



Tax Alert | Transfer Pricing | Latvia

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Latvia's first Controlled Transaction Report due by 31 December 2026: Is your transfer pricing study ready?

The first reporting deadline for Latvia's new Controlled Transaction Report is approaching. Taxpayers with a calendar financial year are required to submit the report by 31 December 2026 in respect of controlled transactions undertaken during FY2025. While the reporting obligation may appear straightforward, the report requires detailed transfer pricing information that can only be completed if the underlying transfer pricing analysis has already been performed.

Key takeaway

The first Controlled Transaction Report for FY2025 is due by 31 December 2026. Taxpayers whose aggregate value of controlled transactions with foreign related parties exceeds EUR 250,000 should assess their reporting obligations now, as the report cannot be completed without the underlying transfer pricing analysis and supporting documentation.

Key thresholds and reporting requirements

- EUR 250,000 – threshold triggering both Local File preparation requirements and the obligation to file the Controlled Transaction Report for qualifying foreign related-party transactions.
- EUR 90,000 – controlled transaction materiality threshold.
- EUR 20 million – Master File threshold.
- Three-year update cycle for transfer pricing analyses where circumstances remain unchanged.
- 12-month filing deadline for the Controlled Transaction Report following financial year-end.

The report cannot be prepared without transfer pricing analysis

The Controlled Transaction Report requires taxpayers to disclose the transfer pricing method applied, the tested party, the profit level indicator (PLI), the source of comparable data, the arm's length range and the transfer price applied. Consequently, the report is not merely an administrative filing exercise.

Why businesses should act now

Companies that have not yet assessed transactions with related parties, the cumulative value of which exceeds EUR 250,000, or prepared the necessary transfer pricing documentation may find that the underlying analysis requires significantly more time than the completion of the report itself.

Penalties for non-compliance

Failure to comply with Latvia's transfer pricing documentation and reporting requirements may result in significant financial and tax risks.

- Failure to submit the Controlled Transaction Report by the deadline or failure to provide transfer pricing documentation in timeframe defined by the tax office may result in penalties of up to 1% of the controlled transaction value, capped at EUR 100,000.
- Additional tax liabilities arising from transfer pricing adjustments may be subject to late payment interest and penalties.
- Information disclosed in the Controlled Transaction Report is expected to become an important risk assessment tool for the Latvian tax authorities when selecting taxpayers for transfer pricing audits.
- Incomplete, inaccurate or unsupported transfer pricing positions may increase the likelihood of a tax audit and subsequent transfer pricing adjustments.

Deadline for reporting for FY2025: 31 December 2026.

Submit RfP

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