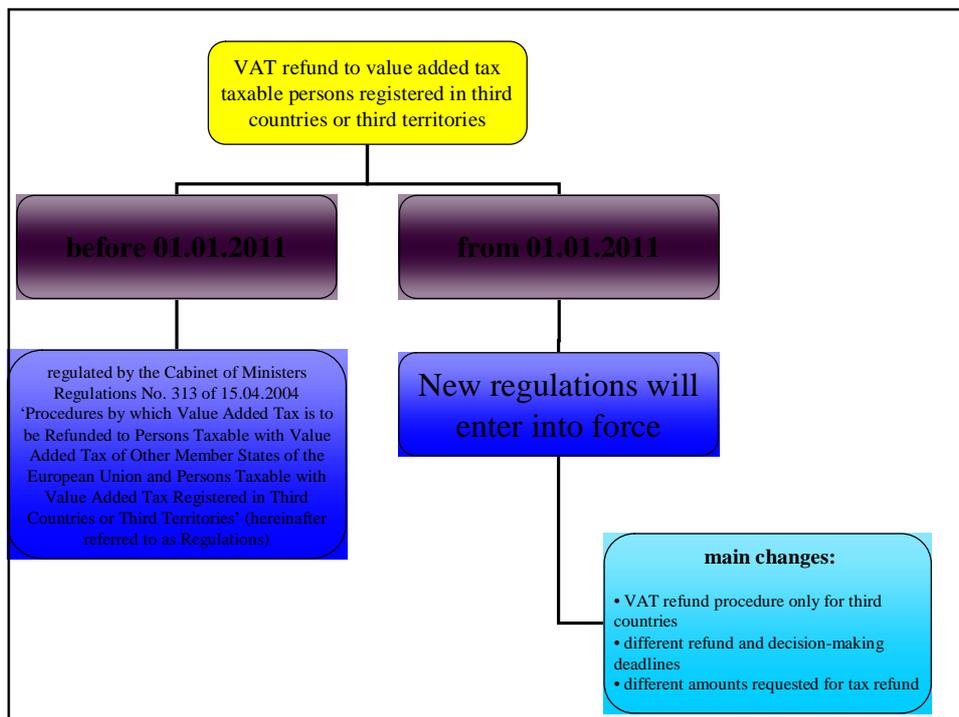




Value added tax refund to value added tax taxable persons registered in third countries or third territories

Riga 2010

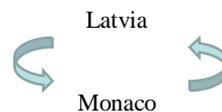


Cabinet of Ministers Regulations No. 313 of 15.04.2004 set forth:

- the procedure by which a person not registered in the territory of the European Union, on the basis of the **principle of parity**, shall be refunded the tax, which has been paid for goods purchased and services received in the Republic of Latvia for the purposes of ensuring economic activity outside the territory of the European Union
- tax refund deadlines and the minimum amount of tax to be refunded
- documents to be submitted to the State Revenue Service and their submission deadlines
- a sample application form for a tax refund to a person not registered in the territory of the European Union

Essence of the principle of parity

(information on the tax refund procedure in the respective country is provided by the Ministry of Foreign Affairs upon request of the State Revenue Service)



Based on the principle of parity Latvia refunds VAT to:

- Norway



- Switzerland



- Iceland



- Monaco



Persons entitled to apply for VAT refund

- Person not registered in the territory of the European Union, if the person:
 - has registered its economic activity outside the European Union
 - corresponds to the status of a value added tax taxable person in its country of residence which is located outside the territory of the European Union
 - is not registered in the State Revenue Service Register of Value Added Tax Taxable Persons
 - does not perform economic activity in the Republic of Latvia subject to registration according to laws and regulations
- Either natural or legal person authorized by a person not registered in the territory of the European Union, acting on the basis of a power of attorney

Time periods for the refund may be:

- calendar year or a period of time shorter than three calendar months, if these are the last months of a calendar year
- period of time not shorter than three calendar months and not exceeding a calendar year

Deadlines and the minimum amount of tax to be refunded:

