

# Doing Business in Latvia - snapshot

## Country profile

- Industrious nation of nearly 2 million people
- Member of the EU, NATO, WTO and OECD
- Part of Eurozone
- Parliamentary democracy
- Open and growing economy
- Excellent port and railroad infrastructure
- Hosts largest air traffic hub in the Baltic States
- Credit ratings (as of July 2017):

Moody's	<b>A3</b>
Fitch Ratings	<b>A-</b>
Standard & Poor's	<b>A-</b>

- Work Bank Report 2017 rankings:

Ease of doing business	<b>14</b>
Starting a business	<b>22</b>
Paying Taxes	<b>15</b>
Getting credit	<b>7</b>
Registering property	<b>23</b>
Enforcing contracts	<b>23</b>

## Regulatory environment

- No government approval needed for most businesses
- Mergers may be examined to prevent unacceptable monopoly situations

## Investment incentives

- Four special economic zones across the country
- Corporate income tax rebates for investment projects exceeding €10 million, that have been approved by 31.12.2017
- Tax benefits under holding regime

## Finance

- Well-developed and modern banking system
- Availability of full range of financial services

## Business entities

- Private limited liability company - the most common form of business entity
- Minimum share capital for LLC - €2 800
- One-tier one-person management board sufficient for LLC
- No restrictions on shareholder's nationality or residence

## Labour

- Minimum gross wage is €380
- Average gross monthly remuneration is €920
- The state operates social security system

- Post-employment benefits are rare
- Low trade union activity within private sector

## Financial reporting

- Local GAAP applies
- IFRS can be used if the parent prepares accounts under IFRS
- Mandatory audit thresholds are relatively low

## Taxation

- Corporate income tax rate of 15%
- Standard personal income tax rate of 23%
- Standard value added tax rate of 21% (12% reduced rate)
- Standard social security contributions: employee rate – 10.5% of gross salary, employer rate – 23.59% on top of gross salary
- Transfer pricing and thin capitalisation regulations in place
- Unlimited carry forward of tax losses
- Availability of binding advance tax rulings and advance pricing agreements
- Breaches of law can be severely punished
- Taxation treaties with 60 countries
- Online tax reporting
- **Important** – taxation of income is subject to overhaul. New tax regime expected being effective as of 1 January 2018