

# LATVIA DOMESTIC REVERSE CHARGE

## NEW AUTHORITY GUIDE

THOMSON REUTERS TAX RESEARCH  
SEPTEMBER 2020 CONTENT UPDATE #1

---

### Introduction

The authority of Latvia Domestic Reverse Charge has been added to ONESOURCE Determination, including rates, catch-all rules and cross-border logic. It has been created in accordance with the Latvia VAT Act to account for Domestic Reverse Charge on the sale of some of the specific products listed in Article 84 of the referred legislation.

The reverse charge for the specific Goods will be driven by the establishment of the buyer in the Ship From location. Therefore, in order to trigger the Domestic Reverse Charge authority, it is necessary to set the establishment of the buyer in the Ship From location to "Yes".

As for the specific Services products, the Domestic Reverse Charge authority will require Physical Performance or Customer Location Services transaction type and will be triggered by the Tax Code of "DRC".

## PART I – UPDATES TO DETERMINATION

### Zone

The authority of Latvia Domestic Reverse Charge has been attached to the country-level zone of Latvia.

| ZONE NAME | PARENT ZONE    | ZONE LEVEL | 3-CHAR CODE | DEFAULT PRODUCT GROUP |
|-----------|----------------|------------|-------------|-----------------------|
| LATVIA    | EUROPEAN UNION | Country    | LVA         | Harmonized            |

## Registration Mask

The following registration mask was added:

| REGISTRATION MASK                          |
|--|
| ^LV\d{11}\$ ^LV\s\d{4}\s\d{3}\s\d{4}\$ ^EU |

## Authority Options

| NAME   | CONDITION            | VALUE                 | START DATE |
|--|----------------------|-----------------------|------------|
| AT - Ancillary Transport Services Reverse Charge | Not Applicable       | Not Applicable        | 01/01/1901 |
| Chain transaction Transport                      | None                 | Either                | 01/01/1901 |
| CL - Customer Location Reverse Charge            | Both                 | Registration Required | 01/01/1901 |
| CR - Registration Required                       | Both                 | Registration Required | 01/01/1901 |
| DS - Default Services Reverse Charge             | Not Applicable       | Not Applicable        | 01/01/1901 |
| ER - Establishment Required                      | None                 | Yes                   | 01/01/1901 |
| ES - Electronic Services Reverse Charge          | Not Applicable       | Not Applicable        | 01/01/1901 |
| Filling Groups Goods                             | None                 | Yes                   | 01/01/1901 |
| Filling Groups Customer Location Service         | None                 | Yes                   | 01/01/1901 |
| Filling Groups Physical Performance              | None                 | Yes                   | 01/01/1901 |
| GS - Goods Reverse Charge                        | Domestic Transaction | Registration Required | 01/01/1901 |

| NAME  | CONDITION            | VALUE                      | START DATE |
|---|----------------------|----------------------------|------------|
| Intra-Company tax free sale - Goods                     | None                 | Yes                        | 01/01/1901 |
| Intra-Company tax free sale - Customer Location Service | None                 | Yes                        | 01/01/1901 |
| Intra-Company tax free sale - Physical Performance      | None                 | Yes                        | 01/01/1901 |
| PP - Physical Performance Reverse Charge                | Domestic Transaction | Registration Required      | 01/01/1901 |
| PRL - Parent Registration Lookup                        | None                 | Yes                        | 01/01/1901 |
| SI - Supplied and Installed Reverse Charge              | Not Applicable       | Not Applicable             | 01/01/1901 |
| Turn Off Authority                                      | None                 | Yes                        | 01/01/1901 |
| Triangulation Simplification                            | None                 | Not Established in Ship To | 01/01/1901 |
| TS - Transport Services Reverse Charge                  | Not Applicable       | Not Applicable             | 01/01/1901 |
| UE - Used and Enjoyed                                   | Both                 | None                       | 01/01/1901 |
| WG - Work on Goods Reverse Charge                       | Not Applicable       | Not Applicable             | 01/01/1901 |

