

# Filing annual income tax return for 2020 2/10/21



Director, Tax, and Head of Pan-Baltic  
People and Organisation Practice, PwC  
Latvia

Irena Arbidane

As we have entered the filing season, this article explores the filing obligation and the deadlines for filing and paying personal income tax ("PIT").

## 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:

- Individuals did not work the full year in 2020 or have gained no previous income (e.g. parents returning to work and persons having recently started work);
- Individuals gained some property rental income that qualifies for a special 10% PIT regime if the taxpayer has notified the State Revenue Service of conducting a non-registrable business.
- Individuals gained some non-taxable income exceeding EUR 10,000 in 2020 (e.g. sold some movable property or received a gift from the spouse or a relative up to the third degree).
- Individuals gained some taxable income but tax was not deducted at source (e.g. a gift from another individual that exceeds EUR 1,425 for the year and therefore attracts PIT).
- Individuals gained some income abroad, such as dividends, interest or employment income. There is no filing obligation if a person gained employment income in another member state that has already been charged to local PIT or a similar tax. However, if the person files the tax return for any other reason and gained employment income in another member state, we recommend reporting the income on the tax return to give the State Revenue Service a full picture of the income earned and, for instance, help them estimate an income-differentiated personal allowance correctly.
- Individuals are liable to pay more PIT because a progressive rate was applied on incomes from different sources.
- Individuals are liable to pay more PIT because an income-differentiated personal allowance was applied for the year.

## Covid-19 implications

While the pandemic has affected the tax treatment in certain cases, Latvia has not issued guidance to lay down any special PIT treatment for employees that have been forced or have decided for private reasons to work remotely from abroad because of Covid-19 restrictions. For example, in 2020 a Latvian tax resident employed by a foreign company returned to Latvia for an agreed period and worked remotely here. Each situation like this should be assessed on its merits to identify an obligation to charge Latvian PIT and national social insurance contributions on part of the remuneration the foreign employer paid to the Latvian resident for working in Latvia.

## Filing deadlines

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

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

## Payment deadlines

Any PIT charge of up to EUR 640 is payable to the government on or before 23 July.

An extra PIT charge exceeding EUR 640 can be paid in three instalments: by 23 July, by 23 August and by 23 September.

Remember that from this year PIT should be paid into the single tax account:

*Name: Vienotais nodokļu konts*

*Beneficiary: Valsts budžets (VID), reg. No. 90000010008*

*Beneficiary institution: Valsts kase, BIC code TRELLV22*

*Account number: LV33TREL1060000300000*

The annual income tax return with attached documents supporting allowable expenses can be filed through the State Revenue Service's Electronic Declaration System, or by email to [vid@vid.gov.lv](mailto:vid@vid.gov.lv) if the person has an electronic signature, or by post.

To make it easy for taxpayers to file their allowable expenses (receipts etc), the State Revenue Service has developed the mobile app "Allowable Expenses", which can significantly facilitate preparing the tax return.