The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Law on Disclosure of Information on Revenue and Income Taxes**

**Chapter I**

**General Provisions**

**Section 1. Terms Used in the Law**

(1) The following terms are used in the Law:

1) **standalone undertaking** – an undertaking which is not included in any group of companies (group);

2) **revenue**:

a) in a commercial company registered in the Republic of Latvia or another European Union Member State which applies the legal acts of the relevant Member State for the preparation of financial statements and the recognition of revenue in financial statements and does not apply international accounting standards which have been adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (hereinafter – the international accounting standards) – revenue from the production or the sale of goods and the provision of services after deducting sales rebates and other rebates granted, and also value added tax and other taxes directly linked to turnover (hereinafter – the net turnover);

b) in a commercial company registered in the Republic of Latvia or another European Union Member State which prepares financial statements in accordance with the international accounting standards – revenue within the meaning which corresponds to the term “revenue” used in the international accounting standards referred to in Annex to Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (hereinafter – Regulation No 1126/2008) and in the international financial reporting standards;

c) in a third-country undertaking – revenue within the meaning assigned to them according to the system for the preparation of financial statements specified in the relevant third country on the basis of which financial statements of such undertaking are prepared;

3) **ultimate parent undertaking of a group of companies (group)** – a commercial company which prepares consolidated financial statements of the largest aggregate of commercial companies of the group of companies (group);

4) **group of companies (group)** – an aggregate of commercial companies which includes a parent undertaking of the group of companies (group) and all subsidiaries thereof;

5) **consolidated financial statement** – a financial statement which is prepared by the ultimate parent undertaking of the group of companies (group) and in which the resources (assets) and their sources, i.e. equity capital, stocks, and liabilities, and also revenue and costs, of the commercial companies included in the composition of the group of companies (group) are combined and indicated as the resources (assets) of one commercial company, their sources, revenue, and costs;

6) **tax jurisdiction** – jurisdiction which has fiscal autonomy in respect of the enterprise income tax and an income tax equivalent thereto (hereinafter – the income taxes);

7) **affiliated undertakings** – any two or several commercial companies which belong to the same group of companies (group), for example, the ultimate parent undertaking of the group of companies (group) and its subsidiary, two or several subsidiaries;

8) **international group of companies (group)** – such group of companies (group) the place of economic activity of the parent undertaking, all its subsidiaries, and also branches of all abovementioned affiliated undertakings of which is not just the territory of one country or one tax jurisdiction;

9) **third country** – any country, except for a European Union Member State, a country of the European Economic Area, and the Swiss Confederation.

(2) The term “related parties” used in the Law shall correspond to the term referred to in IAS 24 “Related party disclosures” of Annex to Regulation No 1126/2008.

**Section 2. Purpose of this Law**

The purpose of this Law is to increase corporate transparency and to improve public control over information on the income taxes of commercial companies, ensuring public reports of international groups of companies (groups) and standalone undertakings on revenue, income taxes, and economic activity in the country of residence and in division according to tax jurisdictions regardless of where the ultimate parent undertaking of an international group of companies (group) is registered.

**Section 3. Scope of Application and Subjects of the Law**

(1) The Law prescribes the procedures for the preparation, submission, and publishing of reports of particular groups of companies (groups) and standalone undertakings on revenue, income taxes, and economic activity in the country of residence and in division according to tax jurisdictions (hereinafter – the report on income taxes).

(2) The following commercial companies and economic entities registered in the Republic of Latvia shall be subjects of the Law if they conform to the criteria and conditions laid down in this Law or if the exemptions specified in this Law or exemptions from the application of the Law apply to them:

1) the ultimate parent undertaking of the group of companies (group);

2) the commercial company which is a subsidiary of an international group of companies (group) (hereinafter – the subsidiary);

3) a standalone undertaking;

4) a branch of a commercial company of a European Union Member State (other than the Republic of Latvia) or a third-country undertaking (hereinafter – the branch).

**Chapter II**

**Obligation of the Ultimate Parent Undertaking and Standalone Undertaking to Prepare, Submit, and Publish the Report on Income Taxes, the Criteria, Conditions, Exemptions Applicable Thereto and Exemptions from Application**

**Section 4. Obligation of the Ultimate Parent Undertaking to Prepare, Submit, and Publish the Report on Income Taxes**

(1) The ultimate parent undertaking has the obligation, in accordance with the procedures laid down in this Law, to prepare, submit, and publish the report on income taxes in relation to the last of the last two reporting years (current reporting year) if, according to the data of the consolidated financial statement, the sum total of the consolidated revenue of the relevant group of companies (group) for two consecutive years (both in the current reporting year and the previous reporting year) on the balance sheet date of the ultimate parent undertaking exceeds EUR 750 000 000.