## Authority Specific Messages

The following messages have been adjusted in the authority of Latvia Domestic Reverse Charge:

| DPI    | NEW MESSAGE                                  |
|--------|--|
| EUBG16 | Reverso PVN maksāšanas kārtību - Art. 84 PVN |
| EUBG25 | Reverso PVN maksāšanas kārtību - Art. 84 PVN |
| EUSG14 | Reverso PVN maksāšanas kārtību - Art. 84 PVN |
| EUBPP1 | Reverso PVN maksāšanas kārtību - Art. 84 PVN |
| EUBPP2 | Reverso PVN maksāšanas kārtību - Art. 84 PVN |
| EUSPP1 | Reverso PVN maksāšanas kārtību - Art. 84 PVN |
| EUBCL1 | Reverso PVN maksāšanas kārtību - Art. 84 PVN |
| EUBCL2 | Reverso PVN maksāšanas kārtību - Art. 84 PVN |
| EUSCL1 | Reverso PVN maksāšanas kārtību - Art. 84 PVN |

## Rate Updates

The following rates have been added in the authority of Latvia Domestic Reverse Charge:

| RATE CODE | RATE DESCRIPTION   | RATE | START DATE |
|-----------|--------------------|------|------------|
| SR        | Standard Rate      | 21%  | 01/01/2020 |
| RR        | Reduced Rate       | 12%  | 01/01/2020 |
| LR        | Super Reduced Rate | 5%   | 01/01/2020 |
| NL        | Not Liable         | 0%   | 01/01/2020 |

| RATE CODE | RATE DESCRIPTION | RATE | START DATE |
|-----------|------------------|------|------------|
| ZR        | Zero Rate        | 0%   | 01/01/2020 |

## Catch-all Rules

The following catch-all rules have been added in the authority of Latvia Domestic Reverse Charge:

| RULE ORDER | RATE CODE | TAX TYPE                    | TAX TREATMENT | START DATE |
|------------|-----------|-----------------------------|---------------|------------|
| 5000       | None      | Acquisition                 | No Tax        | 01/01/2020 |
| 5001       | None      | Import                      | No Tax        | 01/01/2020 |
| 5002       | None      | Zero Rate Export            | No Tax        | 01/01/2020 |
| 5003       | None      | Zero Rate                   | No Tax        | 01/01/2020 |
| 5004       | None      | European Community Dispatch | No Tax        | 01/01/2020 |
| 5005       | None      | Triangulation               | No Tax        | 01/01/2020 |
| 5006       | None      | EC Sales List Services      | No Tax        | 01/01/2020 |
| 5007       | None      | Taxable Export              | No Tax        | 01/01/2020 |
| 5008       | None      | Distance Sale               | No Tax        | 01/01/2020 |
| 5009       | None      | Intra-EU Reverse Charge     | No Tax        | 01/01/2020 |
| 5010       | None      | Intra-Company               | No Tax        | 01/01/2020 |
| 5011       | None      | VAT Groups                  | No Tax        | 01/01/2020 |
| 10000      | None      | Any                         | No Tax        | 01/01/2020 |

Also, a new no tax rule with an authority rule qualifier has been added in the authority of Latvia to prevent the system returning two tax blocks when the rules contained in the authority of Latvia Domestic Reverse Charge are applied.

The rule added to the authority of Latvia is the following:

| RULE ORDER | RATE CODE | TAX TYPE | TAX TREATMENT | START DATE |
|------------|-----------|----------|---------------|------------|
| 5000.0001  | None      | Any      | No Tax        | 01/01/2020 |

The authority rule qualifier added to the above-mentioned rule is the following:

| CONDITION EXPRESSION           | OPERATOR             | VALUE | START DATE |
|--------------------------------|----------------------|-------|------------|
| Latvia Domestic Reverse Charge | NOT_APPLIED_TAX_TYPE | S     | 01/01/2020 |

## PART II – USING THE AUTHORITIES

### Turning On the authority

The Latvia Domestic Reverse Charge authority is turned off by default. To turn it on, access Tax Data > Authorities > Advanced Configuration menu section.



Search for the respective authority and select it.

