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# **TAXES AND TAX STRUCTURE IN LATVIA**

*Tax Policy Strategy Division  
Tax Analysis Department*

As of January 1, 2021



# Outline of presentation

- 1. The main principles** of the tax system in Latvia and tax revenue
- 2. Direct Taxes** (*personal income tax, corporate income tax, compulsory state social security contributions, real estate tax, micro-enterprise tax, solidarity tax*)
- 3. Indirect taxes** (*value added tax, excise duty, customs duty, company car tax, vehicle operation tax, electricity tax*)
- 4. Other taxes** (*natural resources tax, lotteries and gambling fee and tax*)



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# **1. The main principles** of the tax system in Latvia



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# Tax System in Latvia

Tax and fee system in Latvia consists of:

- state taxes, object and rate, which shall be set by the **Saeima**;
- state fees, which shall be applicable according to Law "*On Taxes and Duties*", other specific laws and regulations of the **Cabinet of Ministers**;
- local government fees, which shall be applicable according to the Law "*On Taxes and Duties*" and binding regulations issued by the council of the **local government**;
- directly applicable taxes and other obligatory payments set in the **European Union** regulatory enactments.



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## Tax is:

- a mandatory periodic or one-off payment;
- imposed by a law;
- for the performance of the public law functions or to obtain revenue to perform these functions;

*The payment of taxes does not imply any compensation to the taxpayer directly.*



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# Types of Taxes

## *Direct taxes*

- personal income tax
- corporate income tax
- compulsory state social security contributions
- real estate tax
- micro-enterprise tax
- solidarity tax

## *Indirect taxes*

- value added tax
- excise duty
- customs duty
- company car tax
- vehicle operation tax
- electricity tax

## *Other taxes*

- natural resources tax
- lottery and gambling tax

Source: Ministry of Finance

2021



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## Main Tax Rates

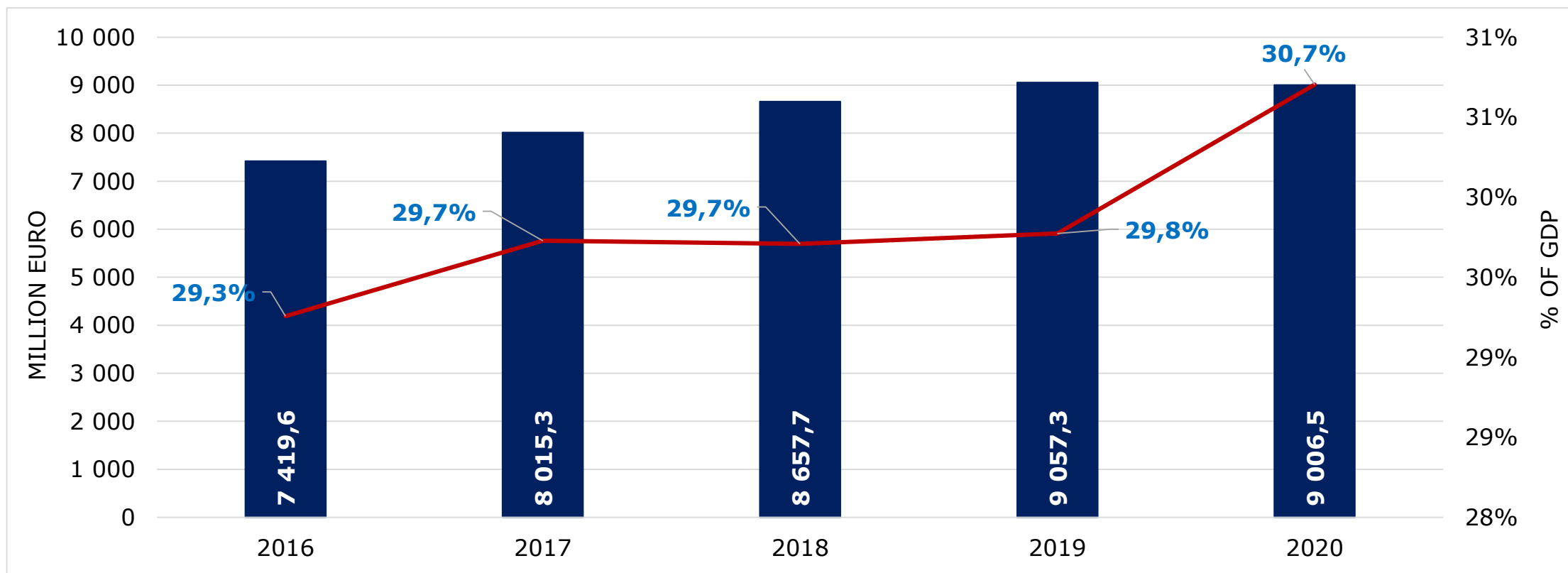
Personal income tax	Income, <i>euro per year</i> : below 20,004 – <b>20%</b> from 20,004 to 62,800 – <b>23%</b> above 62,800 – <b>31%</b>
Corporate income tax	<b>20%</b> (20/80)
Compulsory state social security contributions	<b>34.09%</b>
Solidarity tax	<b>25%</b>
Value added tax	<b>21%</b> standard rate <b>12%</b> and <b>5%</b> reduced rates
Micro-enterprise tax	<b>25%</b> (turnover up to 25,000 <i>euro per year</i> )



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# Total Tax revenue\*

(million euro, % of GDP)



\* Excluding contributions to the state funded pension scheme

Source: Ministry of Finance

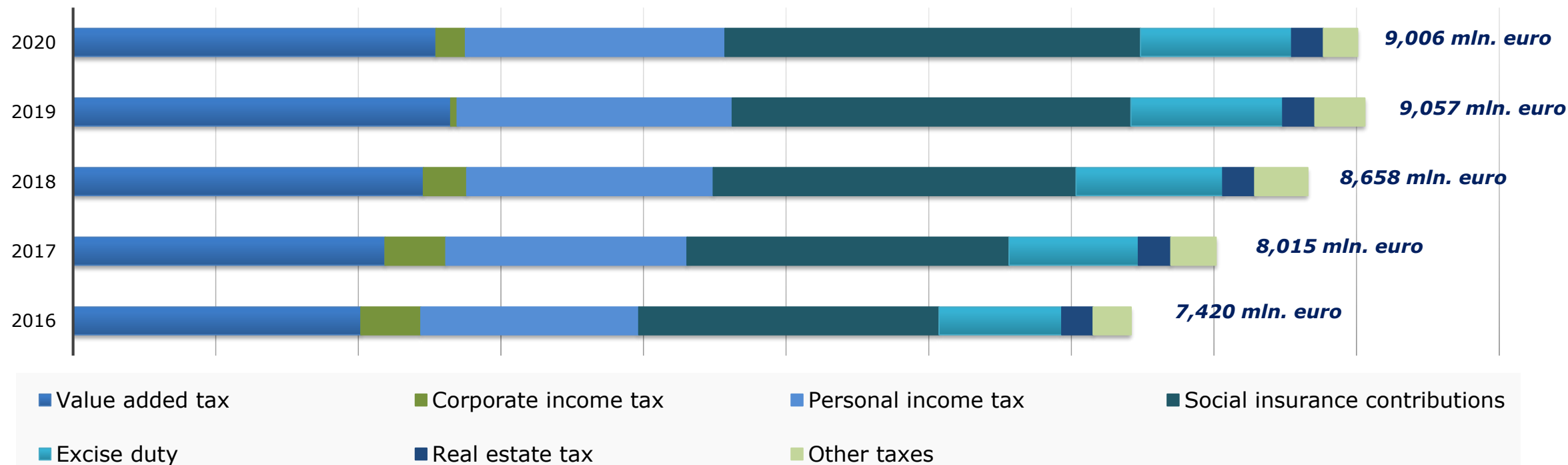




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# Breakdown of Tax Revenue\* (I)

