Consumption Tax Trends 2016 - Latvia

VAT rates 2016

The Latvian standard VAT rate is 21.0%, which is above the OECD average. The average VAT/GST¹ standard rate in the OECD was 19.2% as of 1 January 2016, up from 17.7% on 1 January 2009. Latvia applies reduced VAT rates of 0% and 12% to a number of goods and services. Since 2009, 22 of the 34 OECD countries that have a VAT have raised their standard VAT/GST rate at least once. In line with this trend Latvia increased its standard VAT rate in 2011 but reduced it again in 2012.

The VAT Revenue Ratio (VRR) for Latvia was 0.51 in 2014, below the OECD average of 0.56. The VRR is a measure of the revenue raising performance of a VAT system. A ratio of 1 would reflect a VAT system that applies a single VAT rate to a comprehensive base of all expenditure on goods and services consumed in an economy - with perfect enforcement of the tax.

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Source: OECD Tax Database 1st January 2016

1. VAT refers to value added tax and goods and services tax (GST)

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