

## Latvia passes regulations to implement Mandatory Disclosure Rules

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### Executive summary

On 17 April 2020, the Latvian Government published Regulations of the Cabinet of Ministers No. 210 "Rules on automatic exchange of information on reportable cross-border arrangements" implementing the European Union (EU) Directive on the mandatory disclosure and exchange of cross-border tax arrangements (referred to as DAC6 or the Directive). Under DAC6, taxpayers and intermediaries are required to report cross-border reportable arrangements from 1 July 2020. However, reports will retrospectively cover arrangements where the first step is implemented between 25 June 2018 and 1 July 2020.<sup>1</sup>

The Latvian legislation was adopted on 14 April 2020 and will be effective from 1 July 2020.

The final Latvian Mandatory Disclosure Rules (MDR) legislation is broadly aligned to the requirements of the Directive.

### Key highlights

- The final legislation does not contain many changes to the draft legislation as published in December 2019<sup>2</sup> except for the Legal Professional Privilege (LPP) exception.

- The Latvian final legislation gives the right to a waiver for intermediaries that are attorneys at law from filing information where the reporting obligation would breach the LPP. Where this applies, the intermediaries must notify any other intermediary, or if there is no such intermediary, the relevant taxpayer of their reporting obligations.

## Next steps

Determining if there is a reportable cross-border arrangement raises complex technical and procedural issues for taxpayers and intermediaries. Taxpayers and intermediaries who have operations in Latvia should review their policies and strategies for logging and reporting tax arrangements so that they are fully prepared for meeting these obligations.

A detailed Global Tax Alert is forthcoming.

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## Endnotes

1. See EY Global Tax Alert, [EU publishes Directive on new mandatory transparency rules for intermediaries and taxpayers](#), date 5 June 2018.
2. See EY Global Tax Alert, [Latvia publishes draft proposal to implement Mandatory Disclosure Rules](#), dated 2 March 2020.

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