Extension of the introduction of electronic invoicing until 2027 – an enforced necessity or a well thought-out strategy? 1/22/25

On 21 May 2025, the Ministry of Smart Administration and Regional Development (VARAM) published an information report entitled “On the progress of the introduction of structured electronic invoicing”. The report proposes to postpone the mandatory introduction of electronic invoicing in business-to-business (B2B) transactions from 1 January 2026 to 1 January 2027, while allowing voluntary use from March 2026. These changes are justified by several critical factors, including technical readiness, a lack of digital skills and insufficient preparation time.

Legal framework

The obligation to introduce electronic invoicing in Latvia results from the amendments to the Accounting Law, which came into force on 31 October 2024. From 1 January 2025, the use of electronic invoices will be mandatory for transactions with public sector entities (B2G) and from 1 January 2026 for all significant B2B transactions.

Latvia has adopted the standard for electronic invoices LVS EN 16931-1:2017 based on directives of the European Parliament and the Council, which aims to promote the use of electronic invoices in public procurement procedures and improve data interoperability in the European Union. Electronic invoices are an important tool for the development of the digital economy, as they speed up document processing, reduce administrative costs and ensure better data control.

Experience in the B2G sector

In the B2G sector, where the mandatory use of electronic invoices came into force on 1 January 2025, these changes are reflected in the statistical data. According to the State Revenue Service (SRS) and the State Agency for Digital Development (VDAA), 276,232 electronic invoices were sent via the e-address system in the first quarter of 2025, an increase of 2700% compared to the same period in 2024. The number of user support requests in January 2025 was 1,080, an increase of 250% compared to 2024.

This data indicates both high demand and implementation challenges: many users rely on the electronic invoice forms available on the Latvia.gov.lv portal, which indicates widespread interest, but also points to technical inadequacies and a lack of awareness.

Why is the deadline for implementation postponed?

Firstly, there were only two months between the adoption of the legal framework and its entry into force on 1 January 2025 in the B2G sector. This did not leave enough time for comprehensive preparation.

Secondly, data from the Digital Economy and Society Index (DESI) shows that in 2024, 51.8% of small and medium-sized enterprises in Latvia do not have even a basic level of digital intensity. Only 17.2% use electronic invoices, while 44.1% of the population aged 25 to 54 lack basic digital skills.

Thirdly, many companies still use MS Excel formats for invoicing and do not have specialised accounting software. Consequently, the introduction of e-invoicing requires time, resources and training.

Technical and legal difficulties

The current e-invoice form on the Latvia.gov.lv portal only supports the commercial invoice type (380), and creating other types of e-invoices, such as credit invoices, advance invoices, and others, is not possible. Neither is it possible to enter important information such as the cost centre code or product item numbers, which are essential for accounting purposes.

Standardised guidelines are needed to ensure consistent completion of e-invoice data across Latvia. Currently, different approaches to filling in different information fields (e.g. service address, cost centre) lead to interpretation problems.

Validation is a particularly important aspect, as there is no state system for validating electronic invoices to check structural and content compliance. There are also no government functions for previewing XML files. All this complicates the processing of documents and slows down the pace of implementation.

Content of the Postponement Proposal

VARAM proposes that the MoF prepare amendments to the legal framework that would provide for the following:

- Mandatory electronic invoicing for B2B transactions from 1 January 2027;
- A transition period from 30 March 2026, during which companies can voluntarily use electronic invoices.

Furthermore, the subsequent activities are planned (responsible parties: SRS and VDAA):

- Development of guidelines for the creation of electronic invoices (by 31 December 2025);
- An information and education campaign (by 31 December 2026);
- Improving the e-address system and enabling its use between private companies (by 30 March 2026);
- Automated data transmission to the SRS and improvement of the system infrastructure.

Conclusion

The introduction of electronic invoicing is a strategically correct step, but its implementation requires considerable investment in time and resources. With the decision to postpone the binding start date for e-invoicing to 2027, the government institutions are effectively recognising that the necessary level of digital readiness has not yet been achieved in the preparations to date.

At the same time, this offers companies, accountants and IT providers the opportunity to voluntarily prepare now by utilising the available digital tools and testing opportunities. Only timely integration and adaptation will ensure that electronic invoicing in Latvia will function efficiently and uniformly from 1 January 2027.

Call to participate

PricewaterhouseCoopers encourages all industry stakeholders — business owners, accountants, finance managers and IT solution developers — to participate in the public consultation on the information report. We encourage you to share your insights, suggestions and clarifications on the website of draft legislation. Contributions from companies that have already started implementing e-invoicing are highly welcome, as your practical experience is crucial.

Your feedback is crucial to jointly build a functioning, future-orientated digital ecosystem in Latvia that meets the needs of all users.