

## 9. Taxes

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According to the Vienna Conventions, diplomatic missions, career consular posts, international organisations as well as diplomatic agents, career consular officers and members of administrative and technical staff, members of their families, as well as staff members of international organisations are exempt from all national, regional and municipal taxes, personal or real. However, indirect taxes, which are normally incorporated in the price of goods and services are not included in this general exemption from taxes.

Information about the Latvian tax system is available on the web site of the State Revenue Service of Tax administration Office of the Republic of Latvia - at [www.vid.gov.lv](http://www.vid.gov.lv). A publication entitled the Latvian Tax System is available on the website of the Ministry of Finance at: [www.fm.gov.lv](http://www.fm.gov.lv).

It should be also noted that reciprocity may be considered when exemptions from taxes and duties are granted.

### 9.1. Reimbursement of Value Added Tax (VAT) and Excise Tax



According to the 1961 Vienna Convention, Article 34, a diplomatic agent shall be exempt from all duties and taxes normally incorporated in the price of goods and services e.g. VAT. Based on reciprocity, reimbursement of VAT, which at present in Latvia amounts to 21 per cent of the retail price, is granted to missions and their diplomatic staff and their accompanying family members according to the provisions laid down in the Regulation of the Cabinet of Ministers No. 908 (18.12.2012.) „*Procedures for the Application of Zero Rate of Value Added Tax to the Supply of Goods and Services Provided to Diplomatic and Consular Missions, International Organisations, European Union Institutions and the North Atlantic Treaty Organisation (NATO), and Procedures for the Reimbursement of Excise Duty for Excisable Goods Purchased in the Republic of Latvia*” passed in accordance with the Law “On Value Added Tax”, Section 50, Paragraph 8 and the Law “On Excise Duties”, Section 20.

The reimbursement of VAT is thus done by courtesy and on reciprocal basis provided the goods are for use by:

diplomatic and consular missions in the Republic of Latvia, their diplomatic and consular agents, as well as to the family members of the persons referred for personal use. Staff members other than diplomatic agents are not entitled to the exemption. The administrative and technical staff of missions may import their removal goods exempt from VAT when they settle down in Latvia for the first time;

offices of international organisations, and their employees who by virtue of agreements enjoy diplomatic status in the territory of the Republic of Latvia.

VAT is reimbursed for:

1. Goods:

- 1.1. land vehicles, equipment, spare parts, lubricants and fuel stipulated in the laws and regulations of the Republic of Latvia regarding road traffic and vehicle registration;
- 1.2. interior objects of premises;
- 1.3. musical instruments;
- 1.4. office equipment, components and accessories thereof, including spare parts;
- 1.5. household appliances:
  - 1.5.1. electric appliances;
  - 1.5.2. audio equipment and video equipment;
  - 1.5.3. photographic equipment and accessories thereof;
  - 1.5.4. mobile phones and accessories thereof;
- 1.6. stationery;
- 1.7. printed matter;
- 1.8. intended for the following activities in the premises and territory of missions/representations and managers thereof:
  - 1.8.1. construction materials necessary for the construction and repairs;
  - 1.8.2. inventory and goods necessary for the management (maintenance, improvement and cleaning);
- 1.9. supply of electricity, gas and thermal energy, water supply in the central water supply system;
- 1.10. fire safety equipment and inventory;
- 1.11. security systems for the protection of persons and property.

2. Services:

- 2.1. repair and maintenance of land vehicles;
- 2.2. transport services for carriage of the goods referred to in Paragraph 1 of this Annex;
- 2.3. mail and express mail services;
- 2.4. repair and maintenance of musical instruments;
- 2.5. repair and maintenance of office equipment and household appliances;
- 2.6. printing and layout design services;
- 2.7. intended for the following activities in the premises and territory of missions/representations and managers thereof:
  - 2.7.1. designing, construction and repair;
  - 2.7.2. management (maintenance, improvement and cleaning) services;
  - 2.7.3. sewage and waste removal services;
- 2.8. leasing services;
- 2.9. services for interior designing, including making and mounting of interior objects;
- 2.10. repair and maintenance of fire safety equipment and inventory;
- 2.11. repair and maintenance of security and alarm systems;
- 2.12. services for ensuring the protection of persons and property;
- 2.13. electronic communications services;
- 2.14. radio and television broadcasting services.

