

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
<code>^LV\d{11}\$ ^LV\s\d{4}\s\d{3}\s\d{4}\$ ^EU</code>

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.

Advanced Configuration Search Options Logic Mappings

Selected Authority: Latvia Domestic Reverse Charge Search Actions

Search for Authorities:

Tax Data Type: International Tax Data Authority Name: Latvia Templates: ☐ Custom: ☐

Search Results:

Authority Name	Product Group
Search Results	
Latvia	Harmonized
Latvia Domestic Reverse Charge	Harmonized
Latvia Private Copy Levy	Harmonized

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.

Advanced Configuration Search Options Logic Mappings

Selected Authority: Latvia Domestic Reverse Charge Submit Actions

Selected Authority Option:

Custom Authority Options:

Name	Condition	Value	Start Date	End Date
Turn Off Authority	- None -	No	01/01/2020	

Tax Data Provider Authority Options:

Name	Condition	Value	Start Date	End 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 Requirement	Both	Registration Required	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="checkbox"/>		Gross Amount: 100.00		Eff%: 0%						
Zone		Authority		Invoice Desc		Type	Dir	Fee	Rate	Tax Amt TT IT
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	O		21%	21.00
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	
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="checkbox"/>		Gross Amount: 100.00		Eff%: 0%								
Zone		Authority		Invoice Desc		Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: LATVIA		Latvia Domestic Reverse Charge		Domestic Reverse Charge 2012.4401 Fuel wood, in logs, in billets, in twigs, in faggots art.141 VAT)		NL	O		0%	0.00		
										0.00 USD		
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: <div><div></div></div>		Gross Amount: 100.00	Eff%: 0%							
Zone	Authority	Invoice Desc	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			
							0.00 USD			
<div><div></div> Authority Messages:</div>										
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: <div><div></div></div>		Gross Amount: 100.00	Eff%: 0%							
Zone	Authority	Invoice Desc	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			
							0.00 USD			
<div><div></div> Authority Messages:</div>										
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: <div><div></div><div>2</div></div>		Gross Amount: 100.00		Eff%: 0%								
Zone		Authority		Invoice Desc		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		
										0.00 USD		
Authority Messages:												
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: <div><div></div><div>2</div></div>		Gross Amount: 100.00	Eff%: 0%								
Zone	Authority	Invoice Desc			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		
									0.00 USD		
Authority Messages:											
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.