*(million euros)*



\* Excluding contributions to the state funded pension scheme

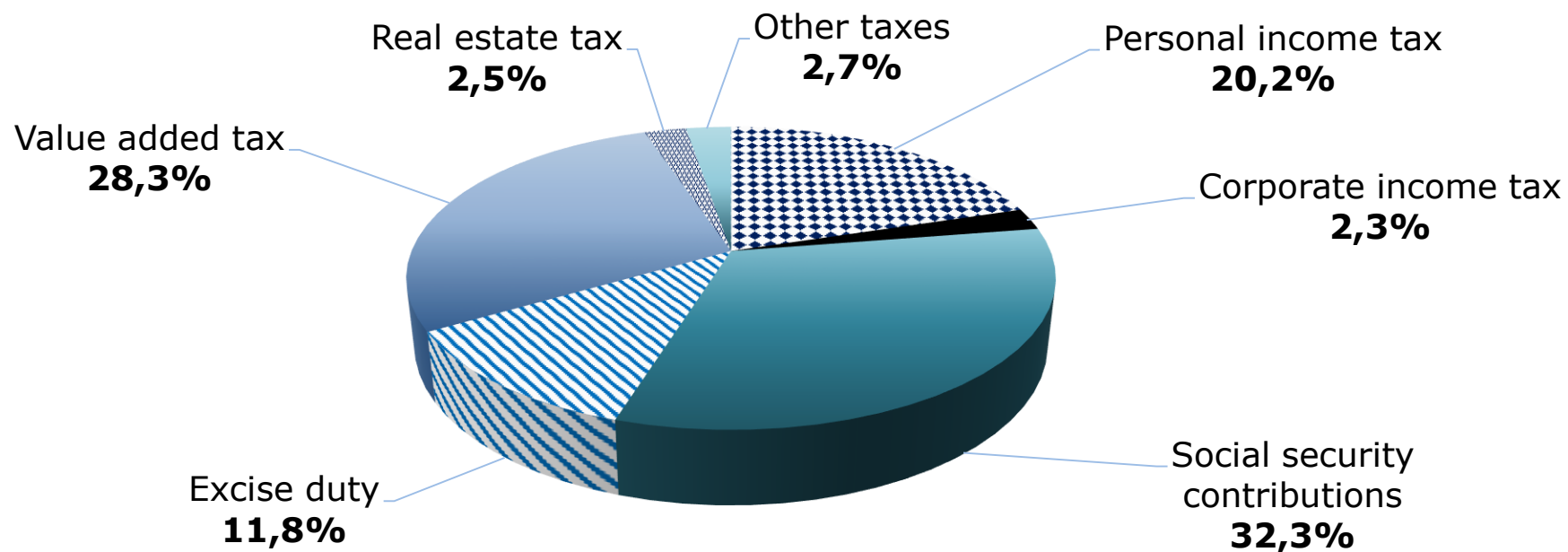
Source: Ministry of Finance



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## Breakdown of Tax Revenue\* (II)

***By their share in tax revenue in 2020, per cent***



\* Excluding contributions to the state funded pension scheme

Source: Ministry of Finance



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## 2. Direct Taxes



# Personal Income Tax (PIT)

- PIT is levied on the total worldwide income earned by a natural person (**resident**) during the taxation year;
- **Non-residents** pay PIT only from their income received from Latvian sources;
- PIT is also paid by the owners of individual undertakings and farms and fish farms, who have obtained income during the taxation year which is not subject to the corporate income tax.

*Individuals are Latvian residents if they:*

- *have a declared place of residence in Latvia;*
- *stay in Latvia 183 days or longer during any 12 month period;*
- *is a Latvian citizen who is employed in a foreign country by the government.*



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# Personal Income Tax (PIT)

Period of taxation: *a calendar year*

Tax rates:

Income, euro per year	2017	Tax reform			2021
		2018	2019	2020	
below 20,004	<b>23%</b>	<b>20%</b>			<b>20%</b>
from 20,004 to 62,800*		<b>23%</b>			<b>23%</b>
above 62,800*		<b>31.4%</b>			<b>31%</b>
Income from capital gains	<b>10%/15%</b>	<b>20%</b>			<b>20%</b>

\* In 2018, Compulsory state social security contribution ceiling was 55,000 euros per year

Source: Law "On Personal Income Tax"



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# Personal Income Tax (PIT)

## *Deductions from taxable income*

Allowances	2021
<b>Annual differentiated non-taxable minimum*</b>	
Maximum annual non-taxable minimum, <i>euro</i>	<b>3,600</b> per year/ <b>300</b> per month
Annual income up to which maximum non-taxable minimum is applied, <i>euro</i>	<b>6,000</b> per year/ 500 per month
Annual income up to which non-taxable minimum gradually reduces, according to the formula, <i>euro</i>	<b>21,600</b> per year/ <b>1,800</b> per month
<b>Non-taxable minimum of a pensioner, <i>euro</i></b>	<b>3,960</b> per year/ <b>330</b> per month
<b>Amount of relief for a dependent, <i>euro</i></b>	<b>3,000</b> per year/ <b>250</b> per month

\* Annual differentiated non-taxable minimum is calculated according to the formula specified by the Cabinet of Ministers and applied according to the summary procedure by submitting an annual income declaration by a payer.



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# Personal Income Tax (PIT)

## *Deductions from taxable income*

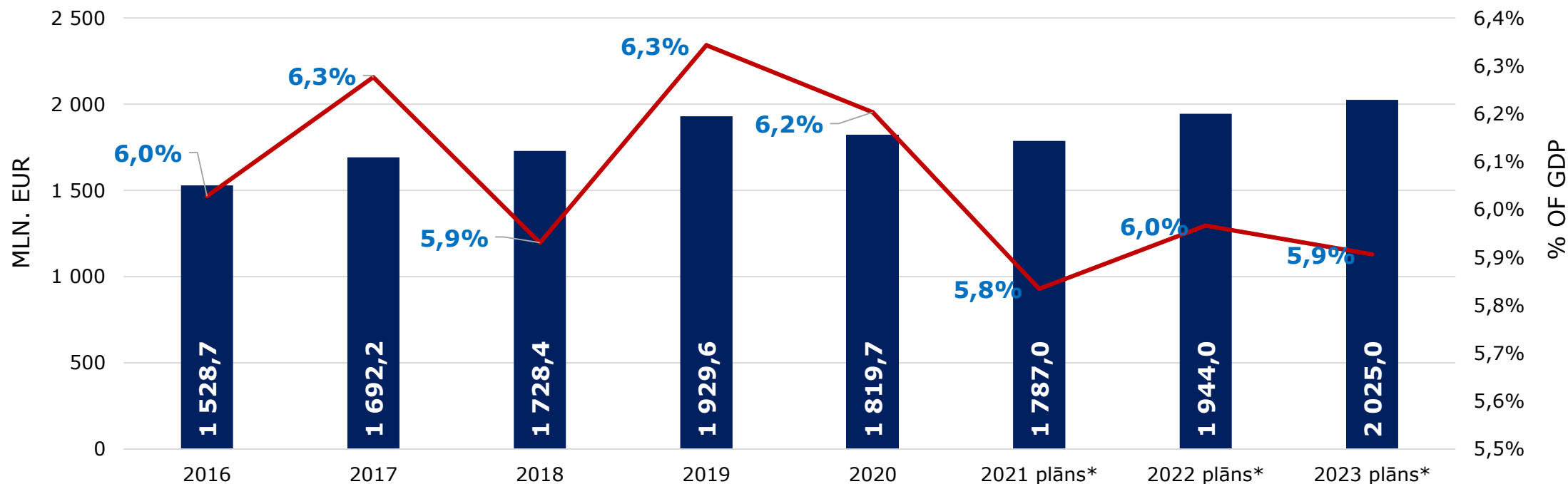
	2021
<b>Additional tax reliefs:</b>	
Relief for persons who have been recognized as persons with disability:	
<i>persons with group I and II disabilities, euro per year</i>	<b>1,848</b> (154 per month)
<i>persons with group III disabilities, euro per year</i>	<b>1,440</b> (120 per month)
Relief for politically repressed persons and members of the national resistance movement, <i>euro per year</i>	<b>1,848</b> (154 per month)
<b>Eligible expenditure:</b>	
Payments of insurance premiums made in conformity with a life insurance contract (with accumulation of funds) and the payments made into the private pension funds, <i>% of annual taxable income</i>	Up to <b>4,000</b> euro per year, but not exceeding <b>10%</b> of annual gross income in total
Expenditure for the acquisition of education and for the use of health and medical treatment services.  The amount which in the form of donation or gift has been transferred to a budget institution or religious organisation or the institution which have been granted a public benefit organisation status, or to a political party, <i>euro per year</i>	Up to <b>600</b> euro per year, but not exceeding <b>50%</b> of annual gross income in total