### 9.3. Reimbursement of VAT for Goods and Services Acquired for Personal use of Privileged Persons



VAT is reimbursed for:

#### 1. Goods:

- 1.1. land vehicles, equipment, spare parts, lubricants and fuel stipulated in the laws and regulations of the Republic of Latvia regarding road traffic and vehicle registration;
- 1.2. interior objects of premises;
- 1.3. office equipment, components and accessories thereof, including spare parts;
- 1.4. household appliances:
  - 1.4.1. electric appliances;
  - 1.4.2. audio equipment and video equipment;
  - 1.4.3. photographic equipment and accessories thereof;
  - 1.4.4. mobile phones and accessories thereof;
- 1.5. security systems for the protection of persons and property.

#### 2. Services:

- 2.1. repair and maintenance of land vehicles;
- 2.2. transport services for carriage of the goods referred to in Paragraph 1 of this Annex;
- 2.3. services for interior designing, including making and mounting of interior objects;
- 2.4. repair and maintenance of office equipment and household appliances;
- 2.5. services for ensuring the protection of persons and property;
- 2.6. electronic communications services;
- 2.7. radio and television broadcasting services.

### 9.4. Restrictions



VAT and excise tax shall be refunded to the diplomatic representations in the Republic of Latvia, provided that the amount of transaction indicated in each tax invoice, including VAT, exceeds

EURO 178.00.

This restriction 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, as well as fuel purchased for vehicles.

The excise tax on purchase of fuel shall be refunded for a maximum of 250 liters a month per each passenger car registered in the Republic of Latvia in the name of the respective diplomatic representation and the privileged person in the Republic of Latvia.

VAT and excise tax shall be refunded to privileged persons, provided that the amount of transaction indicated in each tax invoice, including VAT, exceeds EURO 50.00, but the restriction shall not be imposed on charges for telecommunication services and fuel purchased for vehicles. Reimbursement is granted only for purchases of new articles. No reimbursement is given for ancient or antique objects which are older than 100 years, objects of art and second-hand goods purchased in the Republic of Latvia.

Goods that are subject to the value added tax or excise tax refund may not be used for commercial purposes.

Value added tax refunded under the procedure specified in the Regulation No. 908 shall be paid into the state budget or this sum shall be deducted from the sum of the refundable tax calculated in accordance with the subsequent applications, if:

a representation in the Republic of Latvia, within one year from the purchase date, sells or otherwise alienates for the benefit of another person or institution the goods (except for cars), the value of which (excluding the value added tax) exceeds EURO 1423.00 per unit

a privileged person, within one year from the purchase date, sells or otherwise alienates for the benefit of another person or institution not mentioned in clause 1.1. of this Regulation the goods (except for cars), the value of which (VAT exclusive) exceeds EURO 711.00 per unit

a representation in the Republic of Latvia, within three years following the date of purchase and registration of a car, sells or otherwise alienates this car for the benefit of another person or institution

a privileged person leaving the Republic of Latvia sells or otherwise alienates for the benefit of another person or institution a car within three years following the purchase and registration of such car in the Republic of Latvia, 1/36 of the refunded tax for each month remaining until the end of the period of three years shall be paid into the state budget

Pursuant to the procedure for refund of VAT and excise tax, applicable to representations or privileged persons of the Republic of Latvia in the respective foreign country, the representations and privileged persons of this foreign country at the recommendation of the State Protocol of the Ministry of Foreign Affairs may be eligible to refund of VAT and excise tax without the above-mentioned restrictions.

In order to enable the application of a special procedure for refund of VAT and excise tax, diplomatic missions or consular posts of the respective country shall submit to the State Protocol an application describing the procedure for refund of VAT or excise tax to representations or privileged persons of the Republic of Latvia in the respective country, enclosing with their application the suggestions on additional easements for the refund of the paid VAT or excise tax to be applied in Latvia.

