



Valsts ieņēmumu
dienests

Payment of excise duty on cross-border distance sales as of 1 July 2021, when the extended special scope of the OSS (One Stop Shop) VAT scheme enters into force

On 1 July 2021, changes in the European Union (EU) legislation in the field of e-commerce will come into force and the Value Added Tax (VAT) regulations on cross-border business-to-consumer (B2C) transactions will change. The extended scope of the special VAT scheme (One Stop Shop (OSS)) will make it possible to register in one Member State and pay VAT on any transactions carried out in the e-environment under the special VAT scheme. The rationale for these changes is to remove barriers to cross-border online trade and to address the challenges posed by VAT schemes for distance sale of goods and imports of low value consignments.



The extended special scope of the VAT scheme **OSS (One Stop Shop) does not apply to the payment of excise duty**; therefore, **after 1 July 2021, the existing procedure for the payment of excise duty will apply.**

In the case of non-harmonized excise goods – **coffee and non-alcoholic beverages** – the taxable person is a person of another Member State who sells non-alcoholic beverages or coffee by means of a distance agreement.¹

Consequently, a merchant of another Member State who sells coffee or non-alcoholic beverages to Latvian consumers using a distance agreement is responsible for the payment and declaration of excise duty in Latvia.



A person of another Member State who sells non-alcoholic beverages or coffee using a distance agreement for their consumption in the Republic of Latvia must pay excise duty to the State budget into the single tax account within 5 working days after the sale of the relevant excise goods; and² must submit a coffee and non-alcoholic beverages excise duty declaration in accordance with the procedures specified in Cabinet Regulation No. 300 of 30 March 2010 "Regulations Regarding Excise Duty Declaration Forms and the Procedure for Completing Them" (*Noteikumi par akcīzes nodokļa deklarācijas veidlapām un to aizpildīšanas kārtību*) within 3 working days before the deadline for payment of the excise duty³.

Consequently, a merchant from another Member State (as was the case until now) will have to register as a taxpayer in Latvia for the purposes of paying excise duty.

¹ Law on Excise Duty, Section 7, Paragraph 5³.

² Ibid., Section 23, Paragraph twenty-six.

³ Ibid., Section 24, Paragraph one.



Thus, if a taxpayer from another Member State is required to register in Latvia for the sole purpose of paying excise duty, they must submit the following documents to the SRS:

- ✓ a free format application indicating the reason for registration – in order to pay excise duty, or the form "Taxpayer (Other Entity) Registration Form"⁴ (*Nodokļu maksātāja (cita subjekta) reģistrācijas lapa*);
- ✓ a printout from the relevant State register containing information about the company, i.e., company name, registration number, address, data on company officers.

At the same time, the right to access the Electronic Revenue System of the State Revenue Service must be obtained. More information on registering as an Electronic Declaration System user can be found on the SRS website under the section **Electronic Declaration System**.



If a taxpayer from another Member State was registered with the SRS as a payer of excise duty and value added tax, following exclusion from the SRS value added tax register they may continue to pay excise duty using their assigned value added tax taxpayer registration number, as it is also a taxpayer registration number.

With regard to the distance sale of **alcoholic beverages**, an individual who receives excise goods in Latvia in accordance with Section 26 of the Law on Excise Duty is responsible for paying excise duty on alcoholic beverages released for consumption in another EU Member State and purchased through a distance agreement.⁵ Thus, in cases involving the distance sale of alcoholic beverages, the recipient of alcoholic beverages in Latvia, who has a taxpayer registration number and access to the Electronic Declaration System, is obliged to pay excise duty.



The sale and purchase of tobacco products, electronic cigarettes and refill cartridges through a distance agreement is prohibited, including outside the territory of a European Union Member State or country of the European Economic Area.⁶

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⁴ Annex 2 to Cabinet Regulation No. 537 of 22 September 2015 "Regulations regarding the Registration of Taxpayers and Taxpayers' Structural Units with the State Revenue Service" (*Noteikumi par nodokļu maksātāju un nodokļu maksātāju struktūrvienību reģistrāciju Valsts ieņēmumu dienestā*).

⁵Section 7, Clause 4, Section 10, Paragraph one, Section 23, Paragraph seven, Section 26 of the Law "On Excise Duty".

⁶ Section 8, Paragraph two of the Law on the Circulation of Tobacco Products, Plant Smoking Products, Electronic Smoking Devices and their Liquids (*Tabakas izstrādājumu, augu smēķēšanas produktu, elektronisko smēķēšanas ierīču un to šķidrumu aprites likums*)