

VAT Refund to Legal Persons registered in the European Union

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A foreign taxpayer who is not running business in the Republic of Latvia, addresses the electronic application for the VAT refund to Latvia by submitting the application in the Member State where the taxpayer runs business and using the electronic website established by that Member State.

The new Value Added Tax Law (hereinafter – the VAT law) has entered into force on 1st of January 2013. In accordance with Paragraph 2 of Art 113 of the VAT law and with Sections III, IV of the [Regulations of Cabinet of Ministers No 1514 of 17 th of December 2013 „Procedure of Application for the Refund of VAT in other Member State of the European Union and the Procedure of Refunding the Value Added Tax to a Taxable Person Established in other Member State of the European Union”](#) (starting 1st of January 2014) the refund of VAT to Legal Entities of Member States of the European Union in the Republic of Latvia is made in accordance with the application for the refund submitted in the Member State where the taxpayer does business and which is electronically send to the State Revenue Service from the competent tax authority of the other Member State.

Persons eligible to claim VAT refund in Latvia

VAT refund can be claimed by a taxpayer registered in another Member State of the European Union who is not engaged in business that must be registered in the Republic of Latvia for the value added tax which has been charged on goods acquired in the Republic of Latvia, services supplied and goods imported with the purpose of carrying out his own taxable transactions in the territory of the European Union.

Authorised representative of the taxpayer

A VAT refund application may be also submitted by a taxpayer's authorized representative, a natural or a legal person, acting on the basis of an authorization. As the VAT refund application is filed in the Member State where a taxpayer carries out business activity, the authorisation shall be submitted in that Member State and in compliance with the national requirements of the Member State.

VAT is refunded if the taxable person in the refunding period meets the following criteria

- has been registered in a VAT taxable persons register of another Member State;
- has not been registered at the VAT taxable persons Register of the State Revenue Service;
- has not been doing business that in accordance with existing legislation must be registered in the Republic of Latvia;
- has not been making taxable transactions in the Republic of Latvia (has not supplied goods and services which could be regarded as supplied in the Republic of Latvia), requiring the registration in the Register of VAT taxable persons at the State Revenue Service.

the information included in the application form and the additional information must be in English or Latvian;

the application must be filed by a specific date, i.e. no later than by 30th of September of the calendary year following the refunding period. If the specific date has been exceeded, the application is disregarded and the tax is not refunded;

the refund period indicated in the application should not exceed one calendar year and should not be less than three calendar months;

the refund period indicated in the application can be less than three calendar months if it relates to the last months of the calendar year;

the amount of the claimed VAT refund must be indicated in national currency of the Republic of Latvia EUR (2014);

the amount of claimed tax refund cannot be less than EUR 400, if the refunding period is shorter than one calendary year but is not shorter than three months;

the amount of claimed tax refund indicated in the application must not be less than EUR 50, if the refunding period is one calendary year or last months of the calendary year;

the application must contain information related to every invoice issued in domestic territory or related to every document proving importation on goods made in the domestic territory;

the description of taxpayer's business activities shall be notified using statistical classification of economic activities NACE Revision 2 codes provided for by Council Regulation (EC) of 20 December 2006 Nr. 1893/2006;

an electronic copy of tax invoice or importation document must be attached to the application in cases where the taxable amount indicated in the tax invoice or importation document amounts to or exceeds EUR 1 000. If the invoice refers to fuel then the threshold is EUR 250;

additional electronically coded information (subcodes) must be submitted in relation with the following codes of goods and received services:

Commodity/ Services Code	Second and Third Level Subcodes
1. Fuel	
2. Hiring of means of transport	<p>2.1. Hiring of means of transport with a mass greater than 3500 kg other than means of transport for paying passengers;</p> <p>2.2. Hiring of means of transport with a mass less than or equal to 3500 kg other than means of transport for paying passengers;</p> <p>2.3. Hiring of means of transport for paying passengers.</p>

