

Tax expenditures

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Any deviation from the general tax regime laid down in the state laws which provides for a reduction in the tax burden or more favourable tax payment procedures for a taxpayer or a group of taxpayers may be regarded as a tax relief on the basis of the criterion that the taxpayer or a group thereof conforms to a characteristic specified in the tax law (amount of income, marital status, type of economic activity, region, etc.).

Approximately 309 different tax expenditures are currently applied in Latvia. According to the calculations of the Ministry of Finance in 2020, the total income foregone by the State as a result of the tax relief applied was approximately 2,5 billion *euro*, which is 8.45% of GDP and approximately 1/4 of the total revenue of the analyzed taxes. In 2020, compared to 2019, the total amount of tax expenditures has increased by 4.0%.

Tax Expenditures in Latvia



Ministry of Finance
Republic of Latvia

The total amount of the most significant tax expenditures in 2020

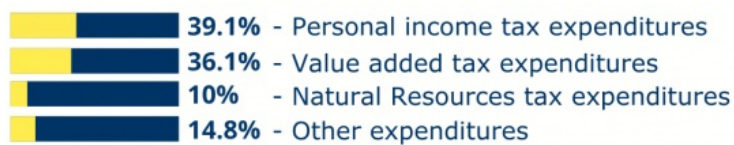
2.5
billion euros

8.5%
of GDP

1/4
of the total revenue of
the analyzed taxes



Major tax expenditures



Informative reports and studies

[Assessment of tax expenditure for 2020 \(in Latvian\)](#)

[Annex \(in Latvian\)](#)

 [Presentation \(In English\)](#) 

[Assessment of tax expenditure for 2019 \(in Latvian\)](#)

[Annex \(in Latvian\)](#)

 [Presentation \(in English\)](#) 

Audit report of the State Audit Office "Tax rebates – invisible budget expenditure"

Informative report "Evaluation of existing tax incentives"

Annex 1

Annex 2

<https://www.fm.gov.lv/en/tax-expenditures>