

We are one step closer to e-invoicing from 2025 and 2026 1/24/24



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On 24 May 2024 the Finance Ministry launched a public consultation on proposals for amending the Accounting Act that require invoices to be prepared as structured electronic invoices. Latvian companies invoicing state-funded organisations will have to use structured electronic invoices from 1 January 2025. Other companies will be covered from 2026. This article explores the early proposals for implementing e-invoices in Latvia.

As we have written before, on 12 October 2021 the Cabinet of Ministers debated and endorsed the Finance Ministry's informational report on implementing a system for the electronic transmission of supporting documents and delivery documents, which made the use of electronic supporting documents and e-invoices mandatory from 2025. The report required e-invoicing between businesses (B2B) as well as between a business and a government agency (B2G). Finally, on 24 May, the first step was taken towards enacting these requirements by launching a public consultation on the proposed amendments.

The proposals lay down rules for preparing a supporting document (invoice) issued to a customer for payment, stating it must be prepared as a structured electronic invoice. The proposals refer to the relevant electronic invoicing standard and make the following requirements:

- A structured electronic invoice is an invoice that is prepared, sent and received in a structured electronic format, allowing it to be processed automatically and electronically, and meets EU Standard LVS EN 16931-1:2017 'Electronic invoicing – Part 1: Semantic data model of the core elements of an electronic invoice'.
- A company issues an electronic invoice according to Technical Specification LVS CEN/TS 16931-2:2017 'Electronic invoicing – Part 2: List of syntaxes that comply with EN 16931-1'.

The proposals require all Latvian-registered companies to use structured electronic invoices from 1 January 2026. The transition clause states that Latvian-registered companies invoicing state-funded organisations will have to use structured electronic invoices from 1 January 2025. Invoices for transactions a company completes with a state-funded organisation by 31 December 2024 can be prepared as structured electronic invoices from 1 January 2026.

The proposed e-invoicing requirement for taxpayers in the B2G segment will extend to G2B (Government to Business) and G2G (Government to Government).

The proposals make the following exclusions from the structured electronic invoicing requirement:

- Companies – for transactions where payment is confirmed by a supporting document prepared under the legislation on the use of electronic devices and equipment for registering taxes and other payments

- Companies – for transactions where payment is confirmed by a supporting document (invoice) prepared and generated within the National Health Service's Management Information System
- National security agencies – for their electronic supporting documents

The technical solution for structured electronic invoicing is currently available from the Latvian government services portal Latvija.gov.lv maintained by the National Regional Development Agency and from the single electronic communication platform – the official electronic address ('e-address'), as well as from commercial e-invoicing operators (PEPPOL¹ service providers).

To determine the e-invoicing procedures, including technical pathways for data sharing, delivery and receipt methods, any necessary adjustments to the e-address and other technical aspects of e-invoicing, the proposals require the Cabinet of Ministers to issue rules laying down the e-invoicing procedures by 1 July 2025.

The rules will state that for mandatory domestic B2B e-invoicing purposes a solution will be implemented for decentralised e-invoicing using three methods of electronic transmission:

- The free state-supplied solution (e-address)
- PEPPOL service providers or operators (a paid service)
- Individually between taxpayers, i.e. the issuer and the recipient of an invoice will agree on the channel of exchange (e.g. using email or direct software integration interfaces).

An annotation to the proposals explains that the legal framework will also affect persons subject to the VAT Act, with the e-invoicing requirement covering domestic taxable transactions only. So appropriate amendments are expected to the VAT Act as well.

As there is not much time left before Latvia implements mandatory e-invoicing, we emphasise that the implementation process can be time-consuming and complicated, so each organisation needs to undertake an individual assessment of implementation.

PricewaterhouseCoopers SIA professionals are happy to advise your organisation on e-invoicing implementation. Our support will be tailored to your needs and we can offer efficient solutions to drive your growth and long-term success. For details please reach out to your regular PwC contact or one of our team.



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¹ Pan-European Public Procurement On-Line