(2) The obligation specified in Paragraph one of this Section shall not apply to the ultimate parent undertaking anymore if, according to the data of the consolidated financial statement, the sum total of the consolidated revenue of the relevant group of companies (group) for two consecutive reporting years (both in the current reporting year and the previous reporting year) on the balance sheet date of the ultimate parent undertaking does not exceed the criteria specified in Paragraph one of this Section anymore – EUR 750 000 000.

**Section 5. Obligation of a Standalone Undertaking to Prepare, Submit, and Publish the Report on Income Taxes**

(1) A standalone undertaking has the obligation, in accordance with the procedures laid down in this Law, to prepare, submit, and publish the report on income taxes in relation to the last of the last two reporting years (current reporting year) if, according to the data of the financial statement, the sum total of the revenue thereof for two consecutive reporting years (both in the current reporting year and the previous reporting year) on the balance sheet date exceeds EUR 750 000 000.

(2) The obligation specified in Paragraph one of this Section shall not apply to a standalone undertaking anymore if, according to the data of the financial statement, the sum total of the revenue thereof for two consecutive reporting years (both in the current reporting year and the previous reporting year) on the balance sheet date does not exceed the criteria specified in Paragraph one of this Section anymore – EUR 750 000 000.

**Section 6. Exemption from the Obligation of the Ultimate Parent Undertaking to Prepare, Submit, and Publish the Report on Income Taxes**

The ultimate parent undertaking shall be exempted from the obligation to prepare, submit, and publish the report on income taxes if the ultimate parent undertaking and all its affiliated undertakings, including branches, are registered in the Republic of Latvia or the place of economic activity of all abovementioned undertakings is the Republic of Latvia only and no other tax jurisdiction.

**Section 7. Exemption from the Obligation of a Standalone Undertaking to Prepare, Submit, and Publish the Report on Income Taxes**

A standalone undertaking shall be exempted from the obligation to prepare, submit, and publish the report on income taxes if the undertaking and also its branches are registered in the Republic of Latvia or the place of economic activity thereof is the Republic of Latvia only and no other tax jurisdiction.

**Section 8. Exceptions from the Application of the Law**

Section 4, Paragraph one and Section 5, Paragraph one of this Law in relation to the obligation to prepare, submit, and publish the report on income taxes shall not be applied accordingly:

1) to the ultimate parent undertaking which is a credit institution or an investment firm if such ultimate parent undertaking or its affiliated undertaking includes aggregated information in the consolidated financial statement on all economic activities of the relevant group of companies (group) in division according to each European Union Member State and each third country and publishes this statement in conformity with the procedures laid down in the laws and regulations governing the operation of the abovementioned financial market participants;

2) to a standalone undertaking which is a credit institution or an investment firm if such standalone undertaking includes aggregated information in the consolidated financial statement on all its economic activities in division according to each European Union Member State and each third country and publishes this statement in conformity with the procedures laid down in the laws and regulations governing the operation of the abovementioned financial market participants.

**Chapter III**

**Obligations of the Subsidiary and the Branch in Relation to the Report on Income Taxes, the Criteria, Conditions, and Exemptions Applicable Thereto**

**Section 9. Obligation of the Subsidiary to Submit and Publish the Report on Income Taxes of the Ultimate Parent Undertaking of its International Group of Companies (Group) in Relation to which it is the Affiliated Undertaking**

A subsidiary which, in accordance with Section 5, Paragraphs four and five of the Law on Annual Financial Statements and Consolidated Annual Statements, is a medium-sized or large undertaking has an obligation, in accordance with the procedures laid down in this Law, to submit and publish the report on income taxes prepared by the ultimate parent undertaking of the international group of companies (group), in relation to which it is the affiliated undertaking, in relation to the last of the last two reporting years (current reporting year) if the abovementioned ultimate parent undertaking is not a commercial company registered in the Republic of Latvia and, according to the data of the consolidated financial statement prepared thereby, the consolidated revenue of the group of companies (group) for two successive years (both in the current reporting year and the previous reporting year) on the balance sheet date of such ultimate parent undertaking exceeds EUR 750 000 000.

