

# VAT on services: identifying place of supply (2/51/19)

Suppliers need to know the place of supply of their services to identify the country in which VAT is payable and to find out whether they are liable to register for foreign VAT. Customers also need to know the place of supply of services to find out whether they are liable to pay VAT. This article explores the customer's status, the core principles for identifying the place of supply, and statutory exceptions.

The customer's status is crucial to determining the place of supply of services:

- a registered taxable person (B for business);
- a non-taxable person; or
- an unregistered taxable person (C for consumer).

Core principles laid down by the VAT Act

Services supplied to a person that carries on a business (B2B) are treated as supplied at the customer's –

- business establishment;
- fixed establishment if the services are supplied to the customer's fixed establishment that is not located at their business establishment; or
- declared place of residence or place of permanent residence if the customer has neither a business establishment nor a fixed establishment.

Services supplied to a person that does not carry on a business (B2C) are treated as supplied at the supplier's –

- business establishment;
- fixed establishment if the services are supplied from the supplier's fixed establishment that is not located at their business establishment; or
- declared place of residence or place of permanent residence if the supplier has neither a business establishment nor a fixed establishment.

To these core principles, the lawmaker has laid down a number of exceptions that can be split into three groups.

Group 1. Services supplied to a registered taxable person (B2B)

No.	Type of service	Place of supply	VAT Act
1	Services or ancillary services related to buying tickets for cultural, artistic, sporting, scientific, educational, entertainment, or similar events	Where the event actually takes place	sec.20(1)

2	<ul style="list-style-type: none"> <li>• Freight transport services supplied to an EU or non-EU registered taxable person</li> <li>• Electronic communications, broadcasting, and electronically supplied services</li> <li>• Hiring out movable assets and means of transport</li> </ul>	<ul style="list-style-type: none"> <li>• Outside the EU if the services are used and enjoyed outside the EU</li> <li>• Latvia if the services are used and enjoyed in Latvia</li> </ul>	sec.30(2)

Group 2. The customer's status is not relevant (B2B and B2C)

No.	Type of service	Place of supply	VAT Act
1	Passenger carriage services	Where carriage actually takes place in proportion to distances travelled in Latvia and abroad	sec.21 See also sec.46(3)!
2	Services related to real estate, including estate agents and experts, architects, construction, accommodation, lease, and other services	Where the real estate is situated	sec.25
3	Restaurant and catering services	Where services are actually supplied	sec.29(1)
4	Restaurant and catering services to passengers aboard ships, aircraft or trains on the intra-EU leg of a passenger carriage operation	The point of departure of the passenger carriage operation	sec.29(2)
5	Hiring out a means of transport where its continuous possession or use does not exceed 30 days (90 days for vessels)	Where the means of transport is actually put at the customer's disposal	sec.28(1)

Group 3. Services supplied to an unregistered taxable person (B2C)

No.	Type of service	Place of supply	VAT Act
1	Services or ancillary services related to cultural, artistic, sporting, scientific, educational, entertainment or similar events, including event organiser services	Where the event actually takes place	sec.20(2)

2	Services related to movable assets, including valuation, repairs, maintenance, treatment, processing (except for hiring out movable assets and all means of transport)	Where services are actually supplied	sec.24
3	Freight transport services	Where transportation actually takes place in proportion to distances travelled in Latvia and abroad	sec.22(1) See also sec.46 and sec.30(2)!
4	Freight transport services within the EU	The member state in which transportation begins	sec.22(2)
5	Services related to freight transport (loading, unloading, handling, storage etc)	Where services are actually supplied	sec.23
6	Intermediary services supplied by an intermediary	Where the transaction in which the intermediary is involved takes place under the VAT Act	sec.26
7	Electronic communications, broadcasting, and electronically supplied services	The customer's seat or declared place of residence, or in the absence of it, place of permanent residence	sec.27(1) and (3-5) See also sec.30(2)!
8	Hiring out a means of transport where its continuous possession or use exceeds 30 days (90 days for vessels)	The customer's seat or declared place of residence, or in the absence of it, place of permanent residence	sec.28(2)
9	Hiring out a pleasure boat for a period exceeding 90 days (from the supplier's business establishment or fixed establishment)	Where the craft is actually put at the customer's disposal	sec.28(3)
10	<p>If the customer's seat or declared place of residence (place of permanent residence) is outside the EU:</p> <ul style="list-style-type: none"> <li>• Transfer of licences, trademarks and similar rights</li> <li>• Services related to advertising and public relations</li> <li>• Legal, accounting, auditing, consulting, market research services</li> <li>• Hiring out movable assets (except for all means of transport) etc</li> </ul>	The customer's seat or declared place of residence, or in the absence of it, place of permanent residence	sec.30(1) See also sec.30(2)!

- 11
- Electronic communications, broadcasting, and electronically supplied services
  - Hiring out movable assets and means of transport
  - Outside the EU if the services are used and enjoyed outside the EU
  - Latvia if the services are used and enjoyed in Latvia
- sec.30(2)