions of the SRS

In 2025 the SRS started the transfer of non-core functions to other public administration institutions. All necessary measures were implemented to ensure that as of 1 January 2026 part of the SRS's functions related to the management of state-owned property would be transferred to *SJSC State Real Estate*, including the handling of immovable property, movable property, intangible assets vested in the state, as well as confiscated property to be disposed of based on a request from a competent authority of a Member State of the European Union or a foreign country. In 2026 the full transfer of functions related to state-owned property to another institution will continue.

New Functions

In 2025 the SRS participated in the assessment of laws and regulations to assume responsibility for the Lottery and Gambling Supervisory Inspection.

1.2. SRS Development Strategy

In 2024, work continued on the implementation of the SRS Development Strategy 2023–2026 (Strategy). The main objective of the Strategy is to make the SRS one of the most efficient tax and customs administrations in Europe, a leader in the development of services that serve the public interest. The results achieved are presented in Section 2 of the Report.

Amendments to the SRS Strategy

On 12 September 2025 the SRS updated its operational strategy by refining target values for performance indicators, introducing a section on key strategic indicators and supplementing the strategy with the share of tax revenue in gross domestic product as a new performance indicator.

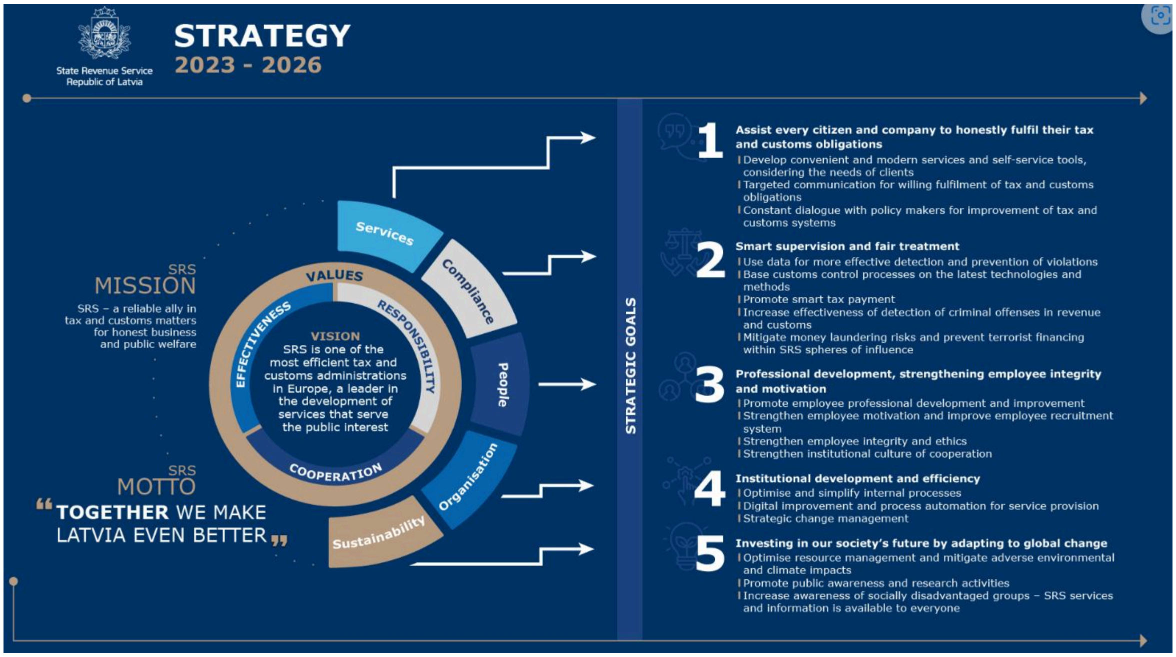


Figure 3. ***Strategic Roadmap for 2023–2026***

Development of the New SRS Strategy

As the SRS Development Strategy for 2023-2026 is approaching its conclusion, in 2025, planning for the next strategic period began. The new strategy (2027-2030) focuses on further advancement of digitalisation, data-driven development of supervision and human resources, as well as reinforcement of human-centred service approach by advancing the “People first” concept and ensuring that SRS services become even more convenient, clear and accessible to residents and businesses. At the time of austerity opportunities to increase salaries are limited, therefore the human resources strategy will seek appropriate solutions to improve employee motivation and retention. The strategy will also integrate nationally significant priorities, such as reducing shadow economy, strengthening the “Consult First” principle and lowering the administrative burden. It is planned that the draft of the new strategy will be developed by the second half of 2026, with implementation commencing in 2027.

The new strategy will focus on:

- Advancement of digitalisation
- Development of supervision and human resources
- Human-centred services

2

STRATEGIC PRIORITIES, OBJECTIVES AND RESULTS

Key Strategic Results and Performance Indicators

Table 1

Implementation of the Performance Indicators of the SRS Development Strategy for 2023–2026 in 2025

Result to be achieved	Performance Indicator	Execution (2025)	Target Value (2025)
Increased public trust in SRS	Level of public trust in SRS[2]	48 %	60 %
Cost effectiveness	Cost of collecting EUR 100 of tax revenue	0,42 EUR	0,49 EUR
Reduction in tax revenue losses	Share of tax revenue in GDP	35,6 %	36,3 %

Increase in general budget revenue administered by the SRS

Table 2

General budget revenue administered by the SRS in 2025 compared to 2024 revenue and 2025 revenue plan

Type of payment	2025 revenue plan (million EUR)	Revenue (million EUR)		Changes (2025–2024)		Execution of the 2025 revenue plan	
		2024.	2025.	million EUR	%	million EUR	%
Tax revenue	**15 124,48**	**14 165,10**	**14 930,06**	**764,96**	**5,4**	**-194,42**	**98,7**
Corporate income tax	690,70	719,42	787,56	68,14	9,5	96,86	114,0
Value added tax	4245,50	3882,36	4099,74	217,38	5,6	-145,76	96,6
Excise Tax	1314,03	1190,80	1244,78	53,99	4,5	-69,25	94,7
Social security contributions	5677,39	5244,49	5617,44	372,96	7,1	-59,95	98,9
Personal income tax	2735,89	2810,99	2767,76	-43,23	-1,5	31,87	101,2
Revenue from solidarity contributions	93,00		74,08	74,08		-18,92	79,7
Natural resources tax	89,34	66,09	61,26	-4,82	-7,3	-28,08	68,6
Customs tax	67,30	62,25	75,59	13,33	21,4	8,29	112,3
Lottery and gambling tax	56,64	52,92	53,77	0,85	1,6	-2,88	94,9
Electricity tax	5,20	4,95	5,11	0,16	3,2	-0,09	98,3
Vehicle operation tax	118,88	102,32	113,42	11,10	10,8	-5,46	95,4
Company car tax	30,60	28,50	29,53	1,03	3,6	-1,07	96,5

[2] Data from the Public Administration Customer Satisfaction Study commissioned by the State Chancellery.

Non-tax revenue	**658,59**	**784,76**	**665,52**	**-119,24**	**-15,2**	**6,93**	**101,1**
State and office fees	180,93	251,24	173,98	-77,25	-30,7	-6,95	96,2
Fines and sanctions	41,92	47,30	37,44	-9,86	-20,8	-4,48	89,3
Dividend income (income from the use of state (municipal) capital)	343,26	393,36	358,01	-35,36	-9,0	14,74	104,3
Other non-tax revenue	92,48	92,84	96,07	3,24	3,5	3,60	103,9
Undistributed share of patent fee revenue		0,02	0,02	-0,003	-13,7		
Total	**15 783,07**	**14 949,85**	**15 595,58**	**645,72**	**4,3**	**-187,49**	**98,8**

The total revenue administered by the SRS in 2025 is EUR 15.60 billion, mainly due to revenue from labour taxes and value added tax. Compared to 2024, total revenue administered by the SRS has increased by EUR 0.65 billion or 4.3 %. The 2025 revenue plan was executed by 98.8 % and fell short of the plan by EUR 0.19 billion (see Table 2).