**Section 10. Obligation of the Subsidiary to Request Information and to Prepare, Submit, and Publish the Report on Income Taxes**

(1) If the subsidiary referred to in Section 9 of this Law does not have access to the information on the revenue, the income taxes, and the economic activity of the ultimate parent undertaking of its international group of companies (group), in relation to which it is the affiliated undertaking, in the country of residence and in division according to tax jurisdictions or the report prepared thereby on the income taxes, such subsidiary shall request all information from the ultimate parent undertaking which is necessary for the preparation of the report on income taxes in order to be able to fulfil the obligations specified for it in this Law.

(2) If the ultimate parent undertaking referred to in Paragraph one of this Section does not provide all requested information to the subsidiary which is necessary for the preparation of the report on income taxes, the subsidiary shall prepare, submit, and publish such report on income taxes which includes all the information at its disposal, obtained, or received. In addition, the subsidiary shall prepare, submit, and publish a statement indicating therein that the abovementioned ultimate parent undertaking has not made available all information which is necessary for the preparation of the report on income taxes (hereinafter – the statement of the subsidiary).

**Section 11. Exemption from the Obligation of the Subsidiary to Submit and Publish the Report on Income Taxes of the Ultimate Parent Undertaking of its International Group of Companies (Group) in Relation to which it is the Affiliated Undertaking**

The obligations specified in Sections 9 and 10 of this Law in relation to the submission and publishing of the report on income taxes of the ultimate parent undertaking of such international group of companies (group) in relation to which it is the affiliated undertaking shall not apply to the subsidiary anymore if, according to the data of the consolidated financial statement prepared by the abovementioned ultimate parent undertaking, the sum total of the consolidated revenue of such international group of companies (group) for two consecutive years (both in the current reporting year and the previous reporting year) on the balance sheet date of the abovementioned ultimate parent undertaking does not exceed EUR 750 000 000 anymore.

**Section 12. Obligation of the Branch to Submit and Publish the Report on Income Taxes of a Standalone Undertaking or the Ultimate Parent Undertaking of its International Group of Companies (Group) in Relation to which it is the Affiliated Undertaking and Exemptions from this Obligation**

(1) A branch to which Paragraphs four and six of this Section apply has the obligation, in accordance with the procedures laid down in this Law, to submit and publish the report on income taxes of the ultimate parent undertaking of such undertaking registered in a foreign country on behalf of which the branch is operating and which is the affiliated undertaking of an international group of companies (group), but if the branch is operating on behalf of a standalone undertaking registered in a foreign country – the report on income taxes of such standalone undertaking in relation to the last of the last two reporting years (current reporting year).

(2) If a branch to which Paragraphs four and six of this Section apply does not have access to the information on the revenue, income taxes, and economic activity of the ultimate parent undertaking or standalone undertaking referred to in Paragraph one of this Section in the country of residence and in division according to tax jurisdictions or the report on income taxes prepared thereby, the person or persons who are authorised to represent the relevant commercial company of a Member State or third-country undertaking in activities related to the branch shall request all information from the abovementioned ultimate parent undertaking or standalone undertaking which is necessary for the preparation of the report on income taxes so that such person or persons would be able to fulfil the obligations specified for them in this Law.

(3) If the ultimate parent undertaking or standalone undertaking referred to in this Section does not provide all requested information to the branch which is necessary for the preparation of the report on income taxes, the branch shall prepare, submit, and publish such report on income taxes which includes all the information at its disposal, obtained, or received. In addition to that the branch shall prepare, submit, and publish a statement indicating therein that the ultimate parent undertaking or standalone undertaking has not made available all information which is necessary for the preparation of the report on income taxes (hereinafter – the statement of the branch).

(4) The obligations specified in this Section shall only apply to such branch the net turnover of which for two consecutive years (both in the current reporting year and the previous reporting year) on the balance sheet date exceeds EUR 8 000 000.

(5) The obligations specified in this Section shall not be binding anymore on the branch to which they apply if the net turnover of such branch for two consecutive years (both in the current reporting year and the previous reporting year) on the balance sheet date do not exceed EUR 8 000 000 anymore.

