

Republic of Latvia

Cabinet

16/01/2007

Regulation No. 64

Riga

PROCEDURE FOR APPLICATION OF VALUE ADDED TAX ON SUPPLY OF GOODS AND SERVICES TO DIPLOMATIC AND CONSULAR REPRESENTATIONS AND REPRESENTATIONS OF INTERNATIONAL ORGANISATIONS REGISTERED IN THE REPUBLIC OF LATVIA OR ANOTHER MEMBER STATE OF THE EUROPEAN UNION AND PERSONS ASSOCIATED WITH THESE REPRESENTATIONS, INSTITUTIONS OF THE EUROPEAN COMMUNITY, THE NORTH ATLANTIC TREATY ORGANISATION AND ARMED FORCES OF ITS MEMBER STATES AND THEIR PERSONNEL, AND PROCEDURE FOR REFUNDING OF EXCISE DUTY PAID ON EXCISE GOODS PURCHASED IN THE REPUBLIC OF LATVIA

(Protocol No.4.§69)

issued in accordance with
Section 7, Paragraph one, Clause 6
of the *Law On Value Added Tax*
and Section 20, Paragraph four of
the *Law On Excise Duties*

I. General provisions

1. This Regulation provides the procedure for:

1.1. refunding from the state budget of value added tax paid on goods and services purchased in the Republic of Latvia:

1.1.1. observing the parity principle, to:

1.1.1.1. diplomatic and consular representations of third countries registered in the Republic of Latvia, and representations of international organisations of third countries (hereinafter: representation of a third country in the Republic of Latvia);

1.1.1.2. diplomatic and consular agents and administrative-technical staff of foreign diplomatic and consular representations and members of their families, and staff of representations of international organisations of third countries enjoying diplomatic status in the territory of the Republic of Latvia,

¹ The official Gazette of the Government of Latvia

provided that the said persons are not citizens or permanent residents of the Republic of Latvia (hereinafter: persons associated with representations of third countries in the Republic of Latvia);

1.1.2. diplomatic and consular representations of EU member states and representations of international organisations of the European Union registered in the Republic of Latvia (hereinafter: representation of the European Union in the Republic of Latvia);

1.1.3. diplomatic and consular agents, and the administrative-technical staff of diplomatic and consular representations of EU member states and members of their families, and staff of representations of international organisations of the European Union enjoying diplomatic status in the territory of the Republic of Latvia, provided the said persons are not citizens or permanent residents of the Republic of Latvia (hereinafter: a person associated with a representation of the European Union in the Republic of Latvia);

1.1.4. institutions of the European Community registered in the Republic of Latvia (hereinafter: EC institution in the Republic of Latvia) in accordance with the provisions of the *Protocol on Privileges and Immunities of the European Union* of 8 April 1965;

1.1.5. armed forces of member states of the North Atlantic Treaty Organisation (NATO) in the Republic of Latvia (except National Armed Forces of the Republic of Latvia), and personnel of the said armed forces, provided that such persons are not citizens or permanent residents of the Republic of Latvia (hereinafter: NATO armed forces unit);

1.2. excise duty paid on excise goods purchased in the territory of the Republic of Latvia is refundable from the state budget to persons indicated in Sub-clause 1.1 of this Regulation:

1.3 value added tax of 0 per cent shall be applicable to goods and services provided in the territory of the Republic of Latvia to:

1.3.1. diplomatic and consular representations of third countries and representations of international organisations of third countries registered in EU member states other than Latvia (hereinafter: a representation of a third country in another EU member state);

1.3.2. diplomatic and consular agents and administrative-technical personnel of diplomatic and consular representations of third countries registered in EU member states other than Latvia and members of their families; and staff of representations of third state international organisations enjoying diplomatic status in a EU member state other than Latvia (hereinafter: persons associated with a representation of a third state in another EU member state)

1.3.3 diplomatic and consular representations of EU member states, and representations of international organisations of the European Union registered in EU member states other than Latvia (hereinafter: a representation of the European Union in another EU member state);

1.3.4. diplomatic and consular agents and administrative/technical personnel of diplomatic and consular representations of European Union member states registered in EU member states other than

