

# Eligible expenditure

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Prior to taxation of income from the amount of annual taxable income, the following expenses of the payer shall be deducted:

state social security contributions paid (also similar payments in EU and EEA Member States);

solidarity tax;

expenditure for further training of the payer and family members\*\* thereof, acquisition of a speciality, acquisition of an education, including acquisition of interest-related education programmes for children, for the use of health and medical treatment services and payments of health insurance premiums to insurance companies established and operated in accordance with the laws and regulations governing the field of insurance;

donations or gifts to a budget institution or to an association, foundation, religious organisation or institution thereof registered in the Republic of Latvia\*;

notional expenditure relating to the acquisition of intellectual property charges, in the amount of 25 or 50 per cent of the payment for intellectual property (if the payment is disbursed by a collective management organisation or it is disbursed to a non-resident) for certain types of works and performances of authors (in the period until 30 June 2021 - expenditure of authors and performers of scientific, literary and artistic works, discoveries, inventions and industrial samples in the amount of 25 or 50 per cent of the amount of author's fees (royalty) depending on the type of authors' work);

contributions made to private pension funds established in accordance with the law On Private Pension Funds or to private pension funds registered in other Member States of the European Union or European Economic Area states or Member States of the Organisation for Economic Co-operation and Development\*\*\*;

payments of insurance premiums made in conformity with a life insurance contract (with accumulation of funds) to an insurance company, which is founded and operates in accordance with the laws and regulations governing the field of insurance, or an insurance company, which is registered in another Member State of the European Union or European Economic Area state, or Member State of Organisation for Economic Co-operation and Development, in accordance with the conditions of this Law\*\*\*;

amounts which in the form of donation or gift have been transferred to a political party or an association of political parties in accordance with the Law on Financing of Political Organisations (Parties)\*;

*\* For total eligible expenditure on the use of educational and medical services, donations and gifts, donations and gifts to political persons, both a percentage (50% of the annual taxable income of the payer) and a total limit (EUR 600 per year) are determined.*

*\*\* The eligible expenditure applicable to family members for the use of education and medical treatment services may not exceed EUR 600 per family member.*

*\*\*\* The payer's contributions to private pension funds to be included in the eligible expenses and the payments of life insurance premiums in total may not exceed 10% of the annual income of the payer, but not more than EUR 4000 per year.*

Eligible expenditure for the use of education and medical services may be applied to the next 3 years in chronological order of taxable income.

<https://www.fm.gov.lv/en/eligible-expenditure>