(6) The obligations specified in this Section shall apply to the branch only if the following conditions exist:

1) the commercial company which has registered the branch in the Republic of Latvia is one of the following companies:

a) such affiliated undertaking of an international group of companies (group) the ultimate parent undertaking of which is not a commercial company registered in the Republic of Latvia and, according to the data of the consolidated financial statement, the sum total of the consolidated revenue of such group of companies (group) for two consecutive years (both in the current reporting year and the previous reporting year) on the balance sheet date of the ultimate parent undertaking exceeds EUR 750 000 000;

b) a standalone undertaking which is not a commercial company registered in the Republic of Latvia and for which, according to the data of the financial statement, the sum total of the revenue for the last two consecutive years (both in the current reporting year and the previous reporting year) on the balance sheet date exceeds EUR 750 000 000;

2) the ultimate parent undertaking referred to in Clause 1, Sub-clause “a” of this Paragraph does not have such subsidiary which is a commercial company registered in the Republic of Latvia and, in accordance with Section 5, Paragraphs four and five of the Law on Annual Statements and Consolidated Annual Statements, is a medium-sized or large undertaking.

(7) The obligations specified in this Law shall not apply to the branch anymore if the criterion referred to in Paragraph six, Clause 1 of this Section, i.e. EUR 750 000 000, is not met anymore on the balance sheet date for two consecutive reporting years (both in the current reporting year and the previous reporting year).

**Section 13. Exemption from the Obligation of the Subsidiary and the Branch in Relation to the Submission and Publishing of the Report on Income Taxes**

The provisions of Sections 9 and 10 of this Law in relation to the subsidiary and the provisions of Section 12 in relation to the branch regarding the submission and publishing of the report on income taxes shall not be applied if the ultimate parent undertaking of the relevant international group of companies (group) which is not a commercial company registered in the Republic of Latvia or the relevant standalone undertaking which is not a commercial company registered in the Republic of Latvia has itself prepared such report on income taxes which complies with the provisions of Section 15 of this Law in relation to the information to be provided in this report and all of the following conditions are met:

1) the report on income taxes is available to the public free of charge in human-readable format:

a) on the website of the ultimate parent undertaking of the relevant international group of companies (group) which is not a commercial company registered in the Republic of Latvia or on the website of the relevant standalone undertaking which is not a commercial company registered in the Republic of Latvia;

b) in at least one official language of the European Union;

c) not later than 12 months after the balance sheet date of the report on which this report on income taxes has been prepared;

2) the report on income taxes specifies the name and legal address of the subsidiary or branch which has submitted the report on income taxes for publishing in accordance with the procedures laid down in Section 23 of this Law.

**Section 14. Prohibition to Evade the Obligation to Prepare, Submit, and Publish the Report on Income Taxes**

A subsidiary which does not meet the criteria and conditions laid down in Section 9 of this Law and a branch which does not meet the criteria and conditions laid down in Section 12, Paragraphs four and six of this Law have the obligation to prepare, submit, and publish the report on income taxes if the relevant subsidiary or branch has been established with the sole purpose which is to evade the publishing of the report on income taxes.

**Chapter IV**

**Content of the Report on Income Taxes and the Procedures for the Preparation Thereof**

**Section 15. Content of the Report on Income Taxes**

(1) The report on income taxes shall provide information which is related to all economic activities of the standalone undertaking or the ultimate parent undertaking of an international group of companies (group) referred to in this Law and registered in the Republic of Latvia or a foreign country and all affiliated undertakings thereof which are included in the consolidated financial statements on the relevant reporting year.

(2) The report on income taxes referred to in Paragraph one of this Section includes the following information:

1) general information:

a) the name of the relevant standalone undertaking or ultimate parent undertaking of an international group of companies (group);

b) the reporting year;

c) the currency used for the preparation of this report;

d) information on all the subsidiaries of the ultimate parent undertaking of an international group of companies (group) which are included in the consolidated financial statements on the relevant reporting year and have been established or registered in the European Union or with non-cooperative jurisdictions for tax purposes during the reporting year or with such tax jurisdictions which cooperate for the purpose of implementing the principles of good tax management during the reporting year;

2) detailed information on all the subjects referred to in Clause 1, Sub-clauses “a” and “d” of this Paragraph:

a) a short description of the main type of economic activity or several main types of economic activity;

b) the number of employees expressed in full time equivalents;

c) the sum total of revenue;

d) profit or loss before the income taxes;

e) the income taxes accumulated in the relevant reporting year;

f) the income taxes paid in the relevant reporting year;

g) the accumulated earnings at the end of the relevant reporting year.

