

## **Information on taxes and fees<sup>1</sup>**

According to the laws and regulations of the Republic of Latvia (LV), the investment fund is not a corporate income tax payer, and the fund's income is not subject to corporate income tax. Taxes are applied at the investor level in accordance with applicable tax laws and regulations.

In accordance with the procedure provided for in the Laws of the Republic of Latvia "On Personal Income Tax" and "On Corporate Income Tax" or other legal acts that may replace these laws and regulatory acts issued on their basis in the future, investors are responsible for calculating, declaring and paying personal income tax or corporate income tax.

The client is independently responsible for paying taxes in the country of his tax residence.

### **Income from investment fund certificates**

According to the Law "On Personal Income Tax", investment fund certificates are capital assets. Income from the disposal of investment fund certificates is considered capital gain.

Capital gain is calculated as the difference between the purchase and sale price of investment certificates, including the purchase and holding costs of the fund's investment certificates, as well as other expenses related to the acquisition of a capital asset as specified by law.

Capital gains income is taxed at a rate of 25.5% at the time of writing, but this rate may change.

The recipient of the income is responsible for calculating the gain, declaring the income, and paying the tax.

The deadline for submitting a declaration on income from capital gains depends on the amount of capital gains received in a quarter:

- if a person (a Latvian tax resident)'s total income from transactions with capital assets in a quarter exceeds EUR 1,000, the declaration must be submitted by the 15th of the month following the relevant quarter;
- if a person's total income from transactions with capital assets in a quarter does not exceed EUR 1,000, the declaration must be submitted by January 15 of the following year.

The calculated tax amount must be paid into the state budget no later than 15 days from the date of submission of the declaration.

### **Income from individual management of financial instruments in accordance with the investor's authorization (Investment portfolio management service)**

According to the Law "On Personal Income Tax", income from individual management of financial instruments under the investor's authorization (portfolio management service) is income from capital.

The recipient of the income is responsible for calculating, declaring and paying tax on capital gains.

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<sup>1</sup> The material is of a general, informative nature. Information on taxes is provided in accordance with the laws and regulations of Latvia, which are in force at the time of preparation of this material. The information provided in this material is not to be considered tax advice..