2.1. Strategic Priority "Services"

Table 3

Implementation of the Performance Indicators of the SRS Development Strategy for 2023–2026 in 2025

Result to be achieved	Performance Indicator	Execution (2025)	Target Value (2025)
Voluntary and timely fulfilment of tax obligations	Share of taxpayers included in "Compliant" and "To be Encouraged" segments in the total number of segmented taxpayers	17,9 %	18,1 %
Timely submission of declarations	Share of declarations submitted on time	VAT – 91,91 % CIT – 72,46 % MSSIC and PIT – 89,72 %	VAT – 94 % CIT – 76 % MSSIC and PIT – 91 %
Customer satisfaction with SRS services and service quality	Overall assessment of the SRS performance (on a scale from 1 (very poor) to 5 (excellent))[3]	3,68 points	3,76 points
	Business satisfaction with the performance of the SRS (on a scale from 1 (very poor) to 5 (excellent))[4]	3,67 points	3,62 points
Accelerated customs declaration processing for honest customers	Share of automated import (release for free circulation) declarations	74 %	73 %
	Share of automated export declarations	81 %	88 %

Abbreviations used in the table: VAT – value added tax, CIT – corporate income tax, MSSIC – mandatory state social insurance contribution, PIT – personal income tax

[3] Data from the Public Administration Customer Satisfaction Study commissioned by the State Chancellery.

[4] *SSE Riga* data.

247 services

245 requested and received electronically

In 2025, 247 services were available to SRS customers, of which 245 (99.2 %) could be requested and received electronically. Two services could be requested and received in person: "Cash declaration" and "Statement on movement of excise goods”.

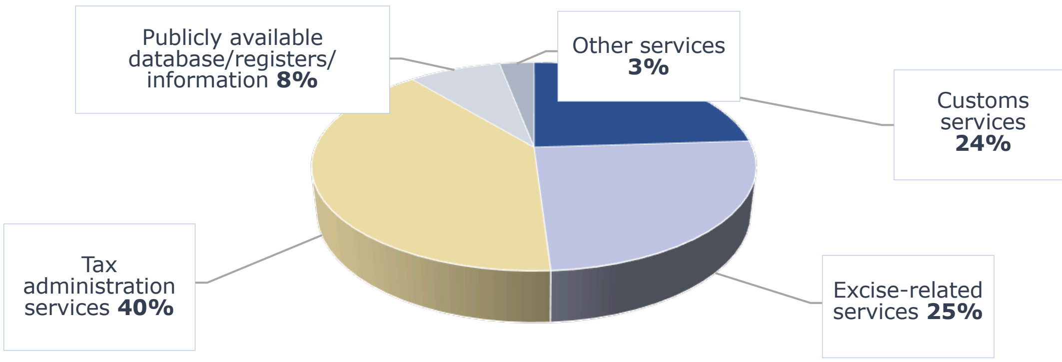


Figure 4. ***Number of services provided by the SRS by service groups in 2025***

104 services (42 %) were provided immediately, without waiting. Certain SRS key services (such as submission of the payroll tax book, registering PIT relief or receiving EDS access data) were also available at the State and Municipal Unified Customer Service Centres. Their number increased from 216 to 315, thereby improving service accessibility across Latvia.

The SRS continued to develop its service environment by strengthening the “People first” concept and moving towards simpler, clearer and more accessible services for both residents and businesses.

Particular attention was paid to digitalisation and automation of services by expanding the use of electronic solutions and reducing the administrative burden on clients. At the same time, the SRS developed data-driven and proactive solutions that improve service quality, accelerate service delivery and minimise the risk of errors.

By continuing to introduce new technological solutions, including assessing the potential of AI, the SRS enhances customer service and develops as a modern service-oriented institution.

The SRS initiated the development of a unified approach to service management, based on customer needs and life situations. The implemented measures strengthen the SRS as a modern, human-centred institution, promote public trust and encourage voluntary tax compliance.

Service Improvements Implemented in 2025

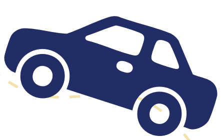
Customer Service and EDS Improvements

The SRS continued to improve customer services and EDS by expanding the availability of digital services.

In 2025, more secure user authentication in the EDS was introduced, gradually transitioning to eID, e-Signature and SmartID. From 2026 onwards, login with a username and password is no longer used (with a few exceptions), thus enhancing cybersecurity and reducing the risk of unauthorised access.

Further improvements were made to facilitate the submission of the annual income declarations, including automated data pre-filling and incorporation of third-party data. Risk analysis elements were also introduced, enabling the identification of cases requiring review, thereby making the process faster and more secure.

The SRS took part in the implementation of the "Smart border" project. In the first phase of the project, an electronic queue reservation system was introduced, offering pre-registration of vehicles in the queue for crossing the external land border of Latvia. The solution improves the management of transport flows and the digitalisation of customs processes, as well as ensuring greater predictability of the border-crossing process, thereby helping to save time and costs.



In 2025, to improve the efficiency of customer service, the SRS tested AI solutions (see Section 2.4 for more information). The virtual assistant "Toms" was further improved by expanding its knowledge base and starting integration with the latest AI solutions.

New Mobile Application for SRS Customers

To improve the accessibility of digital services, in 2025 the SRS developed a new mobile application "My SRS". By the end of the year, it had been submitted for verification in the *App Store* and *Google Play*. It became available to users in February 2026. The mobile application provides access to the most popular SRS e-services on smartphones, namely payroll tax book and declaration of eligible expenses, making services more convenient and modern.

Reduction of Administrative Burden and Bureaucracy

In 2025, the SRS implemented several crucial initiatives to reduce administrative burden and bureaucracy.

Additional data sets were published in open data format (e.g. taxpayer ratings, data on taxes paid by economic operators), thereby increasing the volume of publicly available information.

Digital solutions were developed, and regulation was improved, reducing the number of documents to be submitted and promoting automated exchange of information between institutions. For example, the automated exchange of annual reports between the SRS and the Register of Enterprises of the Republic of Latvia was developed, and the number of documents to be submitted by certain customer groups (including the NGO sector) was reduced.

Customers were provided with wider

opportunities to use electronic services: the option to receive documents exclusively via the EDS, as well as the possibility to authorise individuals without a notarised power of attorney and, in certain cases, shorter time for receiving SRS responses and administrative acts.

Taxpayers with an "A" rating retained their existing benefits, including the priority issuance of permits and faster refunds of VAT overpayments. In addition, the range of benefits was extended through simpler requirements and a lighter control burden, including in the use of cash registers.

VAT and excise tax processes were also improved: the time limits for the revision of refunds were shortened, the requirements for VAT refunds for taxpayers from third countries were eased (including updated procedure for diplomatic personnel), as well as faster processing of customs documents was ensured.

The recovery process for overdue tax payments was improved. Amendments to the Law on Taxes and Fees provide that recovery proceedings are not initiated if the amount of the overdue debt is below the threshold.

The administration of customs payment debt was also simplified, reducing paperwork and manual work.

