



HIGHLIGHTS OF LATVIAN TAX AND REGISTRATION REQUIREMENTS

We are pleased to highlight some of the key points of interest for Herbalife Distributors and Supervisors. These are not intended to cover all aspects of taxation or registration that may affect your distributorship. We highly recommend that you contact your tax or financial advisor for specific details and requirements concerning the tax consequences of your activity as an Herbalife Distributor in Latvia.

Business Registration

All Distributors are required to register their activity with their local Municipality, as self-employed individuals. The registration is renewable annually.

Income Tax and Social Security

Self-employed Distributors should register for both income tax and social security, with the Latvian State Revenue Service (LSRS). Registration is free. These registrations do not expire and no renewals are necessary.

The registration number, for income tax and social security purposes, will be your 11 digit Personal Code. Any invoices that you issue, in connection with your Herbalife business, must show your taxpayer registration number. See also Value Added Tax section below.

It is important to establish and maintain a proper set of books and records for your business. Inexpensive manuals, tax report forms, registers of income and expenses and computerised systems are available from good quality stationers and software outlets or you may prefer to hire an experienced bookkeeper.

All accounting registers must be kept for 10 years. Other records, for your Herbalife business, should be retained for a minimum of 5 years, but it may be advisable to keep them longer.

Value Added Tax

Distributors are required to register for VAT purposes once their turnover exceeds, in total, LVL 10,000 within a 12-month period. Any turnover, from other businesses, must be included. Registration is free. The registration does not expire and no renewal is necessary.

Any VAT invoices that you issue, in connection with your Herbalife business, must show your VAT registration number, which will consist of your 11 digit Personal Code and two letters granted by LSRS.

Once you register for VAT, you must keep proper VAT records and comply with all VAT reporting requirements.

Invoices and Receipts

Note there are special rules with regard to cash transactions. With few exceptions, cash transactions must be recorded by means of an approved cash register and a cash receipt issued. You do not need to issue any further invoice for the same transaction. Currently the most economical approved cash register is called the "Datex MP

5000". If, to begin with, you do not wish to purchase a cash register, then all sales should be paid for, by your customers, by transferring the money into your bank account.

If you are VAT registered and any sale you make is not for cash, then you have to issue a VAT invoice. There are strict rules regarding the content of VAT invoices. In particular: -

- The VAT registered person must indicate his / her VAT registration number. The VAT rate has to be clearly indicated, which currently is 18% and the exact amount of VAT has to be shown.
- The name of the Distributor and their legal address.
- The name of the purchaser, their legal address and, if applicable, their VAT registration number (if the receiver is VAT registered in Latvia).
- The description and quantity of goods.
- The price and value of goods.
- The date when the goods are delivered.

The basic rules, rates and amounts noted above are as of the date of printing and may be modified from time to time by the respective authorities. To ascertain your personal situation or if you have any questions, we suggest that you consult with your local tax office or your qualified tax advisor.

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