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# Personal Income Tax (PIT)

## Tax Revenue (*million euro, % of GDP*)



*PIT is one of the most important revenue sources for local governments, as **75 per cent** of the PIT revenue is transferred to the local government budgets.*

Source: Ministry of Finance





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# Corporate Income Tax (CIT)

- Profits gained by a taxpayer are not taxed until its distribution. **CIT at a 20 per cent** rate is paid from the profits distributed (calculated dividends, payments treated as dividends and deemed dividends) and deemed profit distributions (expenses not related to economic activity etc.);
- CIT rate is 20 per cent on the gross distributed amount or **20/80** on the net income, namely, base subject to CIT has to be divided by a coefficient 0.8. Whereas, the recipient of dividends – a natural person shall not pay personal income tax from the above-mentioned dividends.



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# Corporate Income Tax (CIT)

CIT regime is applied to distributed profits and deemed profit distributions provided that the profits are gained after 1 January 2018.

## Distributed profits shall include:

- *calculated dividends, incl. extraordinary dividends;*
- *payments treated as dividends;*
- *deemed dividends (part of profits for which share capital is increased (CIT not withheld) and which is taken out by reducing share capital).*

## Deemed profit distributions shall include:

- *expenses not related to economic activity (incl. representation and personnel sustainability expenses exceeding 5 per cent in total of the gross salary fund);*
- *doubtful debts;*
- *disproportionate interest payments;*
- *loans to related persons;*
- *transfer pricing adjustments (transactions with related persons which do not correspond to the market value);*
- *benefits granted to the employees of the permanent establishments or board members;*
- *liquidation quota.*



# Corporate Income Tax (CIT)

## Taxpayers

- Performers of economic activity:
  - a) domestic undertakings;*
  - b) institutions financed from the state budget whose income from economic activity is not provided in the state budget;*
  - c) institutions financed from the local government budget, whose income from economic activity is not provided in the local government budget;*
- Foreign commercial companies and other persons deriving income in Latvia (hereinafter — non-residents);
- Permanent establishments of non-residents.



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# Corporate Income Tax (CIT)

## CIT rates applied to payments to non-residents

CIT shall be withheld from the following payments made to non-residents:

- remuneration for management and consultancy services – 20 per cent rate;
- remuneration for alienation of the real property located in Latvia – 3 per cent rate;
- payments\* to legal, natural and other persons, which are located, are established or founded in low-tax or no-tax countries or territories – 20 per cent rate.

*\* Any kinds of payments, incl., dividends, interest payments, payments for intellectual property, except for payments for the supplies of goods (if they correspond to the market value) and public securities.*



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# Corporate income tax (CIT)

Period of taxation: *a calendar month*

Declaration of the taxation period shall be submitted to the State Revenue Service until the 20<sup>th</sup> date of the next month following the taxation period, if in the taxation period:

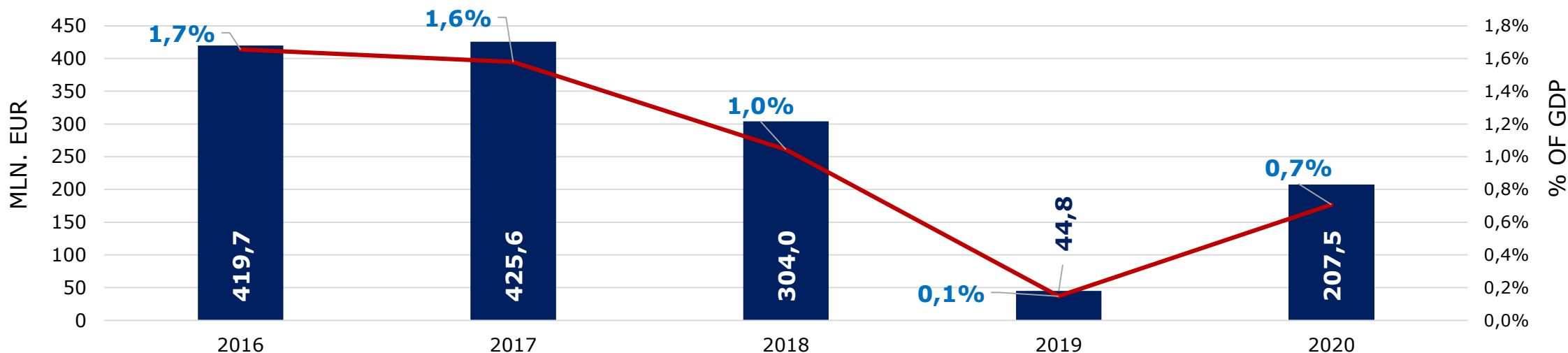
- *dividends were calculated;*
- *payments treated as dividends were made;*
- *deemed dividends were disbursed;*
- *expenses not related to economic activity were made;*
- *liquidation quota was disbursed.*



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# Corporate Income Tax (CIT)

## Tax Revenue (*million euro, % of GDP*)



As of 1 January 2018, a new *Corporate Income Tax Law* came into force as part of the tax reform, which provides that CIT is paid at the time of profit distribution, applying a rate of 20 per cent (in 2017, the general CIT rate was 15 per cent which was applied to the taxable income). As a result, in 2019, CIT tax revenue decreased rapidly and accounted for only 0.5 per cent of total state tax revenue and 0.1 per cent of GDP.

Source: Ministry of Finance



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# Compulsory State Social Security Contributions (SSC)

The **state social insurance system** is based on **two basic principles**:

1. the amount of social insurance services directly depends on the income from which social insurance contributions are calculated;
2. there is solidarity between social insurance contributors and recipients of social insurance services - current costs are financed from current social insurance contributions.



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# Compulsory State Social Security Contributions (SSC)

## Tax Base

- Employers' payments to individuals (wage income);
- Business income of self-employed.

*Health insurance is applicable to all employees and self-employed persons who have **actually made the compulsory contributions**, incl. for health insurance, **except** employees of micro-enterprises, patent fee payers and seasonal agricultural workers.*

*For more information, see the [home page of the Ministry of Welfare](#) and the [home page of The State Social Insurance Agency](#)*





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# Compulsory State Social Security Contributions (SSC)

	2021
<b>SSC general rate, including:</b>	<b>34.09%</b>
Employers rate	23.59%
Employees rate	10.50%
<b>SSC general rate distribution by types of the state social insurance:</b>	
- Pensions	23.91%
- Unemployment	1.60%
- Accidents at work and occupational disease insurance	0.66%
- Disability insurance	2.29%
- Sickness and maternity insurance	3.47%
- Parental insurance	1.16%
- Healthcare financing	1.00%
<b>Maximum amount of the SSC object, euro per year</b>	<b>62,800</b>
<b>Minimum annual amount, euro per year</b>	<b>6,000</b>

- The **rate of the SSC**, if the employee is insured for all types of social insurance, is **34.09 per cent**.
- **1 per cent** of the total rate of SSC is transferred for the financing of health care services.
- Tax rate differs for those taxpayers who are insured for less types of social insurance (self-employed persons, pensioner etc. persons).