In cooperation with the Central Statistics Bureau (CSB) a data exchange initiative was developed. It is planned to provide the CSB with access to the VAT turnover report in the SRS Data Warehouse to reduce the volume of data that businesses are required to resubmit.

Simplified Registration and VAT Administration for Small Businesses

As of 1 July 2025, a simplified procedure for VAT registration and administration was introduced for small businesses and performers of economic activity meeting certain criteria. VAT is calculated and paid only on services and goods received from the European Union or third countries, and VAT returns no longer need to be submitted. As a result, the administrative burden on small businesses has been significantly reduced, particularly for those that use foreign digital platforms in their business activities.

Improvement of the Electronic Customs Data Processing System (EMDAS)

Phase 2 project for the e-Customs systems (2020-2025), financed by the European Union Recovery Fund, was completed, with all new information technology systems under the Union Customs Code (for import, export, transit etc.) fully implemented, ensuring high availability and process automation. As a result, customs formalities became even more efficient: in 2025, approximately 74 % of import declarations and 81 % of export declarations were processed automatically. In 2025, several new functionalities were introduced in the EMDAS subsystems to ensure compliance with the European Union's regulatory requirements, further automate customs processes, and improve data exchange. The second phase of Centralised Clearance was introduced in the Automated Import System (AIS). The AIS was integrated with the Excise Movement and Control System (EMCS). In the Automated Export System (AES) an application programming interface (API) was developed for the electronic submission of data, as well as preloading and fallback procedure functions were added. In the Transit Control System 2 (TKS2) the submission of transit declarations together with entry summary data was enabled, and the second phase of the register of open

declarations was implemented. Whereas in the Import Controls System 2 (ICS2) the display of the import control declarations (ICD) with reduced data set was introduced. In addition, EMDAS was connected to the European Union Customs Single Window Certificates Exchange System (CSW-CERTEX), ensuring mandatory automated verification of documents in accordance with Regulation (EU) 2022/2399[5].

Modern Solution for Approving Tax-Free Receipts

On 27 May 2025, in cooperation with *Global Blue Latvija Ltd* and Riga International Airport, CAS (Customs Approval System) self-service kiosk was opened at Riga Airport, following international practice that has also proved successful in other airports. It provides travellers with a modern way to obtain customs approval quickly and independently for goods purchased in Latvia under the Tax-Free scheme and exported outside the European Union.

Development of the Payments Administration Information System (MAIS)

The development of the MAIS was continued by expanding the system's capabilities to administer domestic taxes in order to improve tax administration processes and service quality. The functionality of annual income declarations was enhanced by improving calculation of tax refunds and additional tax payable. The solution now also provides for the administration of solidarity contributions (the processing of declarations and the accounting for payments). The first phase of the automation of payment deadline extension process was completed.

The functions of tax accounting and payment records were improved, the processing of orders issued by sworn bailiffs was automated, and VAT administration was enhanced. At the same time, the SRS developed data exchange solutions with the Register of Enterprises of the Republic of Latvia and the State Land Service, expanding the use of external data in tax administration.

MAIS was also developed in the customs area to ensure that as of 1 January 2027 customs payments would be included in the single tax account. The SRS made the necessary changes in MAIS to implement the amendments to the Law on Taxes and Fees. According to these amendments as of 1 January 2026 late payment interest on overdue payments in the single tax account (excluding customs duty) is calculated only twice a month – on the 1st and 15th day of the month.

The improvements made ensure more accurate accounting of payments, more timely display of information to taxpayers and simpler monitoring of the fulfilment of obligations.

[5] Regulation (EU) 2022/2399 of the European Parliament and of the Council of 23 November 2022 establishing the European Union Single Window Environment for Customs and amending Regulation (EU) No 952/2013

2.2. Strategic Priority “Compliance”

Table 4

Implementation of the Performance Indicators of the SRS Development Strategy for 2023–2026 in 2025

Result to be achieved	Performance Indicator	Execution (2025)	Target Value (2025)
Efficiency of debt collection	Share of total debt in general budget revenues	5.2 %	<7 %
	Share of recovered new debt in total new debt	94.8 %	93.8 %
Efficiency of customs controls	Effectiveness of physical customs controls – share of violations detected through risk analysis in the total number of physical customs control operations	24 %	25 %
	Share of non-compliances rectified and customs duties paid voluntarily following post-clearance checks	91 %	74 %
	Assessment of the illicit circulation of tobacco products[6]	18.4 %	18.5 %
Fair application of legal provisions	Share of court rulings favourable and partially favourable to the SRS	88 %	90 %
Efficiency of criminal investigation	Reduction in the average duration of investigations in completed criminal proceeding compared to the previous year	25 %	5 %
	Share of cases returned by the Prosecutor's Office for additional investigation (out of all cases forwarded for prosecution)	0.8 %	1 %
Reduction in the risks of money laundering and terrorist financing	Share of entities subject to the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing (AML/CFT/CPF) whose operations comply with the provisions of the AML/CFT/CPF law and the Law on International Sanctions and National Sanctions of the Republic of Latvia	84 %	84 %
	Share of entities with significant deficiencies among inspected entities (e.g. compliance with internal control system requirements and reporting obligations)	16.42 %	14 %

[6] Data from a study conducted by *NielsenIQ*.

Tax Debt is Decreasing

On 1 January 2026, the total amount of payments due to the general budget administered by the SRS amounted to EUR 815.73 million. Compared to 1 January 2025, the total debt has decreased by EUR 28.55 million or 3.4 %. The decrease in total debt is mainly due to a reduction in the outstanding balance of granted tax payment extensions by EUR 30.40 million or 31.5 %. The biggest decrease is in the outstanding balance of labour tax payment extensions by EUR 27.08 million or 40.1 %.

Debt on general budget payment

1 January 2025
EUR **844,28**
million

1 January 2026
EUR **815,73**
million

↓ or **3,4%**

Table 5

Debt on general budget payments administered by the SRS on 1 January 2026 compared to 1 January 2025, million euro

	1 January 2025	1 January 2026	Changes	
			million euros	%
Total amount of debt, including	**844,28**	**815,73**	**-28,55**	**Total amount of debt, including**
- current debts	540,02	540,08	0,06	- current debts
- deadline extensions	96,48	66,07	-30,40	- deadline extensions
- suspended debts	207,78	209,58	1,80	- suspended debts
Corporate income tax, including:	**43,51**	**52,88**	**9,37**	**Corporate income tax, including:**
- current debts	21,43	28,45	7,02	current debts
- deadline extensions	3,74	3,19	-0,56	deadline extensions
- suspended debts	18,33	21,24	2,91	suspended debts
Value added tax, including:	**235,31**	**216,69**	**-18,62**	**Value added tax, including:**
- current debts	125,92	118,05	-7,87	current debts
- deadline extensions	24,13	21,66	-2,47	deadline extensions
- suspended debts	85,25	76,98	-8,27	suspended debts
Excise duty, including:	**48,12**	**53,54**	**5,42**	**Excise duty, including:**
- current debts	15,17	20,80	5,63	current debts
- deadline extensions	0,76	0,36	-0,40	deadline extensions
- suspended debts	32,19	32,38	0,19	suspended debts
Personal income tax, including:	**307,54**	**295,86**	**-11,68**	**Personal income tax, including:**
- current debts	246,90	243,15	-3,75	current debts
- deadline extensions	28,94	20,92	-8,02	deadline extensions
- suspended debts	31,70	31,79	0,09	suspended debts
Mandatory State social insurance contributions, including:	**196,02**	**183,23**	**-12,79**	**Mandatory State social insurance contributions, including:**
- current debts	117,79	118,30	0,51	current debts
- deadline extensions	38,60	19,54	-19,06	deadline extensions
- suspended debts	39,63	45,39	5,76	suspended debts
Other tax, including	**13,77**	**13,52**	**-0,25**	**Other tax, including**
- current debts	12,81	11,33	-1,48	current debts
- deadline extensions	0,3	0,41	0,11	deadline extensions
- suspended debts	0,67	1,79	1,12	suspended debts

In 2025, 14 359 tax payment extensions have been granted to 5443 taxpayers for a total of EUR 174.12 million.