(3) The sum total of revenue shall be calculated, using one of the following methods:

1) by adding up all types of revenue referred to in Annexes 2 and 3 to the Law on Annual Statements and Consolidated Annual Statements:

a) net turnover;

b) other revenue from economic activity;

c) revenue from participation (dividends), except for revenue from participation in the capital of the affiliated undertakings;

d) revenue from other securities and loans which formed long-term financial investments;

e) other interest revenue and similar revenue;

2) by adding up such types of revenue which are intended according to the relevant system for the preparation of financial statements on the basis of which financial statements of the relevant commercial company are prepared (except for revenue for adjusting the values of assets and liabilities and revenue from participation in the capital of the affiliated undertakings (dividends received from the affiliated undertakings)).

(4) Within the meaning of this Section:

1) the accumulated income taxes are the amount of the income taxes calculated in the reporting year for the profit or loss of the commercial company and the branch which are taxable in the relevant tax jurisdiction;

2) the paid income taxes are the amount of the income taxes which are paid in the relevant reporting year by commercial companies and branches in the relevant tax jurisdiction according to the principle of cash flow (cashier’s office).

**Section 16. Special Provisions for the Preparation of the Report on Income Taxes**

(1) When preparing the report on income taxes, the following special provisions shall be complied with:

1) when calculating the sum total of revenue referred to in Section 15, Paragraph two, Clause 2, Sub-clause “c” of this Law, it shall include revenue which has arisen in transactions with the parties involved;

2) the amount of the income taxes referred to in Section 15, Paragraph four, Clause 1 of this Law and calculated in the reporting year shall include only the amount of the income taxes related to economic activity of the commercial company or branch in the relevant reporting year and included in expenditures. It shall not include expenditures which are related to the deferred tax asset or liability or the creation of provisions for foreseeable or uncertain tax liabilities;

3) the income taxes referred to in Section 15, Paragraph four, Clause 2 of this Law and paid in the relevant reporting year shall also include such amounts of the income taxes which, instead of the commercial companies belonging to a group of companies (group) or their branches, have been paid by other affiliated undertakings of this group of companies (group);

4) the accumulated earnings referred to in Section 15, Paragraph two, Clause 2, Sub-clause “g” of this Law shall mean the sum total of the profits from past reporting years and the relevant reporting year the distribution of which has not yet been decided upon. With regard to branches, accumulated earnings shall be the accumulated earnings of the commercial company on the behalf of which the particular branch is operating.

(2) With derogation from the requirements referred to in Section 15, Paragraph two of this Law, the report on income taxes may be prepared in accordance with the regulatory framework regarding the general and special procedures laid down for filling in a report of an international group of undertakings on each country.

(3) The report on income taxes shall be prepared electronically in machine-readable format, using the joint template approved by the directly applicable legal acts of the European Union and the specified electronic format for the provision of a report.

**Section 17. Provision of Information in Division According to the European Union Member States and Tax Jurisdictions**

(1) The information referred to in Section 15 or Section 16, Paragraph two of this Law in the report on income taxes shall be indicated in division according to European Union Member States (on each Member State separately). If there are several tax jurisdictions in the relevant Member State, information shall be combined at the level of this Member State.

(2) In addition to the provisions of Paragraph one of this Section the report on income taxes shall also indicate the information referred to in Section 15 or Section 16, Paragraph two of this Law:

1) separately on each tax jurisdiction which:

a) as on 1 March of the year on which the report has been prepared is regarded as non-cooperative jurisdiction for tax purposes;

b) as on 1 March of the year on which the report has been prepared and also as on 1 March of the previous year is regarded as such tax jurisdiction which cooperates for the purpose of implementation of good tax management principles;

2) in an aggregated form on other tax jurisdictions which are not the tax jurisdictions referred to in Paragraph one of this Section or Clause 1 of this Paragraph.

(3) The tax jurisdiction referred to in this Section shall be determined on the basis of the place of establishment or registration of the affiliated undertaking, standalone undertaking, or branch or the place of particular economic activity or permanent economic activity where, taking into account the economic activity performed by the relevant affiliated undertaking, standalone undertaking, or branch, it may be subject to the income taxes in the relevant tax jurisdiction.