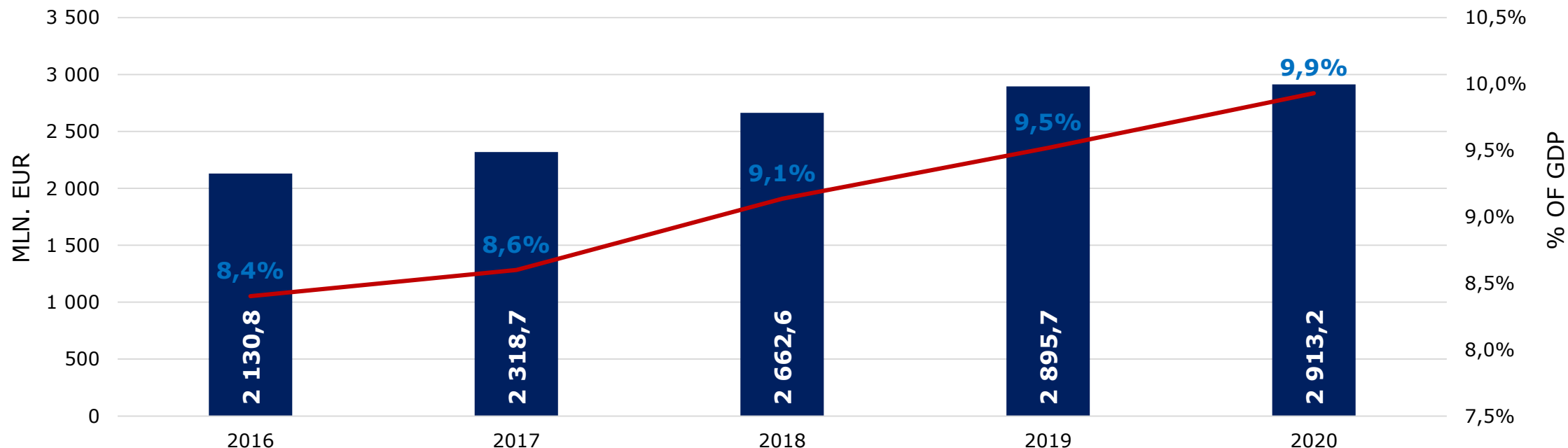
Source: Ministry of Finance



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# Compulsory State Social Security Contributions (SSC)

## Tax Revenue (*million euro, % of GDP*)



*The compulsory state social security contributions have the largest share in the total tax revenue. In 2020, the revenue of the SSC accounted for **32.3 per cent** of the total tax revenue.*

Source: Ministry of Finance



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# Solidarity Tax

## Taxpayers

Taxpayers are employees, employers and self-employed persons.

## Tax object

A taxable object is income, which exceeds the maximum amount of the object of the SSC.

As from 1 January 2019 the taxable object is income above **62,800 euro per year.**

For more information, see [home page of The State Social Insurance Agency](#)



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# Solidarity Tax

The tax is allocated as follows:

	2021
<b>Solidarity tax, including:</b>	<b>25%<sup>1</sup></b>
- <i>healthcare financing</i>	1%
- <i>PIT part<sup>3</sup></i>	10%
- <i>payment to the state special budget</i>	14% <sup>2</sup>

- 1 The solidarity tax rate is 25 per cent, but in the current year the SSC rate is applied.
- 2 From 2019, 14 per cent of the solidarity tax are transferred to the state pension special budget, which is registered in the taxpayer's personal account in accordance with the Law On State Pensions.
- 3 10 per cent of the solidarity tax are transferred to the PIT distribution account. Which ensures that by the submission of the annual income declaration and recalculation of PIT by applying the highest PIT rate (31 per cent), for the solidarity taxpayers the calculated tax payable to the budget will be equivalent to the already paid tax part of the PIT and solidarity tax.

## ➤ Taxation period

Calendar year for which the maximum amount of the object of the SSC is laid down in the Law *On State Social Insurance*.

## ➤ Tax rate

As from 1 January 2021 the tax rate is **25 per cent**.

Source: Ministry of Finance



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# Micro-enterprise Tax

The following entities may become a **micro-enterprise tax payer**:

- an individual merchant;
- an individual enterprise;
- a farm or fish farm;
- a natural person, which is registered in the State Revenue Service as a performer of economic activities;

In order to pay a micro-enterprise tax, a micro-enterprise shall comply with the following criteria:

- the turnover does not exceed **25,000 euro** in a calendar year;
- is not registered as a value added tax payer – if the micro-enterprise becomes a value added tax payer, it shall lose the status of micro-enterprise tax payer with the following year;
- at the same time the owner of the micro-enterprise can not pay PIT or the reduced patent fee for income from economic activities.



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# Micro-enterprise Tax

In order to gradually limit the micro-enterprise tax regime **from 2021**, the micro-enterprise tax can be applied only to one person – the owner of micro-enterprise.

If the micro-enterprise hires an employee after January 1, 2021, the employee is taxed and insured as an employee under the general procedure.



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# Micro-enterprise Tax

## Micro-enterprise Tax Includes:

- **80 per cent** compulsory state social security contributions;
- **20 per cent** personal income tax.

**As of July 1, 2021** the minimum object of the compulsory social security contributions has been introduced - three minimum wages per quarter for micro-enterprise tax payers.

If the object of the compulsory state social security contributions is smaller than the object of minimum contributions, from July 1 until December 31, 2021, the micro-enterprise tax payer is obliged to make the minimum compulsory contributions in the amount of **10%** for state pension insurance from the difference between the calculated object to the minimum object of compulsory contributions.



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# Micro-enterprise Tax

	2021
Micro-enterprise tax rate for turnover up to 25,000 <i>euro per year</i>	<b>25%</b>
<i>Excess turnover</i>	<i>40%</i>

*Source: Ministry of Finance*

- For a micro-enterprise turnover up to 25,000 *euro* per year the tax rate is **25 per cent**, and if a micro-enterprise taxpayer does not exceed the previously mentioned criteria.
- Rate of **40 per cent** applies to the part of the turnover exceeding 25,000 *euro* per year.

For more information, see the [home page of The State Revenue Service](#)





# Real Estate Tax

Currently the real estate taxation system includes two taxes:

- **land tax;**
- **tax on immovable property.**

The **tax base** is the **cadastral value**.

## **Tax rates:**

- land – **1.5 per cent** of the cadastral value;
- buildings used for economic activity, engineering structures – **1.5 per cent** of the cadastral value;
- residential buildings, apartments – **0.2 - 0.6 per cent:**
  - 0.2 per cent of the cadastral value not exceeding 56,915 *euro*;
  - 0.4 per cent of the part of the cadastral value exceeding 56,915 *euro*, but less than 106,715 *euro*;
  - 0.6 per cent of the cadastral value exceeding 106,715 *euro*.



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# Real Estate Tax

- An additional 1.5 per cent tax rate is applicable for uncultivated agricultural land, excluding land that has an area less than one hectare.
- Special 3 per cent tax rate is applicable for collapsed constructions, constructions degrading the environment or threatening the safety of individuals, if it is determined by the municipality in its binding regulations.
- The minimum tax payment for each taxpayer in each local government shall be 7 *euro*.
- Local governments are entitled (by adopting binding regulations) to determine tax rates from 0.2 to 3 per cent. Tax rate exceeding 1.5 per cent shall be determined by local governments only in case, if a real estate is not maintained in accordance with the laws and regulations.