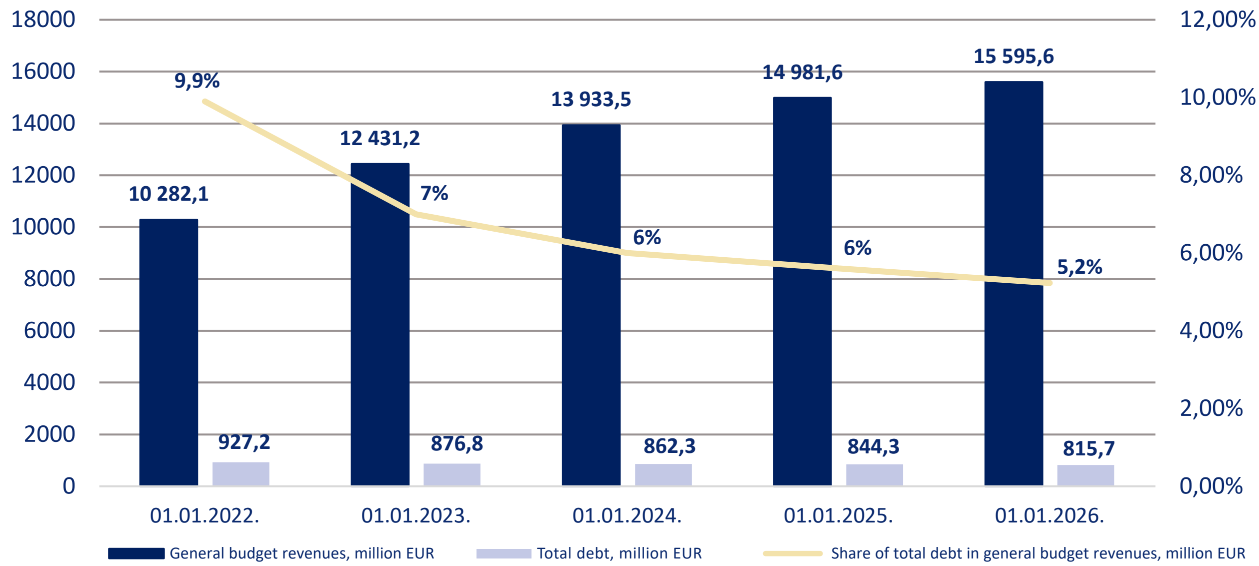


Figure 5. ***Share of total debt in general budget revenues (2022-2025)***

Shadow Economy Reduction Plan 2024-2027

In 2025 the SRS continued implementing the measures of the Shadow Economy Reduction Plan for 2024-2027 to promote voluntary compliance with tax obligations and fair competition.

The focus was on:

- **Targeted communication with taxpayers**
- **Explaining the requirements of laws and regulation**
- **More efficient implementation of public administration**

Discussions with the SCB continued on improving employer reports and breakdown of payroll data. The planned solutions, including indirect tax calculation methods, will help to ensure greater wage transparency and more accurate statistics, as well as will broaden the use of these data in tax administration.

Data management and information exchange within public administration were strengthened. The SRS implemented measures to participate in the Data Distribution and Governance Platform (DAGR), developing an integration plan that provides for gradual publication of several SRS data sets in a structured manner, such as data on economic operators, entities registered with the SRS, and natural resource tax data, thereby promoting institutional cooperation and use of data to reduce shadow economy.

The SRS continued control and supervisory measures to promote the use of the Electronic Working Time Tracking System (EDLUS) in construction sites and to reduce the market for illicit excise goods. In 2025, inspections were initiated in 67 construction sites, covering 324 taxpayers. Based on the results of completed inspections infringements of legislation were identified in 53 construction sites, including failures to enter data in EDLUS or the provision of incomplete information. Fines were imposed for identified violations, and in certain cases taxes were assessed and declarations adjusted, thereby increasing budget revenues.

11,9
million

1 075
liters

121 257
liters

As a result of customs controls, the illicit circulation of excise goods was prevented, thus reducing budget losses and strengthening fair competition. In 2025, controls identified more than 11.9 million cigarettes, as well as illicitly transported fuel (121 257 l) and alcoholic beverages (1075 l).

E-Commerce Monitoring

The SRS continued to monitor the e-commerce sector by targeted communication with taxpayers and preventing violations. As a result of monitoring, instances were identified where websites had not been registered with the SRS in accordance with regulatory requirements. In such cases, the SRS carried out the necessary supervisory measures, and in most situations, taxpayers independently rectified the identified violations.

E-Invoicing Project

On 27 September 2024, the SRS in cooperation with the Ministry of Finance and the Ministry of Smart Administration and Regional Development concluded an agreement on the establishment of a single e-invoicing platform within the framework of the European Union Recovery Plan. The objective of the project is to create a centralised financial document exchange platform to ensure electronic circulation of source documents (e-invoices), thereby enabling the SRS to received structured e-invoice data on domestic transactions.

To facilitate transition to the use of e-invoices, on 9 December 2025 the Cabinet of Ministers adopted regulations on the circulation of e-invoices and submission of data to the SRS effective from 2026. The regulations stipulate the deadlines and procedures for submitting e-invoice data in accordance with the nationally established structured data format within the solution developed by the SRS. This reduces administrative burden and bureaucracy, while improving transparency of financial processes. Solutions have also been established for cases where e-invoices cannot be submitted due to technical disruptions.

Strengthening Data Exchange with Other European Union Countries

The SRS continued to strengthen data exchange with other European Union Member States. The data exchange system of digital platform operators (DAC7) was improved, technical issues in data recognition were resolved, and the use of information received from foreign reports within SRS analytical systems initiated, for example, to enable timely identification of potential undeclared income of taxpayers with possible risks of tax non-compliance.

The use of data accumulated in the Centralised Electronic System of Payment Information (CESOP) for tax risk assessment was also improved. Using these data, foreign taxpayers with potential VAT risks were identified.

Control of Compliance with Sanctions Regime in the Field of Customs

The SRS continued measures to control compliance with the sanctions regime in the field of customs to prevent the movement of goods subject to European Union sanctions across the border. By the end of 2025, 19 sanctions packages against Russia and 11 against Belarus were adopted, expanding the list of prohibited goods and strengthening the application of additional conditions in the customs control process.

To ensure compliance with sanctions, a total of 110 new risk profiles were added to the customs information system. In total, 434 risk profiles are in operation.

4356
violations

In 2025, a total of 4356 violations were identified. In 1460 cases, the export of consignments from the European Union and import into the European Union from Russia and Belarus were prohibited, while in 1896 instances individuals were prevented from moving sanctioned goods across the border. Goods subject to sanctions were identified in 395 postal items, while in 605 cases - violations related to the movement of cash by persons leaving the European Union (total amount EUR 2.5 million).

The SRS sent 172 requests to customs authorities of third countries; responses were received in 136 cases and in 53 cases suspicions of violations were confirmed.

