

Changes in taxation from 2023

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Labour tax changes [↗](#)

	2021	2022	2023
General rate of compulsory state social security contributions (SSSC), <i>including:</i>	34.0 9%	34.0 9%	34.0 9%
<i>employer's rate</i>	23.5 9%	23.5 9%	23.5 9%
<i>employee's rate</i>	10.5 %	10.5 %	10.5 %
<i>Maximum amount of SSSC, euros per year</i>	62,8 00	78,1 00	78,1 00
Solidarity tax rate	25%	25%	25%
Personal income tax (PIT) rates			
<i>for income up to 20,004 euro per year</i>	20%	20%	20%
<i>for income between 20,004 and 78,100 euro per year (up to 62,800 euro in 2021)</i>	23%	23%	23%
<i>for income above 78,100 euro per year (above 62,800 euro in 2021)</i>	31%	31%	31%
PIT Non-taxable minimum (NM)			

Maximum NM, <i>euro per month</i>	300	350 (from 01.01.2022) 500 (from 01.07.2022)	500
<i>income up to which the maximum NM is applicable, euro per month</i>	500	500	500
<i>income above which the NM is not applicable, euro per month</i>	1,800	1,800	1,800
Allowance for a dependant, <i>euro per month</i>	250	250	250
Non-taxable minimum for pensioners, <i>euro per month</i>	330	350 (from 01.01.2022) 500 (from 01.07.2022)	500
Minimum wage, <i>euro per month</i>	500	500	620

Personal income tax (PIT)



Until 31 December 2023, the PIT regime for royalty income recipients specified in the Transitional Provisions of the Law “On Personal Income Tax” shall be maintained. Accordingly, until 31 December 2023, recipients of royalties to whom royalties are paid by an income disburser who is not a collective management organization, have the right not to register as performers of economic activity, but taxes (PIT and MSSIC) will be paid by the disburser, applying to revenue up to 25,000 *euros* PIT rate in the amount of 25%, but for revenue exceeding 25,000 *euros* - PIT rate in the amount of 40%. The withheld PIT revenue is distributed as follows: MSSIC – 80% and PIT – 20%.

The excise duty [🔗](#)



According to the provisions of the Law on Excise Duties from 1 January 2023 excise duty rates for tobacco products, liquids used in electronic smoking devices, components for the preparation of liquids used in electronic smoking devices and tobacco substitutes are increased:

for cigarettes, the minimum level of excise duty is increased from 128.40 euros to 135.90 euros per 1000 cigarettes; the specific tax increases from 98 euros to 104 euros per 1000 cigarettes and *ad valorem* tax rate is 15% of the maximum retail selling price;

for cigars and cigarillos, from 115.20 euros to 126.70 euros per 1000 pieces;

for smoking tobacco and tobacco leaves, from 85.90 euros to 91.90 euros per 1000 grams;

for heated tobacco, from 207 euros to 218 euros per 1000 grams;

for liquid used in electronic smoking devices and components for the preparation of liquid used in electronic smoking devices, from 0.16 euros to 0.20 euros per 1 ml of liquid;

for tobacco substitutes, from 100 euros to 120 euros per 1000 grams.

The value added tax [🔗](#)



In accordance with the provision of the Value Added Tax Law, as of 1 January 2023, regulation regarding the application of the 0 per cent value added tax rate to the supply of Covid-19 vaccine and Covid-19 in vitro diagnostic medical devices, as well as services closely related to these vaccines and devices, is no longer in force.

The electricity tax [🔗](#)



According to the provisions of the Electricity Tax Law from 1 January 2023 electricity that is directly used to ensure the electricity production process is exempted from electricity tax. The mentioned electricity tax exemption is applicable to such power generation stations that produce electricity and cogeneration plants that produce both electricity and heat energy at the same time. Electricity tax exemption is applicable, for example, to electricity used to run production equipment (pumps, turbines). In addition, it will be possible to apply the electricity tax exemption for electricity that will be directly used to ensure the electricity production process, if the electricity producer ensures separate accounting of mentioned electricity.

On the other hand, if electricity is used in the production process, as a result of which only heat energy is produced, which is used for heating water, heating rooms or cooling air, the electricity tax exemption is not applicable.

Financial stability fee



Taking into account that as of 1 January 2023 the Financial and Capital Market Commission will be integrated into the Bank of Latvia, the financial stability fee administration task is transferred to the State Revenue Service (hereinafter - SRS). Thus as of 1 January 2023 the fee payers (credit institutions registered in Latvia and branches thereof located in Latvia of the credit institutions registered abroad) any issues concerning fee payment, submission of the necessary documents and other issues related to the fee administration shall address to the SRS.

The accounting area



For associations, foundations and trade unions, in accordance with the Cabinet Regulation of 14 July 2022 No. 439 "[Regulations on the annual reports of associations, foundations and trade unions](#) and the management of accounting in simple-entry accounting", Paragraph 112 and 113 of the closing questions, in the accounting records, starting from the 2023 reporting year, it is needed to, as required by the regulation, separately indicate the received donation and charitable contribution amount in cash and non-cash, the existing amount of donations and charitable contributions in the cash and non-cash at the beginning of the reporting year and remaining amount of them in the cash and non-cash at the end of the reporting year. Those associations and foundations that have been granted the status of a public benefit organisation will have to indicate the number of public benefit beneficiaries by type - natural persons, item, territory.

For religious organisations and their institutions, in accordance with Cabinet Regulation No.380 of 21 July 2022 "[Regulations on the annual reports of religious organisations and their institutions](#) and the management of accounting in simple-entry accounting", Paragraph 98 and 100 of the closing questions, in the accounting records, starting from the 2023 reporting year, it is needed to, as required by the regulation, separately indicate the received donation and charitable contribution amount in cash and non-cash, the existing amount of donations and charitable contributions in the cash and non-cash at the beginning of the reporting year and remaining amount of them in the cash and non-cash at the end of the reporting year, as well as indicate spendings of donations and charitable contributions separately for the purposes provided for in the statutes. Those religious organisations that have been granted the status of a public benefit organisation will have to indicate the number of public benefit beneficiaries by type - natural persons, item, territory.

Changes in taxation from 2022

Changes in taxation from 2021