

Parliament approves e-invoicing in Latvia 1/45/24



Senior Manager, Tax Reporting, Accounting
and Strategy, PwC Latvia
Juris Boiko

Passed by the Latvian parliament on 31 October 2024 in their final reading, amendments to the Accounting Act require Latvian invoices to be issued as structured electronic invoices ('e-invoices'). These changes will apply to all businesses when invoicing government agencies (B2G) from 1 January 2025. E-invoicing will become mandatory between businesses (B2B) from 1 January 2026.

The amendments prescribe the format of a supporting document (invoice) issued to the customer for payment and provide that the invoice must be executed as a structured e-invoice. The Accounting Act includes a reference to the relevant e-invoicing standard and lays down the following requirements:

- The structured e-invoice is an invoice prepared, sent and received in a structured electronic format which allows it to be automatically and electronically processed and which meets EU Standard LVS EN 16931-1:2017 'Electronic invoicing - Part 1: Semantic Data Model of the Core Elements of an Electronic Invoice.'
- Businesses issue e-invoices as per technical specification LVS CEN/TS 16931-2:2017 'E-invoicing - Part 2: List of syntaxes that comply with EN 16931-1.'

The amendments provide that all Latvian-registered businesses will have to issue structured e-invoices from 2026. This requirement will cover all businesses, including companies, partnerships, associations, foundations and other economic operators, as well as Latvian-registered branches of foreign companies.

The amendments provide for the following exclusions from e-invoicing:

- Companies - for transactions where payment is evidenced by a supporting document prepared according to the legislation on the use of electronic devices for registering taxes and other payments
- Companies - for transactions where payment is evidenced by a supporting document (invoice) prepared and generated by the National Health Service's management information system or by the National Employment Agency's information system for registering unemployed persons and vacancies
- National security agencies, the Investigation Support Office of the National Criminal Police Headquarters, the State Revenue Service's Tax and Customs Police Board and the Anti-Corruption Bureau - for a supporting document prepared within their internal electronic communication systems

The amendments mandate the Cabinet of Ministers to issue rules prescribing e-invoicing procedures, including technical data exchange routes, types of delivery and acceptance, and other technical aspects of e-invoicing by 1 May 2025.

The new rules will provide for a decentralised e-invoicing solution to be adopted in the domestic B2B segment, with three methods of electronic transmission:

- The free national government service portal *Latvija.gov.lv* and the single electronic communication platform *e-adrese* (the official electronic address)

- PEPPOL service providers or operators (a paid service)
- Individually between taxpayers, with the issuer and recipient of an invoice agreeing on the channel of transmission (e.g. using email or direct software integration interfaces)

The new rules will also require structured e-invoices to be filed with the State Revenue Service to ensure more transparency and control over tax accounting from 1 January 2026.

Based on the e-invoicing amendments to the Accounting Act, the Value Added Tax Act is likely to be amended soon.

With not much time left before e-invoicing becomes mandatory, it's important to realise that this process can be quite complicated and require substantial changes to your accounting systems and daily workflows. To ensure timely compliance with the new requirements, it's advisable to carefully plan for this process and make early preparations.

We suggest you read a brochure we have created to give you an in-depth understanding of the implications for your company and more information on e-invoicing requirements in Latvia.

Find out more