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Factsheet for case **LV-2020-11/619**

Postponing of tax payments

Factsheet generated on 02 May 2020, 21:31

Country	Latvia, applies nationwide
Time period	Open ended, started on 12 March 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Deferral of payments
Case created	15 April 2020 (updated 29 April 2020)

Background information

Taxpayers may request to divide or to postpone tax payments for a period of up to three years, counting from the date of submission of the application, as well as to benefit of an extension for overdue tax payments, the payment term of which has already been extended in accordance with the Law if the overdue is the result of Covid-19 crisis.

The measure is established by the law “On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of Covid-19” (adopted on 20 March 2020, valid from 22 March 2020).

All conditions in detail for this measure are set by the Regulation of Cabinet of Ministers Nr. 165 “Regulations Regarding the Employers Affected by the Crisis Caused by Covid-19 which are Eligible for the Allowance for Idle Time and Division of the Payment for Late Tax Payments in Instalments or Deferral Thereof for up to Three Years”.

Content of measure

The following taxpayers which have been affected by the crisis may request to divide or to postpone tax payments:

- income from economic activity has, due to the spread of Covid-19, decreased by at least 30 per cent in March or April 2020 in comparison with the respective month in 2019;
- income from economic activity has, due to the spread of Covid-19, decreased by at least 20 per cent in March or April 2020 in comparison with the respective month in 2019, and they meet at least one of the following criteria: in 2019, the export volume of the employer affected by the crisis amounts to 10% of the

total turnover or is not less than € 500,000; or the average monthly gross work remuneration disbursed by the employer affected by the crisis in 2019 is not less than € 800; or as on 31 December 2019, long-term investments in fixed assets are at least € 500,000.

The taxpayer has, not later than within two months after the rescheduling of the term for payment or from the day of coming into force of the Law, to submit a justified application to the State Revenue Service. State Revenue Service has the right to divide the payment for late tax payments in installments or to defer it for a period of up to three years as of the date of the submission of the application.

No late payment fee is calculated for overdue tax payment, if the payments are granted the extension.

Information about the company is not included in the database of tax debtors administered by the State Revenue Service.

Use of measure

Up to 5 April 2020, 949 enterprises have received deferral of tax payments (tax holidays). Total amount of deferred payments were more than € 14,3 million. 26% of enterprises were from the trade sector, 19% from the Hotel/Restaurant/Catering sector and 11% from the manufacturing sector. 424 applications were rejected because they did not meet criteria of the Regulation Nr. 165.

As to 9 April 2020, State Revenue Service has received 1,767 applications claiming tax holidays. The terms of repayment were approved for tax payments in amount of € 20 million. Total amount of applications was € 44 million.

Actors, target groups and funding

Actors	Target groups	Funding
National government	All companies	No special funding required

Social partners

Role of social partners	Consulted
Form of involvement	Direct consultation

As far as we know social partners participate in discussions on measures for the prevention and suppression the spread of COVID-19 and on crisis impact on economy. However specific opinions of social partners are not published.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 06 April 2020: VID izmaksājis dīkstāves pabalstus 5516 darbiniekiem (www.vid.gov.lv)
- 09 April 2020: Law On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19 (likumi.lv)
- 09 April 2020: Regulation of the Cabinet of Ministers Nr. 165 "Regulations Regarding the Employers Affected by the Crisis Caused by COVID-19 which are Eligible for the Allowance for Idle Time and Division of the Payment for Late Tax Payments in Instalments or Deferral Thereof for up to Three Years" (likumi.lv)
- 09 April 2020: State Revenue Service informative page on COVID-19 (www.vid.gov.lv)