# Real Estate Tax

## Reliefs

The Law on *Immovable property tax* provides the following reliefs:

- for politically repressed persons (regarding land and residential property) – **50 per cent**;
- for poor persons – **90 per cent**;
- for persons with low income – up to **90 per cent**;
- for large families (with 3 and more children) regarding the residential building or apartment with the land annexed thereto owned by them – **50 per cent, but not more than 500 euro**.

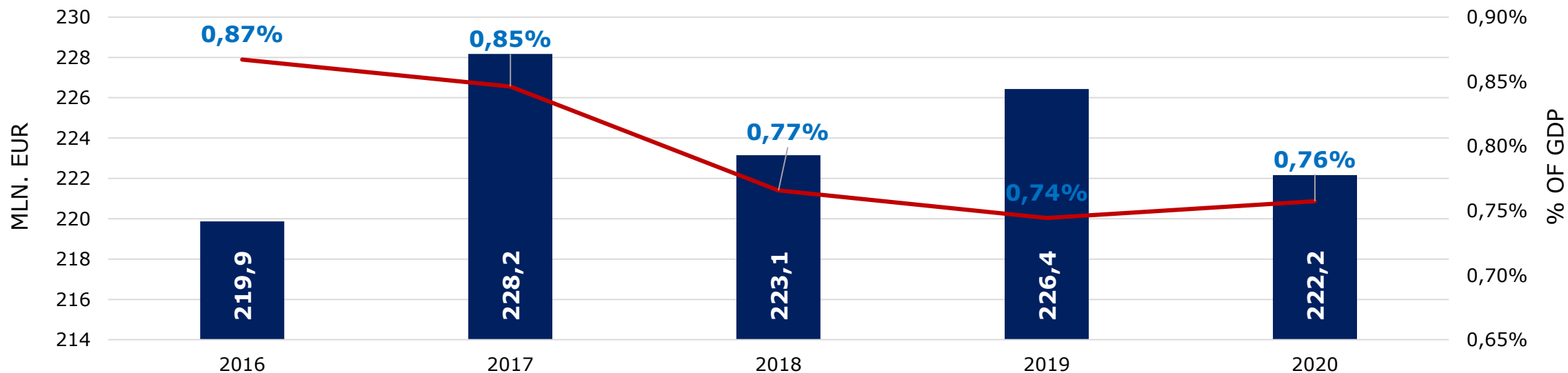
*Local governments may issue binding regulations which provide reliefs for separate categories of taxpayers (specific groups of population – pensioners, disabled persons, performers of economic activities etc.) – **25, 50, 75 or 90 per cent**.*



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# Real Estate Tax

## Tax Revenue (*million euro, % of GDP*)



*Real estate tax revenue in 2020 accounted for 0.76 per cent of GDP and 2.5 per cent of the total tax revenue.*

*In Latvia the real estate tax revenue is an important source for local governments.*

For more information, see the [home page of The State Revenue Service](#)

Source: Ministry of Finance



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## 3. Indirect Taxes



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# Value Added Tax (VAT)

## Taxpayer

A person whose taxable supply of goods and services exceeds **40,000 euros** in a calendar year (as of 2018) and a person whose taxable goods purchased in the EU value exceeds **10,000 euros**.

In 2021 the standard **VAT rate** is **21 per cent** and two reduced VAT rates are in force - **12 per cent** and **5 per cent**.

Also a **0 per cent** rate in relation to COVID-19, is applicable from 25 December 2020 until 31 December 2022.



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# Value Added Tax (VAT)

## Reduced VAT rate 12%

- medicine and medical devices;
- specialized foods for infants;
- public transport;
- school literature and original literature;
- newspapers, magazines, newsletters and other periodicals;
- accommodation services in tourist accommodation sites;
- supplies of thermal energy for domestic needs;
- supplies of firewood for domestic needs.

## Reduced VAT rate 5%

- fresh fruits, berries and vegetables.

## Reduced VAT rate 0%

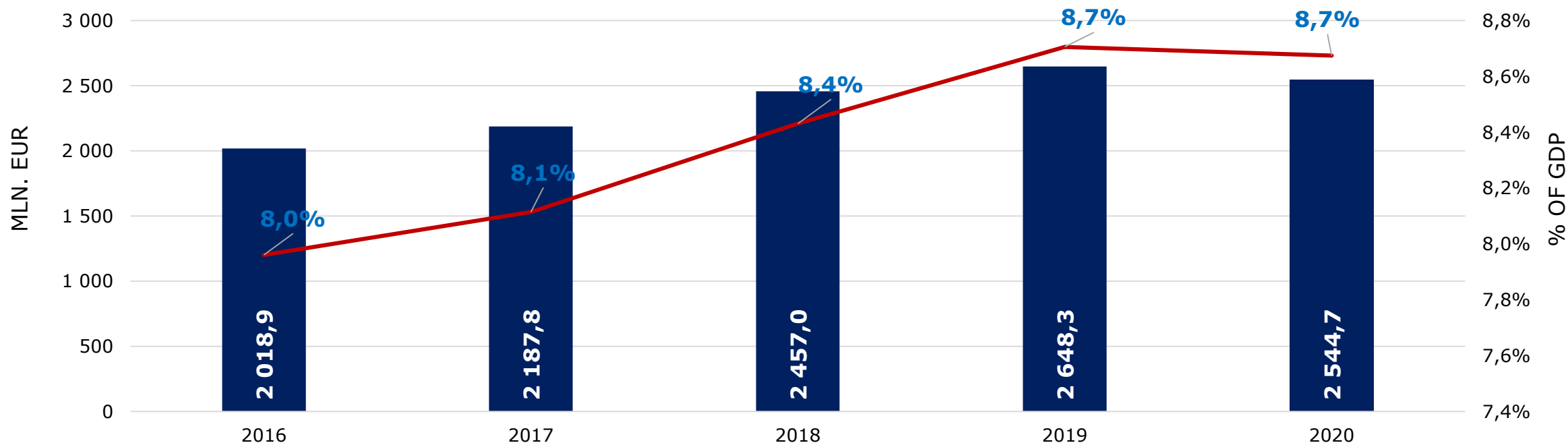
- COVID-19 vaccines and COVID-19 *in vitro* diagnostic medical devices



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# Value Added Tax (VAT)

## Tax Revenue (*million euro, % of GDP*)



*VAT revenue is the second largest contributor to the total tax revenue.*

*In 2020 VAT revenue accounted for **28.3 per cent of total tax revenue** and 8.7 per cent of GDP.*

*Source: Ministry of Finance*





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# Excise Duty

Excise duty is a specific consumption tax applied to certain groups of consumer goods produced or imported into the country.

The aim of the excise duty is to limit the consumption of goods that are harmful to the environment and human health, as well as to provide revenue to the state budget.

Excise duty shall be **applied to** alcoholic beverages, tobacco products, oil products, natural gas, coffee and non-alcoholic beverages (except natural juices and mineral water).