- **not less than 20 lats (from 01.01.2011 not less than EUR 50 or LVL 35.14)** — if the time period specified in the application is a calendar year or a time period, which is shorter than three months of a calendar year and these are the last months of a calendar year

The application should be submitted within six months after the end of the calendar year – by July 1 of the next year **(from 01.01.2011 till September 30 of the current calendar year)**

- **not less than 135 lats (from 01.01.2011 not less than EUR 400 or LVL 281.12)** – if the time period specified in the application is not shorter than three months of a calendar year and does not exceed a calendar year

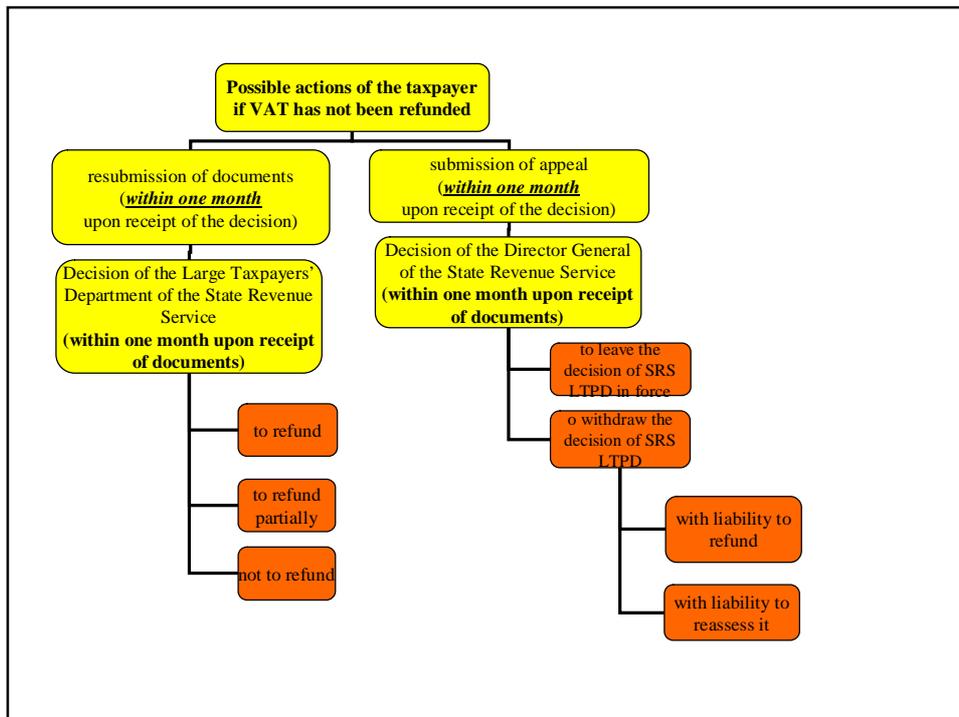
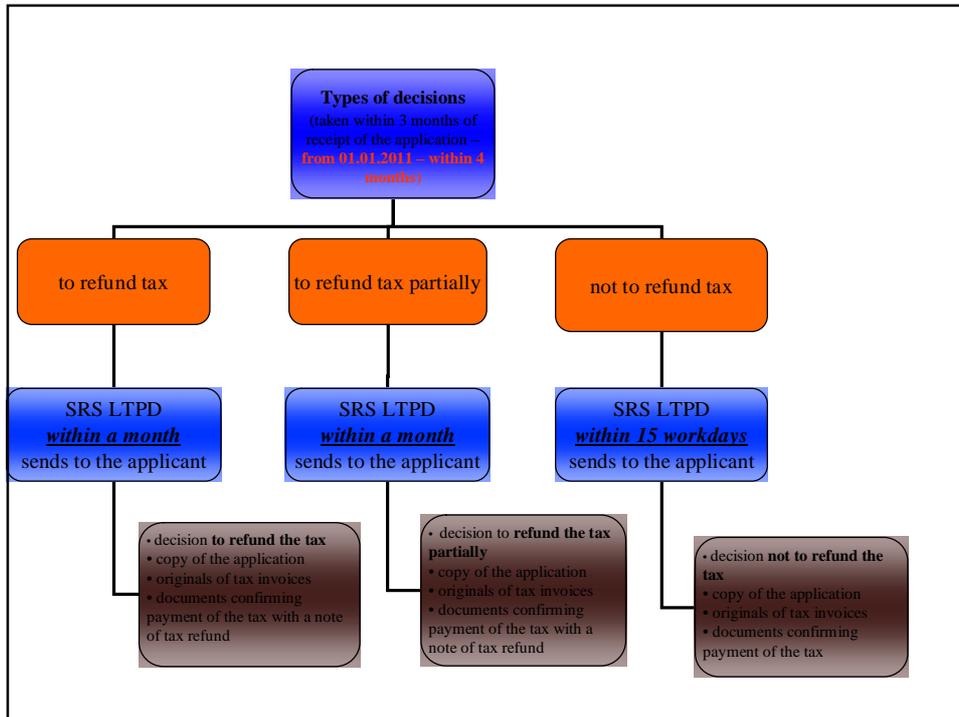
The application should be submitted within three months after the specified time period

