

”

Please pay attention to changes in the Latvian Tax and Duty act with respect to transfer pricing regulation

The amendments came into force 28 November 2018 and cover financial periods for transfer pricing purposes starting from January 1, 2018.

The amendments introduce **mandatory submission** of Master and Local file to the Latvian tax authorities within 12 months after the financial year-end, if certain threshold(s) set out in the regulation are met by the tax payer. Moreover, **significant penalties** will also apply in case of late submission and/or non-compliance with the transfer pricing regulation.

It is highly recommended that information listed in the regulation is included in the transfer pricing documentation as well as prepared in a timely manner.

The amendments in the Tax and Duty Act introduce the following changes to the TP regulation in Latvia based on the amount of controlled transactions:

250 k



Mandatory preparation of Local file within 12 months

5 M



Mandatory submission of Local file within 12 months after the financial year-end

15 M*



Mandatory submission of Local file and Master file within 12 months after the financial year-end

* Or EUR 5M+ turnover EUR 50M and above



Specific requirements to the content of the Local and Master files outlined in the Cabinet of Ministers (aligned with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, 2017)



Penalties for late submission and non-compliance with the requirements are 1% from controlled transaction amount but not exceeding EUR 100 thousand

NB! abovementioned information highlights the main points of the amendments. The changes in the TP regulations includes other specific matters and nuances that have to be taken into account and carefully evaluated by the taxpayers.

PwC Global presence

With over 3,100 transfer pricing professionals deployed in 158 countries, we're well positioned to advise you on developing compliant, tax-efficient structures that help advance your business goals.

Should you have any questions or would you like to find out more about the changes in Latvian TP regulation, please contact:



Tatjana Koncevaja
tatjana.koncevaja@pwc.com
T: +371 6709 4400



Zane Smutova
zane.smutova@pwc.com
T: +371 6709 4400