

GMS Flash Alert



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Latvia – Lower PIT Rate for OECD Citizens Holding Latvian Digital Nomad Visa

Over the past several months, Latvia has introduced immigration and tax policies to attract certain qualified workers from outside Latvia to come to the country to live and work.

In order to attract a highly-qualified labour force, and promote commercial activity and economic development, on 29 June 2022, amendments to the Immigration Law came into force, that, among other things, introduced a digital nomad visa.^{1VIA}

On 28 June 2023, amendments were adopted into the law "On Personal Income Tax."² Now, citizens and residents of OECD member states (hereinafter, "citizens of OECD") who have obtained a digital nomad visa have the right to choose to apply a 15-percent personal income tax (hereinafter, "PIT") rate to income earned in Latvia on the basis of being in possession of a Latvia-government-issued digital nomad visa (instead of progressive rates, which go up to 31 percent).

As individuals increasingly choose to work remotely in Latvia from another country, such remote work has acquired a very important role in the current labour market.

This *GMS Flash Alert* summarises recent changes to Latvia's country's immigration rules and the tax rules intended to attract so-called digital nomads and remote workers.

WHY THIS MATTERS

The new immigration and tax landscape, by virtue of the new Latvian rules described in this newsletter, is an acknowledgement of the growing importance of new work patterns, the competition for talent, and ideas around fostering economic growth – which are anticipated to continue for the foreseeable future – and the evolving needs of employers and employees in this "work from anywhere" world.

The digital nomad visa and the lower tax rate that can be applied to visa-holders' income are expected to provide more flexibility and heighten the appeal for foreign nationals who choose to work remotely – or are thinking about working remotely – in Latvia.

Companies and remote workers will want to take note of the new rules introduced over the past few months and plan accordingly.

Immigration

Recent changes to Latvia's immigration rules³ facilitate the ability of citizens of OECD to receive a digital nomad visa in Latvia, if they:

- are employed by an employer registered in an OECD member state or are registered as self-employed in an OECD member state, and
- perform their work duties remotely, and
- have been employed or registered in the OECD member state concerned for at least six months prior to the application for a digital nomad visa, and
- receive a monthly salary which is more than 2.5 times the average wage in Latvia.

PIT

Citizens of OECD who have obtained a Latvia-issued digital nomad visa may be subject to a lower rate of PIT. The rate of 15 percent may be applied within 365 days from the date of becoming a resident for tax purposes in Latvia in accordance with the Law "On Taxes and Duties" and the conditions stated in international agreements (i.e., double taxation treaties). The eligible individual must register as a taxpayer with the State Revenue Service (hereinafter, "SRS"), report the income received, calculate the tax, and pay it to the Latvian treasury.

In addition, it should be noted that such a taxable person, when calculating the PIT, does not have the right to reduce taxable income due to what would ordinarily be considered eligible expenses (for education and medical services, donations, contributions to private pension funds, payment of insurance premiums under an insurance contract (with accumulation of funds, etc.)). There is also no provision for the possibility of applying the annual non-taxable minimum amount and allowances.

The amendments concerning the reduced PIT rate entered into force retrospectively on 1 January 2023, and the rate applies to income earned as from that date.

KPMG INSIGHTS

For questions around eligibility assessment and steps to be taken to help ensure compliance, please contact your usual global mobility adviser or a member of the KPMG Global Mobility Services or KPMG Law Immigration team (see the Contacts section).

For more detailed information on the long-stay visa and remote work visa options in Latvia and other countries, you can see the information prepared by KPMG (in English) "Digital Nomad and Remote Work visa options", [here](#).

Also information about obtaining a long-stay visa for remote work is available on the website of the Office of Citizenship and Migration Affairs of the Republic of Latvia.

FOOTNOTES:

1 For prior coverage of the introduction of the digital nomad visa, see [GMS Flash Alert 2022-186](#), 17 October 2022. For a report on the introduction of a digital nomad visa in Latvia, published by KPMG in Latvia, see (in Latvian) "Digitālo klejotāju vīzas" (30 November 2022) at: <https://kpmg.com/lv/lv/home/insights/2022/11/digitalo-klejotaju-vizas.html>.

See on the website of the Office of Citizenship and Migration Affairs "[Obtaining a long-stay visa for remote work](#)."

2 For the amendments to the PIT (in Latvian), see "Grozījumi likumā "Par iedzīvotāju ienākuma nodokli" at: <https://likumi.lv/ta/id/343136-grozijumi-likuma-par-iedzivotaju-ienakuma-nodokli>.

3 See footnote 1.

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Recently Published! "The 2023 Current Trends in Remote Working Report."

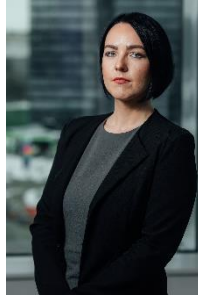
Remote work has become an integral part of our working world. The ability to work from anywhere has transformed how we work, removing geographical limitations and reshaping the traditional office-based model. Based on the views of more than 580 global mobility professionals from 52 countries who participated in the KPMG International webcast, "Work from Anywhere: It's been three years," this report provides insights into current remote work considerations and applications.

Contact us

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