

Advanced Cooperation Programme: three levels (1/41/18)

Announced at the meeting of state secretaries on 27 September 2018, the Cabinet of Ministers' draft rules for running the Advanced Cooperation Programme (ACP) make a number of important changes.

The registration process

Only large companies have so far been eligible for the ACP given its selection criteria. The current rules provide for complex multi-step activities:

1. Taxpayers file an application;
2. The State Revenue Service (SRS) evaluates applicants and monitors ACP members;
3. The Finance Ministry's ACP Commission prepares decisions to admit, retain or deregister ACP members.

The current procedure is to be replaced with the following automated processes:

- The procedures for obtaining and aggregating information are automated, with data being selected automatically on the SRS information system;
- Evaluation against a set of clearly defined criteria;
- The admission process and regular compliance assessments.

No application for membership should be filed, and no administrative statement of registration or deregistration will be issued.

Bronze, Silver, and Gold

The new ACP model will group taxpayers according to their business scope into three levels: Bronze, Silver, and Gold.

To enter any of the three levels, a taxpayer should meet the prescribed selection criteria. Each member will qualify for allowances and advantages that are available under relevant legislation or offered by relevant institutions posting information on their website. Advantages and allowances will be offered by the SRS, the Central Financing and Contracting Agency, the Ministry of Economics (the Latvian Investment and Development Agency), and the Ministry for Education and Science.

Advantages in applying general security for excise will be available to Silver and Gold members. Close to 2,500 taxpayers are expected to meet the ACP criteria under the new model.

A period of transition

New ACP members start out Bronze even if they qualify for a higher level. Bronze members have to wait for one year before they can turn Silver if they meet the prescribed selection criteria. Silver members have to wait for two years before they can turn Gold if they meet the criteria.

From 1 January 2019, existing ACP members may be admitted to Gold, and any taxpayer meeting the criteria for a particular level will enter it, ignoring the requirement for staying lower first.

Also, from 1 January 2019, any taxpayer that overall meets the Gold criteria but has not set up a tax risk management system will go Silver, and the SRS will send them a letter stating the need to put tax risk management procedures in place and the chance of being promoted to Gold. Such a Silver member will have to electronically file notarised copies of their tax risk management documentation with the SRS by 1 March 2019. Otherwise the right to turn Gold in 2019 will be forfeit.

An updated list of ACP members will be posted on the SRS website.