

# Tax authority invites applications for automatic refund of personal income tax 2/39/24



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On 9 September 2024 the State Revenue Service (SRS) reminded Latvian taxpayers about the opportunity to apply for an automatic refund of personal income tax (PIT) without filing the annual tax return (ATR). Persons wishing to receive into their bank account any PIT overpaid in the previous tax year are asked to apply for this service by 30 September 2024.

In August 2024 the SRS added Smart-ID to the array of tools for signing in to the Electronic Declaration System (EDS), offering taxpayers an easier method of authentication.

## Automatic refund of PIT

Since the autumn 2023 the SRS has given taxpayers the opportunity to recover any PIT overpaid in the previous tax year into their designated bank account without filing the ATR.

An automatic refund of PIT is based on data available to the SRS. This means the taxpayer will receive a refund automatically in the following cases:

1. An overpay arose when the tax was recalculated by applying an annual income-differentiated personal allowance or a progressive tax rate to their annual income.
2. Not all of the available tax allowances have been applied to their income (e.g. dependant allowances, allowances in the event of a disability, allowances for politically repressed persons or members of the national resistance movement).
3. The person has contributed to private pension funds or held an endowment insurance policy, which the service provider notifies to the SRS, who then reduces the annual PIT charge accordingly.

The automatic refund procedure does not apply to a PIT overpay arising from the person's allowable expenses under the PIT Act. This means persons still have to file the ATR and attach relevant supporting documents to recover any PIT overpaid on their own and their family members' allowable expenses (e.g. medicine, dentistry, education, children's groups and charitable donations).

The new refund option is not available to taxpayers that are required by law to file the ATR, including economic operators. These taxpayers still have to file the ATR for the previous tax year under the current procedure: from 1 March to 1 June or from 1 April to 1 July.

To apply for an automatic refund, the taxpayer has to make an application giving their bank account details by 30 September 2024. The account must be opened with a Latvian-registered credit institution or at a payment service provider.

An application can be completed and submitted via EDS, where it's available in the section 'Prepare Document from Form' – 'Personal Income Tax Documents' – 'Application to Receive Automatic Tax Refund Without Filing Annual Tax Return'.

An application in paper form can be presented at any of the SRS customer centres in person or sent to the SRS by post.

Having applied for this service, the person will be receiving a tax refund without filing the ATR in the coming years as well. A repeat application is required only if the person wishes to receive a tax refund into a different account.

## Signing in to EDS with Smart-ID

From 8 August 2024 there is a new method available for signing in to EDS with Smart-ID. Although it was possible to sign in with Smart-ID earlier, this was done via the single sign-on module 'Latvija.lv'. This process is now simplified to prevent potential disruptions due to the operation of systems. You can also use some other authentication methods, such as the internet bank, electronic identification cards (*eID*) and the secure electronic signature (*eParaksts*).

You can still connect with your username and password assigned by the SRS, a method that was to be suspended after the adoption of two-factor authentication on 1 July 2024. However, this solution is still available and there is no information about it being terminated in the near future.