On 10 July 2025, amendments to the Law on International Sanctions and National Sanctions of the Republic of Latvia entered into force, providing for administrative responsibility for violations of international or national sanctions. In 2025, 370 administrative offence proceedings were initiated and the total amount of fines imposed reached EUR 2.76 million. As a result of violations identified by the SRS, 168 criminal proceedings were initiated.

Carbon Border Adjustment Mechanism

The SRS continued to ensure the implementation of the transitional period of the carbon border adjustment mechanism (CBAM) and started to introduce the requirements of the definitive period. As of 31 March 2025, CBAM declarants portal is available in the production environment, enabling the electronic application for the status of authorised CBAM declarants.

The SRS cooperates with the European Commission in monitoring CBAM reporting, assessing cases of non-submission of reports and providing information on circumstances. To ensure practical use of the systems, access rights were granted to 162 users. The process of granting the status of authorised CBAM declarant has also started – 83 applications were received, and 72 decisions were adopted.

In 2025, the CBAM regulation introduces a new *de minimis* threshold of 50 tonnes of imports, thus the status is required for approximately 10 % of CBAM goods importers. The SRS also continued to educate importers by providing consultations, seminars and informative materials to promote understanding of the requirements and reduce the need to submit additional requests to the European Commission.

Innovative Solutions for Enhancing the Efficiency of Customs Controls

In 2025, the SRS implemented an investment project *Enhancement of Customs Control of Incoming Postal Consignments at the Airport Customs Control Point* under the European Union Recovery and Resilience Facility Plan. During the project a system of X-ray equipment and conveyor lines was created, enabling the scanning of consignments, integrated processing of images and data, as well as increasing the intensity of controls. Software that is developed for customs controls purposes and integrated with the data processing system of Latvian Postal Service (*SJSC Latvijas Pasts*) enables the automation of certain stages of the control process, thereby improving efficiency.

2.3. Strategic Priority “People”

In 2025, the SRS continued to improve human resource management to strengthen its capacity and ensure the provision of high-quality services in a changing environment. Particular attention was paid to employees’ professional development, the enhancement of competencies, and more efficient use of resources.

Table 6

Implementation of the Performance Indicators of the SRS Development Strategy for 2023–2026 in 2025

Result to be achieved	Performance Indicator	Execution (2025)	Target Value (2025)
The attractiveness of the SRS as an employer	Employee turnover rate	10,26 %	14,5 %
	Employee Engagement Index[7]	-	57 %
Assessment of the SRS as an honest institution	Public assessment of the SRS honesty[8]	56 %	51 %
Anti-corruption training for SRS employees	Number of SRS employees who have completed anti-corruption training	94 %	95 %

By strategically developing employees’ knowledge and skills, 323 training sessions were organised in 2025. The training strengthened employees’ professional competence and their ability to adapt to changes, while improving the quality of the services provided.

The SRS also continued to review expenses in response to decisions on the consolidation of the state budget. Considering the planned reduction in funding for the SRS’s core functions by 10.2 % (approx. EUR 13.9 million) from 2026, targeted measures were implemented in 2025 to improve the efficiency of the institution’s operations, including gradual review of the number of positions and organisation of work with fewer resources.

The implemented changes are aimed at ensuring sustainable development of the institution to maintain a balance between available resources, employee capacity, and quality of services provided to the public.

Number of positions in the SRS

1 January 2025	31 December 2025	1 January 2025
3677	3553	2798

[7] Data from the study of the State Chancellery “Level of engagement of public administration employees and SRS employees”.
[8] Data from the public survey of the Corruption Prevention and Combating Bureau "Attitude towards corruption in Latvia".

Of the total number of employees at the SRS:

89% civil servants

11% employees

78% women

22% men

97% have higher education

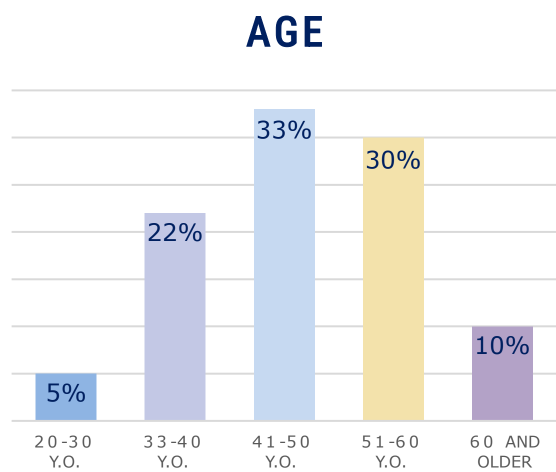


Figure 6. ***Distribution of SRS employees by age groups in 2025***

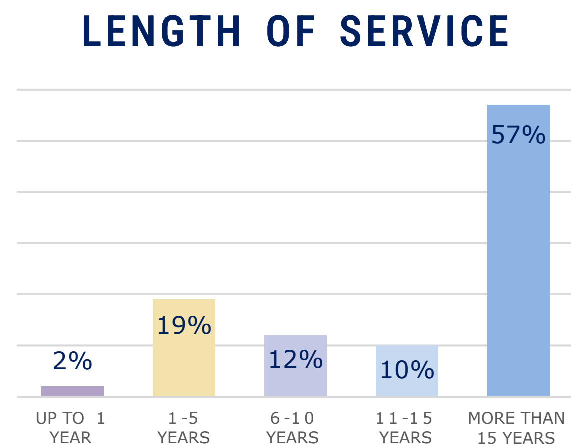


Figure 7. ***Distribution of SRS employees by length of service groups in 2025***

In 2025, 103 employees began their civil service or employment relationship, while 362 employees terminated their employment. Accordingly, the staff renewal rate in 2025 was 3.12 (6.7 in 2024) and the staff turnover rate was 7.14 (7.2 in 2024).

Contribution of SRS Experts in International Initiatives

On 30 May 2025, the European Union initiative Customs Eastern and South-Eastern Land Border Expert Team (CELBET), that was implemented for nine years, came to an end. During the project the work of customs services at the European Union's external land border was enhanced and a solid foundation was established for the European Union Customs Alliance for Borders (EUCAB) expert team, which began its work immediately after the conclusion of the CELBET. Within the CELBET project Latvia was one of 11 European Union Member States and demonstrated high level of competence and professionalism, making a significant contribution to strengthening operational cooperation between customs authorities. Latvia has also been actively involved in the work of EUCAB.

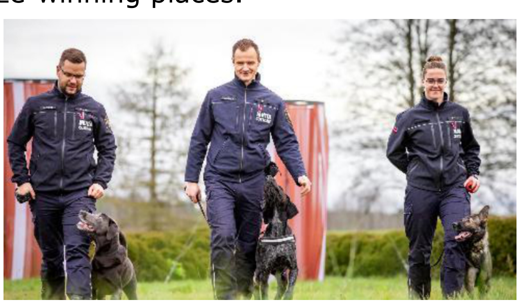
On 30 September 2025, Phase 10 of the European Union Border Management Programme in Central Asia (BOMCA 10), which had lasted four and a half years, also came to an end. The programme was implemented by a consortium of agencies of the European Union Member States and International Centre for Migration Policy Development, led by the State Border Guard of the Republic of Latvia. One of the consortium members was the SRS, under whose leadership – in cooperation with the Food and Veterinary Service and Riga Technical University – the activities of the third component "Trade Facilitation" were implemented. With the participation of 80 representatives of the SRS and its cooperation partners, 87 activities were organised in Central Asian countries and Latvia, as well as 108 recommendations were prepared for the customs, veterinary and phytosanitary services of those countries in order to strengthen border management and improve operational efficiency.