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# Excise Duty Rates for Alcoholic Beverages as of 1 March 2021

<b>Beer</b> , <i>euro per litre of absolute alcohol %</i>	<b>8.2</b>
<b>The minimum rate on beer</b> , <i>euro per 100 litres</i>	<b>15.2</b>
<b>Small brewery beer</b> , <i>euro per litre of absolute alcohol %</i>	<b>4.1</b>
<b>Wine</b> , <i>euro per 100 litres</i>	<b>111.0</b>
<b>Fermented beverage</b> , <i>euro per 100 litres</i>	
- absolute alcohol content < 6 vol	<b>64.0</b>
- absolute alcohol content > 6 vol	<b>111.0</b>
<b>Intermediate Product</b> , <i>euro per 100 litres</i>	
- Up to alcohol 15% vol.	<b>111.0</b>
- 15 to 22 alcoholic % vol.	<b>185.0</b>
<b>Other (strong) alcohol</b> , <i>euro per 100 litres of absolute alcohol</i>	<b>1,724.0</b>
<b>Other alcoholic beverages produced in small distilleries</b> , <i>euro per 1,000 litres of absolute alcohol</i>	<b>862.0</b>

Source: Ministry of Finance



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# Excise Duty Rates for Tobacco Products as of 1 January 2021

<b>Cigarettes</b>	
- Specific excise, <i>euro per 1,000 items</i>	<b>78.7/ 92.5*</b>
- Ad valorem (% of the maximum retail price (MRP))	<b>20%/15%*</b>
- The minimum rate, <i>euro per 1,000 items</i>	<b>114.7/ 121.4*</b>
<b>Cigars and cigarillos</b> , <i>euro per 1,000 items</i>	<b>104.7</b>
<b>Smoking tobacco</b> (finely sliced) <i>euro per 1 kg</i>	<b>80.25</b>
<b>Tobacco leaves</b> , <i>euro per 1 kg</i>	<b>80.25</b>
<b>Heated tobacco</b> , <i>euro per 1 kg</i>	<b>160.0</b>
<b>Liquid used in electronic cigarettes</b> , <i>euro per 1 millilitre</i>	<b>0.12</b>
<b>Tobacco substitutes</b> , <i>euro per 1 kg</i>	<b>80.0</b>

**\* As of 1 March 2021**

Source: Ministry of Finance



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# Excise Duty Rates for Oil Products as of 1 January 2021

<b>Unleaded PETROL</b> , <i>euro per 1,000 litres</i>	<b>509.0</b>
<b>PETROL and ethyl alcohol blend</b> , <i>euro per 1,000 litres</i>	<b>152.7/ 360.0<sup>1</sup></b>
<b>Leaded PETROL</b> , <i>euro per 1,000 litres</i>	<b>594.0</b>
<b>GAS OIL /diesel fuel/</b> , <i>euro per 1,000 litres</i>	<b>414.0</b>
<b>Liquefied Petroleum Gases (LPG)</b> , <i>euro per 1,000 kg</i>	<b>285.0</b>
<b>Kerosene</b> , <i>euro per 1,000 litres</i>	<b>414.0</b>
<b>Heavy fuel oil</b> , <i>euro per 1,000 kg</i>	<b>15.65</b>
<b>Diesel fuel, heavy fuel oil and kerosene used for heating</b> , <i>euro per 1,000 litres</i>	<b>56.91/ 60.0<sup>2</sup></b>
<b>Labelled gas oil used in agriculture<sup>3</sup></b> , <i>euro per 1,000 litres</i>	<b>62.1</b>

<sup>1</sup> **As of 1 February 2021**

<sup>2</sup> **As of 1 July 2021**

<sup>3</sup> *Labelled (marked) diesel fuel (gas oil), used for producing agricultural products, cultivating agricultural land and cultivating forest or marshland where cranberries or blueberries are cultivated, as well cultivating land under fishing ponds*



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# Excise Duty Rates for Natural Gas and Coffee and Non-alcoholic Beverages

Natural gas as of 1 January 2021, euro per MWh, used:	
- as <b>propellant</b>	<b>1.91</b>
- as <b>heating fuel</b>	<b>1.65</b>
- as <b>heating fuel in industrial manufacturing processes and other processes related to manufacturing</b>	<b>0.55</b>

- **Excise duty on coffee and non-alcoholic beverages as of 1 May 2004** – tax rate for coffee is **142.29** euro per 100 kilograms and the rate for non-alcoholic beverages is **7.40** euro per 100 litres.

For more information about excise duty rates, see the [website of The State Revenue Service](#)

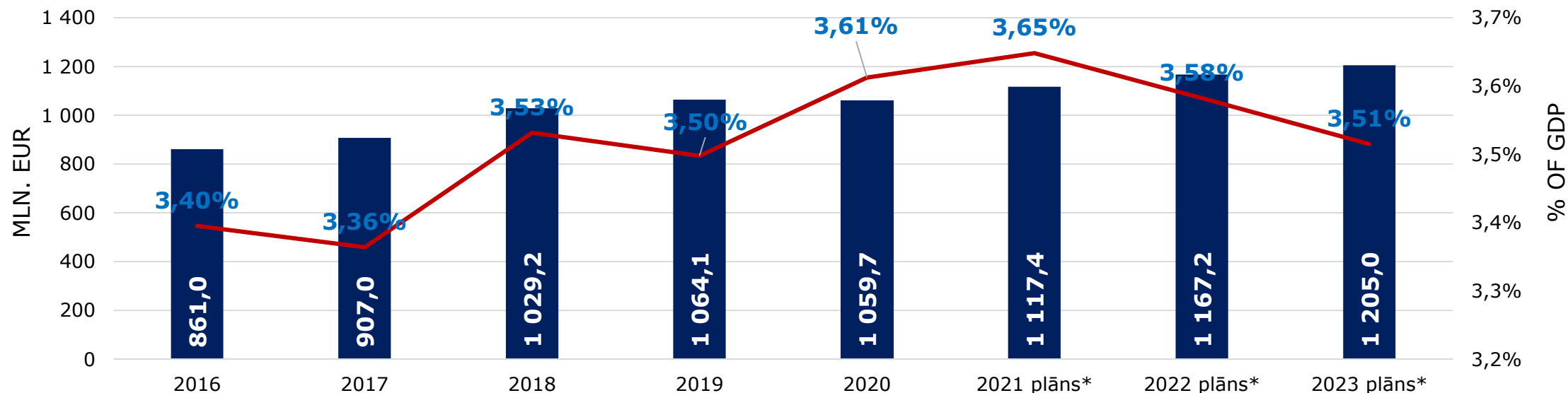
Source: Ministry of Finance



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# Excise Duty

## Tax Revenue (*million euro, % of GDP*)



*Excise duty is an important source of state budget revenue, in 2020 excise duty revenue accounted for **11.8 per cent of the total tax revenue** and 3.61 per cent of GDP.*

Source: Ministry of Finance



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# Vehicle Operation Tax (VOT)

## **Tax object:**

all vehicles, with the exception of tractor-type machinery, the trailers and semi-trailers of cars whose gross weight does not exceed 3,500 kilograms, trams, trolleybuses, off-the-road vehicles, snow motorcycles, mopeds and bicycles.

## **Taxpayer is:**

- a person who owns, holds or is in possession of a taxable vehicle in Latvia;
- a person in whose possession a taxable vehicle is issued transit number plates in Latvia;
- a person whose declared place of residence is in Latvia and who uses a M1 and N1 category car registered abroad for participation in road traffic in Latvia.



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## Vehicle Operation Tax (VOT) as of 1 January 2021

*The VOT rate is applied depending on the amount of carbon dioxide (CO<sub>2</sub>) emissions generated by the vehicle in grams (g) per one kilometer (km).*

CO <sub>2</sub> emissions (g) per one km	Rate, euro <sup>1</sup>	Rate, euro <sup>2</sup>
Up to 50	0.0	0.0
Between 51 and 95	12.0	9.0
Between 96 and 115	48.0	36.0
Between 116 and 130	84.0	66.0
Between 131 and 155	120.0	90.0
Between 156 and 175	144.0	114.0
Between 176 and 200	168.0	132.0
Between 201 and 225	216.0	168.0
Between 226 and 250	264.0	204.0
Between 251 and 275	336.0	258.0
Between 276 and 300	408.0	318.0
Between 301 and 350	552.0	426.0
Between 351 and 400	756.0	582.0
Above 401		756.0

<sup>1</sup> This rate is set for passenger cars (with internal combustion engine) registered for the **first time after 31 December 2008** or cargo vehicles with the gross weight of up to 3,500 kg, which were registered for the first time **after 31 December 2011**

<sup>2</sup> This rate is set for passenger cars (with internal combustion engine) registered for the **first time after 31 December 2020**

