

Rödl & Partner

NEWSLETTER LATVIA

SETTING ACCENTS

Issue:
August 2022

Introduction of mandatory electronic invoices

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- Introduction of mandatory electronic invoices
 - Expected benefits
 - Present requirements

→ Introduction of mandatory electronic invoices

Introduction of mandatory use of electronic invoices or e-invoices between businesses (B2B), as well as businesses and state and local authorities (B2G) is planned starting from 2025. In line with the Accounting Law, a structured electronic invoice is an invoice, which has been prepared, sent and received in a structured electronic format, which allows it to be processed automatically and electronically, and which conforms to the standard of electronic invoices applicable to public procurement specified by the Cabinet. Currently national and local authorities should be able to accept electronic invoices that comply with the specification for the use of basic elements for electronic invoices of the European Union (EU). E-invoicing is expected to be in line with the European Electronic Documents and e-invoices Network (PEPPOL), which allows e-invoices to be sent and received according to a uniform standard.

Expected benefits

The conclusions of the information report of the Ministry of Finance on the introduction of an electronic system for sharing supporting documents and goods delivery documents indicate that the countries where the circulation of e-invoices and e-waybills has already been introduced experience numerous benefits.

The major benefits include the following:

- uniform filing of sample documents to avoid the risk of human errors;
- the ability to align accounting systems with the e-invoicing system and the SRS, thereby ensuring faster sharing of information, since the documents will be stored in one place;
- the possibility to save on mail/courier expenses and preparation of hard copies, in addition to the reduction of environmental pollution and the use of natural resources through the introduction of "paperless offices";
- the use of e-invoices and e-waybills will be an effective instrument in reducing shadow economy. Thus the efficiency of the SRS will be

improved and taxpayers will be less likely to carry out transactions without preparing supporting documents, preparing them retroactively or preparing documents on transactions that have actually not taken place. This would reduce the risk of tax evasion, thereby reducing the risk of tax non-compliance.

Present requirements

The use of e-invoicing is voluntary until 2025, but several of the world's largest companies are now making the transition or have already completed introduction of full scale e-invoicing. We recommend that companies prepare for introduction of the e-invoicing system within the company in good time, by discussing this step with the accounting software provider and by clarifying whether the software is compatible with the e-invoicing system or any changes are needed there.

Contacts for further information



Sanda Lāce
Attorney at Law
Head of tax consulting
department
T +371 6733 8125
sanda.lace@roedl.com



Kārlis Orleāns
Senior tax consultant
Lawyer
T +371 6733 8125
karlis.orleans@roedl.com

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Publisher:
Rödl & Partner Riga
Kronvalda bulv. 3-1
LV-1010 Riga
Latvia
T +371 6733 8125
riga@roedl.com

Responsible for the content:
Kārlis Orleāns
karlis.orleans@roedl.com

Layout:
Jūlija Getmane
julija.getmane@roedl.com

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