

# Double tax treaty news (2/23/17)

The information published by the mass media in late 2016 and early 2017 implies that Latvia can be proud of its latest achievements in the field of international cooperation. This article explores what changes this year has brought in the way of double tax treaties (DTT) and what jurisdictions Latvia plans to begin cooperation with. We will also suggest ways of finding out whether a DTT has come into force and mention places to monitor for this purpose.

## The process of approval

Getting a DTT approved is a lengthy process that goes beyond getting it signed by both jurisdictions. Parliamentary ratification means that Latvia has fulfilled all the requirements for a DTT to come into force. It is the Ministry of Foreign Affairs who notifies the other jurisdiction of Latvia's fulfilment of these requirements by presenting an official note through diplomatic channels. The other jurisdiction will announce its fulfilment of these requirements in a similar manner. Under the terms of a DTT, it is usually considered to come into force on the date of the last statement, i.e. when the note is presented or received. The treaty rules begin to apply from the calendar year that follows the year in which it came into force.

## Checking DTT status

To make sure that a DTT has come into force, we should go to [Likumi.lv](http://Likumi.lv) and look for an appropriate statement from the Ministry of Foreign Affairs, which can be found under the particular DTT in the section *Other Related Documents*.

DTT status can also be monitored on the [Finance Ministry's website](#), which offers a table summarising information about all the jurisdictions that have an effective DTT with Latvia and those that have one signed or initialled but not yet effective. The dates each DTT come into force and becomes applicable appear in columns 4 and 5 of the table.

## Cyprus

Although Latvia signed a DTT with Cyprus in spring 2016, information about its coming into force after parliamentary ratification was not published by the Ministry of Foreign Affairs until 16 November 2016. According to a ministry statement, this DTT came into force on 27 October 2016, with treaty relief available for income to be paid or declared from 1 January 2017 onwards.

## Hong Kong

The DTT with Hong Kong, still on Latvia's blacklist of tax havens, was signed in Riga on 13 April 2016. To erase any doubts about its coming into force, it is important to note that the signing (and parliamentary ratification) of the DTT does not mean that both jurisdictions have taken all the required steps for it to come into force and become applicable.

## Japan

According to the Finance Ministry's website, a DTT with Japan was signed during the Latvian Finance Minister's official visit to Tokyo on 18 January 2017. This is a big step forward, but the two jurisdictions still have to exchange notes and Parliament has to ratify the DTT before it can come into force.

The pipeline

Negotiations between Latvian and Saudi Arabian government officials held in Riga on 19 January 2017 have resulted in a DTT being initialled.

Latvia has also entered into DTT negotiations with countries such as Bahrain, Ethiopia, and Iran.