

Member States capabilities in fighting tax crimes

Relevant legal definition(s) of tax-related offences

Latvia	Tax avoidance is understood as a legal act - unless deemed illegal by the tax authorities or, ultimately, by the courts - of using tax regimes to one's own advantage to reduce one's tax burden.	Tax evasion is defined as an illegal act of evading taxes by concealing income, earned either legally or illegally, from detection and collection by the tax authorities.	Money laundering refers to acts involving the processing of proceeds of crime to conceal their illegal origin and bring them back into the legal economy.
Legal text	N/C	Section 218: evasion of tax payments and payments equivalent thereto	Section 5 of the law on preventing of money laundering and terrorism financing
Nature of the offence	N/C	Criminal	N/C
Objective element	N/C	Any person who commits evasion of tax payments and payments equivalent thereto or of concealing or reducing income, profits and other items subject to tax, if losses on a large scale are caused thereby to the State or local government	The following actions are money laundering: <ul style="list-style-type: none"> • the conversion of proceeds of crime into other valuables, transfer of their location or ownership, knowing that these funds are proceeds of crime and if such actions are carried out for the purpose of concealing or disguising the illicit origin of funds or assisting any person who is involved in committing of a criminal offence in evading the legal liability • the concealment or disguise of the true nature, origin, location, disposition, movement, ownership of proceeds of crime, knowing that these funds are proceeds of crime • the acquisition, possession or use of proceeds of crime, if at the time of acquisition of such rights it is known that these are proceeds of crime • the participation in any of the activities listed in section 5§1 clauses 1 to 3
Mental element	N/C	N/C	N/C
Sanction	N/C	<ul style="list-style-type: none"> • Imprisonment up to 4 years or • Temporary deprivation of liberty, or • Community service, or • Fine, with or • Without confiscation of property and with deprivation of the right to engage in entrepreneurial activity or employment 	Imprisonment up to 3 years or temporary deprivation of liberty, or community service, or a fine, with or without confiscation of property
Other tax-related crimes	/	<ul style="list-style-type: none"> • Section 217: Violation of provisions regarding accounting and Statistical information • Section 217: Violation of work remuneration provisions • Section 177: Fraud • Section 177: Fraud in automated data processing system 	/
Aggravating / mitigating circumstances	N/C	Committed by organised criminal group	<ul style="list-style-type: none"> • Committed by organised criminal group • Committed on a large scale
Legal persons/natural persons		Possible to prosecute legal persons under certain circumstances	
Other information			

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Statistical data on tax avoidance, tax evasion and money laundering

Latvia	2014	2015	2016	Comments
MONEY LAUNDERING				
FIU: Office for Prevention of Laundering of Proceeds Derived from Criminal Activity (KB)				
Human Resources				
Budget (€)				
Type of FIU				Administrative Has the duty to freeze proceeds from criminal activity for a period of up to 45 days
Number of laundering schemes detected	45	47		
Total number of reports disclosed				
Including Suspicious Activity Reports (SARs)				
Including Suspicious Transaction Reports (STRs)				The Latvian reply mentions 283 STRs received between April - December 2016
Including Unusual Transaction Reports				
Including Cash Transaction Reports				
Including Currency Transaction Reports				
Including External Transaction Reports				
Audits conducted				
Number of incoming court cases		6	4	These figures reflect the court cases related under Criminal Law section 195. Figures are given by the FCMC - however, the document does not specify if the figures cover all the incoming cases related to Money Laundering
Total number of proceedings started				
Number of pending/unresolved court cases (31 dec)	31	27	24	Under Criminal Law Section 195 Laundering of the Proceeds of Crime
Total number of convictions		8	5	"
Including of natural persons convicted		9	6	"
Including of legal persons		0	0	"

Number of court cases resolved with an acquittal		5	2	"
Number of court cases resolved in another way		3	1	"
Number of court cases resolved in sentences				
Amount of seized financial means				
Including natural persons				
Including corporate bodies				
Including fines				
Amount of fines				
Including imprisonment				
of which, conditional sentence				
of which, unconditional imprisonment				