Latvia and members of their families; and staff of representations of international organisations of the European Union enjoying diplomatic status in the territory of an EU member state other than Latvia;

1.3.5. institutions of the European Community registered in EU member states other than Latvia in accordance with the provisions of the *Protocol on Privileges and Immunities of the European Union* of 8 April 1965;

1.3.6. North Atlantic Treaty Organisation (NATO).

2. This Regulation shall also apply to:

2.1. family members of diplomatic and consular agents and the administrative/technical personnel of diplomatic and consular representations, if they accompany the aforementioned persons in the Republic of Latvia, and are:

2.1.1. minor children;

2.1.2. children over the age of 18, provided they are studying at a higher or secondary educational facility of the Republic of Latvia and live with their parents;

2.1.3. spouses;

2.2. a European Community-based institution, which has been granted the rights, privileges and immunities referred to in the *Protocol on Privileges and Immunities of the European Union* of 8 April 1965;

2.3. persons of a NATO armed forces unit who are:

2.3.1. military personnel;

2.3.2. civilians employed by the armed forces of a member state of the North Atlantic Treaty Organisation (NATO).

3. Persons referred to in Sub-clause 1.1 of this Regulation, when purchasing goods and services in the Republic of Latvia, shall pay the value added tax in accordance with the value added tax invoice. The amount of the value added tax paid in accordance with the said invoice, shall be refunded pursuant to the procedure provided in Section II of this Regulation, observing the restrictions provided in Section III of this Regulation.

4. Persons indicated in Sub-clause 1.1 of this Regulation, who have purchased excise goods in the territory of the Republic of Latvia on which excise duty has been paid, may have the amount of the excise duty refunded as provided in Section II of this Regulation, observing the restrictions provided in Section III of this Regulation.

5. The amount of refundable excise duty shall be calculated in accordance with the applicable excise duty rate, and taking into account the following information:

5.1 on fuel (oil products):– the quantity of fuel and type of product (gas, petrol, diesel fuel, biodiesel fuel fully obtained from rapeseed oil, petrol or diesel fuel with a bioproduct additive. In this case the

type of bioproduct (ethyl spirit or biodiesel fuel obtained from rapeseed oil), and content of the bioproduct in the fuel mixture shall be indicated as a volume-volume percentage);

5.2 on alcoholic beverages: type of product (beer, wine, fermented beverages, sub-products, other alcoholic beverages), name, alcohol content of the product as a volume-volume percentage, volume of one package, number of packages, producer (producer to be indicated for beer only)

5.3 on tobacco products: type of product (cigars, cigarillos, cigarettes, fine-cut tobacco for rolled cigarettes, other smoking tobacco), name, weight or number of units per package (cigarettes, cigars, cigarillos), number of packages, retail price (for cigarettes: maximum retail price indicated on the excise duty stamp);

5.4 on non-alcoholic beverages: type of product (for example, lemonade, and mineral water with added sugar, sweetener or aromatic substances), name, volume of one package, number of packages;

5.5 on coffee: type of product (for example, ground coffee, instant coffee, coffee drinks, extract) name, coffee content as percentage, weight of one package, number of packages.

6. In the event supporting documents do not contain the information indicated in Clause 5 of this Regulation necessary for calculation of the refundable amount of excise duty, persons indicated in Sub-clause 1.1 of this Regulation shall submit additional documents containing the necessary information, duly authenticated by the signature and seal of the seller of the excise goods. In the event that it is not possible to identify the type of product and rate of excise duty on alcoholic beverages or tobacco products, the numbers of stamps of excise goods shall also be indicated in the document, or the appropriate excise goods stamps shall be submitted.

7. The volume of gas indicated in litres on the electronic cash receipt shall be converted to kilograms according to the following formula:

$$Q = L \times 0.5559, \text{ where}$$

Q – volume in kilograms

L – volume in litres

0.5559 – average density (kg/l) of liquid gas.

8. Value added tax of 0 per cent is applicable to goods and services provided in the Republic of Latvia to persons indicated in Sub-clause 1.2 of this Regulation, as provided in Section IV of this Regulation.