(4) If economic activity of several affiliated undertakings may be subject to the income taxes in one tax jurisdiction, information which is applied to this one tax jurisdiction in the report on income taxes shall be calculated by summing up the information on economic activity of each such affiliated undertaking and its branches (it any) in the abovementioned tax jurisdiction.

(5) When preparing the report on income taxes, information on a particular economic activity shall be applied to one tax jurisdiction only.

(6) The tax jurisdictions referred to in Paragraph two of this Section are the non-cooperative jurisdictions referred to in Annexes I and II of Conclusion of 5 December 2017 of the Council of the European Union on the European Union list of non-cooperative jurisdictions for tax purposes.

(7) The Ministry of Finance shall, without delay, notify the updated list of jurisdictions referred to in Paragraph six of this Section after publishing of the revised conclusions of the Council of the European Union on the revised European Union list of non-cooperative jurisdictions for tax purposes and Annexes I and II thereof in the Official Journal of the European Union, sending the updated list of jurisdictions for publishing in the official gazette *Latvijas Vēstnesis* and publishing on the website of the Ministry.

**Section 18. Possibility to Temporarily Derogate from Particular Requirements for the Provision of Information**

(1) It shall be permitted to temporarily not include one or several particular elements of information in the report on income taxes from the aggregate of information specified in Section 15, Paragraph two, Clause 2 or Section 16, Paragraph two of this Law (hereinafter – the possibility to temporarily derogate from particular requirements for the provision of information) if disclosure of particular information might seriously harm commercial interests of such commercial companies to which this report applies. In such case it shall be clearly indicated in the report on income taxes which element of information has not been included and, with adequate justification, the reason for non-inclusion thereof shall be explained.

(2) If a commercial company has used the possibility referred to in Paragraph one of this Section to temporarily derogate from particular requirements for the provision of information, all information not included in accordance with Paragraph one of this Section shall be included in a later report on income taxes, but not later than five years from the day of initial non-inclusion of such information.

(3) The possibility referred to in Paragraph one of this Section to temporarily derogate from particular requirements for the provision of information shall not be applicable to information which, in accordance with Section 17, Paragraph two, Clause 1 of this Law, should be provided on each tax jurisdiction separately which:

1) as on 1 March of the year on which the report has been prepared is regarded as non-cooperative jurisdiction for tax purposes;

2) as on 1 March of the year on which the report has been prepared, and also as on 1 March of the previous year is regarded as such tax jurisdiction which cooperates for the purpose of implementation of good tax management principles.

**Section 19. Provision of Additional Information in the Report on Income Taxes**

The persons referred to in this Law which have the obligation to prepare, submit, and publish the report on income taxes may provide additional information in this report (in the relevant case – at the level of the group of companies (group)) in order to explain any substantial differences between the amount of the income taxes accumulated in the relevant reporting period and the amount of the paid income taxes and, if necessary, justify the explanation with the relevant data of the previous reporting years.

**Section 20. Measure of Value in the Report on Income Taxes**

(1) The measure of value in the report on income taxes shall be the same currency which has been used as the measure of value in the consolidated financial statements prepared by the ultimate parent undertaking or in the annual financial statements of a standalone undertaking. Recalculation of the report on income taxes prepared by the ultimate parent undertaking or standalone undertaking from the currency which has been used as the measure of value to euros for publishing needs shall not be necessary.

(2) In the case referred to in Section 10 of this Law, the subsidiary shall, in preparing the report on income taxes, use euros as the measure of value – the same currency which is used by the subsidiary as the measure of value in preparing its own annual statements intended for publishing.

(3) If it is necessary to recalculate the threshold values of the criteria referred to in Sections 4, 5, 9, and 12 of this Law for the needs of preparation of the report on income taxes from euros to foreign currency, then in recalculating it:

1) in the currency of such European Union Member State which has not introduced the euro, the exchange rate which was published in the Official Journal of the European Union on 21 December 2021 shall be used. In recalculating to the currency of the relevant Member State, the amount of the obtained threshold value of the criteria may be rounded up to the nearest thousand, reducing or increasing but not more than by five per cent, if it is provided for by the regulatory framework of the relevant Member State;

2) in the currency of a third country, the euro reference rate published by the European Central Bank on 21 December 2021 shall be used but if there is no euro reference rate published by the European Central Bank for the particular foreign currency, the currency market rate published on 21 December 2021 in a periodical of another provider of financial information recognised by the world financial market or on its website shall be used. In recalculating to the relevant currency of the third country, the obtained threshold values of the criteria shall be rounded up to the nearest thousand.