Achievements and Distinctions of our Employees

The SRS takes pride in its collective and individual achievements in both national and international level:

1) on 7 January 2025, the Cabinet of Ministers awarded the service rank of General to Raimonds Zukuls, the Deputy Director General in the Field of Customs, Director of the National Customs Board of the State Revenue Service, in recognition of his contribution to the development of customs operations and the advancement of the SRS. His professional competence and change management skills have strengthened the ability of the National Customs Board to operate successfully in a changing environment.

2) Representatives of the SRS participated in the 21st International Canine Competition in the Czech Republic and in the XVII International Canine Biathlon Competition *LATVIJA 2025* in Rēzekne, where they won prize-winning places.



3) On the International Customs Day, 26 January, 12 customs officials, three representatives from other areas of the SRS and five cooperation partners were awarded Certificates of Merit of the World Customs Organisation (WCO). The contribution of colleagues was recognised within the framework of the WCO's 2025 theme "Customs Commitment to Efficiency, Security and Prosperity".

4) For professional, honest and selfless work, as well as for significant contribution to the development of the SRS in 2025, 238 SRS employees were awarded State Revenue Service Honorary Badges, Certificates of Recognition, Letters of Appreciation, as well as monetary awards.

5) The SRS was awarded 1st place and maintained its leading position in the public sector category as the "E-Signature Champion 2024".

To continuously improve the internal control system for the prevention of corruption and conflicts of interest, in 2025 the SRS:

1 Implemented systematic educational and preventative measures, providing targeted information and training of SRS employees on the management of corruption risks, ethics and conflicts of interest, by developing e-learning modules for all SRS employees, organising educational activities and in-person training.

2 Maintained continuous and targeted communication with the public on the SRS anti-corruption policy and zero tolerance towards bribery and acceptance of gifts. The implementation of these measures promotes awareness of regulatory requirements and ethical principles, while reinforcing the preventative environment and supporting the effective implementation of internal control measures.

To strengthen a comprehensive internal control system, in 2025 the SRS improved management and operational processes across all key components – strategic planning, control environment, risk management, implementation of control measures, information flow, and monitoring. A risk-based independent assessments and advisory support were provided by conducting 10 audits and implementing 53 internal audit recommendations, thereby improving processes and services, management efficiency, and the use of resources. At the same time, support was provided for State Audit inspections and other external audits, facilitating the timely prevention of deficiencies and improving oversight.

2.4. Strategic Priority "Organisation"

Table 7

Implementation of the Performance Indicators of the SRS Development Strategy for 2023–2026 in 2025

Result to be achieved	Performance Indicator	Execution (2025)	Target Value (2025)
Administrative efficiency	Number of registered legal entities and economic operators per one full-time employee in the tax administration	226,3	215
An increase in the use of innovative technologies	Share of ICT costs	9,1 %	10 %

Service Design Division

In implementing the strategic priority "Organisation", on 3 November 2025, the Service Design Division of the Development and Human Resources Department was established to achieve the strategic objectives of organisational efficiency. The new structural unit ensures the continuous improvement and efficient management of the institution's services and processes, while promoting human-centred approach to service design, thus making them better aligned with users' needs.

Programmes Financed by Cooperation Partners and Foreign Investment Projects

In implementing projects co-financed under the European Union programme *Union Anti-Fraud Programme*, in 2025 a purchased vehicle was rebuilt, analytical software licences for the analysis of open internet sources, as well as equipment for fuel testing and an unmanned aerial vehicle (drone) were acquired, thereby strengthening control capabilities and enabling effective identification of violations.

The project *Modernisation of Technical Equipment of the Customs Laboratory* was implemented, under which 18 customs laboratory devices were acquired, and a compliance audit of the equipment procurement was carried out to improve the accuracy of analyses and the quality of customs controls. Within the project *Improvement of Customs Control Equipment at Border Crossing Points*, the first of three planned X-ray machines for pallet inspection was acquired and installed at the Riga Free Port customs control point, increasing control efficiency and throughput. The remaining equipment is planned to be procured in 2026 and 2027.

Within the framework of the European Union Recovery and Resilience Facility, in 2025 the SRS implemented several projects

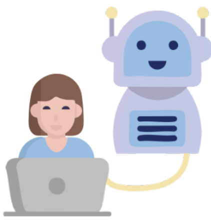
1. In the project *Integration of Railway X-ray Scanners to BAXE and use of AI for the Analysis of Railway Cargo Scanning Images*, a data exchange network for customs control X-ray systems was established (expanded), enabling centralised processing of cargo scanning images and accelerating the identification of high-risk cargo.

2. In the project *Improvement of Customs Control of Incoming Postal Consignments at the Airport Customs Control Point*, X-ray equipment for large-scale baggage inspection, X-ray equipment for small-scale baggage inspection, and equipment for sorting baggage and postal items based on X-ray image analysis were installed at the *SJSC Latvijas Pasts* mail processing facility, to improve control of postal items.

3. In the project *Development of Digital Services Promoting Cross-Border Cooperation in the Field of Taxation, technical solutions of data exchange with European Union Member States were developed (modified) (System for the Exchange of Excise Data (SEED),* Module for Processing VAT Refund Applications and Decisions, and for Data Exchange with other European Union Member States (PVNA), European Union Data Preparation System (ESDSS)). The solutions improve data availability and strengthen tax risk analysis. In 2025, the development of these systems was completed and their deployment in the production environment was initiated.

4. In the project *Digitalization of Financial Document Circulation through the Establishment of Centralised Financial Document Exchange Platform*, solutions were developed for the receipt of e-invoice data on domestic transactions from the State Digital Development Agency or e-invoice platform operators and their further use in the preparation of VAT returns and other SRS processes related to tax compliance monitoring, thereby promoting automated data circulation and reducing administrative burden.

5. In the project *Unified Data Sharing Platform for Public Sector and Economic Data Sharing at National and European Data Space Level*, Including the Implementation of Solutions for Data Depersonalization, as well as for User-Managed and Controlled Data Sharing, solutions were developed for the integration of various data sets under the responsibility of the SRS into the Data Dissemination and Management Platform (DAGR) thereby improving data availability and interoperability in public administration.



To enhance work efficiency and productivity, in 2025, the SRS launched several AI pilot projects. AI solutions were tested in the document management system, in the processing of helpline calls and in the analysis of bodycam recordings.

The use of AI is intended to automate routine tasks, accelerate information processing, and reduce employee workload, while improving process quality and response speed.

AI Pilot Projects

In 2025, the SRS improved internal information technology infrastructure and cybersecurity

To ensure a stable and secure digital environment, the identity and access management system was updated, and the central data networks were improved. The SRS transitioned to next-generation servers and cloud computing technologies, increasing data processing capability and speed. The SRS implemented advanced cybersecurity tools to better protect customer data and prevent cyber threats. These infrastructure investments improve operational resilience.

Continuing the research initiated in 2024, *Shadow Economy in the Construction Sector*, in 2025 the SRS in cooperation with Riga Technical University, conducted an in-depth analysis of the scale of shadow economy in the construction and catering sectors. The analysis used administrative data available to the SRS to ensure data-driven and evidence-based approach to assessing sectoral risks.

The results of the study are planned to be published in 2026. They will provide a basis for further targeted measures to reduce shadow economy and strengthen fair competition.

Research and Development

Additionally, in 2025 the SRS conducted an internal analysis of the effectiveness of corporate income tax, identifying certain reliefs with relatively low fiscal and economic returns. The conclusions will be used to improve tax policy in 2026.

