

E-invoicing in Latvia:

what you need to know about upcoming changes

On 31 October 2024 the Latvian parliament passed amendments to the Accounting Act requiring that invoices be issued as structured electronic invoices. E-invoicing will be mandatory for transactions between businesses and the public sector (B2G) from **1 January 2025**. E-invoicing will also be mandatory between Latvian-registered businesses (B2B) from **1 January 2026**.

The amendments were passed after the Cabinet of Ministers endorsed the Finance Ministry's report "Introducing an electronic circulation system for supporting documents and delivery documents," which mandates the use of e-invoices and electronic supporting documents by 2025.

Here are the answers to some frequently asked questions about these changes.



1 Why is Latvia making e-invoices mandatory?

One of the main goals is to combat the shadow economy and reduce Latvia's VAT gap. Examples in other countries show that e-invoicing increases VAT revenue, improves VAT compliance and reduces errors.

Structured electronic invoicing can help with taxpayer analysis and segmentation to perform tax controls and promote voluntary tax compliance. E-invoicing will also give the tax authorities real-time access to transaction data.

Increased digitalisation and automation are expected to result in operational efficiencies and significant cost savings for businesses in Latvia. E-invoicing also offers other benefits, such as smoother cash flows, timely payments and fewer errors.

Finally, the introduction of e-invoicing in Latvia aligns with international developments and EU initiatives aiming to introduce e-invoicing and e-reporting for cross-border transactions.

2 What will the e-invoice requirements be and who will they apply to?

Issuing, sending and receiving structured electronic invoices will be mandatory for most Latvian businesses, including sole traders and other subjects of the Accounting Act and the VAT Act. The e-invoicing mandate is restricted to domestic transactions only.

The Accounting Act states that an invoice must be issued as a structured electronic invoice according to the national standard LVS EN 16931-1:2017 "Electronic Invoicing – Semantic Data Model of the Core Elements of an Electronic Invoice" and must comply with the PEPPOL BIS Billing 3.0 specification.

It will no longer be possible to issue paper invoices or other unstructured formats (such as PDF) for transactions where e-invoicing is mandatory. However, businesses can continue to issue paper invoices or unstructured formats for transactions that are not subject to the e-invoicing mandate.

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Are there any exclusions from the e-invoicing mandate?

For transactions with government agencies concluded by 31 December 2024, structured electronic invoices may be issued starting 1 January 2026 under the transition rules of the Accounting Act.

Amendments to the Accounting Act waive structured electronic invoices in the following cases:

- Transactions where payment is evidenced by a document prepared according to the legislation governing the use of electronic devices for registering taxes and other payments
- Transactions where payment is evidenced by a document (invoice) generated by the National Health Service Management Information System or the National Employment Agency's information system for registering unemployed persons and vacancies
- National security agencies, the Investigation Support Board of the National Police's Chief Criminal Police Board, the Tax and Customs Police Department, and the Anti-Corruption Bureau for documents prepared in their internal systems

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What are the channels for e-invoicing?

A decentralised e-invoicing solution will be implemented in the domestic B2B segment, using three methods of electronic transmission:

- The free national government service portal [Latvija.gov.lv](https://latvija.gov.lv) and the single electronic communication platform [e-adrese](#) (the official electronic address)
- E-invoicing service providers/operators (PEPPOL service providers) as a paid service
- Direct methods between taxpayers, where the issuer and receiver agree on the channel of transmission (e.g. by email or direct software integration interfaces).

The submission of e-invoice data to the State Revenue Service will be mandatory from 1 January 2026.

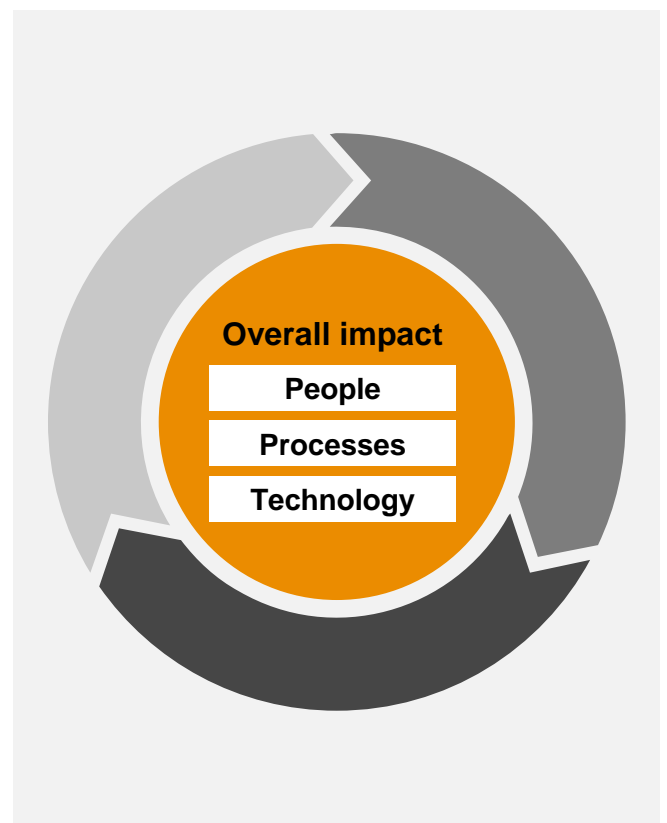
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What is the main impact on businesses?

