BRIS GROUP

LATVIA
COMPANY FORMATION

Private Limited Liability Company (SIA)
2026 Guide for International Entrepreneurs

EU company • EUR 2,800 standard minimum share capital • 0% CIT while profits remain undistributed

Prepared by BRIS GROUP

Latvia SIA at a Glance

A Latvian sabiedr■ba ar ierobežotu atbild■bu (SIA) is a private limited liability company and a separate legal person. Its shares are not publicly tradable. The standard SIA is the usual form for international commercial activity and may be founded by natural persons or legal persons.

Legal form	Sabiedr■ba ar ierobežotu atbild■bu (SIA) - private limited liability company
Minimum share capital	EUR 2,800 for a standard SIA
Founders / shareholders	Natural persons and/or legal persons; foreign ownership is permitted
Board	Managed by an executive board. The articles and registration documents determine representation rights.
Registered address	A legal address in Latvia must be registered with the Enterprise Register.
Beneficial owners	Natural persons who directly or indirectly own more than 25% or otherwise exercise control must be identified.
Registration authority	Register of Enterprises of the Republic of Latvia
Indicative state processing	Official Register guidance states 1-3 business days for standard registration review; state fees start from EUR 75.

Important for non-resident founders

Latvian law does not require the founders of a standard SIA to be Latvian nationals. The official Enterprise Register expressly permits both natural and legal persons as founders. In practice, non-resident structures may require additional KYC, beneficial ownership evidence, banking/payment-account arrangements and properly executed foreign documents.

Official source: Register of Enterprises: Limited Liability Company; registration summary; Commercial Law, Section 185.

Formation Requirements

Core incorporation documents and information

• **Company name** - must comply with Latvian naming rules and be distinguishable in the register.

• **Founding decision / memorandum of association** - depending on whether there is one founder or several founders.

• **Articles of Association** - governing the company's internal corporate rules.

• **Share capital information** - including the number and nominal value of shares and evidence/certification of contribution as applicable.

• **Register of shareholders section** - identifying the shareholders and their holdings.

• **Executive board details** - including representation rights.

• **Legal address in Latvia**.

• **Beneficial ownership information** - including the natural persons ultimately owning or controlling the company.

• **Application to the Enterprise Register** - the official KR4 registration application.

Share Capital

The statutory minimum equity capital of a standard SIA is **EUR 2,800**. The contribution may be made in cash or, subject to the statutory valuation rules, by property contribution. The Commercial Law also permits a special small-capital SIA below EUR 2,800, but that form is subject to significant restrictions: founders/shareholders must be natural persons, there may be no more than five, board members must be shareholders, and additional reserve rules apply.

BRIS practical position

For an international or corporate-owned structure, the standard EUR 2,800 SIA is normally the more appropriate form. The reduced-capital SIA is not suitable where a corporate shareholder is required.

Official source: Commercial Law Sections 185 and 185.1; Register of Enterprises: Limited Liability Company and Small-Capital Limited Liability Company.

Taxation - Key Latvian Advantage

0% corporate income tax while qualifying profits remain undistributed

Latvia's corporate income tax system generally does not impose CIT merely because a company earns accounting profit. Tax is triggered when profit is distributed (for example, dividends) or when expenditure/transactions are treated by law as deemed distributions. This means profits retained and genuinely reinvested in the business can remain outside the current CIT charge.

Standard corporate income tax mechanism

The State Revenue Service states that the tax base consists of **distributed profit and deemed distributed profit**. Under the standard system, the CIT rate is 20% of the tax base, and the taxable amount is divided by a coefficient of 0.8. Economically, where EUR 80 is distributed to the shareholder from post-tax profit, EUR 20 of CIT is payable (an effective 25% charge relative to the net dividend amount).

From 1 January 2026 Latvia also introduced an **optional alternative 15% CIT regime for dividends** for qualifying taxpayers whose shareholders during the taxation period are only natural persons. Under that option, the dividend tax base uses a 0.85 coefficient and a 6% Latvian personal income tax applies to the dividend paid to the individual shareholder. The conditions should be checked for each ownership structure before relying on this alternative.

Foreign-source income: an important distinction

Latvia is not a territorial-tax or offshore 0% foreign-income jurisdiction. The Corporate Income Tax Law calculates the taxable base by reference to taxable objects arising in Latvia and abroad. Therefore, foreign-source trading income is not exempt simply because the customers or business are outside Latvia. The practical 0% result arises because qualifying profits are retained/reinvested and have not become distributed or deemed distributed - not because the income is foreign-source.

Examples of deemed distributions / taxable objects

• non-business expenses

• certain bad debts

• excessive interest

• certain loans to related persons

• transfer-pricing adjustments and other items specified by the CIT Law

Official source: State Revenue Service: Corporate income tax; CIT rates updated 16 January 2026; Corporate Income Tax Law, Sections 4-5; SRS 2026 guidance on the alternative 15% dividend rate.