2.5. Strategic Priority "Sustainability"

Table 8

Implementation of the Performance Indicators of the SRS Development Strategy for 2023–2026 in 2025

Result to be achieved	Performance Indicator	Execution (2025)	Target Value (2025)
More efficient use of office space	Average office space per employee	7,8 m^2	8 m^2
A more environmentally friendly fleet has been developed	Share of vehicles that meet the EURO 6 exhaust emission standard in the total vehicle fleet	73,3 %	66 %
Availability and storage of documents in electronic form	Share of documents to be stored only electronically in the institution	70 %	65 %

Contribution to a Sustainable Working Environment and Responsible Use of Resources

In 2025, the SRS continued measures to ensure a sustainable working environment and responsible use of resources. Office premises were optimised and adapted to today's work requirements, while work ergonomics were improved and the average space per employee was reduced to 7.8 m2. Continuing to improve the energy efficiency of buildings and introduce LED lighting, heat and electricity consumption decreased by 23 % compared to 2024, thus also reducing CO2 emissions. At the same time sustainable vehicle fleet measures were implemented - expanding the use of electric vehicles, increasing the proportion of shared vehicles, and reducing the total CO2 emissions of the fleet by 11 %. In addition, the SRS continued to develop a paperless environment, ensuring that 97% of documents created within the institution are electronic, optimising document storage and disposing of large volumes of files, thereby enabling more efficient use of archive space and resources.

Consumption of heat and electricity	CO_2 emissions of the vehicle fleet	97%
↓ 23%	↓ 11%	electronic documents

Increased Accessibility and Transparency of Data

Within the framework of sustainable governance, in 2025 regulatory changes entered into force that expanded access to tax data published by the SRS in open data format. This fosters public awareness, data transparency and reuse, without creating an additional administrative burden for taxpayers.

Updating the Dialogue with Non-governmental Organisations (NGOs)

The SRS continued to strengthen the dialogue with NGOs by renewing and expanding cooperation with business organisations and professional associations. Cooperation was renewed with the Latvian Cosmetic Manufacturers Association and the Latvian Printing Association, new cooperation agreements were concluded with Fintech Latvia Association, The Association of Licensed Gambling Operators of Latvia and Latvian Association of Surveyors.

3

FINANCIAL RESOURCES

Table 9

SRS budget funding for 2025 and its use (EUR)

No.	Financial Indicator	2024 (actual implementation)	2025	
			approved by law and orders of the Minister of Finance	faktiskā izpilde
1.	Financial resources to cover expenditure (total)	227 141 595	196 419 830	1.
1.1.	grants	224 001 322	186 436 741	1.1.
1.2.	charged services and other own revenue	320 469	332 691	1.2.
1.3.	foreign financial assistance	2 306 712	9 336 654	1.3.
1.4.	transfers	513 092	313 744	1.4.
2.	Expenditure (total)	226 869 418	197 067 196	2.
2.1.	maintenance expenditure (total)	204 090 798	173 864 239	2.1.
2.1.1.	current expenditure	141 817 970	149 127 964	2.1.1.
2.1.2.	subsidies, grants and social benefits	60 764 571	18 406 291	2.1.2.
2.1.3.	current payments to the European Union budget and international cooperation	1 040 151	5 688 027	2.1.3.
2.1.4.	transfers of maintenance expenditure	468 106	641 957	2.1.4.
2.2.	capital expenditure	22 778 620	23 202 957	2.2.

Table 10

Use of funding allocated for the implementation of programmes and sub-programmes in 2025

Programme/sub-programme	Funding used in 2025	
	thousand EUR	% of planned
programme 33.00.00 "Ensuring State Revenue and Customs Policy"	175 153,6	98,2 %
sub-programme 67.07.00 "European Community Incentive Projects"	26,4	57,5 %
sub-programme 70.06.00 "Other Projects and Measures Financed by the EU Policy Instruments (2021-2027)"	34,1	47,9 %
sub-programme 70.07.00 "Compensation of Travel Expenses of Latvian Representatives when going to Working Group Meetings of the Council of the European Union and to the Council Meetings"	26,9	87,2 %
sub-programme 70.09.00 Projects co-financed by the EU programme "Union Anti-Fraud Programme"	515,8	87,2 %
sub-programme 70.24.00 "Implementation of Projects and Activities under the Internal Security and Asylum, Migration and Integration Funds and the Instrument for Financial Support for Border Management and Visa Policy (2021–2027)"	38,1	62,5 %
sub-programme 70.51.00 "Refunding of the State Basic Budget for Funds from EU Policy Instruments (2021-2027)"	381,4	81,4 %
sub-programme 73.02.00 "Refunding of the State Base Budget Allocations for Co-Financing of Projects Implemented with Foreign Financial Aid"	61,3	100 %
sub-programme 73.06.00 "Financial Resources Allocated Within the Framework of Agreements between the European Commission (with Participating Member States) and Tobacco Manufacturers"	138,0	56,4 %
sub-programme 73.07.00 "Projects Financed by the European Commission for Improvement of the Internal Market Within the Tax and Customs System"	5690,3	98,8 %
sub-programme 73.08.00 "Projects Implemented by the State Revenue Service in the Field of Protection of Financial Interests"	878,2	27,7 %
sub-programme 74.06.00 "Recovery and Resilience Facility (RRF) Projects and Measures"	5296,9	96,6 %
programme 99.00.00 "Contingency Funds"	506,2	100 %

Information on projects financed by EU funds and foreign financial instruments see in Section 2.4.

In accordance with the Law On the State Budget for 2025 and the Budget Framework for 2025, 2026 and 2027, and the 2025 orders of the Minister of Finance, in 2025 the SRS used the financial resources allocated in the budget in accordance with the approved estimates of basic budget programmes, sub-programmes and measures for covering resource expenditure (revenue) and planned expenditure, as well as financing plans.

Allocated Funding for Priority Measures

In 2025, the SRS was allocated additional funding to implement the following priority measures:

"A 10 % **pay increase** for officials with special service ranks of the Internal Affairs services and the Latvian Prison Administration, as well as for the SRS Tax and Customs Police Department, and the introduction of a new allowance for service"	EUR 3 181 384
"Acquisition, renewal and maintenance of state **material reserves**"	EUR 22 000

At the same time, the SRS continued to implement the activities planned under priority measures supported in previous years, the most significant of which are:

"**Development of** the SRS **Payment Administration Information System** (MAIS), including amendments to laws and regulations"	EUR 10 710 585
"**Compliance with** national and EU **regulatory requirements**, including the adaptation of IT systems"	EUR 2 301 594

4
COMMUNICATION WITH PUBLIC

In 2025, the SRS continued to refine targeted, clear and customer-oriented communication, strengthening public awareness of tax and customs matters, digital services and major changes in the regulatory framework.

Communication activities were implemented to promote public understanding, trust and cooperation with the SRS by providing timely and clear information to different groups of society. Particular attention was paid to the principles of plain language, development of digital communication and prompt delivery of information in situation that significantly affected customers and businesses.

Public Information and Media Relations

The SRS maintained regular communication with the media, explaining current issues of tax administration, customs and digital services, as well as informing the public on changes in the regulatory framework and SRS's development initiatives.

During the reporting period, the following were prepared and distributed:

Press releases	Answers to media enquiries	Informative materials and explanations

Thematic meetings with the representatives of media continued, promoting an open dialogue with the public. One of the most significant initiatives was a *Media Breakfast* on the impact of the planned budget cuts on the SRS's operations and services.