The State Protocol shall review the application, and not later than within 30 days as of the date of the receipt of the application shall decide on the special procedure for refund of VAT to the respective representation and privileged persons. The State Protocol of the Ministry of Foreign Affairs shall communicate the taken decision in writing to the State Revenue Service specifying the future procedure for refund of the value added tax or excise tax.

#### 9.5. Application for VAT and Excise Tax Reimbursement to Goods and Services Acquired for the Official Needs of the Representation and for Personal use of Resident Diplomats

The application (and a copy of the application) for a refund of the value added tax and excise tax (Annex1) together with the attached supporting documentation (originals) shall be submitted to the State Protocol on quarterly basis for reimbursement. Application forms are available at the State Protocol and on the Ministry's homepage: [www.mfa.gov.lv](http://www.mfa.gov.lv)  
Value added tax and excise duty may be refunded for the following periods of time:

to representations in the Republic of Latvia:

- once a quarter: for goods and services purchased during the relevant quarter;
- 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 EURO 2100.00;

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

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.

When claiming for a refund of the excise tax on fuel, the application should indicate also the passenger vehicles registered in the Republic of Latvia in the name of the relevant representation, privileged person or the European Community institution in the Republic of Latvia.

If the excise tax is imposed on goods as presented in the value added tax invoice, the refundable excise tax charge shall be calculated on the quantity of goods as specified in the value added tax invoice and on the basis of the applicable excise tax rate valid on the date of purchase. The value added tax invoice shall be treated as a supporting (source) document proving the purchase of excise goods.

Applications (two copies) together with the supporting documents shall be submitted to the State Protocol within a period of 30 (thirty) days after the end of the previous quarter. Within a period of 30 (thirty) working days after the documents have been received in the State Protocol, the State Protocol shall verify whether the applicant is eligible to the refund of the VAT and excise tax, certify this by the signature and the official stamp and forward the application together with the included supporting documents to the State Revenue Service.

The applications, on the basis of which the VAT or excise tax has been refunded, as well as any supporting documents (originals) attached to the application, shall be kept on file with the State Revenue Service. If the applicant for any reasons needs to receive back the original of a supporting document, he or she must submit the copy of the supporting document, certified pursuant to the procedure provided for in legislation, as well as indicate the list of the supporting documents, which should be returned, in the Verbal Note which is sent together with the application forms.

## Legislation:

Regulation of the Cabinet of Ministers No. 908 of 18 December 2012, *„Procedures for the Application of Zero Rate of Value Added Tax to the Supply of Goods and Services Provided to Diplomatic and Consular Missions, International Organisations, European Union Institutions and the North Atlantic Treaty Organisation (NATO), and Procedures for the Reimbursement of Excise Duty for Excisable Goods Purchased in the Republic of Latvia”* passed in accordance with the Law „On Value Added Tax”, Section 50, Paragraph 8 and the Law “On Excise Duties”, Section 20.

Annex 1 to Cabinet Regulation No. 908, dated by 18 December 2012 *“Submission for Reimbursement of Value Added Tax and Excise Duty to Diplomatic and Consular Missions Registered in the Republic of Latvia, European Union Institutions and International Organisations”*.

Annex 3 to Cabinet Regulation No. 908, dated by 18 December 2012 *“Goods and Services Intended for the Official Purposes of Diplomatic and Consular Missions Registered in the Republic of Latvia, International Organisations or Representations Thereof, for which Value Added Tax is Reimbursed from the State Budget”*.

#### 9.6. Application for VAT and Excise Tax Reimbursement to Goods and Services Acquired for the Personal Needs of Administrative and Technical Staff of Missions

VAT and excise tax shall be refunded to the administrative technical staff of missions and consular posts of non-community states and EU Member States and family members of the said persons, once on the goods and services purchased over period of four months starting from the day when the State Protocol of the Ministry of Foreign Affairs has received notification on arrival of the respective person in the Republic of Latvia.