Documents to be submitted together with VAT refund application

- paid tax invoices (originals) for goods purchased and services received in the Republic of Latvia, which meet the requirements set in the Law On Value Added Tax
- statement (original) issued by the tax authority of the respective country, which confirms that at the moment of purchase of goods or reception of services:
 - person not registered in the territory of the European Union in the time period specified in the application has been registered as a taxable person in his or her country of residence
- documents that confirm tax payment (cash receipt, which meets the requirements specified in the Law On Value Added Tax, bank payment order)
- power of attorney (original), if the application is submitted by the authorized person

Tax is not refunded

- if the conditions have not been complied with, the documents have not been prepared correctly or tax invoices do not meet the requirements specified in the Law On Value Added Tax
- for transactions, which have not taken place
- for the acquisition of unused real estate and services received in relation to the construction, reconstruction, renovation, restoration or repair of the real estate
- for goods purchased and services received for personal use:
 - ✓ rental, maintenance, repair of a passenger car
 - ✓ purchase of fuel, lubricants and spare parts intended for a passenger car
 - ✓ recreation activities, catering (including restaurant) services
 - ✓ health improvement activities and entertainment costs
- to tourism (travel) firms and agencies if they operate in accordance with Article 13 of the Law On Value Added Tax



Types of activity and type of services received of Norwegian companies applying for VAT refund

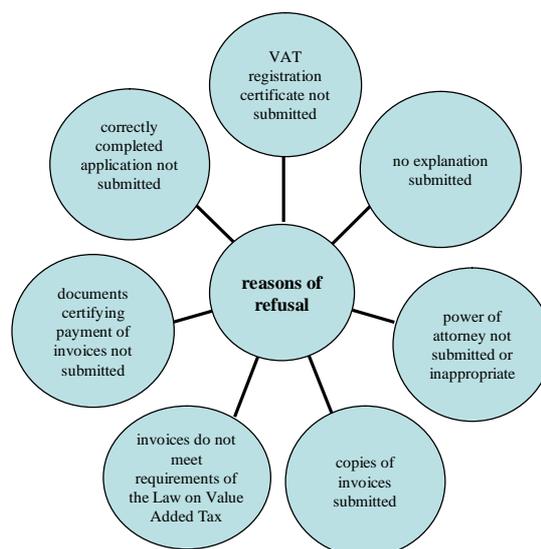
types of activities

- clothing design and fabric production
- bus transport and carriage
- retail sales of marine equipment and fishing accessories
- production and supply of oil, natural gas, aircraft fuel
- management consultants
- car import and sales
- PC and office equipment sales
- air transport
- production of measurement and navigation devices

types of services received

- purchasing of fabric, stitching and sewing accessories
- purchasing of diesel fuel
- purchasing of chairs
- hotel services
- electronic communication services
- computer and office equipment maintenance services
- luggage reloading services
- Installation of airplane landing system in Riga airport

