

# What should you think about if you plan to move to Latvia?

This memo provides general information on why tax resident status is important, how it is determined in Latvia, and what tax consequences it has.

## 1. Tax resident status

Tax resident status means you are liable to personal income tax (PIT) on your worldwide income in your tax residence country. You should carefully assess your tax resident status to avoid double taxation potentially arising if the tax authorities of two countries treat you as a tax resident.

### Please note:

- Once you become a Latvian tax resident, your worldwide income (including Latvian-source income and foreign-source income) will be subject to Latvian taxes from the date of residence.
- If Latvia has an effective double tax treaty (DTT) with the foreign country, DTT rules will apply to determine your tax residence and allocate it to one country only.

We would be pleased to help you analyse your tax resident status according to Latvian law, current practice and DTT provisions. As a result, you will receive our assessment with conclusions on whether you are considered a Latvian tax resident.



## 2. Registration

If you qualify as a Latvian tax resident under Latvian law, you are liable to register your Latvian tax resident status. This registration includes two steps:

**Step 1:** Notifying the Citizenship and Migration Office

**Step 2:** Filing a registration request with the State Revenue Service (SRS)

Our tax experts can help you register your Latvian tax resident status. We will prepare an application stating the reasons why you qualify as a Latvian tax resident.



### 3. Potential tax consequences

The criteria for applying PIT and national social insurance contributions (NSIC) on your income vary according to your purpose of staying in Latvia. You need to assess the Latvian PIT and NSIC implications of your economic activities and tax resident status.

PIT treatment usually depends on the type of income, as Latvian tax law provides for various rates and methods of calculating the taxable amount. Those may apply to residents and non-residents differently.

NSIC are payable in the country where work is physically carried out -- this should be one country only. If your foreign employer posts you to work in Latvia for a period of up to two years, you can apply to your home country's competent authorities for an A1 certificate and continue paying NSIC in your home country only.

If you need to determine your potential tax obligations in Latvia, we can prepare an overview of PIT and NSIC regimes applicable to your specific case from a Latvian tax perspective. This will include our comments on your tax reporting obligations, based on our expertise and practice.



### 4. Tax reporting obligations

Latvian tax residents should annually check whether they are required to file a Latvian income tax return. You can also elect to file voluntarily. If you have received capital gains on the sale of real estate or financial assets such as shares and bonds, you may be required to file a capital gains tax return.

We have experience in preparing annual income tax and capital gains tax returns for our clients. We would be happy to help you.



### Contact



**Irēna Arbidāne**

PwC tax director

✉ [irena.arbidane@pwc.com](mailto:irena.arbidane@pwc.com)



**Viktorija Lavrova**

PwC senior tax associate

✉ [Viktorija.lavrova@pwc.com](mailto:Viktorija.lavrova@pwc.com)