

Company Tax Payment ratings can now be found on the SRS website

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# Taxpayer rating



**a guide to fair business practice**

As of 28 February 2024, everyone can see the tax payment rating of every Latvian company on the State Revenue Service (SRS) website. The rating is an informative assessment made by SRS on the fulfilment of the company's tax obligations. The rating makes it easier for cooperation partners, clients, and other interested parties to find out a company's tax situation.

SRS Director General Baiba Šmite-Rože: "We have created the taxpayer rating system to strengthen public understanding and demand for honest business, to motivate entrepreneurs to work honestly and help them understand how to do so, and to protect honest companies from engaging in potentially risky transactions. We were able to create this very practical tool using SRS data analysis and technology capabilities. This is the beginning of more open cooperation between entrepreneurs and SRS, which we can further improve and strengthen."

Ināra Pētersone, Vice-President of the Confederation of Latvian Employers and Executive Director of the Association of Healthcare Employers: "Taxpayers care about their reputation, and the publicly available rating created by SRS will certainly help the entrepreneur understand their position in cooperation with SRS and obtain a comparison between market participants, as well as choose transaction partners more securely." Zlata Elksniņa-Zaščirinska, Foreign Investors Council in Latvia (FICIL) Board Chair: "We greatly appreciate the work invested by SRS in creating the taxpayer rating system, which will promote greater transparency. The rating system will enable companies to easily obtain data on their business partners' tax obligations, which is essential for any company when evaluating business partners. It is also very positive to see a specific basket of benefits for "A" category companies, which will certainly motivate companies to strive for a higher rating. Currently, there are more than 20,000 companies in the "A" category, which means that not only large taxpayers can benefit, but also small and medium-sized companies. However, we must not forget that any system is a living organism that must develop and improve over time."

Now, a company's tax payment rating, designated by a letter, can be viewed in the [public database](#) (in Latvian) on the SRS website

by entering the company's name and registration number.

Since the end of 2023, companies can see their rating and detailed criteria in their Electronic Declaration System (EDS) profile. The rating indicators are designed as an explanatory road map, so that companies can easily understand how improvements can be made in tax payments. Companies can choose to voluntarily share this detailed ranking information, only visible in EDS, with their cooperation partners and other interested parties.

It is important that healthy tax payment discipline and good ratings give companies advantages in cooperation with the state. For companies with an "A" rating, SRS provides all the necessary support as well as a wide range of advantages. Control measures are planned only for companies with risks of violations. The [list of advantages](#) available to "A" rated companies can be found on the SRS website.

Rating indicators are – registration data, timely submission of declarations and reports, timely tax payments, accrued penalties, wage assessment and comparison with the average wage in the industry and region, and information indicating possible violations.

All companies have received one of the five rating levels:

A - Good performance – reliable taxpayers; may be reliable cooperation partners.

B - Needs improvement – generally fulfil their obligations, but there is room for improvement. Can be a business partner but evaluate terms of cooperation and determine whether the company has significant tax debts or not.

C - Violations – excluded from the VAT payer register or economic activity suspended.

N - Inactive – no economic activity.

J - Newly-registered – established within the last 6 months.

As of February 1, 18% of all Latvian companies (24,355) have an "A" rating. These businesses account for 87% of the state's total budget revenues. Forty four percent have a "B" rating (60,013) and 6% a "C" rating (8727). Of the remainder, 3% were newly founded (4212 companies) and another 29% were inactive taxpayers (39,342).

The creation of the rating system was legislated by amendments to the Law "On Taxes and Fees" adopted by Saeima on 8 June 2023. The rating system is part of a wider set of changes provided for by EU Recovery Fund reform measures and investment projects specifically designed to combat the shadow economy. Other important activities within the framework of these measures are significant improvements in SRS methodology for reducing undeclared wages, adapting to the situation resulting from COVID-19, and developing a business typology for more accurate risk assessment.

Questions about the rating system can be submitted, as usual, in the "Correspondence with the SRS" section of EDS and by calling the special help line at [+37167120022](tel:+37167120022). Both questions and company proposals are essential for SRS in planning further improvements and development of the rating system.

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