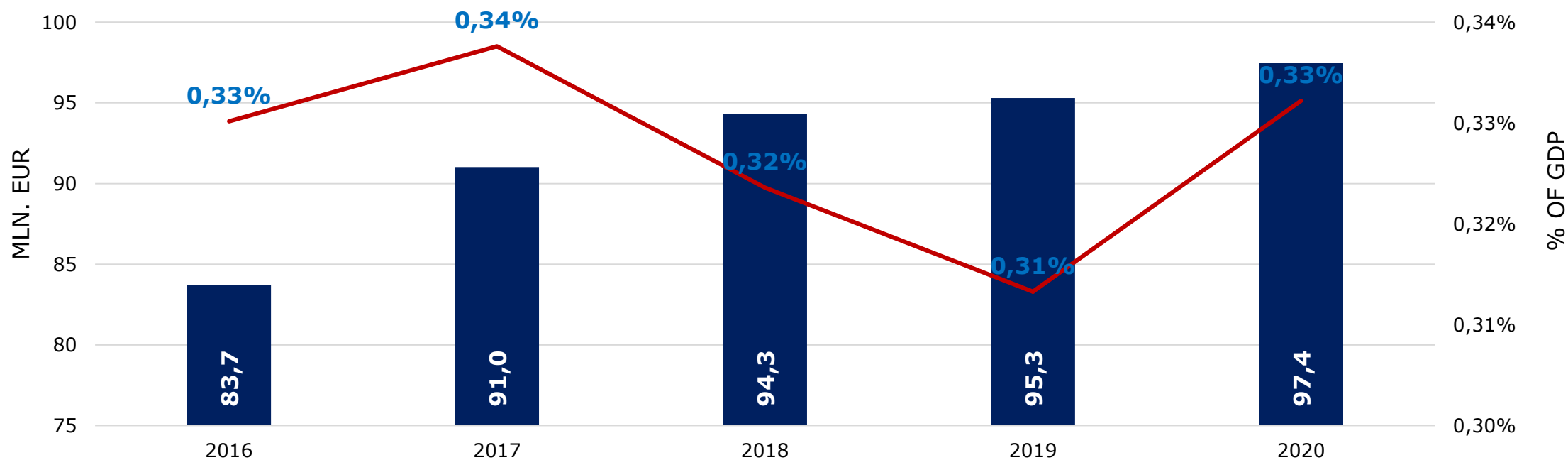




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# Vehicle Operation Tax (VOT)

## Tax Revenue (*million euro, % of GDP*)



For more information about VOT, see the [home page of The State Revenue Service](#) and the [home page of Road traffic safety directorate](#)

Source: Ministry of Finance



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# Company Car Tax

## Tax base

A car owned or kept by a company used for:

- the transportation of passengers and their luggage with the number of seats not exceeding eight seats excluding the driver's seat and which has been registered as a light passenger car or car for personal use;
- freight cars with a full mass not exceeding 3,000 kilograms, which is registered as a lorry and has more than three seats (including the driver's seat).

## Taxation period

One calendar year



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# Company Car Tax

## Tax rate as of 1 January 2021

Paid in accordance with the engine volume in the following amount

Engine volume in cubic centimeters (cm <sup>3</sup> )	EUR per month
<b>For electric cars</b>	<b>10.0</b>
<b>Tax for a vehicle registered for the first time <u>until</u> January 1, 2005</b>	<b>49.0</b>
<b>Tax for a vehicle registered for the first time <u>after</u> January 1, 2005</b>	
Up to 2,000	<b>31.0</b>
Between 2,001 and 2,500	<b>49.0</b>
Between 2,501 and 3,000	<b>66.0</b>
Above 3,000	<b>82.0</b>

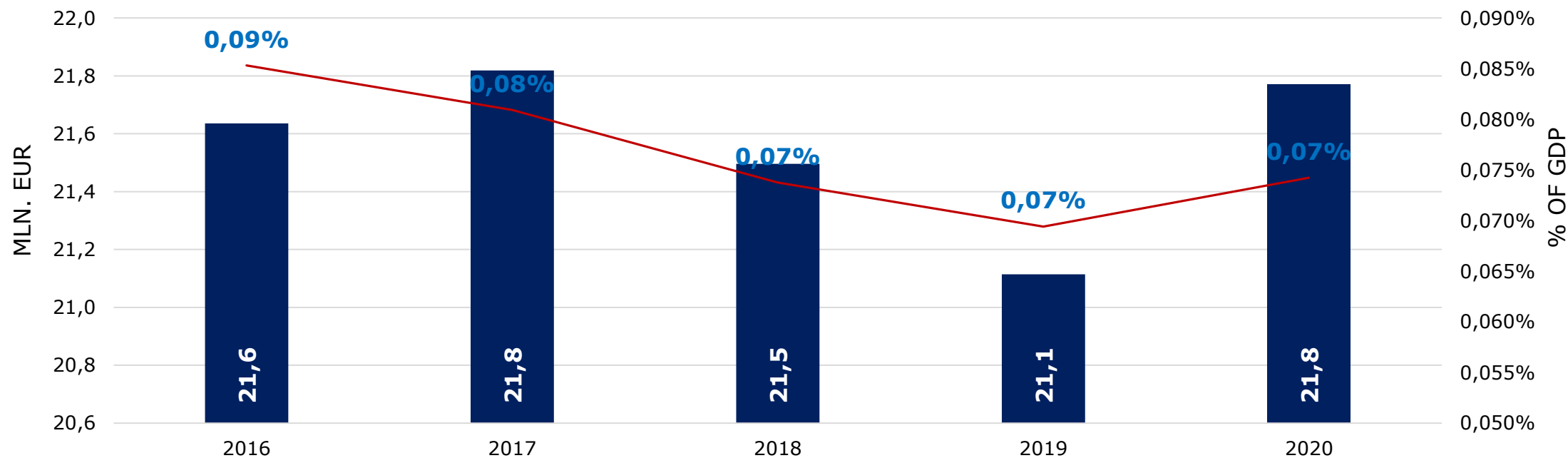
Source: Ministry of Finance



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# Company Car Tax

## Tax Revenue (*million euro, % of GDP*)



For more information, see the [home page of The State Revenue Service](#) and the [home page of Road traffic safety directorate](#)

Source: Ministry of Finance



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# Electricity Tax

## Tax base

- Electrical energy supplied to the end consumer;
- Electrical energy supplied for own consumption.

## Tax rate

As of 1 January 2014 – **1.01 euro per megawatt hour**

## Taxation period

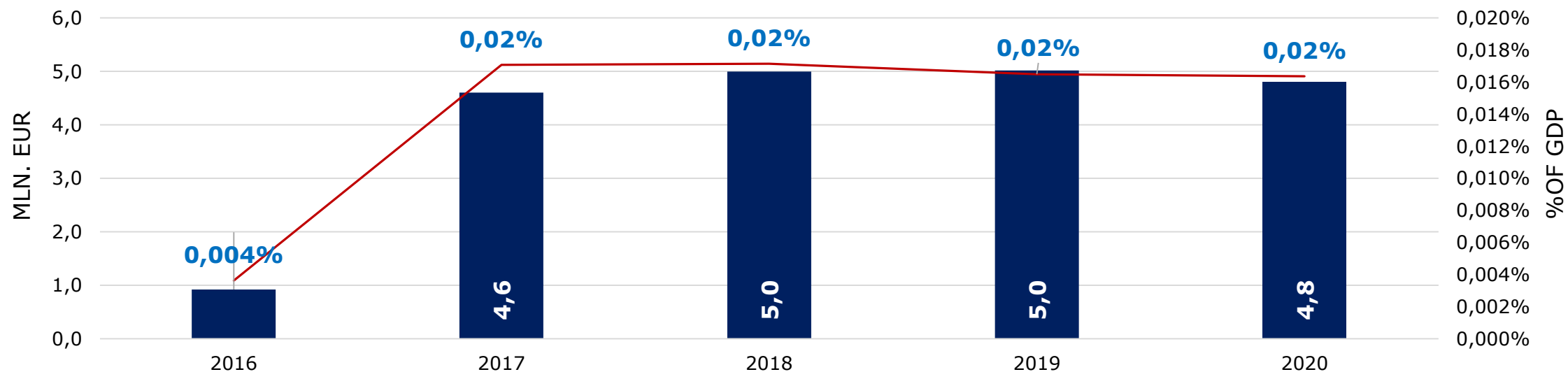
One calendar month



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# Electricity Tax

## Tax Revenue (*million euro, % of GDP*)



*The share of electricity tax revenue in total tax revenue is relatively small. In 2020, electricity tax revenue was 4.8 million euro, which is 0.02 per cent of GDP*