<p>3. Expenditure relating to means of transport (except for fuel and hiring of means of transport)</p>	<p>3.1.1. Purchase of a means of transport with a mass greater than 3500 kg other than means of transport for paying passengers;</p> <p>3.1.2. Maintenance of a means of transport with a mass greater than 3500 kg other than means of transport for paying passengers;</p> <p>3.1.3. Purchase and installation of accessories for a means of transport with a mass greater than 3500 kg other than means of transport for paying passengers;</p> <p>3.1.4. Garaging or parking of a means of transport with a mass greater than 3500 kg other than means of transport for paying passengers;</p> <p>3.1.5. Other expenditure relating to a means of transport with a mass greater than 3500 kg other than means of transport for paying passengers;</p> <p>3.2.1. Purchase of means of transport with a mass less than or equal to 3500 kg other than means of transport for paying passengers;</p> <p>3.2.2. Maintenance of a means of transport with a mass less than or equal to 3500 kg other than means of transport for paying passengers;</p> <p>3.2.3. Purchase and installation of accessories for a means of transport with a mass not less than or equal to 3500 kg other than means of transport for paying passengers;</p> <p>3.2.4. Garaging or parking of a means of transport with a mass less than or equal to 3500 kg other than means of transport for paying passengers;</p> <p>3.2.5. Other expenditure relating to a means of transport with a mass less than or equal to 3500 kg other than paying passengers;</p> <p>3.3.1. Purchase of a means of transport for paying passengers;</p> <p>3.3.2. Maintenance of a means of transport for paying passengers;</p> <p>3.3.3. Purchase and installation of accessories for a means of transport for paying passengers;</p> <p>3.3.4. Garaging or parking of a means of transport for paying passengers;</p> <p>3.3.5. Other expenditure relating to a means of transport for paying passengers.</p>
<p>4. Road tolls and road user charge</p>	

<p>5. Travel expenses, such as taxi fares or public transport fares</p>	<p>5.1. For the taxable person or an employee of the taxable person;</p> <p>5.2. For someone other than the taxable person, or an employee of the taxable person;</p> <p>5.3. For the taxable person or an employee of the taxable person in the context of a conference, fair, exhibition or congress.</p>
<p>6. Accommodation in guest accommodation dwellings</p>	<p>6.1. Expenditure on lodging and accommodation for the taxable person, or an employee of the taxable person;</p> <p>6.2. Expenditure on lodging and accommodation for someone other than the taxable person or an employee of the taxable person;</p> <p>6.3. Expenditure on lodging and accommodation for the taxable person, or an employee of the taxable person attending qualifying conferences;</p> <p>6.4. Expenditure on lodging and accommodation for the taxable person or an employee of the taxable person in the context of a conference, fair, exhibition or congress.</p>
<p>7. Food, drink and restaurant services</p>	<p>7.1. Food and drink provided by hotels, bars, restaurants and boarding houses, including breakfast;</p> <p>7.2. Food and drink provided in the context of a conference, fair, exhibition or congress.</p>
<p>8. Admissions to fairs and Exhibitions</p>	<p>8.1. For the taxable person or an employee of the taxable person;</p> <p>8.2. For someone other than the taxable person or an employee of the taxable person.</p>
<p>9. Expenditure on luxuries, amusements and entertainment</p>	
	<p>10.1. Tools;</p> <p>10.2. Repairs within a warranty period;</p> <p>10.3. Services connected with education;</p> <p>10.4.1. Work on immoveable property;</p> <p>10.4.2. Work on immoveable property used as a dwelling;</p> <p>10.4.3. Work on moveable property other than code 3;</p> <p>10.5.1. Purchase or hiring of immoveable property;</p> <p>10.5.2. Purchase or hiring of immoveable property used as a dwelling, or for recreational or leisure use;</p>

10. Other

- 10.5.3. Purchase or hiring of moveable property connected with or used in immovable property used as a dwelling, or for recreational or leisure use;
- 10.5.4. Purchase or hiring of moveable property other than code 2;
- 10.6. Provision of water, gas or electricity through a distribution network;
- 10.7. Gifts of a small value;
- 10.8. Office expenses;
- 10.9. Participation in fairs and seminars, education or training:
 - 10.9.1. Fairs;
 - 10.9.2. Seminars;
 - 10.9.3. Education;
 - 10.9.4. Training;
- 10.11. Expenditure on postage of mail to the countries outside the EU;
- 10.12. Expenditure on fax and phone in connection with the accommodation;
- 10.13. Goods and services acquired by a travel organiser for the direct benefit of the traveller;
- 10.16.1. Work on immovable property used as a residence, recreational or leisure facility;
- 10.16.2. Work on immovable property other than code 10.16.1.;
- 10.16.3. Work on moveable property connected with or use of an immovable property referred to in code 10.16.1.;
- 10.16.4. Work on moveable property other than 10.16.3.;
- 10.17.1. Expenditure on immovable property used as a dwelling, or for recreational or leisure use;
- 10.17.2. Expenditure on immovable property other than 10.17.1.

