

Latvia is a small country that's part of the Baltic states in Northern Europe. With a western edge along the Baltic Sea, the country is in a great location for companies that want to form relationships with other businesses in Europe as well as Russia. Although it's exciting to form a new company location, you have to worry about setting up your Latvia payroll and staying compliant.

That's why Globalization Partners offers Latvia payroll outsourcing services to companies looking to expand globally. We can use our existing subsidiary to add your employees to our payroll and make sure you stay compliant. Instead of worrying about the different Latvia payroll options, you can rest assured that we'll take the risk of compliance off your shoulders and onto our own.

Taxation Rules in Latvia

Latvia's taxation rules apply to both employers and employees. The country uses a Pay As You Earn (PAYE) system to withhold 23% of wages for income taxes. Employers also have to contribute 23.59% of wages to social security, and employees contribute 10.5%. Since you need to deduct income taxes at the source, it's important for you to understand all of the country's tax rules and regulations or work with an expert.

Latvia Payroll Options

You have four different Latvia payroll options to choose from, including:

- Remote: You can use your parent company's payroll and add employees to it if you would like to pay them remotely. However, all employees from different countries will have separate laws that you must follow.
- Internal: You can set up your own Latvia payroll within your subsidiary as long as you have the staff to support it. Usually, doing so works only for larger subsidiaries that also have a big budget.
- Latvia payroll processing company: A local Latvia payroll processing company is one outsourcing option for your company, but with this solution, you'll still be responsible for all of the company's actions.

- Latvia payroll outsourcing: Latvia payroll outsourcing with a global PEO such as Globalization Partners will help you outsource your entire payroll and make sure you don't have to worry about compliance.

Requirements for Setting up Your Latvia Payroll

Before you start to set up your Latvia payroll, you'll need a registered subsidiary. Without an incorporated entity, you can't hire employees, add them to a payroll, pay them, or start working in the country. Working with Globalization Partners doesn't equal the same requirement — you can use our Latvia PEO instead of establishing your own subsidiary. Instead of waiting months to even get to your payroll, you can benefit from the fact that we'll help you start working fully in as little as a day.

Necessary Entitlement and Termination Terms

Hiring and terminating employees is often difficult in a foreign country, which is why adding entitlement and termination terms to employment contracts before choosing a Latvia payroll option will help you stay compliant. The country allows fixed-term contracts for up to two years, and you can also hire employees under a probationary period of up to three months. Notice periods for dismissal range from 10 days to one month depending on how long the employee has worked for the company. Employees are also entitled to severance pay based on years of service.

Contact Globalization Partners Today

Globalization Partners will help you expand faster without the stress of compliance. Contact us today to learn more about Latvia payroll outsourcing.