

Thank-you letters from tax office (3/8/17)

Many companies are used to getting a thank-you letter from the State Revenue Service (SRS) in the spring, which says, among other things, that the SRS is not planning to conduct any tax checks in the company within a stated period. This article discusses whether thank-you letters are expected this year.

What are SRS thank-you letters?

These are letters sent to companies on behalf of the SRS Director General that, for example, quoting the text of a letter sent in 2016, state that –

“...your company has conscientiously carried out its statutory obligations and paid considerable contributions to the Treasury... Acknowledging our respect and appreciating our cooperation with you so far, we hereby inform you that the SRS is not planning to conduct any tax checks in your company until 1 May 2017...”

According to their website, the SRS sends thank-you letters to taxpayers after analysing their tax contributions to the Treasury over the past year and making a list of entities (traders) with –

- more than €100,000 paid in tax contributions to the Treasury for the past calendar year;
- no material risk of tax evasion and no material excise or customs risk identified as a result of risk analysis;
- an average pay of no less than 70% of the average pay in Latvia; and
- no losses (after taxation) reported in the profit and loss account of the financial statements filed for the last two years.

According to their website, the SRS sent thank-you letters to 2,448 companies (of which 1,964 were repeats) through the Electronic Declaration System in April 2016.

Such thank-you letters were sent according to the SRS strategy for 2014–2016. The first of its four strategic objectives was “...to carry out activities aligned with behaviours adopted by taxpayers and customs clients in performing their obligations for ensuring efficient collection of government revenues and protection of EU interests” and provided for recognising the largest taxpayers in order to enhance the prestige of voluntary discharge of tax obligations.

Will such letters be sent out this year?

Although the SRS strategy for 2017–2019 has been publicly presented at SRS conferences, it has yet to be posted on their website. According to the information made publicly available at conferences held in early 2017, the SRS will have the following strategic objectives:

- putting their internal processes in order;
- supporting and advising honest customers to help correct any accidental errors; and
- identifying and punishing dishonest taxpayers.

Tax officials attending the SRS conferences have said that adopting the new strategy means that no new thank-you letters will be sent out in 2017, but no such public announcement can be found on the SRS website. It follows that sending thank-you letters is no longer guaranteed, and either none will be sent or

these will no longer feature an assurance of no tax checks this year.