II. Procedure for refunding value added tax and excise duty

9. Value added tax and excise duty is refundable on goods and services acquired for the following purposes:

9.1. to representations of third countries and representations of the European Union registered in the Republic of Latvia (hereinafter: Representation in the Republic of Latvia): on goods and services for the official use of the Representation;

9.2. to persons associated with the relevant representation in the Republic of Latvia: on goods and services for the personal use of the said persons;

9.3. to institutions of the European Community in the Republic of Latvia: on goods and services for the official use of such institutions;

9.4. to units of NATO armed forces: on goods and services for end-consumption in the Republic of Latvia.

10. Value added tax and excise duty may be refunded for the following periods of time:

10.1. to representations in the Republic of Latvia:

10.1.1. once a quarter: for goods and services purchased during the relevant quarter;

10.1.2. once a month, if the amount of refund due for value added tax on goods and services purchased during the relevant month is not less than LVL 1,500.00;

10.2. to persons associated with the relevant representations in the Republic of Latvia: once a quarter on goods services purchased during the relevant quarter;

10.3. to the administrative-technical personnel of diplomatic and consular representations of third countries, and diplomatic and consular representations of member states of the European Union, and their family members: once every four months on the goods and services purchased over the period of four months, starting from the day when the State Protocol of the Ministry of Foreign Affairs has received notification of the arrival of the relevant person in the Republic of Latvia.

10.4. to institutions of the European Community in the Republic of Latvia: as required, but not less than once a year on goods and services purchased during the relevant period of time;

10.5. to units of NATO armed forces: once a quarter on goods and services purchased during the quarter.

11. Representations in the Republic of Latvia may choose the time period for which they request refund of value added tax and excise duty, observing the conditions provided in Sub-clause 10.1 of this Regulation.

12. The application for refund of value added tax and excise duty (Appendix 1) together with supporting documents (originals or copies certified as required by regulatory enactments) shall be submitted to the State Protocol of the Ministry of Foreign Affairs by:

12.1. the representation in the Republic of Latvia:

12.1.1. if the application is made for a quarter: within 30 days of the end of the relevant quarter;

12.1.2. if the application is made for a month: within 15 days of the end of the relevant month;

12.2 persons associated with representations in the Republic of Latvia: within 30 days of the end of the relevant quarter;

12.3 persons indicated in Sub-clause 10.3 of this Regulation: within 30 days of the end of the fourth month;

12.4. institutions of the European Community in the Republic of Latvia: within six months of the end of the time period in respect of which the application is made.

13. Representations in the Republic of Latvia unable to submit original supporting documents for goods or services purchased during the relevant time period by the deadline indicated in Sub-clauses 12.1.1 or 12.1.2 of this Regulation, shall attach to the application form copies of the supporting documents duly certified as provided in regulatory enactments, together with a written confirmation from the representation of the relevant state that the original supporting documents are permanently retained by the Ministry of Foreign Affairs of that state or another responsible institution. The aforesaid conditions shall not apply to persons who, for the purposes of this Regulation, are associated with the relevant representations.

14. Institutions of the European Community in the Republic of Latvia unable to submit original supporting documents for goods services purchased during the relevant time period by the deadline indicated in Sub-clause 12.4 of this Regulation, shall attach to the application form copies of the supporting documents duly certified as required by regulatory enactments, and a written confirmation by the institution of the European Community in the Republic of Latvia that the original supporting documents are permanently retained by the relevant institution of the European Community.

15. Persons indicated in Sub-clause 10.3 of this Regulation shall submit original supporting documents only.

16. To complete the application indicated in Clause 12 of this Regulation:

16.1. a duly authorised representative of the applicant shall complete Section I of the application form;

16.2. when claiming a refund of excise duty on fuel, the application shall also indicate the vehicles registered in the Republic of Latvia in the name of the relevant representation, a person associated with such representation, or institution of the European Community in the Republic of Latvia;

16.3. the duly authorized officer of the State Protocol of the Ministry of Foreign Affairs shall, within 10 working days:

16.3.1. verify whether the applicant is eligible for refund of value added tax or excise duty, as provided by this Regulation, on the goods or services indicated in the application, and confirm it by his or her signature and seal in Section II of the application form;

16.3.2. in the event the applicant has attached to the application copies of supporting documents, verify whether the conditions indicated in Clause 13 or 14 have been met;

16.3.3 certify by signature and seal in Section II of the application that the information provided in the application of complies with requirements of this Regulation;

16.3.4 forward the application together with supporting documents to the territorial office of the State Revenue Service appropriate to the official address of the Ministry of Foreign Affairs.

