



Tax Agenda Latvia

September 2025



The better the question. The better the answer. The better the world works.



Shape the future
with confidence

No.

Fact

Action

1

Latvia's Corporate Income Tax (CIT) system

Latvia has a distribution-based taxation regime, meaning that resident companies are not subject to ongoing taxation on their income, but are instead levied corporate income tax when the profit is distributed as dividends or notional distributed dividends. CIT rate in Latvia equals to 20% on gross taxable profit calculated by dividing net profit with coefficient 0.8.

Assess current CIT regime in Latvia when considering investments in Latvia.



2

Tax authority's guidelines on penalties application for transfer pricing (TP) documentation breaches

Latvian tax authorities have published detailed guidelines on penalty application regarding TP documentation breaches. This shows the tax authorities intention to focus on TP documentation examination. According to the tax authorities TP breach classification, the absence of benchmarking study or benchmarking that does not correspond to Latvian TP laws is considered as significant breach for which the tax authority has the right to apply an administrative penalty in amount of 1% from the total amount of transactions (capped at EUR 100k).

Analyze current TP documentation validity from perspective of tax authorities TP breach classification. Assess whether any improvements are required to comply with the TP documentation rules.



3

Natural resources tax amendments

Natural resources tax law amendments envisage that as of mid 2024, natural resources tax also has to be paid for textile products, and from 2025 also for balloons and napkins. Additionally, from 2024 there has been increase of natural resources tax on the extraction of minerals, as well as on certain types of waste.



Sep

Oct

Nov

Dec

Use text boxes above the timeline to plan your actions for coming months

Compliance

Risk management

Cash-flow and ETR impact

No.

Fact

Action

4

E-invoicing in Latvia

From 1 January 2025, e-invoicing become mandatory for transactions between locally registered businesses and government institutions (B2G and G2B), whereas from 1 January 2028, e-invoices must be used for transactions between locally registered businesses (B2B).

Additionally, starting 2026, the information on issued e-invoices for transactions between locally registered businesses and government institutions (B2G and G2B) shall be provided to the tax authorities.

Review new tax authority requirements and help develop a roadmap for e-invoicing implementation.

Assess current accounting and enterprise resource planning (ERP) systems to identify gaps and ensure alignment with the new e-invoicing requirements.



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