

MUTUAL AGREEMENT BETWEEN THE MINISTRY OF FINANCE OF THE REPUBLIC OF LATVIA AND THE MINISTRY OF FINANCE OF THE REPUBLIC OF FINLAND UNDER THE PROVISIONS OF THE CONVENTION BETWEEN THE REPUBLIC OF LATVIA AND THE REPUBLIC OF FINLAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL, SIGNED AT HELSINKI ON 23rd MARCH 1993 FOR THE IMPROVEMENT OF THE EXCHANGE OF INFORMATION

The Ministry of Finance of the Republic of Latvia and the Ministry of Finance of the Republic of Finland, in their capacity as competent authorities for the purposes of the Convention between the Republic of Latvia and the Republic of Finland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital (hereinafter referred to as "the Convention"), signed at Helsinki on 23rd March 1993,

Desiring to achieve more efficiency in the exchange of information provided for in Article 26 of the Convention and to reach the objective of the prevention of fiscal evasion referred to in that Article,

Considering that co-ordinated efforts on a reciprocal basis are necessary in order to develop the procedures with regard to the exchange of tax-related information,

Having regard to the provision of paragraph 3 of Article 25 of the Convention,

Have agreed on the following provisions:

I The competent authority

For the purposes of this Agreement the competent authority is:

- a) in Finland the "Ministry of Finance", however, for the purposes of implementing the provisions of this Agreement the competent authority is the "Verohallitus (the National Board of Taxes)".
- b) in Latvia the Ministry of Finance of the Republic of Latvia, however, for the purposes of implementing the provisions of this Agreement the competent authority is the "Valsts ieņēmumu dienests" (the State Revenue Service).

II Exchange of information

The competent authorities agree to establish procedures to exchange information

- a) *automatically* as regards specific categories of income,
- b) *on request* as is necessary for carrying out the provisions of the Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention, or
- c) *spontaneously* as regards information concerning taxes covered by the convention, that is obtained under the domestic laws of the Contracting States in the ordinary course of administration.

III Automatic exchange of information

The competent authorities of the Contracting States will regularly exchange without prior request information on the following items:

- a) Dividends as defined in Article 10 of the Convention paid by companies resident in one of the Contracting States to residents in the other Contracting State.

Valsts ieņēmumu dienests

Juridiskā pārvalde

"S a n e m t s"

2003.03.23

- b) Interest as defined in Article 11 of the Convention on accounts in banks and similar institutions, resident in one of the Contracting States, paid to residents in the other Contracting State.
- c) Royalties as defined in Article 12 of the Convention, paid by residents in one of the Contracting States to residents in the other Contracting State.
- d) Salaries, wages, fees, pensions, annuities and other similar payments made by residents in one of the Contracting States to residents in the other Contracting State.

IV Extent of the exchange of information

The competent authorities that are parties to this Agreement also agree that reciprocity is an important aspect of the mutual cooperation and requires that the competent authorities continually maintain an atmosphere of freely exchanging information subject to the provisions of the Convention, in order to ensure that said exchange is carried out properly and in accordance with the principle of reciprocity.

It is mutually understood that the use of information provided is restricted by the provisions and the terms of Article 26 of the Convention. In order to prevent unauthorised disclosure, the competent authorities shall indicate in all information exchanged that the information provided is subject to the terms of the Convention and that its use and disclosure are governed by the provisions of the Convention.

V Consultations

The competent authorities shall consult each other whenever necessary for facilitating the carrying out of the obligations under this Agreement.

VI Modifications

This Agreement may be modified at any time by agreement between the competent authorities.

This Agreement shall be operative as from 1 September 2003. However, the provisions concerning information exchanged under Article III (Automatic exchange of information) shall be applied to information collected from the year 2003 and thereafter.

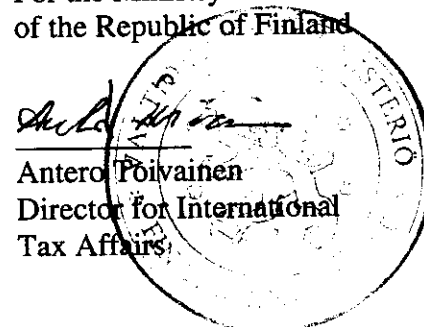
Done in duplicate, on 3 July 2003, in the English language.

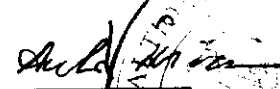
For the Ministry of Finance
of the Republic of Latvia

A circular official seal of the Ministry of Finance of the Republic of Latvia, featuring a coat of arms in the center and the text 'NĪVĪBAS' at the top and 'VALDĪBAS' at the bottom.

Valentīna Andrejeva
State Secretary

For the Ministry of Finance
of the Republic of Finland

A circular official seal of the Ministry of Finance of the Republic of Finland, with the text 'MINISTERIO' at the top and 'FINANSS' at the bottom.

A handwritten signature in black ink.

Antero Poivainen
Director for International
Tax Affairs