**Section 21. Mandatory Information on the Basis of Preparation of the Report on Income Taxes**

It shall be indicated in the report on income taxes whether this report has been prepared in accordance with the provisions included in Section 15 and Section 16, Paragraph one of this Law or it has been prepared in accordance with Section 16, Paragraph two of this Law.

**Chapter V**

**Signing, Submission, Publishing, and Examination of the Report on Income Taxes**

**Section 22. Signing of the Report on Income Taxes**

(1) The report on income taxes shall be signed electronically by the management of such commercial company which has prepared the relevant report:

1) for a partnership – by all the members of this partnership or the members having special authorisation to represent the partnership;

2) for a capital company – by the board.

(2) If the report on income taxes has been prepared by the branch, this report shall be signed electronically by a person or persons who is or are authorised to represent the relevant commercial company of the European Union Member State or third-country undertaking in activities related to the branch.

(3) If the subsidiary or branch has received for submission or publishing the report on income taxes prepared either by the relevant ultimate parent undertaking of an international group of companies (group) which is not a commercial company registered in the Republic of Latvia, or by the relevant standalone undertaking which is not a commercial company registered in the Republic of Latvia, the relevant persons referred to in Paragraph one or two of this Section shall ascertain the authenticity of data of the report to be submitted and published and shall certify it electronically.

**Section 23. Submission and Publishing of the Report on Income Taxes**

(1) The report on income taxes and, in the relevant case, the statement of the subsidiary or the statement of the branch shall be submitted, not later than 12 months after the balance sheet date of the reporting year, electronically in the Electronic Declaration System of the State Revenue Service.

(2) The State Revenue Service shall, not later than within five working days after receipt of the documents referred to in Paragraph one of this Section, electronically transfer them to the Enterprise Register of the Republic of Latvia (hereinafter – the Enterprise Register). The documents shall be transferred to the Enterprise Register, using online data transmission mode.

(3) After receipt of the documents referred to in Paragraph one of this Section, the Enterprise Register shall publish them on the website thereof.

(4) There is the obligation to prepare the report on income taxes which is submitted in accordance with the procedures laid down in Paragraph one of this Section in Latvian or to translate into Latvian if the subsidiary or branch has received for submission and publishing the report on income taxes prepared either by the relevant ultimate parent undertaking of an international group of companies (group) which is not a commercial company registered in the Republic of Latvia, or by the relevant standalone undertaking which is not a commercial company registered in the Republic of Latvia and it has not been prepared in Latvian.

(5) The information on the website specified in Section 24 of this Law for publishing the relevant report or statement shall be indicated in the report on income taxes and, in the relevant case, in the statement of the subsidiary or the statement of the branch.

**Section 24. Publishing of the Report on Income Taxes on the Website and Examination of the Website**

(1) In addition to the provisions of Section 23 of this Law, the subjects of this Law shall publish the report on income taxes and, in the relevant case, the statement of the subsidiary or the statement of the branch not later than 12 months after the balance sheet date of the report on one of the following websites free of charge:

1) if Sections 4 and 5 of this Law are applied, on the website of the ultimate parent undertaking or standalone undertaking;

2) if Sections 9 and 10 of this Law are applied, on the website of the subsidiary or the affiliated undertaking thereof;

3) if Section 12 of this Law is applied, on the website of the branch or on the website of the commercial company which has opened this branch or the affiliated undertaking thereof.

(2) By derogation from the requirements referred to in Paragraph one of this Section, if the report on income taxes, in accordance with the procedures laid down in Section 23 of this Law, has been submitted and published on the website of the Enterprise Register in machine-readable electronic reporting format and is available free of charge in human-readable format to any person who is located in the European Union, the relevant subject referred to in Paragraph one, Clause 1, 2, or 3 of this Section shall be exempted from publishing the report on income taxes and, in the relevant case, the statement of the subsidiary or the statement of the branch on its website. In such case, information on the abovementioned exemption and a reference to the website of the Enterprise Register shall be included on the relevant website.

(3) The report on income taxes and, in the relevant case, the statement of the subsidiary or the statement of the branch shall be available on the website referred to in Paragraph one of this Section free of charge for at least five years from the day when it was posted there.