#### Legislation:

Regulation of the Cabinet of Ministers No. 908 of 18 December 2012, *„Procedures for the Application of Zero Rate of Value Added Tax to the Supply of Goods and Services Provided to Diplomatic and Consular Missions, International Organisations, European Union Institutions and the North Atlantic Treaty Organisation (NATO), and Procedures for the Reimbursement of Excise Duty for Excisable Goods Purchased in the Republic of Latvia” Paragraph 14.3.*

Annex 1 to Cabinet Regulation No. 908, dated by 18 December 2012 *“Submission for Reimbursement of Value Added Tax and Excise Duty to Diplomatic and Consular Missions Registered in the Republic of Latvia, European Union Institutions and International Organisations”.*

Annex 4 to Cabinet Regulation No. 908, dated by 18 December 2012 *“Goods and Services Intended for Personal Needs of Persons Related to Diplomatic and Consular Missions Registered in the Republic of Latvia, International Organisations or Representations Thereof, for which Value Added Tax is Reimbursed from the State Budget”.*

#### 9.7. VAT Exempt Purchases in Other EU Countries

The regulation of the Cabinet of Ministers No. 908 of 18 December 2012 *“Procedures for the Application of Zero Rate of Value Added Tax to the Supply of Goods and Services Provided to Diplomatic and Consular Missions, International Organisations, European Union Institutions and the North Atlantic Treaty Organisation (NATO), and Procedures for the Reimbursement of Excise Duty for Excisable Goods Purchased in the Republic of Latvia”* provides the procedure for approving in the Republic of Latvia excise duty and value added tax exemption certificates duly prepared in accordance with the requirements of European Commission Regulation (EC) No. 282/2011 of 15 March 2011 on the Excise Duty Exemption Certificate as well as the procedure for granting the right to use the Certificate without approval.

A mission, international organisation or a diplomatic agent accredited to Latvia may buy goods and/or services in another EU-member state exempt from VAT and Excise duty using the exemption form “VAT and excise duty exemption certificate” (Directive 2006/112/EC, Annex II).

A buyer who requires VAT-exempt invoicing must complete the relevant EC “VAT and Excise Duty Exemption Certificate” forms (at least *two copies*) and submit them to the State Protocol for confirmation.

The officially recognized languages in the Republic of Latvia for completing the Certificate application form shall be Latvian or English. It should be noted that the name of the applicant must be clearly marked on the form. The form must be signed and, in case of exemption for personal use, also stamped.

The State Protocol confirms the duty-free imports and returns the application to the mission.

The Certificate duly approved shall grant the privileged person the right to:

purchase, free of excise duty, the excise goods indicated in the Certificate in another member state of the European

Union;

purchase, free of excise duty, the excise goods indicated in the Certificate from an excise goods warehouse within the territory of the Republic of Latvia;

purchase, free of value added tax, the goods indicated in the Certificate and receive services in another member state of the European Union.

In accordance with the approved Certificate, a mission, international organization or institution of the European Community accredited to Latvia, which is building real estate in the territory of the Republic of Latvia for official use, has the right to purchase inland, for the construction of this real estate, goods indicated in the Certificate and receive services with 0 per cent value added tax rate applied (including supply of construction materials, project preparation and construction services).

In the event the privileged person purchases goods or receives services for official use, the State Protocol may grant the applicant the right to use the Certificate without approval for a period of time not exceeding 36 months. If a decision is made to grant the applicant the rights to use the Certificate without approval, the State Protocol will advise in writing the Applicant, indicating the period of time for which such rights are granted and the State Revenue Service, indicating the person who is granted the right to use the Certificate without approval, the period of time for which the right is granted and the date and number of the decision granting the right to use the Certificate without approval. In the event a decision is made not to grant the applicant the right to use the Certificate without approval, *the* State Protocol shall within fifteen working days advise the Applicant in writing, indicating the reasons for refusal.