Accounting, Annual Reports & Audit

Accounting records

A Latvian SIA must maintain accounting records in accordance with Latvian accounting legislation and prepare annual financial statements. The reporting year is normally 12 months and usually coincides with the calendar year, although another year-end may be established where permitted by the company's constitutional documents.

First financial year

For a newly established company, the first reporting year may be shorter or longer than 12 months, but it **may not exceed 18 months**. This provides flexibility for a company incorporated part-way through the year.

Annual report filing deadline

Under the Law on Annual Financial Statements and Consolidated Financial Statements, micro and small undertakings generally submit the annual statement to the State Revenue Service no later than **five months after the end of the reporting year**. Medium-sized and large undertakings, and relevant parent undertakings preparing consolidated accounts, generally have up to **seven months**.

Audit / limited review

Not every SIA requires a statutory audit. Under the current law, a small undertaking becomes subject to a full audit where, for two consecutive years (or for a newly established undertaking at its first balance-sheet date), it exceeds at least two of the statutory thresholds: **EUR 1,000,000 balance-sheet total, EUR 2,000,000 net turnover, and 50 employees**. Separate lower thresholds can trigger a limited review: **EUR 500,000 balance-sheet total, EUR 1,000,000 net turnover, and 25 employees**, subject to the detailed statutory conditions and exceptions.

Can the client's own accountant prepare the accounts?

The company may use an external accountant, but the accounting and annual financial statements must comply with Latvian law and filing requirements. Where a statutory audit or limited review is triggered, the required review must be performed by a qualified sworn auditor in accordance with Latvian law.

Official source: Accounting Law, Section 24; Law on Annual Financial Statements and Consolidated Financial Statements, Sections 91, 92 and 97.

VAT, Beneficial Ownership & Ongoing Compliance

VAT

Latvia's standard VAT system is administered by the State Revenue Service. The official SRS guidance states that domestic taxpayers with turnover below **EUR 50,000** over the relevant period generally do not need standard VAT registration, subject to the specific transaction-based rules in the VAT Law. Registration may nevertheless become mandatory earlier for certain EU cross-border transactions, services, acquisitions or other taxable activities. Voluntary registration is also possible.

Since 1 July 2025 Latvia also has a special VAT registration procedure for qualifying small businesses. The SRS guidance updated in August 2026 confirms that it is available subject to statutory conditions, including a Latvian turnover ceiling of EUR 50,000 in the previous and current calendar years.

Beneficial ownership

The beneficial owner is a **natural person** who directly or indirectly owns more than 25% of the shares or voting rights, or otherwise exercises direct or indirect control. BO information is filed with the Enterprise Register. The Register may request documentary evidence of the ownership/control chain and identity evidence for the BO.

Changes in BO information must be notified without delay and, according to the Enterprise Register's current guidance, no later than **14 days** after the company becomes aware of the BO or the relevant change.

Corporate income tax declarations

CIT is generally reported for months in which a taxable object arises. The SRS states that the declaration and tax are due by the **20th day of the following month** (or the corresponding quarterly deadline where the taxpayer is entitled to quarterly treatment). If there is no taxable object, a monthly declaration generally need not be filed, except for the final month of the reporting year.

Official source: State Revenue Service: VAT registration and special small-business VAT procedure; Enterprise Register: Beneficial Owners; State Revenue Service: Corporate income tax.

Documents Commonly Required from International Clients

• **Individual shareholder / director / UBO:** certified passport or national ID and recent proof of residential address.

• **Corporate shareholder:** Certificate of Incorporation/Registration, constitutional documents, current register/incumbency evidence, shareholder and director information, and full ownership chain to the natural-person UBO(s).

• **Source of funds / source of wealth:** may be requested depending on the structure, business activity, transaction profile and risk assessment.

• **Business information:** proposed activities, expected countries of business, counterparties, turnover and commercial rationale.

• **Latvian legal address:** details required for registration.

• **Foreign documents:** certification, legalisation/apostille and translation requirements depend on the document, country of issue and filing method.

Why Latvia?

EU jurisdiction	Latvia is an EU Member State and uses the euro.
Retained-profit taxation	Qualifying retained/reinvested profit is generally not subject to current CIT until distribution/deemed distribution.
International ownership	Standard SIA may be founded by natural or legal persons, including foreign owners.
Moderate capital	Standard minimum share capital is EUR 2,800.
Flexible first year	A newly incorporated company may have a first reporting period of up to 18 months.
Clear BO regime	Natural-person beneficial ownership is disclosed through the Enterprise Register.

Tax planning note

Latvia can be attractive for businesses that intend to retain and reinvest profits. It should not be marketed as a 0% offshore or territorial-tax company: foreign-source income is not automatically exempt. The timing advantage comes from Latvia's distribution-based corporate income tax system.

Professional fees and service packages

BRIS GROUP can provide a separate quotation based on the proposed ownership structure, number and residence of shareholders/directors, business activity, required registered-office/accounting support and any additional compliance or banking assistance.

PREPARED BY BRIS GROUP
Company formation and international corporate services