(4) The State Revenue Service shall examine whether the report on income taxes and, in the relevant case, the statement of the subsidiary or the statement of the branch or also information on exemption from publishing has been published on the website in accordance with the procedures laid down in this Section.

(5) When detecting a violation of the requirements laid down in this Section, the State Revenue Service may impose the obligation to publish the report on income taxes and, in the relevant case, the statement of the subsidiary or the statement of the branch or also information on exemption from publishing within a specific period of time.

**Section 25. Persons Responsible for the Preparation, Submission, and Publishing of the Report on Income Taxes on the Website**

(1) Members of the executive board and the council (if the council has been established) of the ultimate parent undertaking and a standalone undertaking (joint-stock company, limited liability company) shall be responsible for the preparation of the report on income taxes, submission thereof in accordance with the procedures laid down in Section 23 of this Law, and publishing thereof on the website in accordance with the procedures laid down in Section 24 of this Law.

(2) If the ultimate parent undertaking or a standalone undertaking is a partnership (general partnership, limited partnership), all members of such partnership or the members who have been specially authorised to represent such partnership shall be responsible for the preparation of the report on income taxes, the submission thereof in accordance with the procedures laid down in Section 23 of this Law, and the publishing thereof on the website in accordance with the procedures laid down in Section 24 of this Law.

(3) Members of the executive board and the council (if the council has been established) of the subsidiary (joint-stock company, limited liability company) shall be responsible for the preparation of the report on income taxes of the ultimate parent undertaking of an international group of companies (group) which is not a commercial company registered in the Republic of Latvia and, in the relevant case, the statement of the subsidiary, submission thereof in accordance with the procedures laid down in Section 23 of this Law, and publishing thereof on the website in accordance with the procedures laid down in Section 24 of this Law.

(4) A person or persons who is or are authorised to represent a merchant of the European Union Member State or other countries in activities which are related to the branch shall be responsible for the preparation of the report on income taxes of a standalone undertaking which is not a commercial company registered in the Republic of Latvia or the ultimate parent undertaking of an international group of companies (group) which is not a commercial company registered in the Republic of Latvia and, in the relevant case, the statement of the branch, the submission thereof in accordance with the procedures laid down in Section 23 of this Law, and publishing thereof on the website in accordance with the procedures laid down in Section 24 of this Law.

**Section 26. Review Performed by a Sworn Auditor or a Commercial Company of Sworn Auditors and the Statement Regarding its Results**

(1) A sworn auditor or the responsible sworn auditor of a commercial company of sworn auditors (hereinafter – the sworn auditor) shall review whether the commercial company referred to in this Law had the obligation to submit the report on income taxes to the State Revenue Service for the reporting year which was before the relevant reporting year on which the annual statement to be audited or the consolidated annual statement to be audited (if there is an obligation to prepare such) has been prepared and, if there was such an obligation, whether this report was submitted to the State Revenue Service in accordance with the requirements of Section 23 of this Law and published on the website of the commercial company in accordance with the requirements of Section 24 of this Law.

(2) If the relevant commercial company had the obligation to submit the report on income taxes to the State Revenue Service in accordance with the requirements of Section 23 of this Law, the responsible person shall ensure the sworn auditor with the possibility of ascertaining whether this report was submitted appropriately.

(3) The responsible person of the commercial company shall provide all the necessary information to the sworn auditor so that the sworn auditor could fulfil the obligation of review imposed on him or her by this Section. The responsible person shall provide at least the following information to the sworn auditor:

1) information on the affiliated undertakings of such commercial company and the branches which are registered abroad (name, address, and registration number);

2) information on the consolidated net turnover of the group of companies (group) for the previous two reporting years if the commercial company subject to the review of the sworn auditor referred to in Paragraph one of this Section is the ultimate parent undertaking;

3) information on data of the consolidated financial statement (content of the report on income taxes) prepared by the ultimate parent undertaking of an international group of companies (group) the affiliated undertaking of which is the subsidiary for the last two reporting years if the abovementioned subsidiary is subject to the review of the sworn auditor specified in Paragraph one of this Section.

**Transitional Provision**

The provisions of this Law shall be applied starting from the reporting year which starts on 22 June 2024 or later.

**Informative Reference to European Union Directive**

The Law contains legal norms arising from Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches.

The Law has been adopted by the *Saeima* on 14 September 2023.

President E. Rinkēvičs

Rīga, 27 September 2023