When the tax is not refunded?



for tax amounts included in the invoice issued by the taxable person that does not conform with the requirements set out by the VAT law;

for transaction that has not happened;

for the acquisition of unused real property domestically and for services received domestically related to construction, reconstruction, renovation or repairing of the real property;

for the goods purchased domestically and services received domestically for personal consumption (for example leasing of a car, service, repairs, maintenance, purchase of fuel, lubricants and spare parts for a car, catering (also restaurant), health care and entertainment expenses);

to travelling (touristic) company or agency acting domestically in accordance with the special procedure of VAT application prescribed in Art 136 of the VAT law.

A document is regarded as a tax invoice if the following information is included



the date of issue of the invoice; the invoice number; the name of the supplier of goods or service provider (for a natural person - first name, surname, personal ID number) and the legal address (for a natural person - the place of permanent residence);

the registration number of the supplier of goods or services at the State Revenue Service VAT Payer Register;

the name of the recipient of goods or services (for a natural person - first name, surname, personal ID number) and the legal address (for a natural person - the place of permanent residence);

the VAT registration number of the recipient of goods or services in the SRS register of VAT taxable persons or in the register of VAT taxable persons of another Member State if applicable;

the date of goods supply or services provision if it differs from the date of invoice or the date when the advance payment was received if this date is known and it differs from the date when the invoice was issued;

the title, quantity (amount) and unit of measurement of the goods supplied or services provided;

the price (the value per one unit exclusive of the VAT) of the goods supplied or services provided;

the discount applied, in case the discount is not deducted from the value of a single unit;

the VAT rate applied;

the calculated amount of VAT;

the total amount of the transaction exclusive of the VAT.

In Latvia the VAT refunds to foreign taxpayers are made by Data Credibility Assessment Methodology and Supervision Division of the SRS National Tax Board (1 Talejas Street, Riga, LV- 1978, Latvia).

Contact persons



Kristine Košinska	+ 371 67121984 (Languages: Latvian, Russian, English)	kristine.kosinska@vid.gov.lv
Anželika Pavra	+ 371 67121992 (LV, RUS, ENG)	anzelika.pavra@vid.gov.lv
Lelde Indriksone	+ 371 67121987 (LV, RUS)	lelde.indriksone@vid.gov.lv
Kerija Stalmane	+ 371 67121994 (LV, RUS)	kerija.stalmane@vid.gov.lv

About the receipt of the document



After the receipt of VAT refund claim application the State Revenue Service electronically sends the confirmation of the receipt to the competent tax authority of the other Member State indicating the date of receipt. The applicant himself is informed about the confirmation.

About the necessary additional information



If the information included in the refund claim of another Member State is insufficient to take the decision on full or partial refund, the State Revenue Service may request from the applicant of the claim of another Member State the additional information in electronic form in four months period after the receipt of the application by sending such a request to the applicant or to a person authorised by him to the e-mail address indicated in the application form.

About the decision



In a four months time after the receipt of the application the State Revenue Service notifies the competent authority of the other Member State about the decision to confirm or deny the application which then informs the applicant about the decision.

Correction of the deductible part of the tax and other adjustments



If corrections have been made in the deductible part of the tax after the submission of VAT refund claim, the taxpayer of the other Member state makes the corrections of the claimed or already paid amount. If the State Revenue Service has already taken the decision, the correction can be made by filing a separate document concerning the deductible part of the tax.

If no decision on the claim has yet been made, the correction must be made in the refund claim within the calendar year following the respective period of refund or - in case if the taxable person of the other Member State does not file refund claim in that calendar year, a separate document is filed concerning the correction of deductible part of the tax.

Other corrections in the VAT refund claim can be made by sending in an adjustment of the VAT refund claim. The adjustment can be submitted until 30 September of the year following the refunding period if no decision has been taken on the initial claim by the day of the receipt of the adjustment. If the decision on the initial claim has already been taken, the SRS disregards the adjustment.

Appeal of the Decision



The claimant of the other Member State has the right to appeal the decision taken by the State Revenue Service to Director General of the State Revenue Service within a time period of a month from the receipt of the decision by submitting the appeal to the SRS at 1 Talejas Street, Riga, LV-1978.

Feedback on
quality

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<https://www.vid.gov.lv/en/vat-refund-legal-persons-registered-european-union>