OTHER TAX-RELATED OFFENCES				
Tax Evasion Unit: Finance Police Department of the State Revenue Service				
Human Resources				
Budget (€)				
Number of cases investigated		165	201	These figures aggregate the figures for Tax evasion and Fraud. However, these figures provided by the police finance department are not the same as the ones provided by the Ministry of Justice on p.5
Number of Tax Audits conducted				
Number of Site Visits				
Taxes Debited on the basis of Audits				
Number of cases send to the prosecutor's office		76	56	
Court Cases				
Total number of proceedings started		74	71	Under Criminal Law Section 218. Evasion of Tax Payments and Payments Equivalent Thereto
Number of pending/unresolved court cases		97	107	"
Total number of cases resulting in convictions		41	50	"
Including of natural persons convicted		47	60	"
Including of legal persons		0	0	"
Number of court cases resolved with an acquittal		3	6	"
Number of court cases resolved in another way		5	7	"
Number of court cases resolved in sentences				
Amount of seized financial means				

Including natural persons				
Including legal person				
Including fines				
Amount of fines				
Including imprisonment				
of which, conditional sentence				
of which, unconditional imprisonment				

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Latvia	Interventions in response to the publication of the Panama Papers
Processing and analysing the Panama Papers data	<p>While working on the so-called Panama papers case, the FIU Latvia constantly faced the following challenges:</p> <ul style="list-style-type: none"> - the information available in the mass media had not been obtained lawfully and, therefore, it would not be possible to use it in further legal proceedings; - legitimate ways to obtain the information were explored; - challenges in processing the personal data: no date of birth, no registration data, differences in spelling in different languages, out-of-date information, for example, many of the legal entities mentioned in the list had stopped their activity already a long time ago.
Supervisory activities	<ul style="list-style-type: none"> • The FIU Latvia has sent spontaneous information reports concerning 77 legal entities and 9 natural persons to 5 foreign FIUs. • 6 requests for information have been received concerning 91 legal entities and 74 natural persons from foreign FIUs. • No answer to requests from the FIU Latvia was received from the ICIJ. The response received from the FIU Panama was formal - 11 natural persons and 12 legal entities were indicated; however, without any identification data and without financial information. <p>• The FIU Latvia have participated in a large number of action coordinating meetings both with officials of the Latvian institutions as well as with foreign officials including the Eurojust coordination meeting on 20 September, 2016.</p> <p>• Onsite visits and off-site reviews were conducted and are still in progress. As part of off-site supervisory action general information request was sent by the FCMC to 17 banks (including the bank whose licence was revoked) and 7 branches of foreign banks operating in Latvia. The purpose was to have information about the presence of customers mentioned in the Panama Papers as well as customers allegedly related to the jurisdiction of Latvia. Targeted off-site analysis of the largest transactions was conducted following receiving responses from banks and branches.</p> <p>• Upon the request of the FCMC the banks and branches operating in Latvia were required to identify possible customers and beneficial owners mentioned in the Panama papers and based on the information provided by the FIU identification of possible customers related to the jurisdiction of Latvia had to be identified. Based on the information received from banks and branches operation in Latvia the presence of possible 3022 current and former customers, including customers having relations to Latvia have been detected. The indicated number refers to occurrence of coincidence of titles of legal persons, addresses and names of natural persons. In 14 banks, 134 possible current and former beneficial owners were identified having occurrence of coincidence with persons stated in the request of the FCMC. 25 persons were identified as possible beneficial owners, officials and authorised representatives in several companies. The information is still being analysed. A number of onsite reviews is scheduled for 2017 whereas as part of the off-site reviews analysis of the transactions dynamics, reporting occurrence to the FIU Latvia is still in process. The FCMC also reviews possible appearance in Panama papers of persons related to the board, council officials or shareholders of banks. It is estimated that results could be shared by mid-2017.</p>
Investigations initiated	
(Pre) trial proceedings initiated	
Fines and sentences	
Other information	