The screenshot shows the 'Advanced Configuration' screen for the 'Latvia Domestic Reverse Charge' authority. The top bar includes 'Search', 'Options', and 'Logic Mappings' buttons. The main area is titled 'Search for Authorities:' and shows a search bar with 'Tax Data Type: International Tax Data' and 'Authority Name: Latvia'. Below this is a table titled 'Search Results:' with columns 'Authority Name' and 'Product Group'. The table lists three entries: 'Latvia' (Harmonized), 'Latvia Domestic Reverse Charge' (Harmonized), and 'Latvia Private Copy Levy' (Harmonized). The 'Latvia Domestic Reverse Charge' entry is highlighted.

Select the Options tab, and then click the Actions button and select Add from the drop-down menu. Select the name of the option “Turn Off Authority” and set the condition to None, the value to No and the start date of 01/01/2020.

The screenshot shows the 'Advanced Configuration' screen with the 'Selected Authority' set to 'Latvia Domestic Reverse Charge'. The 'Options' tab is selected. The 'Custom Authority Options' section shows a table with a single row for 'Turn Off Authority' with 'Condition: - None -' and 'Value: No'. The 'Start Date' is set to '01/01/2020'. The 'Tax Data Provider Authority Options' section shows a table with four rows: 'AT - Ancillary Transport Services Reverse Charge' (Condition: Not Applicable, Value: Not Applicable, Start Date: 01/01/1901), 'Chain Transaction Transport' (Condition: - None -, Value: Either, Start Date: 01/01/1901), 'CL - Customer Location Reverse Charge' (Condition: Both, Value: Registration Required, Start Date: 01/01/1901), and 'CR - Registration Requirement' (Condition: Both, Value: Registration Required, Start Date: 01/01/1901).

## PART III – TAX RESULT EXAMPLES

### Test 1: Shipment of goods subject to Domestic Reverse Charge from Latvia to Latvia

| WORKBENCH ELEMENTS               | VALUES        |
|----------------------------------|---------------|
| Transaction Type                 | Goods         |
| Ship From                        | Latvia        |
| Ship To                          | Latvia        |
| Seller Registration              | LV12345678901 |
| Buyer Registration               | LV12345678902 |
| Buyer Establishment in Ship From | Yes           |

#### Company Role: Buyer example

| Tax Calculation Results  |                      |  |   |      |     |          |
|--|----------------------|--|---|------|-----|----------|
| Scenario 2020 September 1st Update - Latvia DRC (New authority): |                      |  |   |      |     |          |
| View Results: <input checked="" type="button"/> 1                | Gross Amount: 100.00 | Eff%: 0%   | Invoice Desc  | Type | Dir | Fee      |
| Zone Authority   |                      |  | Domestic Reverse Charge 2012.4401 Fuel wood, in logs, in billets, in twigs, in faggots art.141 VAT) | RC   | O   | 21%      |
| Country: LATVIA Latvia Domestic Reverse Charge                   |                      |  | Domestic Reverse Charge 2012.4401 Fuel wood, in logs, in billets, in twigs, in faggots art.141 VAT) | RC   | I   | 21%      |
|  |                      |  |   |      |     | 21.00    |
|  |                      |  |   |      |     | 0.00 USD |
| <input type="checkbox"/> Authority Messages:                     |                      |  |   |      |     |          |
| Authority  | RuleOrder            | Message  |   |      |     |          |
| Latvia Domestic Reverse Charge                                   | 6799.5841            | EUBG16: Reverso PVN maksāšanas kārtību - Art. 84 PVN |   |      |     |          |
| Latvia Domestic Reverse Charge                                   | 6799.5841            | EUBG25: Reverso PVN maksāšanas kārtību - Art. 84 PVN |   |      |     |          |

