

Income tax filing season (3/10/17)

Last week we wrote about cases where Latvian tax resident individuals are liable to file their income tax return for 2016. This article takes a look at some of the changes to reliefs and allowable expenses relevant to income gained in 2016 and likely to encourage Latvian tax residents to file voluntarily.

Differential personal allowances

With differential personal allowances (DPA) in place since 2016 ([we've written about this earlier](#)) anyone with gross income of up to €1,000 a month in 2016 can file voluntarily to recover any overpaid income tax on the basis of DPA.

Amounts spent on children's interest education at accredited education establishments

This is the first year that amounts spent on so-called children's interest education have been part of allowable expenses. It's important to note that children's interest education within the meaning of the Education Act is provided by either an accredited education establishment or an individual or entity that has taken out a licence from the relevant municipality. Thus, only documentary evidence of payment issued by accredited education establishments or licensed persons should be attached to the tax return.

Donations to parties

Amounts given away to Latvian-registered political parties in 2016 can be included in allowable expenses, with documentary evidence of payment attached to the tax return.

Caps and deadlines

Medical and educational expenses, amounts spent on children's interest education, and donations to political parties combined attract a cap of €215. Any allowable expenses over and above the cap will be carried forward to future tax periods.

As before, the cap doesn't apply to amounts spent on dental treatment and scheduled operations, which can be fully included in allowable expenses.

Voluntary filing is not subject to the statutory filing deadline, so you might just as well file after 1 June (within three years after the filing deadline).