

Time to file annual income tax return (2/6/20)

The tax filing season is approaching swiftly as we have less than one month to go until March. On 14 January 2020, we informed our MindLink.lv subscribers about the proposed amendments relating to the statutory form of the personal income tax (PIT) return and instructions for completing it. This article explores the filing obligation as well as the statutory filing and payment deadlines.

The filing obligation

Below is a list of common cases that require a Latvian tax resident individual to file the annual income tax return by the statutory deadline:

- The person conducted a business, e.g. rented out some real estate they own.
- The person gained income from renting their real estate, and the income qualifies for a special 10% PIT regime if the taxpayer has notified the State Revenue Service of conducting a business that is not subject to registration.
- The person gained some non-taxable income exceeding EUR 10,000 in 2019 (e.g. sold some movable property or received a gift from the spouse or a relative up to the third degree).
- The person gained some taxable income but tax was not deducted at source (e.g. they received a gift from another person that attracts PIT).
- The person gained some income abroad, such as dividends, interest or employment income. However, there is no filing obligation if the person gained employment income in another member state and PIT or a similar tax was charged on the income there. However, if the person files the tax return for any other reason and also gained employment income in another member state, we would recommend reporting the income on the tax return to give the State Revenue Service a full picture of the income earned and, for instance, allow an income-differentiated personal allowance to be estimated correctly.
- The person is liable to pay more PIT because a progressive rate was applied (e.g. a 31.4% PIT was due on employment income exceeding EUR 62,800 in 2019). However, a person that was employed in Latvia and paid national insurance contributions in Latvia on the employment income (even if it exceeds EUR 62,800) should have no further tax to pay because some of the solidarity tax charge offsets the 31.4% PIT charge.
- The person is liable to pay more PIT after an income-differentiated personal allowance was applied for the year.

The filing deadlines

An individual with an income of up to EUR 62,800 in 2019 is required to file a tax return between 1 March and 1 June 2020.

If a person's income for 2019 exceeded EUR 62,800, the tax return is due between 1 April and 1 July 2020.

The payment deadlines

Any PIT charge of up to EUR 640 is payable within 15 days after the filing deadline, i.e. by 16 June 2020.

An extra PIT charge exceeding EUR 640 can be paid in three instalments: by 16 June, 16 July and 17

August 2020 (16 August falls on a Sunday this year so the deadline moves to the next working day).

If the PIT charge exceeds EUR 640 and the income for 2019 exceeds EUR 62,800, the payment deadlines are 16 July, 17 August and 16 September 2020.