17. Units of NATO armed forces shall submit the application for refund of value added tax and excise duty (Appendix 2) together with supporting documents (originals) to the Joint Headquarters of the National Armed Forces within 30 days of the end of the relevant quarter.

18. To complete the application indicated in Clause 17 of this Regulation:

18.1. a duly authorized officer of the NATO armed forces unit shall complete Section I of the application form;

18.2. a duly authorised officer of the Joint Headquarters of the National Armed Forces shall, within 10 working days:

18.2.1. verify whether the applicant is eligible for refund of value added tax and excise duty on the goods or services indicated in the application as provided by this Regulation, and shall certify to this effect by his or her signature and seal in Section II of the application form;

18.2.2. forward the application together with supporting documents to the territorial office of the State Revenue Service appropriate to the official address of the Joint Headquarters of the National Armed Forces.

19. The relevant territorial office of the State Revenue Service shall, within 30 days from the date of receiving the application:

19.1. verify whether the supporting documents conform to the requirements of regulatory enactments;

19.2. verify the amount of the refundable value added tax or excise duty, and correct these amounts if a mistake has occurred in the calculations;

19.3. verify whether the amount of the transaction shown in the invoice of value added tax attached to the application is not less than the amount indicated in Clause 29 or 31 of this Regulation;

19.4 verify whether the amount of fuel indicated in the application of the representation in the Republic of Latvia, or a person associated with such representation, or the European Community institution in the Republic of Latvia, on which refund of excise duty is claimed, does not exceed the amount of fuel specified in Clause 35 of this Regulation, for motor vehicles which the applicant has indicated in the application in accordance with Sub-clause 16.2 of this Regulation;

19.5 make a decision either to refund the value added tax or excise duty, or refuse to refund such tax.

20. Value added tax or excise duty shall not be refunded if:

20.1. the application form is not completed in accordance with the requirements of this Regulation;

20.2. the application for refund of value added tax or excise duty together with supporting documents (originals or copies duly certified as required in regulatory enactments) are not submitted by the dates provided in this Regulation;

20.3 the goods indicated in the application have not been purchased, or services have not been received, during the period for which refund of value added tax or excise duty is requested in the application;

20.4 the value added tax invoices are not prepared in accordance with the procedures set out in regulatory enactments;

20.5. the goods or services specified in the application do not comply with the requirements of this Regulation;

20.6 The amount of the transaction indicated in the value added tax invoice is less than the amount indicated in Clause 29 or 31 of this Regulation;

20.7 the amount of fuel indicated in the application on which a refund of excise duty is claimed, exceeds the limit specified in Clause 35 of this Regulation.

21. In the event the territorial office of the State Revenue Service has decided to refund the value added tax or excise duty:

21.1 the said decision shall be prepared in duplicate;

21.2 one copy of the decision shall be forwarded to the State Protocol of the Ministry of Foreign Affairs, or to the Joint Headquarters of the National Armed Forces, and the other copy, together with supporting documents, shall be retained by the territorial office of the State Revenue Service.

21.3 within five working days of making the decision, the amount of value added tax or excise duty indicated in the decision shall be refunded from the national budget by bank transfer to the bank account indicated in the application. Any costs related to the said transfer shall be deducted from the refundable amount.

22. In the event the territorial office of the State Revenue Service has decided to refuse to refund the value added tax or excise duty on the grounds stipulated in Clause 20 of this Regulation, it shall, within five working days from the date of the decision, forward a copy of the decision, indicating the justified reasons for refusal, together with supporting documents, to the State Protocol of the Ministry of Foreign Affairs, or to the Joint Headquarters of the National Armed Forces..