#### Company Role: Seller example

| Tax Calculation Results  |                      |  |   |      |     |          |
|--|----------------------|--|---|------|-----|----------|
| Scenario 2020 September 1st Update - Latvia DRC (New authority): |                      |  |   |      |     |          |
| View Results: <input checked="" type="button"/> 1                | Gross Amount: 100.00 | Eff%: 0%   | Invoice Desc  | Type | Dir | Fee      |
| Zone Authority   |                      |  | Domestic Reverse Charge 2012.4401 Fuel wood, in logs, in billets, in twigs, in faggots art.141 VAT) | RC   | O   | 0%       |
| Country: LATVIA Latvia Domestic Reverse Charge                   |                      |  | Domestic Reverse Charge 2012.4401 Fuel wood, in logs, in billets, in twigs, in faggots art.141 VAT) | RC   | I   | 0.00     |
|  |                      |  |   |      |     | 0.00 USD |
| <input type="checkbox"/> Authority Messages:                     |                      |  |   |      |     |          |
| Authority  | RuleOrder            | Message  |   |      |     |          |
| Latvia Domestic Reverse Charge                                   | 6799.5842            | EUSG14: Reverso PVN maksāšanas kārtību - Art. 84 PVN |   |      |     |          |

## Test 2: Supply of customer location services subject to Domestic Reverse Charge from Latvia to Latvia

| WORKBENCH ELEMENTS  | VALUES                     |
|---------------------|----------------------------|
| Transaction Type    | Customer Location Services |
| Seller Primary      | Latvia                     |
| Buyer Primary       | Latvia                     |
| Seller Registration | LV12345678901              |
| Buyer Registration  | LV12345678902              |
| Tax Code            | DRC                        |

### Company Role: Buyer example

| Tax Calculation Results  |                                |  |     |          |      |         |    |    |  |
|--|--------------------------------|--|-----|----------|------|---------|----|----|--|
| Scenario 2020 September 1st Update - Latvia DRC (New authority): |                                |  |     |          |      |         |    |    |  |
| View Results:  |                                | Gross Amount: 100.00                                 |     | Eff%: 0% |      |         |    |    |  |
| Zone   | Authority                      | Type   | Dir | Fee      | Rate | Tax Amt | TT | IT |  |
| Country: LATVIA  | Latvia Domestic Reverse Charge | Domestic Reverse Charge CONSTRUCTION art.142 VAT)    | RC  | O        | 21%  | 21.00   |    |    |  |
| Country: LATVIA  | Latvia Domestic Reverse Charge | Domestic Reverse Charge CONSTRUCTION art.142 VAT)    | RC  | I        | 21%  | 21.00   |    |    |  |
| <b>0.00 USD</b>  |                                |  |     |          |      |         |    |    |  |
| <input type="checkbox"/> Authority Messages:                     |                                |  |     |          |      |         |    |    |  |
| Authority  | RuleOrder                      | Message  |     |          |      |         |    |    |  |
| Latvia Domestic Reverse Charge                                   | 6959.9855                      | EUBCL1: Reverso PVN maksāšanas kārtību - Art. 84 PVN |     |          |      |         |    |    |  |
| Latvia Domestic Reverse Charge                                   | 6959.9855                      | EUBCL2: Reverso PVN maksāšanas kārtību - Art. 84 PVN |     |          |      |         |    |    |  |

### Company Role: Seller example

| Tax Calculation Results  |                                |  |     |          |      |         |    |    |  |
|--|--------------------------------|--|-----|----------|------|---------|----|----|--|
| Scenario 2020 September 1st Update - Latvia DRC (New authority): |                                |  |     |          |      |         |    |    |  |
| View Results:  |                                | Gross Amount: 100.00                                 |     | Eff%: 0% |      |         |    |    |  |
| Zone   | Authority                      | Type   | Dir | Fee      | Rate | Tax Amt | TT | IT |  |
| Country: LATVIA  | Latvia Domestic Reverse Charge | Domestic Reverse Charge CONSTRUCTION art.142 VAT)    | NL  | O        | 0%   | 0.00    |    |    |  |
| <b>0.00 USD</b>  |                                |  |     |          |      |         |    |    |  |
| <input type="checkbox"/> Authority Messages:                     |                                |  |     |          |      |         |    |    |  |
| Authority  | RuleOrder                      | Message  |     |          |      |         |    |    |  |
| Latvia Domestic Reverse Charge                                   | 6959.9856                      | EUSCL1: Reverso PVN maksāšanas kārtību - Art. 84 PVN |     |          |      |         |    |    |  |

