

LATVIA

Latvia - Civil Law (German)

Incorporate Now | Consultation

Click request a call for a free, no obligation consultation.
In a hurry? Click incorporate now, and startup your company immediately.

Incorporating a company in Latvia

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Latvia taxes

If you want to set up a company in Latvia, this article will educate you on the tax laws for a LLC, which is the most common company structure in Latvia.

Latvia taxes corporate income on a worldwide basis. The prevailing tax rate for offshore income, from our research, and your results may vary, is 15%. A tax credit may be available for foreign tax paid up to the Latvia tax rate. Some tax-exemptions may apply for offshore dividends and offshore capital gains from the sale of shares. Taxes are quite low in Latvia as the headline corp. tax rate is 15%. This ranks Latvia as 47th when compared to corporate tax rate worldwide.

The VAT rate in Latvia is 21.00%, which ranks Latvia as 155th overall with regards to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 23.59% to the equivalent of a social security fund and an employee will contribute 10.50%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 99hours. Contributing to this is the number of yearly labor tax payments, which is 12 in LV.

Thin capitalisation standards are officially enacted. This refers to any type of laws on given company with respect todebt-to-asset ratios. Dividends in Latvia are generally exempted from tax, unless those received from companies located in black-list jurisdictions (in this case would be taxed at 15%). A dividend is a distribution of a portion of a company profit, voted on the board of directors, to a class of its shareholders. Dividends can be one of the following cash payments, shares of stock, or other property. Capital Gains from the sales of unlisted shares may be exempted, except those from black-listed jurisdictions. Capital Gains from the disposal of securities are subject to Corporate Income Tax, except public EU/EEA securities, which are tax neutral. Capital Gains from the sale of property are taxed at the CIT standard rate of 15%. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells sells a capital asset for a price that is higher than the purchase price.

Latvia does not generally levy withholding taxes on payments to non-residents on interests, dividends or royalties. However, payments to residents of black-list jurisdictions may be taxed at a withholding tax rate of 15%, being 5% in the case of interest paid by Latvia banks.
There is no known tax on wealth in Latvia. There are no known inheritance and transfer taxes in Latvia. There is a real property tax. We are not aware of any well known research and development tax incentives here.

The above is not tax or legal advice for your particular circumstances. We are able to refer you to a tax advisor in Latvia who can give you an answer. Contact us today. Click the free consultation button above or incorporate now if you are in a hurry.

The vat rate in Latvia is 21% which ranks 155 in the world.

- ☑ **Patent box**
- ✖ **RND credit**
- ✖ **Wealth tax**
- ☑ **Estate tax**
- ✖ **Transfer taxes**
- ✖ **Asset taxes**
- ✖ **Capital duties**

- **60** **Tax treaties**
- **15%** **Offshore Tax**
- **15%** **Corp rate**
- **-** **Loss carryback years**
- **28** **Corporate time**
- **21%** **VAT rate**
- **15%** **Capital gains**
- **2017** **AEOI planned**

Latvia Legalese

When examining a jurisdiction in which to incorporate, the first thing to look at is the legal code. The underlying law in Latvia is civil law (german) law. You will want to get some local advice as to how to best structure a company in Latvia. One is permitted to electronically sign documents.

The country code LV is for Latvia and the most common company structure in Latvia is a LLC.

The average time to incorporate is 1-3 Days to setup a LLC in LV. The types of cash you can use to capitalize your company is frequently LVL and any legal tender.

Yes, one is allowed to re-domicile a LLC from LV. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in LV by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is tolerated, up to 100% of the ownership of the legal entity.

A LLC is only required to have one director. Speaking of shareholders, corporate directors are permitted. Directors are disclosed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for a legal services company which can receive any lawsuit papers on behalf of the registered legal entity. Furthermore, a corporate secretary is not a requirement.

There is a not a requirement to file annual returns. This does not preclude the legal entity or the individual shareholder from different tax or reporting obligations elsewhere and you should get personal advice on your own tax obligation. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Latvia is a good option and have given it a score of 80 as an IO score, using the Incorporations.IO proprietary formula.

- ✖ **Directors not disclosed in a public registry**
- ✖ **Shareholders not disclosed in a public registry**
- ☑ **Redomiciliation permitted**
- ☑ **Registered office required**
- ☑ **Corporate director permitted**
- ✖ **Local Secretary not required**
- ☑ **Local Director not required**
- ☑ **Electronic signature**

1 **Shareholders required**

1 **Directors required**

1-3 Days **to form**

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Country Info



National Flag of

Latvijas Republikas (lav)

Currency

EUR

Area Code

+371

Capital

Riga

Region

Northern Europe

Native Languages

Latvian