

# Protection of trade secrets in e-invoicing (1)

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As of 1 January 2025, verification documents (invoices) will be created in a structured electronic invoice or e-invoice format for settlements with state and municipal institutions. Such an electronic invoice may contain trade secrets and certain procedures must be followed to ensure their protection. How can I protect trade secrets in electronic invoicing?

### General requirements for E-invoicing

It was possible to create a structured electronic invoice in advance on a voluntary basis, but the mandatory introduction in Latvia will be established in stages starting this year. Initially, from 1 January 2025, the use of electronic invoices will be mandatory for settlements between the state administration and Latvian-based companies or G2G (Government to Government), B2G (Business to Government) and G2B (Government to Business), including sole traders. However, from 1 January 2026, the use of electronic invoices will be mandatory for settlements between companies registered in Latvia or in the B2B (Business to Business) segment.

However, the established requirements only apply to economic operators registered in Latvia to issue an electronic invoice to companies that are not registered in Latvia. Although e-invoicing in the B2B segment will be mandatory from 1 January 2026, it is not prohibited to use it now.

In order to fulfil the requirements for electronic invoicing, the invoice must meet the criteria specified in Section 1(9) of the Accounting Law (AL), namely:

- Automatically and electronically in XML format (Extensible Markup Language);
- Comply with the European Union standard LVS EN 16931-1:2017 "Electronic invoices". Part 1. semantic data model for key elements of electronic invoicing ';
- In accordance with the technical specification LVS CEN/TS 16931-2:2017 "Electronic invoices". Part 2: List of syntax compliant with EN 16931-1 '.
- At the same time, exceptions to the mandatory obligation to issue invoices electronically are provided for. Such an obligation does not apply to:
- Transactions where the payment is certified by a document confirming this transaction. This document must be issued in accordance with the laws and regulations governing the procedures for the use of electronic devices and equipment for the registration of taxes and other payments (e.g. a receipt/e-receipt registered by the state tax authority, a cash receipt, a ticket);
- Transactions where the payment is certified by a confirming document (invoice) created and generated in the National Information System for Healthcare Administration or in the Information System for Registration of Unemployment and Registered Vacancies of the State Employment Agency;
- Cases in which the transactions concern matters of official secrecy.
- The exemption is also provided for contracts concluded with the budgetary authority by

31 December 2024. In this case, electronic invoicing will be possible from 1 January 2026.

The GL contains mandatory information on electronic invoicing, including

- The name of the document type;
- The date of the document;
- The document number;
- Details of the company involved in the economic transaction and issuing the document in its own name;
- Information that enables the other participants in the economic transaction to be clearly identified;
- If another participant in an economic transaction is a natural person who does not carry out any economic activity, their first name and surname must be indicated (the personal identity number is indicated at the request of this person or if it results from other legal regulations);
- Description and monetary value of the economic transaction (in cases specified in the legislation, also other information, such as quantity, unit of measurement), etc.

At the same time, you can specify other information in the XML file for electronic invoices. Accordingly, a company must assess whether the information contained in an electronic invoice constitutes its trade secret. It should be noted that according to the requirements of Section 3, paragraph 2 of the Law on the Protection of Trade Secrets, all information in the accounting is recognised as a trade secret, with the exception of such information that is included in the accounting of natural or legal persons. Thus, accounting information, such as product specifications, can be classified as a trade secret.

*(to be continued)*