The impact of this requirement and the necessary changes are often underestimated, while the available time to implement them is overestimated. Although the e-invoicing mandate may seem far off, businesses should start preparing as soon as possible. Also, because the e-invoicing mandate will apply to nearly all taxpayers at once, resources may become scarce as the implementation deadline approaches.

Invoicing is crucial for maintaining business cash flows. People, processes and technology will need to adapt to the upcoming changes. Taxpayers have to make sure they understand the new obligations in the context of their business, and they should devise a plan to be ready and compliant in invoicing B2G by 1 January 2025 and B2B by January 2026.

These changes will impact several organisational functions (tax, finance, IT, etc.) and significantly affect existing processes and technology. If the implementation process is not managed properly, it could lead to considerable additional costs.



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What are the next steps?

At national level

- The Finance Ministry is to draft amendments to the VAT Act.
- The Cabinet of Ministers is to issue regulations on the circulation of e-invoices by 1 May 2025.
- Amendments to the Official Electronic Address Act need drafting.

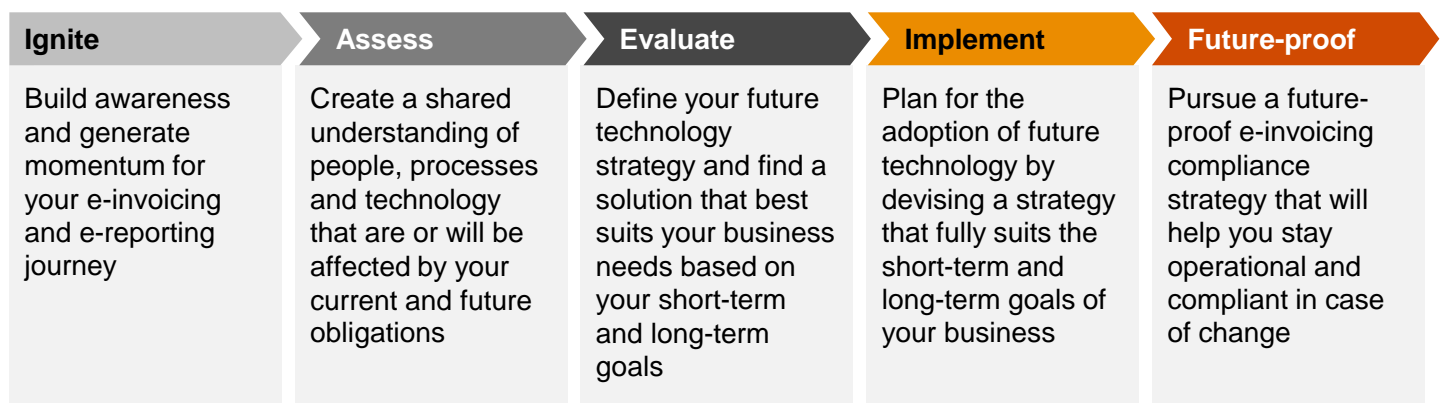
At organisational level

- Review existing accounting systems
- Devise an e-invoice implementation plan
- Validate accounting data to the PEPPOL e-invoice standard
- Design an e-invoice solution architecture
- Agree with business partners on e-invoice transmission channels and amend contracts as needed
- Take other actions specific to each organisation

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Who can help you with this?

PricewaterhouseCoopers SIA can help you achieve impactful results by using our phased and modular approach. Fully tailored to your special needs and requirements, our assistance will provide effective solutions helping you grow your business and achieve long-term success.



Contact details

To find out more about how the upcoming changes can affect you and how we can support you, please reach out to your regular PricewaterhouseCoopers SIA contact or the team listed below:



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