23. Applications on the basis of which value added tax or excise duty has been refunded, as well as the original supporting documents (or, in the cases mentioned in Clause 13 and 14 of this Regulation – copies of supporting documents), attached to the application, shall be kept on file by the relevant territorial office of the State Revenue Service. If the applicant needs to have the original of a supporting document returned, the applicant shall submit with the original a copy of the supporting document, duly certified in accordance with regulatory enactments.

24. Pursuant to the procedure for refund of value added tax and excise duty applicable to representations of the Republic of Latvia, and persons associated with same in the relevant state, the representations of these states in the Republic of Latvia, and persons associated with them, may, at the recommendation of the State Protocol of the Ministry of Foreign Affairs, be eligible for refund of value added tax or excise duty without the restrictions stipulated in Section III of this Regulation.

25. In order to apply the procedure for refund of value added tax and excise duty specified in Clause 24 of this Regulation, the diplomatic or consular representation of the relevant state shall submit an application to the State Protocol of the Ministry of Foreign Affairs indicating the procedure for refund of value added tax or excise duty to the representations of the Republic of Latvia and persons associated with them in the relevant state, attaching recommendations for additional relief in the procedure for refunding value added tax or excise duty to be applied to the representation of the relevant state in the Republic of Latvia.

26. The State Protocol of the Ministry of Foreign Affairs shall review an application referred to in Clause 25 of this Regulation not later than within 30 days of the date of receiving such application, and make a decision on the possible refund of value added tax or excise duty to the representation of the relevant state registered in the Republic of Latvia or persons associated with it, without the restrictions indicated in Section III of this Regulation. The State Protocol of the Ministry of Foreign Affairs shall convey its decision in writing to the applicant and to the territorial office of the State Revenue Service, specifying the further procedure for refund of the value added tax or excise duty to the representation of the relevant state registered in the Republic of Latvia or persons associated with it.

III. Restrictions

27. Value added tax shall be refunded:

27.1. to representations in the Republic of Latvia: on goods and services specified in Appendix 3 to this Regulation;

27.2. to persons associated with representations in the Republic of Latvia: on goods and services specified in Appendix 4 to this Regulation.

28. To the Embassy of the United States of America in the Republic of Latvia, and persons associated with the said Embassy: value added tax and excise duty paid on goods purchased and services received may be refunded without applying the restrictions indicated in Clause 27 of this Regulation.

29. Value added tax and excise duty may be refunded to representations in the Republic of Latvia, institutions of the European Community in the Republic of Latvia and units of NATO armed forces, provided the amount of the transaction indicated on each tax invoice, including VAT, is not less than LVL 125.

30. The restriction indicated in Clause 29 of this Regulation shall not be applicable to charges for telecommunication services, rent/lease of premises, electricity, gas, heating supply, centralized water

supply, sewerage services and waste collection and disposal services, security services, or fuel purchased for vehicles.

31. Value added tax and excise duty may be refunded to persons associated with representations in the Republic of Latvia, provided that the amount of transaction indicated on each tax invoice, including VAT, is not less than LVL 35.

32. The restriction described in Clause 31 of this Regulation shall not apply to charges for telecommunication services and fuel purchased for vehicles.

33. Value added tax shall not be refunded on old or antique items older than 100 years, works of art, and second-hand items purchased in Latvia.

34. Excise duty is not refundable to units of NATO armed forces in respect of alcoholic beverages and tobacco products purchased in the Republic of Latvia.

35. Excise duty on fuel shall be refunded to a maximum of 250 litres per month for each vehicle registered in the Republic of Latvia in the name of the relevant representation, persons associated with the said representation, or institution of the European Community in the Republic of Latvia.

36. The restriction mentioned in Clause 35 of this Regulation shall not apply to units of NATO armed forces, the Embassy of the United States of America in the Republic of Latvia, and persons associated with the said Embassy.