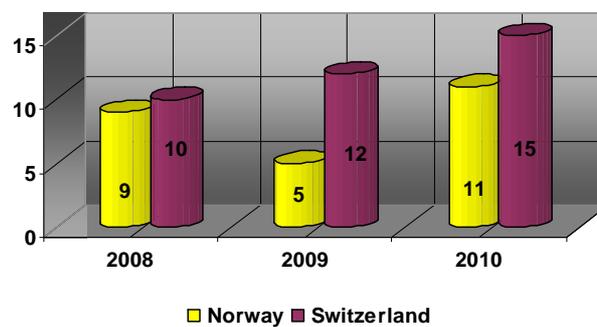
Most common reasons of refusal



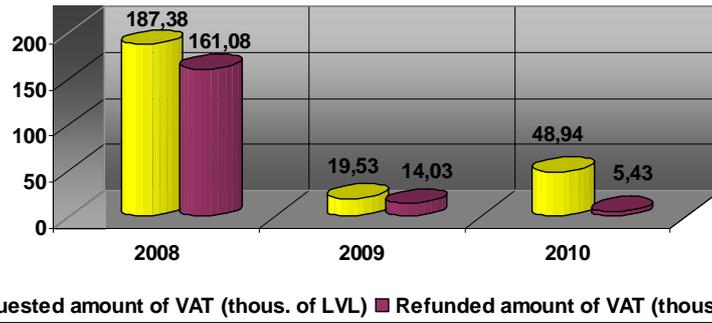
Overview of value added tax refund applications and requested amounts of VAT from VAT taxable persons registered in third countries or third territories

	VAT refund applications received				
	Total	Norway	Switzerland	Monaco	Iceland
2009	17	5	12	0	0
2010	26	11	15	0	0
	Requested VAT refund (thousands of LVL)				
	Total	Norway	Switzerland	Monaco	Iceland
2009	284,23	19,53	264,70	0,00	0,00
2010	404,58	48,94	355,64	0,00	0,00

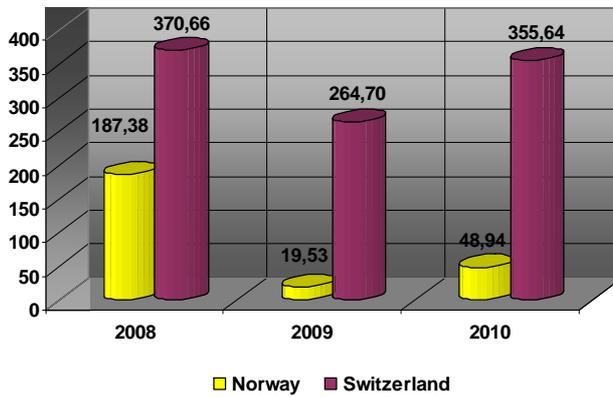
VAT refund applications received in 2008-2010

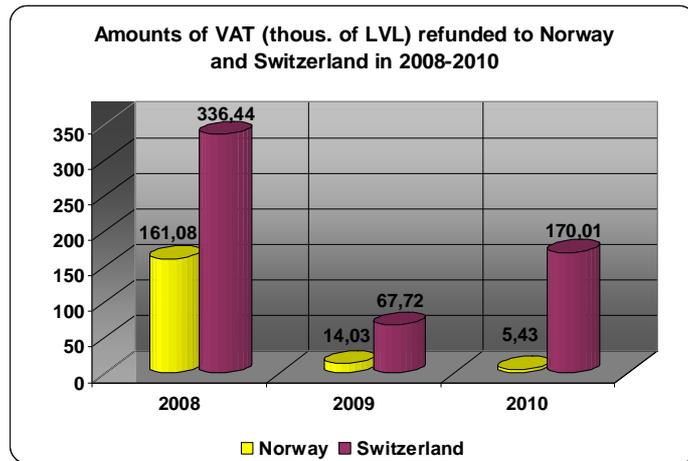


Amounts of VAT (thous. of LVL) requested by and refunded to Norway in 2008-2010



Amounts of VAT (thous. of LVL) requested by Norway and Switzerland in 2008-2010





How to find us:

General information about the procedure of value added tax refund to value added tax taxable persons registered in third countries or third territories is published on the website of the State Revenue Service:

<http://www.vid.gov.lv/default.aspx?tabid=8&id=4449&hl=2>



Thank you for your attention!