

What criteria do tax authorities and courts use in evaluating intermediary's role in cross-border transactions? 2/47/24

On 30 September 2024 the Latvian Supreme Court issued Ruling No. A420226518 after hearing a Latvian company's appeal against a decision from the State Revenue Service (SRS) and a ruling from the Regional Administrative Court. The dispute was over the results of a tax audit that questioned the company's right to deduct input VAT when acting as intermediary in cross-border transactions. The SRS viewed the transactions as fictitious because the original seller (two unrelated Latvian companies) and the end buyer (a related Lithuanian company) had allegedly entered into a secret agreement. The SRS said the company was aware of that agreement and engaged in documenting the transactions as an intermediary to reduce the amount of value added tax (VAT) and corporate income tax (CIT) payable to the government.

Izlasiet visu īsziņu ne tikai virsrakstu, kļūstot par abonētāju

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