

Changes from 1 July 2021

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The most important things to consider:

All consignments received from countries outside the European Union will have to be cleared by customs.

The value added tax (VAT) exemption granted to low-value consignments will be revoked. Thus, VAT on goods purchased outside the EU (incl. in online stores) will have to be paid regardless of the value of the goods.

The consignee will be able to choose the most convenient manner how to complete the customs formalities – either by completing a short and simple import customs declaration in the SRS Electronic Declaration System (EDS) or by entrusting the supplier of the shipment with the customs clearance of the goods.

Purchases (commercial consignments)

On 1 July 2021, changes in the relevant legislation of the European Union will come into force regarding the application of VAT on e-commerce consignments – low-value consignments from the third countries received by persons in the European Union (EU), including Latvia.

The new rules provide that the current VAT exemption will be repealed on imports of goods of a value of under EUR 22.

From 1 July 2021, all goods purchased outside the EU (incl. in online stores) will be subject to VAT. The changes will apply to the purchase of goods in any third country - China, the USA, Russia, the United Kingdom, Norway, etc.

In order to receive a consignment, the goods will have to be declared in customs and VAT will have to be paid (i.e. if the value of the goods will be below EUR 150, the consignment will be exempted from customs duty but VAT will still have to be paid on the full value of the consignment).

Lodging the declaration

The person will be able to choose the most convenient manner of customs clearance:

either to log on to the SRS EDS and to complete a short and simple import customs declaration;

or to use the paid services provided by Latvijas Pasts (*Latvian Post*) or customs brokers of courier mail or other customs clearance specialists to complete the customs formalities.

If the person will choose to lodge the customs declaration on their own by using the SRS EDS, part of the data required to complete the declaration will be made available by the supplier (information on the postal tracking number, number of the temporary storage declaration, weight, etc.) and part of the data will already be at the disposal of the consignee (information concerning the goods, seller, price, delivery costs, etc.). As soon as the required data will be provided in the declaration, the system will calculate the taxes. It will be possible to make the tax payment immediately online by clicking on 'Pay'.

Once the taxes will have been paid and the status of the declaration will be indicated as 'Goods have been released', customs clearance will be complete. The person will be able to receive their consignment by contacting the courier and arranging the delivery time or by visiting the respective post office.

It will not be possible to lodge the simplified declaration if the consignment will contain goods covered by the restrictions provided for in the laws and regulations. In such cases, the standard Import customs declaration will have to be completed.

It will be possible to verify whether the goods that the person intends to purchase can be cleared with a simplified customs declaration before the purchase will be made. All goods that may be cleared with a simplified declaration have been listed in the

'Classification list' available here. The list contains also information on the tax rates so that the person would be able to calculate the taxes based on the value of the consignment.

 [Classification list](#) 

In cases where the person will have entrusted the provider of customs clearance services with the completion of customs formalities, the payments of the calculated taxes and for the customs clearance services will have to be made in the manner indicated by the service provider.

Application of taxes

If a person will purchase goods online outside the EU and receive the respective consignment with the value that:

is from EUR 0.01 up to 150, only VAT will have to be paid and the goods will be exempted from the customs duty. The exemption does not apply to alcohol products, tobacco and tobacco products, perfumes and toilet waters;

exceeds EUR 150 – both customs duty and the VAT will have to be paid.

If the consignment will contain excise goods (for example, coffee, alcoholic and non-alcoholic beverages), the excise duty will have to be paid regardless of the value of goods in the commercial consignment. Please note that it is prohibited to purchase tobacco products, electronic cigarettes and their cartridges online and to receive these goods by mail.

Example of tax calculation:

A person has purchased two items with the respective values of EUR 5 and EUR 10 in a Chinese online store. The goods will be received in one consignment and the delivery costs will amount to EUR 1. The standard VAT rate will apply to both items. In this case the person will have to pay 21% of EUR 16 (5+10+1), i.e. EUR 3.36.

Gifts (non-commercial consignments)

The current exemption of the customs duty and the VAT will still apply on non-commercial consignments, i.e. consignments sent by a natural person from a country outside the EU to another natural person in an EU Member State free of charge (as a gift). No customs duty or VAT will have to be paid for goods sent as gifts provided that the value of the consignment will not exceed EUR 45.

However, such consignments will still have to be declared in customs by lodging a declaration regardless of the value of the goods contained in the consignment.

The person will be able to choose the most convenient manner of customs clearance:

either by logging on to the SRS EDS and completing a short and simple import customs declaration;

or by using the paid services provided by Latvijas Pasts (*Latvian Post*) or customs brokers of courier mail or other customs clearance specialists to complete the customs formalities.

Application of taxes

In cases where a person will receive a gift – a consignment containing goods with the value:

from EUR 0.01 to 45 – it will not be necessary to pay the customs duty or the VAT;

from EUR 45 to 150 – VAT will have to be paid;

greater than EUR 150 – both customs duty and the VAT will have to be paid.

If the value of the goods contained in a consignment does not exceed EUR 700, the person may choose to apply the flat rate of

customs duty in the amount of 2.5 % of the customs value of goods provided that the import is not of commercial intent. The flat rate shall not be applied to tobacco, tobacco products and alcoholic beverages.

Tax exemption applies to tobacco products, alcoholic beverages, perfumes and toilet waters sent in non-commercial consignments (as gifts) provided that the value of the goods contained in the consignment do not exceed EUR 45 and the following quantitative limits have been complied with:

no more than 50 cigarettes or 25 cigarillos or 10 cigars, or 50 grams of smoking tobacco;

no more than 1 litre of alcoholic beverages with a concentration of alcohol per volume exceeding 22% or 1 litre of beverages with a concentration of alcohol per volume not exceeding 22% and 2 litres of non-sparkling wine;

no more than 50 grams of perfume or 0.25 litres of toilet water.

Example of tax calculation:

A person receives two items (valued at EUR 30 and EUR 20) in one gift, the total value of EUR 50. In this case, the person will have to pay VAT in the amount of 21% of EUR 50, i.e. EUR 10.50.

<https://www.vid.gov.lv/en/changes-1-july-2021>