
Latvia

Local stock exchange

NASDAQ OMX Riga JSC

<http://www.nasdaqomxbaltic.com/lv>

Rules for listed filings

IFRS required or permitted for listed companies?

Required for consolidated financial statements. Required for standalone/separate financial statements if listed companies do not prepare consolidated financial statements.

Version of IFRS

IFRS as adopted by the EU

Are subsidiaries of foreign companies or foreign companies listed on local exchanges subject to different rules?

If the foreign companies prepare the consolidated financial statements or are listed on the official list in the Republic of Latvia, they are required to submit consolidated/standalone financial statements prepared in accordance with IFRS as adopted by the EU.

If the foreign company does not prepare consolidated financial statements and it is not listed on the official list in the Republic of Latvia, then it prepares its financial statements in accordance with the rules applicable in the country of residence.

Rules for statutory filings

Is IFRS or IFRS for SMEs required, permitted or prohibited for statutory filings?

IFRS is required for financial institutions, such as banks, insurance companies, investment funds, and similar. IFRS is permitted for consolidated financial statements. IFRS is permitted for standalone statutory financial statements of companies listed on the official list of the Riga Stock Exchange. IFRS for SMEs is prohibited.

Version of IFRS

IFRS as adopted by the EU

In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS?

Yes. See the rules for listed filings above.

IFRS conversion plans

Plans for converging

New law on annual reports and consolidated annual reports is going to be adopted later in 2015 and will become effective for the financial periods starting on or after January 1, 2016. The new law will not extend, as compared to the current situation described above, the range of preparers who would be allowed to prepare IFRS financial statements for

statutory reporting purposes. However, it will allow the companies, except for micro-entities, to use IFRS accounting policies in their statutory financial statements for specific items of the financial statements.

Ministry of Finance which supervises accounting matters and legislation in the country, has explained that would first expect IFRS for SMEs being adopted in EU and then would decide whether to implement them in Latvia.

Other useful websites

Ministry of Finance of the Republic of Latvia
<http://www.fm.gov.lv>

Tax information

Type of tax regime

Quasi-dependent. Taxable profit is principally based on the legal entity statutory accounts, with a few of adjustments provided in the tax law.

Comments on tax regime

Accounting profit before tax is adjusted for tax-nondeductible expenses and adjusted for items which create temporary differences, such as different tax depreciation allowances, expenses for accruals (unless precise) and provisions, asset and liability revaluations (except for currency revaluation of monetary items).

Plans for IFRS converging as the basis of tax reporting

As explained above, only for those companies which are required/allowed to prepare their stand-alone financial statements in accordance with IFRS as adopted in EU, IFRS accounts serve also as a basis for tax reporting. There are no known plans for IFRS converging as the basis of tax reporting. Until now it was possible to deal with IFRS / local GAAP differences in the tax return so that they did not impact the taxable profit. However, the situation might change in the future when new standards are adopted, like, IFRS 15.