

# Application of Tax Convention and rebates

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## Application of tax rebates, when making payments to non-resident

### Withholding of corporate income tax



In Latvia, corporate income tax is applied to the payments to legal persons - non-residents, if they do not have a permanent establishment in Latvia, applying the tax rate determined in the Law On Corporate Income Tax. When making payments to a non-resident - natural person, the corporate income tax shall not be withheld (except cases, when the personal income tax cannot be withheld from the income of the natural person earned in Latvia).

### Withholding of the personal income tax



In Latvia, the personal income tax is applied to the payments to natural persons - non-residents, if they do not have a permanent establishment in Latvia - by applying the tax rates determined in the Law On Personal Income Tax. The Law On Duties and Fees stipulates that if the international agreements approved by the Saeima (the Parliament of Latvia) determine different procedure for calculation or payment of taxes than the tax laws of the Republic of Latvia, the provisions of the international agreements shall be applied. Taxpayers shall have the right to use tax rebates in accordance with tax conventions. Latvia has currently concluded tax conventions with 61 countries that have become effective.

### How to receive rebates, when applying the provisions of the international agreements



A taxpayer of the Republic of Latvia shall fill in and submit to the State Revenue Service a completed resident certificate - application for application of tax rebates. The State Revenue Service reviews the received rebate certificate and confirm it by filling in Part VI of the rebate certificate and sends the copies of the approved rebate certificate to the payer, or provides a written justified refusal to approve the rebate certificate. After receipt of the approved rebate certificate the payer shall be entitled to withhold taxes in accordance with the tax agreement, starting as of the day, from which it was requested to apply tax rebates.

*This is a general description, provided for an informative purpose, and does not have any legal force. In case of application you shall act in accordance with the regulatory enactment. In case of any questions, please, contact with the State Revenue Service of Latvia.*

<https://www.vid.gov.lv/en/application-tax-convention-and-rebates>