

Proposed amendments to Taxes and Duties Act (1) 3/35/24



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In early June, the Finance Ministry proposed amending the Taxes and Duties Act to improve the general tax administration rules and held a public consultation on the proposed changes. The proposals have been approved by the Cabinet of Ministers and are being prepared for submission to Parliament. This article explores what we see as key changes.

The content and substance of the proposals

The proposed changes mainly affect the administration of taxes and duties, as well as tidying up the administrative and data sharing processes between government agencies.

The administration of taxes and duties is affected by the following changes:

1. The threshold for uncollectible tax debt will be raised to EUR 40. The threshold of EUR 15 for late payments of real estate tax remains unchanged.
2. Aligning the provisions of law that govern the amount of a taxpayer's unpaid liabilities to be posted on the SRS website if it exceeds EUR 150. In future, the amount of unpaid tax liabilities will exclude any tax charges assessed as a result of an audit that are covered by a settlement agreement with the SRS under section 41 of the Taxes and Duties Act.
3. The crediting of customs payments into the single tax account will be postponed until 1 January 2027, given the process of developing the customs payments functionality.
4. To encourage cooperation with taxpayers on payments duly made into the single tax account and to ease the administrative burden on the SRS, there are plans to adopt a new approach to late fees. In future, a late fee will be charged twice a month – on the 1st and the 15th:
 - Period 1 – from the following day of the payment deadline (the 24th day or the following workday) to the last day of the current month of the payment period.
 - Period 2 – from the 1st to the 14th of the following month of the payment period.

This approach to late fees will give the taxpayer a certain number of days in each of the periods to pay the late fee.

The proposals also specify cases where a late fee will not be charged, for instance if a late payment of taxes, duties or other national charges is received by the last day of the current month of the payment period.

The changes to late fees will also affect other tax payment governance processes where payments are credited into the single tax account, including a deadline extension and a voluntary payment schedule.

We find that the most significant changes to taxation and administration affect the approach to late fees. Once the amendments are passed, we will examine the new procedure for charging late fees and publish a MindLink article summarising all the amendments and highlighting the main changes.

(to be completed)