Hard earned victory 2/50/21

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A litigation and dispute resolution lawyer's clients often prefer to avoid arguing with the authorities in the hope of building a relationship or performing an obligation, even one that has no basis in law. From a strategy perspective it is sometimes useful to concede a small point in order to secure a bigger gain, such as time or progress. And unreasonably complaining right and left is not considered good style. However, you should not be afraid to speak up where this is necessary and to engage in a meaningful discussion with the authorities when it makes sense. The government is not a small child who will take offence and seek revenge at the first opportunity. Below is a story of successful communication with two fairly bureaucratic government agencies: the State Revenue Service and the Citizenship and Migration Office.

Case 1. Good things come to those who wait

We informed our MindLink subscribers a while ago about the case where a tax inspector had asked for additional information on previous periods after examining the person's capital gains tax returns for 2018–2020. The person then prepared and filed capital gains tax returns for 2012–2017 via the Electronic Declaration System (EDS). Those were accepted and the person was made to pay extra tax and a late fee for that period. In reply to the taxpayer's request to withdraw, cancel, adjust or delete the returns filed, that is, to apply any procedure that stops the tax debt and late fee accruing for the period outside three years (the statute of limitations in tax law), the taxpayer received a brief letter literally containing one thought: the law does not provide for this option. This might have seemed to be the end of it. Yet even though the outcome of the review of the person's petition did not take the proper form (this should have been a decision, not a simple letter), in administrative proceedings the authorities evaluate replies according to their content, not form. The reply essentially contained a refusal, so this could be appealed to the Director-General of the State Revenue Service (SRS).

It took the SRS almost five months to handle the appeal. They repeatedly extended the time limit for making a decision without stating reasons. Yet the wait proved worth it. The Director-General's decision required the tax board to delete the disputed tax returns from EDS, thereby deleting the resultant tax liabilities. The decision was based on the tax board's failure to grant the taxpayer's implied request that the time limit for filing tax returns be renewed (the late filing of the tax return amounts to an implied request, according to the SRS).

Case 2. You have to file something that's impossible to file

Taking out a residence permit often involves the Citizenship and Migration Office (CMO) asking the company for additional documents or explanations giving details of how the foreign expert or manager is being hired. The process begins with obtaining the CMO's approval for the company's summons for the potential employee.

In this case a labour hire service provider had requested approval for a summons issued to a third-country national, an IT expert. Although the company had submitted all the statutory particulars and documents, the CMO did not approve the summons and demanded additional documents to confirm that the final

recipient of the outcome of the potential employee's work – a US-registered company – is registered in Latvia, too. This demand was based on the CMO's view that the provision of services to a US company is outside the scope of the service provider's licence (provision of services in Latvia). The authority's decision in fact imposed an obligation that was impossible to perform because the other party was not registered in Latvia.

Overall, this requirement was not based on any labour law, tax law, or law governing the service provider's business:

1. A labour hire service provider, too, is recognised as an employer.
2. Given the type of services provided by the potential employee under section 14(7–8) of the Taxes and Duties Act interpreted in conjunction with article 5(4) of the Convention between the Republic of Latvia and the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, the US company did not have a permanent establishment in Latvia and was not, therefore, liable to register in Latvia. At the summons approval stage, none of the immigration laws required the CMO to evaluate the customer's potential tax liabilities.
3. Since the employee was to stay and work in Latvia, which leads to the conclusion that the services are treated as supplied in Latvia, it was clear that the service provider is in no way breaking the terms of his licence. All these arguments were set out in the explanations submitted to the CMO.

Although the CMO has not replied with a letter or decision, the company is aware that the summons for the employee has been approved.