37. Goods on which value added tax and excise duty have been refunded, may not be used for commercial purposes.

38. Value added tax refunded under the procedure specified in this Regulation shall be repaid to the state budget, or this amount shall be deducted from the amount of the refundable tax calculated in accordance with future applications, if:

38.1. a representation in the Republic of Latvia, an institution of the European Community in the Republic of Latvia, or a unit of NATO armed forces, within one year of purchase, shall sell or otherwise transfer to another person or institution not mentioned in Sub-clause 1.1. of this Regulation, the goods (except vehicles), the value of which (excluding value added tax) exceeds LVL 1,000 per unit;

38.2 a person associated with a representation in the Republic of Latvia, within a year of purchase, shall sell or otherwise transfer to another person or institution not mentioned in Sub-clause 1.1 of this Regulation, the goods (except vehicles), the value of which (excluding value added tax) exceeds LVL 500 per unit;

38.3. a representation in the Republic of Latvia, institution of the European Community in the Republic of Latvia, or a unit of NATO armed forces within three years following the date of purchase and registration of a vehicle in the Republic of Latvia, shall sell or otherwise transfer this vehicle to another person or institution not mentioned in Sub-clause 1.1. of this Regulation.

39. In the event a person associated with a representation in the Republic of Latvia leaves the territory of the Republic of Latvia, and who has been refunded value added tax paid on the purchase of a vehicle as provided in this Regulation, sells or otherwise transfers the vehicle to another person or institution not mentioned in Sub-clause 1.1 of this Regulation, within three years following the purchase and registration of the said vehicle in the Republic of Latvia, 1/36 of the refunded tax for each month remaining until the end of the period of three years is repayable to the state budget.

40. Concerning the transactions mentioned in Clauses 38 and 39 of this Regulation:

40.1. a representation in the Republic of Latvia, a person associated with such representation, or an institution of the European Community in the Republic of Latvia, shall advise the State Protocol of the Ministry of Foreign Affairs;

40.2. units of NATO armed forces shall advise the Joint Headquarters of the National Armed Forces;

40.3. the State Protocol of the Ministry of Foreign Affairs, or the Joint Headquarters, shall advise the relevant territorial office of the State Revenue Service.

IV. Procedure for application of 0 per cent value added tax rate

41. Goods and services supplied within the territory of the Republic of Latvia by a person/entity registered with the State Revenue Service Value Added Tax Payers' Register as a VAT payer (hereinafter: taxable person) to persons indicated in Sub-clauses 1.3.1, 1.3.2, 1.3.3, 1.3.4 and 1.3.5 of this Regulation, shall be subject to a value added tax rate of 0 per cent pursuant to a certificate issued in the relevant member state of the European Union.

42. The certificate mentioned in Clause 41 of this Regulation shall serve as a written certification of the right of persons indicated in Sub-clauses 1.3.1, 1.3.2, 1.3.3, 1.3.4 and 1.3.5 of this Regulation to purchase goods and services within the territory of the European Union to which value added tax rate of 0 per cent is to apply. The sample form of this certificate is specified in European Commission Regulation No 31/96 of 10 January 1996 on the Excise Duty Exemption Certificate, and it is the same throughout the territory of the European Union.

43. In order to purchase goods or receive services that are subject to the 0 per cent value added tax rate in the Republic of Latvia, the persons indicated in Sub-clauses 1.3.1, 1.3.2, 1.3.3, 1.3.4 and 1.3.5 of this Regulation shall submit the original certificate to the taxable person supplying the goods or services in question.

44. The taxable person supplying the goods or services to persons indicated in Sub-Clauses 1.3.1, 1.3.2, 1.3.3, 1.3.4 and 1.3.5 of this Regulation shall:

44.1. issue a value added tax invoice for the supplied goods and services to the person submitting the certificate, applying a value added tax rate of 0 per cent;

44.2. include this transaction in its value added tax declaration for the taxation period during which the said goods were supplied or services rendered;

44.3. submit to the State Revenue Service the original certificate, together with the value added tax declaration, for the relevant taxation period.

44.4 retain on file a copy of the certificate which, based on the original certificate, has been duly certified as prescribed in regulatory enactments.

45. Goods and services which have been supplied to the North Atlantic Treaty Organisation (NATO) within the territory of the Republic of Latvia according to international agreements, and which are paid for from NATO funds, shall be subject to a value added tax rate of 0 per cent pursuant to a permit issued by the State Revenue Service.

