



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax administration
Value Added Tax

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VAT IN THE EUROPEAN COMMUNITY

**VADEMECUM FOR THE ELECTRONIC
REFUND PROCEDURE TO TAXABLE
PERSONS NOT ESTABLISHED IN THE
MEMBER STATE OF REFUND BUT
ESTABLISHED IN ANOTHER MEMBER
STATE (COUNCIL DIRECTIVE 2008/9/EC)**

NOTE

**THIS DOCUMENT COLLATES A RANGE OF
BASIC INFORMATION ON THE
APPLICATION OF THE REFUND
ARRANGEMENTS IN THE MEMBER
STATES WHICH HAS BEEN OBTAINED
FROM THE TAX AUTHORITIES
CONCERNED.**

**THIS DOES NOT REFLECT THE VIEWS OF
THE COMMISSION OF THE EUROPEAN
UNION, NOR DOES IT SIGNIFY APPROVAL
OF THE LEGISLATION.**

LATVIA

VADEMECUM FOR THE ELECTRONIC REFUND PROCEDURE TO TAXABLE PERSONS NOT ESTABLISHED IN THE MEMBER STATE OF REFUND BUT ESTABLISHED IN ANOTHER MEMBER STATE

General

1. Where could a non-established taxable person (NETP) find information on your laws and guidelines?

Information about the Latvian legislation is available on the State Revenue Service website:
<https://www.vid.gov.lv/en>

More detailed information on electronic VAT refund procedure can be found at:
<https://www.vid.gov.lv/en/vat-refund-legal-persons-registered-european-union> and
<https://www.vid.gov.lv/en/vat-refund-latvian-legal-persons-other-member-states-european-union>

2. Eligibility for a refund

To be eligible for a refund the applicant must be a taxable person established in the EU making taxable supplies in his own Member State (the Member State of Establishment). He must have incurred VAT on expenses in a Member State in which he has no establishment (the Member State of Refund), and he must have made no supplies within that Member State other than reverse charge supplies, or certain exempt transport services, during the refund period.

3. What can be refunded

VAT relating to business activities carried out outside the Member State of Refund if those activities would be subject to tax or exempt with a right to deduct in the Member State of Refund if they had been made there, and VAT relating to supplies on which the reverse charge is applicable in the Member State of Refund.

4. What cannot be refunded

VAT incurred which relates directly to activities which are exempt without the right to deduct.

VAT incurred on expenses on which there are restrictions on the right to deduct in the Member State of Refund.

The VAT is not refunded:

- for the acquisition of unused real property domestically and for services received domestically related to construction, reconstruction, renovation or repairing of the real property;*
- for the goods purchased domestically and services received domestically for personal consumption (for example leasing of a car, service, repairs, maintenance, purchase of*

fuel, lubricants and spare parts for a car, catering (also restaurant), health care and entertainment expenses);

- *to travelling (touristic) company or agency acting domestically in accordance with the special procedure of VAT application prescribed in Art 136 of the VAT law of Republic of Latvia.*

5. Proportional deduction

Where the taxable person is only able to deduct a proportion of his input tax because he makes taxable and exempt supplies, that person can only have the amount refunded according to the rules on proportional deduction in his Member State.

Procedures in the Member State of Establishment

6. What is the application procedure?

The taxpayers from Latvia who are not doing business in the other Member State are addressing an electronic refund application to that Member State by submitting the application to the State Revenue Service of the Republic of Latvia using the Electronic Declaration System (EDS).

To become an EDS user, it may authenticate in the system, using identifiers and passwords of several Latvian credit institutions, using the technical solution provided by www.latvija.lv or using eSignature smart card (e-me) or the electronic identification card (eID).

If it doesn't use the eSignature smart card (e-me), the electronic identification card (eID), or the virtual eSignature, the Application of the State Revenue Service Information System User the taxable person can sign in paper form by visiting any of the State Revenue Service Client Service Centres.

After the State Revenue Service send the identifier and the initial password to the user's address of the electronic mail given in the application and the EDS user in the document group "Outgoing documents for VAT refund in European Union" chooses the document "VAT refund application" and enters data in accordance with the criteria indicated by the EDS; after filling in the document must be signed in accordance with the general requirements of the EDS. More information about EDS: <https://www.vid.gov.lv/en/electronic-declaration-system-eds>

7. Are there any particular requirements for an agent to be able to submit a claim on behalf of the applicant?

A VAT refund application may be also submitted by a taxpayer's authorized representative, a natural or a legal person, acting on the basis of an authorization that has been approved in the State Revenue Service.

