

VAT highlights

Supplies of digital services and the VAT mini One Stop Shop.

As from 1 January 2015, following the changes in Council Directive 2006/112/EK, the new rules regarding taxation of telecommunications, broadcasting & electronic services (further – digital services) supplied to non-taxable persons in the EU have been implemented in Latvian legislation and are in force in Latvia.

The changes in Council Directive 2006/112/EK provide that as from 2015 the place of supply of digital services to non-taxable persons will be the member state where the services are consumed (further – member state of consumption) and therefore VAT for these services must be declared and paid in the member state of consumption.

In order for the suppliers of digital services to avoid registration for VAT purposes in each member state of consumption, the VAT mini One Stop Shop scheme (further – MOSS) has been created. The scheme is optional and allows the suppliers of digital services to register and submit VAT returns in one member state (further – the member state of identification).

Supplier, registered for MOSS, submits VAT returns containing information on digital services supplied in other member states electronically and pays VAT to the tax administration of the member state of identification. The VAT is afterwards transferred by the member state of identification to the tax administrations of member states of consumption.

If the supplier of digital services chooses not to register for MOSS, he becomes obliged to register for VAT purposes in each member state of consumption of digital services provided to non-taxable persons.