46. To receive the permit indicated in Clause 45 of this Regulation, the taxable person who, pursuant to an international treaty, has signed a contract with an authorised representative of the North Atlantic Treaty Organisation (NATO) (hereinafter: authorised representative of NATO) to supply goods and services (hereinafter: the seller), shall submit to the Joint Headquarters of the National Armed Forces:

46.1. two originals of the application for 0 per cent value added tax rate (Appendix 5) requesting a permit to sell goods or provide services specified in the contract on supply of goods or services (hereinafter: the Contract), applying a value added tax rate of 0 per cent;

46.2. a copy of the contract, specifying the title and date of the relevant international treaty.

47. To complete an application indicated in Clause 46.1 of this Regulation:

47.1. the seller's representative, together with the representative of the authorized representative of NATO, shall complete Section I of the application;

47.2. the responsible officer of the Joint Headquarters of the National Armed Forces shall:

47.2.1 allocate a registration code to the application;

47.2.2 verify within five working days whether the goods and services indicated in the application conform to those indicated in the contract, and complete Section II of the application;

47.2.3 enter information on the goods and services indicated in the application in the data system, totalling the value of the said goods and services which form the accrued value.

48. In the event the accrued value mentioned in Sub-clause 47.2.3 has reached the value of goods and services paid for from NATO funds, then a permit to apply the 0 per cent value added tax rate on the goods and services supplied under the contract and paid for from other resources, shall not be issued, and value added tax shall be applied as in accordance with regulatory enactments.

49. The seller shall submit both originals of the application and a copy of the contract to the territorial office of the State Revenue Service appropriate to the official address of the Seller.

50. The official of the State Revenue Service shall:

50.1 within five working days, complete Section III of the application mentioned in Sub-clause 46.1 of this Regulation, and certify it by signature and seal, thereby confirming the seller's right to apply a value added tax rate of 0 per cent on the goods and services indicated in the application;

50.2 return one original of the completed application to the seller, and retain the other original at the territorial office of the State Revenue Service.

51. Upon receiving the original of the application indicated in Sub-clause 50.2 of this Regulation, the seller shall:

51.1. issue to the authorised representative of NATO, the value added tax invoice for the goods and services specified in the contract and paid for from the North Atlantic Treaty Organisation (NATO) funds applying a value added tax rate of 0 per cent, specifying the registration code of the application and number of the contract;

51.2. include the transaction in the seller's value added tax declaration for the taxation period during which the goods were supplied or services rendered;

51.3 attach the original application to the value added tax declaration for the taxation period during which the goods were supplied or services rendered.

52. In the event the seller has outstanding tax debts, the territorial office of the State Revenue Service shall be entitled to refuse the permit mentioned in Clause 45 of this Regulation.

53. In the event the territorial office of the State Revenue Service has decided to refuse the permit indicated in Clause 45 of this Regulation, it shall within five working days of making the decision notify the seller and the Joint Headquarters of the National Armed Forces in writing, indicating the reason for refusal.

54. The decision of the State Revenue Service mentioned in Clauses 22 and 53 of this Regulation may be appealed in accordance with the provisions of the *Law On Taxes and Fees*.

V. Final provision

55. Declare null and void Cabinet Regulation No. 290 of 13 April 2004, "Procedure For Application of the Value Added Tax to Deliveries of Goods and Services to Diplomatic and Consular Services and Representations of Foreign and International Organisations and Privileged Persons in the Republic of Latvia, the European Communities Institutions, North Atlantic Treaty Organisation (NATO), Armed Forces of NATO Member States and Persons Engaged in the Armed Forces of NATO, and Procedure for Refunding of Excise Tax to the Aforementioned Persons" (*Latvijas Vēstnesis*², 2004, No.66; 2006 No. 71).

² The official Gazette of the Government of Latvia

Reference to EU Directives

The above Regulation includes legal requirements arising from:

- 1) the Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes - Common system of value added tax: uniform basis of assessment,
- 2) Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products.

Prime Minister

A. Kalvītis

Minister of Finance

O.Spurdziņš