8. Content of the application:

The application should contain the following information:

- the applicant's name

- the applicant's VAT identification number or tax reference number
- the applicant's full address including country code (the address which is on record in Member State of Establishment)
- e-mail address
- a description of the applicant's business activity for which the goods and services are acquired via NACE v.2 codes
- the refund period covered by the application
- declaration by the applicant that he has supplied no goods and services deemed to have been supplied in Member State of Refund during the refund period, with the exception of the supply of specific transport services and services ancillary thereto or supplies to which the reverse charge mechanism is applicable in Member State of Refund
- bank account details including IBAN and BIC codes

In addition, the following details of each invoice or importation document

- name and full address of the supplier;
- the VAT identification number or tax reference number of the supplier except in the case of importation
- the prefix of the Member State of Refund (except in the case of importation)
- date and number of the invoice or importation document
- taxable amount and amount of VAT expressed in the currency of Member State of Refund
- the amount of deductible VAT calculated expressed in the currency of Member State of Refund
- where applicable, the deductible proportion expressed as a percentage
- nature of the goods and services acquired according to the codes 1 to 10
- Where requested, further information on the nature of the goods and services acquired according to the sub-codes of 1 to 10.

9. The circumstances under which a Member State of Establishment will not send an application to the Member State of refund.

- If the details in point 8 above are not filled in.
- The applicant is not a taxable person during the refund period.
- The applicant only carries out exempt supplies in the Member State of establishment during the refund period.

- The applicant is covered by the exemption for small businesses.
- The applicant is covered by the flat rate scheme for farmers.

10. Minimum refund limits

- 400 EUR or the equivalent in national currency if the refund period is between 3 months and less than a calendar year
- 50 EUR or the equivalent in national currency if the refund period is of a calendar year, or the remainder of a calendar year.

11. Time limit

The application must be submitted to the Member State of Establishment by 30 September of the calendar year following the refund period. The application is only considered as submitted if the applicant has filled in all the required information.

12. Is an applicant able to correct an error on an application which has been forwarded to a Member State of Refund?

After the submitting of the refund application to the EDS (i.e. sending to the other Member State) the taxpayer can make corrections in the submitted documents:

- *if corrections have been made in the deductible part of tax amount, the taxable person makes the correction in the refund application during the calendar year following the respective period of refund or in case if the taxable person does not file a refund claim in that calendar year - by submitting to EDS a separate document "Correction of the deductible part of Value Added Tax".*
- *if other corrections must be made, the taxable person submits to EDS an adjustment of the refund application.*

Procedures in the Member State of Refund

13. Are copies of invoices required?

An electronic copy of tax invoice or importation document must be attached to the application in cases where the taxable amount indicated in the tax invoice or importation document amounts to or exceeds 1 000 EUR. If the invoice refers to fuel then the threshold is 250 EUR.

In case if the State Revenue Service has reasonable doubts regarding the justification of a particular refund application of another Member State the submission of the original or a copy of the relevant tax invoice shall be requested. In that case, the thresholds mentioned above shall not apply.

14. The maximum size limit for an attachment has been agreed at 5 mb. What is the applicant to do if they exceed this limit?

In case if the size limit for an attachment is exceed, the applicants have to send an attachment by email to email address: Np.lietvediba@vid.gov.lv by indicating in the subject the number of the electronic application (reference No). An e-mail has to be addressed to Non-resident

Tax Data Credibility Assessment Division of the State Revenue Service Tax Board of the Republic of Latvia.

15. As a Member State of refund, do you require additional documentation for claims submitted by an agent?

No, the power of attorney shall be submitted in the Member State where a taxpayer carries out business activity and in compliance with national requirements of that Member State.

16. Can payments be made to agents?

Yes

17. How will the Member State of Refund communicate with the applicant?

If the information included in the refund claim of another Member State is insufficient to take the decision on full or partial refund, the State Revenue Service may in four months after the receipt of the application request from the applicant of the claim of another Member State additional information in electronic form by sending such a request to the applicant or to a person authorised by him to the e-mail address indicated in the application form.

In four months' time after the receipt of the application the State Revenue Service notifies about the decision to confirm or deny the application the competent authority of the other Member State which then informs the applicant about the decision.

18. Time limits for the processing of an application

The Member State of refund has four months from the date of receipt of an application to notify the applicant of its decision to approve or refuse the application, or to ask for further additional information. Where additional information is required, it has a further two months from receiving that information. Where it has asked for further information, it shall, in any case, notify the applicant of its decision within 8 months of the receipt of the application.

Where the refund application is approved, payment should be made within 10 working days.

19. Procedure for sending additional information to the Member State of Refund

Member States can ask for additional information from persons other than the applicant. In all cases, the information should be provided to the Member State of Refund within one month of the date on which the request is received by the addressee. Additional information can be submitted in Latvian or English.

20. The refund period

The refund period indicated in the application should not exceed one calendar year and should not be less than three calendar months.

The refund period indicated in the application can be less than three calendar months if it relates to the last months of the calendar year.

21. Number of applications accepted per year.

Not limited.

22. What is the procedure for appealing against a decision? Are there any time limits for appeals?

The claimant of the other Member State has the right to appeal the decision taken by the State Revenue Service to Director General of the State Revenue Service within a time period of a month from the receipt of the decision by submitting the appeal to the SRS at 1 Talejas Street, Riga, LV-1978.

23. Incorrect applications

If an amount has been recovered in a fraudulent or incorrect way, Member States may recover those amounts.