Source: Ministry of Finance



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## 4. Other Taxes



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# Natural Resources Tax

The purpose of the natural resources tax is to promote economically efficient use of natural resources, restrict pollution of the environment, reduce manufacturing and sale of environment polluting substances, promote implementation of new, environment-friendly technologies, support sustainable development in the economy, as well as to ensure environmental protection measures financially.

The natural resources tax is **applied to:**

- extraction of natural resources;
- environmental pollution;
- waste disposal;
- on the use of goods harmful to the environment;
- packaging and disposable tableware;
- radioactive material;
- the use of coal, coke and lignite.

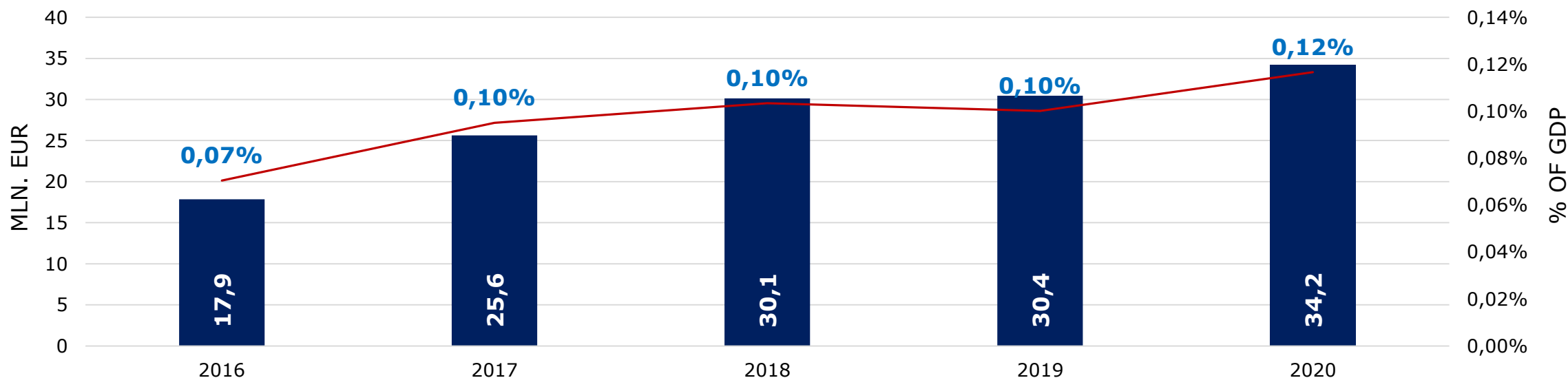




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# Natural Resources Tax

## Tax Revenue (*million euro, % of GDP*)



More information about natural resources tax and tax rates can be obtained in:

- [Natural Resources Tax Law](#)
- the [home page of Ministry of Environmental protection and regional development](#)
- the [home page of The State Revenue Service](#)

Source: Ministry of Finance



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# Lottery and Gambling Tax

*The gambling industry is associated with a particularly high social risk, so the state needs to perform a regulatory function, which is partly implemented through gambling fees and taxes.*

The lottery and gambling tax shall **be paid by** capital companies which have received a special authorization (license) for the organisation of lotteries or necessary licenses for the organisation of relevant gambling at the Lotteries and Gambling Supervisory Inspection.



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# Lottery and Gambling Tax

	2021
<b>Gambling tax rates,</b>	
- Roulette (cylindrical game), <i>euro per year per table</i>	<b>28,080</b>
- Card and dice game, <i>euro per year per table</i>	<b>28,080</b>
- Video games and mechanical machines, <i>euro per year for each gaming place of each machine</i>	<b>5,172</b>
- Game of chance via the telephone, <i>% of income from the organisation</i>	<b>15%</b>
- Betting, <i>% of income from the organisation</i>	<b>15%</b>
- Bingo, <i>% of income from the organisation</i>	<b>10%</b>
- Gambling organised via telecommunications, <i>% of income from the organisation</i>	<b>10%</b>
<b>Lottery tax on lotteries and instant lotteries rates, % of ticket sales revenue</b>	
- If the prize fund is up to 60% of the ticket sales revenue, then the tax base is the ticket sales revenue	<b>10%</b>
- If the prize fund exceeds 60% of the ticket sales revenue, then the tax base is the ticket sales revenue minus the payouts calculated for the winnings	<b>10%</b>
- The tax base of the interactive lottery (cash, goods, number lottery and instant lottery) is the ticket sales revenue, from which the paid out winnings have been deducted	<b>10%</b>

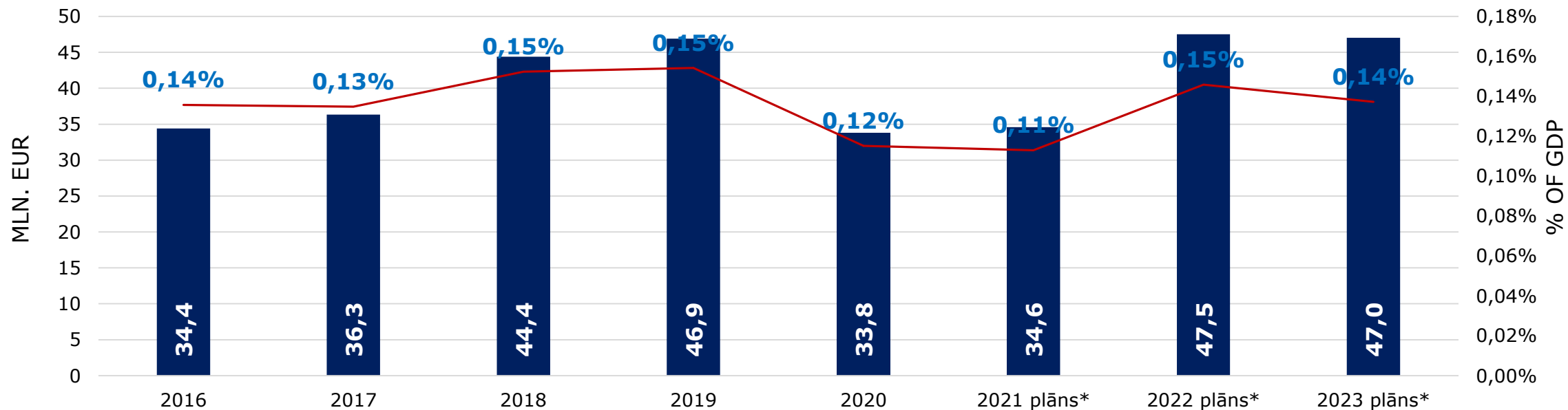
Source: Law On Lotteries and Gambling Fee and Tax



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# Lottery and Gambling Tax

## Tax Revenue (*million euro, % of GDP*)



For more information, see the [home page of The State Revenue Service](#) and the [home page of the Lotteries and Gambling Supervisory Inspection](#)

Source: Ministry of Finance



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