An important aspect of communication activities was also the prompt provision of information in situations related to the operation of electronic systems, customer service issues and other matters of public importance.

Communication on Social Networks

Social networks served as one of the main channels for prompt communication and public information. Through these platforms the SRS explained current tax issues, use of digital services, changes in the regulatory framework, as well as provided practical information to residents and businesses.

The SRS actively communicated on *Facebook*, *X*, *Instagram*, *LinkedIn* and *YouTube*, adapting the content to different audiences and communication objectives.

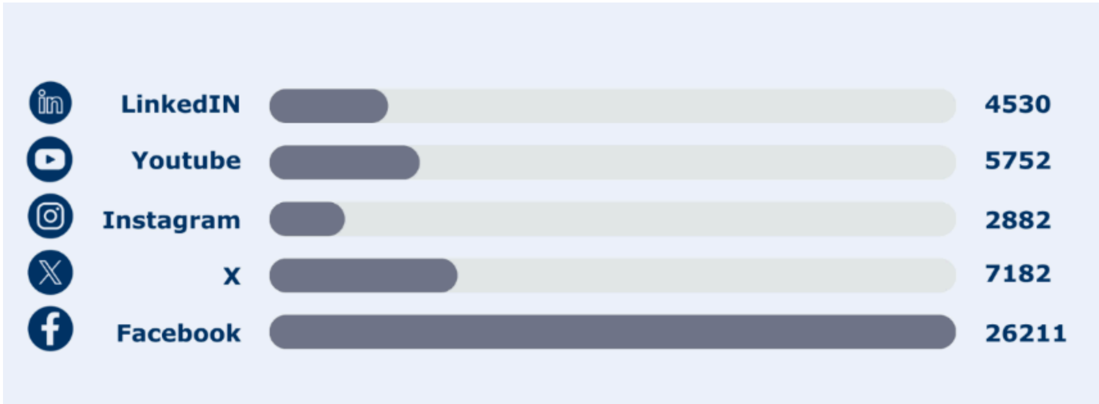


Figure 8. ***Number of followers of SRS on the social networks***

During the reporting period, particular attention was paid to:

- Communication during the annual income declaration period
- Customer education
- Explanation of digital services
- Explanation of fraud risks and security issues

To mark the 35th anniversary of the restoration of the Customs Board of independent Latvia, six videos were published on social networks showcasing customs work in various control points.

SRS Website

In 2025, the SRS website remained the main source of information for residents and businesses on tax and customs matters.

Improvements to website content continued, focusing on information availability, structure and user-friendly navigation. Particular attention was paid to creating explanatory and practical content.

In 2025:

- Thematic sections were created and improved
- Practical guidelines for customers were developed
- The section "e-Invoices" was created and regularly updated with explanations, infographics, and answers to frequently asked questions
- The section "SRS Letters – questions and answers" was expanded
- The website received 4 891 689 unique visits

To ensure the public's right to information on the most significant violations of tax and customs legislation committed by legal entities, and to promote fair competition and voluntary tax (fees) compliance, in 2025 the SRS continued to publish on its website information on decisions adopted by the SRS that are of major importance for society.

Table 11

SRS decisions adopted and published, which entered into force between 1 January and 31 December 2025

No.	Type of Decision	published decisions
1.	On the results of tax audits	10
2.	Decisions establishing a customs debt	45
3.	Decisions refusing the refund of overpaid VAT	98
4.	Decisions adopted because of tax control	365

Informative and Educational Events for Customers

To promote customer understanding on tax and customs matters, the SRS organised seminars, online events, consultations and other informative activities to various target audiences.

During the reporting period:

Seven online seminars were organised with recordings published on SRS *YouTube* channel

64 topical seminars on tax matters were organised to various target audiences

Informative materials on current topics were created and published

Special attention was given to explaining the use of digital services, communicating tax changes and providing practical help to customers.

In the field of customs video seminars were organised on CBAM and the transition to definitive period, as well as new functionalities and process improvements of the Transit Control System.

To familiarise the public with the work of customs and to communicate requirements important to travellers, the SRS, in cooperation with the Customs and Tax History Museum of Riga Technical University, participated in the Museum Night. SRS also continued its cooperation with the Patent Office and took part in the public information campaign *Be Original! Fake - Costs Lives!*, by participating in discussions on limiting the circulation of counterfeit medicines and food supplements.

Education and Information for Students and Young People

The SRS continued its activities to inform students and young people on the importance of taxes, honest business practices and the principles underlying the state budget.

Educational activities were organised in schools, at events and on SRS premises, promoting young people’s financial literacy and tax culture.

SRS representatives took part in the programme *Ready for Life*, organised study excursions and visited educational institutions. Practical demonstrations including canine handlers were also held.

The SRS took part in several youth-focused events, including the *Shadowing Day* organised by *Junior Achievement Latvia*, the youth opportunities festival *Kopums/MAD* in Liepāja and *Safety Day* in Ādaži Secondary School.

Public Participation and Reputation Building

The SRS continued initiatives that promote cooperation with the public and strengthen trust in the institution.

For the 27th time, the SRS organised an event honouring the largest taxpayers, highlighting companies' contribution to Latvia's economic development and the provision of public services. At the event, companies from all regions of Latvia were honoured in various categories.

In the communication activities, focus was placed on strengthening the reputation of the SRS by explaining the institution's role in society, its development directions and the modernisation of its services.

5 MEASURES PLANNED IN 2026

- The SRS will continue its development by implementing measures aimed at improving services, expanding data use, process automation and fulfilling international commitments.
- On 1 April 2026 the Lotteries and Gambling Supervision Inspection will be integrated into the SRS, expanding the SRS's competence and consolidating supervisory functions.
- Work will continue on the development of a new SRS Development Strategy for 2027-2030, with an emphasis on digitalisation, data-based supervision, development of human resources and human-centred services, while also integrating nationally significant objectives, such as reducing shadow economy, strengthening the "Consult First" principle and lowering the administrative burden.
- The SRS will continue to develop its services and improve customer experience by enhancing service management and communication with customers across various channels, as well as improving the accessibility and clarity of information.
- The development of the EDS will continue through the upgrading of its technological platform and user interface, as well as making self-service tools more convenient and intuitive.
- It is planned to simplify tax administration processes, this includes improving the VAT registration procedure and expanding automated decision-making, thus reducing the administrative burden and accelerating processes.
- The development of data management and analytical capacity will continue to improve data quality and expand the use of data in decision-making and the assessment of tax risks.

1 April 2026

Integration of The Lottery and Gambling Supervisory Inspection

Simplification of tax administration process

Improvements to the VAT registration procedure, automated decision-making

Development of the EDS

More convenient and intuitive self-service tools

Preparation of a new SRS Development Strategy for 2027-2030

1 July 2026

Implementation of amendments to the EU Customs regulation in the field of e-commerce

2026-2029

Phase 3 E-Customs Systems Development Project

- The implementation of amendments to the European Union Customs regulation in the field of e-commerce, which will enter into force on 1 July 2026, will be ensured.
- Phase 3 of the E-Customs Systems Development Project (2026-2029) will be launched.
- Customs controls will continue to be improved by developing the centralised analysis of scanned cargo images and ensuring technical equipment in border crossing points.
- Preparations to implement the requirements of the *VAT in the Digital Age* package will begin, including the development of the regulatory framework and the planning of the necessary technological solutions.
- Exchange of information on crypto-assets between EU countries on crypto-asset transactions and their users or sellers (DAC8) will begin.

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