#### Legislation:

Regulation of the Cabinet of Ministers No. 908 of 18 December 2012, *„Procedures for the Application of Zero Rate of Value Added Tax to the Supply of Goods and Services Provided to Diplomatic and Consular Missions, International Organisations, European Union Institutions and the North Atlantic Treaty Organisation (NATO), and Procedures for the Reimbursement of Excise Duty for Excisable Goods Purchased in the Republic of Latvia“*;

European Community certificate VAT and excise duty exemption (*Directive 2006/112/EC*).

#### 9.8. VAT Reimbursement to Non-resident Diplomats



VAT is not reimbursed to non-resident diplomats. If they are diplomats in another EU country they may, however, from their country of residence make use of the EU VAT exemption scheme described above.

Missions are exempt from customs duties on goods, including motor vehicles and alcoholic beverages, imported from the countries outside the European Union, for official use.

Diplomatic agents and career consular officers are exempt from customs duties on:

- household articles and luggage, as well as the luggage of members of their families forming part of his household;
- other goods, including motor vehicles and alcoholic beverages, imported for their own use, or for the personal use of members of their families forming part of his household.

Members of the administrative and technical staff of missions and their family members may import their personal removal goods exempt from customs duties in connection with their first assignment to Latvia, provided they are not Latvian nationals or permanently resident in Latvia. Such effects should arrive not later than four months after their arrival in Latvia.

International organisations and representations thereof and their personnel who are not Latvian citizens or permanent residents in Latvia may import and export goods for the official use of the representation and their personal use exempt from import and export taxes in concordance with bilateral treaties concluded between Latvia and the relevant international organization.

A consulate headed by an honorary consul enjoys exemption from customs duties only on the following articles, provided that they are for the official use of the consulate: coats-of-arms, flags, signboards, seals and stamps, books, official printed matter, office furniture, office equipment and similar articles supplied by or at the instance insistence of the sending state.

The purpose of the privileges mentioned above is obviously not to benefit individuals but to ensure the efficient performance of the functions of missions and consular posts.

Duty-free imports shall therefore not exceed the quantities necessary for the direct use by the missions, consular posts or the persons concerned.

The State Protocol wishes to remind that the members of the service staff, locally employed staff, honorary consuls (except the cases mentioned in sub-section 2.4.5.5) and foreign government agencies, such as tourist offices, cultural institutes and trade representations and their staff, do not enjoy exemption from customs duties under the Vienna Conventions or under Latvian law.

Goods that are exempt from customs duties are also exempt from value added tax and excise duty.



Applications from missions for exemption from custom duties intended for their chanceries, or for the personal use of those members of their staff who enjoy such exemption, stamped and signed by the head of mission, must be submitted to the State Protocol for verification before being submitted to the customs authorities.

The application should specify the articles in question, i.e. nature of goods, quantity, value, country of purchase and supplier as well as information as to consignee (with regard to motor cars, information should include the chassis and engine numbers as well as the make and the year), as well as indicate through which Customs Control Point the goods will be imported.

If goods received exempt from customs duties are sold to a buyer not entitled to engage in dutyfree import of goods, the duties and taxes must be paid as required by the regulations in force at the time of the customs declaration.

Customs control points (CCP) in Riga (*Muitas kontroles punkti (MKP) Rīgā*)

Administration: The Riga regional office of the State Revenue Service

Address:	Citadeles iela 1, Riga, LV 1010
Tel.:	+371 6704 7302
Tel./Fax:	+371 6704 7301
E-mail:	<a href="mailto:mp.rmkpd.lietvediba@vid.gov.lv">mp.rmkpd.lietvediba@vid.gov.lv</a>
Homepage:	<a href="http://www.vid.gov.lv">www.vid.gov.lv</a>

Lidostas MKP (Airport's CCP)

Location:	International Riga Airport
Tel:	+371 6720 7108
Tel./Fax:	+371 6720 7043
Working hours:	Monday-Sunday, 24 hours
Homepage:	<a href="http://www.vid.gov.lv">www.vid.gov.lv</a>