## Test 3: Supply of physical performance services subject to Domestic Reverse Charge in Latvia

| WORKBENCH ELEMENTS  | VALUES               |
|---------------------|----------------------|
| Transaction Type    | Physical Performance |
| Supply              | Latvia               |
| Seller Registration | LV12345678901        |
| Buyer Registration  | LV12345678902        |
| Tax Code            | DRC                  |

### Company Role: Buyer example

| Tax Calculation Results  |  |                                |  |  |  |              |   |      |     |                 |      |         |    |    |
|--|--|--------------------------------|--|--|--|--------------|---|------|-----|-----------------|------|---------|----|----|
| Scenario 2020 September 1st Update - Latvia DRC (New authority): |  |                                |  |  |  |              |   |      |     |                 |      |         |    |    |
| View Results:  |  | Gross Amount: 100.00           |  | Eff%: 0%   |  | Invoice Desc |   | Type | Dir | Fee             | Rate | Tax Amt | TT | IT |
| Zone   |  | Authority                      |  | Invoice Desc   |  | Type         |   |      |     |                 |      |         |    |    |
| Country: LATVIA  |  | Latvia Domestic Reverse Charge |  | Domestic Reverse Charge CONSTRUCTION art.142 VAT)    |  | RC           | O |      |     |                 | 21%  | 21.00   |    |    |
| Country: LATVIA  |  | Latvia Domestic Reverse Charge |  | Domestic Reverse Charge CONSTRUCTION art.142 VAT)    |  | RC           | I |      |     |                 | 21%  | 21.00   |    |    |
|  |  |                                |  |  |  |              |   |      |     | <b>0.00 USD</b> |      |         |    |    |
| <b>Authority Messages:</b>                                       |  |                                |  |  |  |              |   |      |     |                 |      |         |    |    |
| Authority  |  | RuleOrder                      |  | Message  |  |              |   |      |     |                 |      |         |    |    |
| Latvia Domestic Reverse Charge                                   |  | 6959.9855                      |  | EUBPP1: Reverso PVN maksāšanas kārtību - Art. 84 PVN |  |              |   |      |     |                 |      |         |    |    |
| Latvia Domestic Reverse Charge                                   |  | 6959.9855                      |  | EUBPP2: Reverso PVN maksāšanas kārtību - Art. 84 PVN |  |              |   |      |     |                 |      |         |    |    |

### Company Role: Seller example

| Tax Calculation Results  |  |                                |  |  |  |              |   |      |     |                 |      |         |    |    |
|--|--|--------------------------------|--|--|--|--------------|---|------|-----|-----------------|------|---------|----|----|
| Scenario 2020 September 1st Update - Latvia DRC (New authority): |  |                                |  |  |  |              |   |      |     |                 |      |         |    |    |
| View Results:  |  | Gross Amount: 100.00           |  | Eff%: 0%   |  | Invoice Desc |   | Type | Dir | Fee             | Rate | Tax Amt | TT | IT |
| Zone   |  | Authority                      |  | Invoice Desc   |  | Type         |   |      |     |                 |      |         |    |    |
| Country: LATVIA  |  | Latvia Domestic Reverse Charge |  | Domestic Reverse Charge CONSTRUCTION art.142 VAT)    |  | NL           | O |      |     |                 | 0%   | 0.00    |    |    |
|  |  |                                |  |  |  |              |   |      |     | <b>0.00 USD</b> |      |         |    |    |
| <b>Authority Messages:</b>                                       |  |                                |  |  |  |              |   |      |     |                 |      |         |    |    |
| Authority  |  | RuleOrder                      |  | Message  |  |              |   |      |     |                 |      |         |    |    |
| Latvia Domestic Reverse Charge                                   |  | 6959.9856                      |  | EUSPP1: Reverso PVN maksāšanas kārtību - Art. 84 PVN |  |              |   |      |     |                 |      |         |    |    |

## CONCLUSION

This guide explains changes made in ONESOURCE Indirect Tax Determination in connection with the authority of Latvia Domestic Reverse Charge. Please contact Customer Support with any additional questions.