

# Tax application

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The payer shall calculate and pay personal income tax on the basis of the annual income declaration in accordance with summary procedures.

Concurrently, in order to reduce the need to submit an annual income declaration and to make tax payments at the end of the taxation year, the Law provides that in many cases the disburser of income shall calculate and withhold the tax at the place of obtaining the income, and pay it into the budget already during the taxation year (for example, the employer withholds the salary tax from the income from paid employment, the disburser of capital income withholds tax from dividends and interest payments, etc.). However, the payer is responsible for the submission of the annual income tax declaration, if income has been obtained from which the tax has not been withheld during the taxation year, as well as, if necessary, in order to ensure taxation of the income of the taxation year by applying progressive rates. When submitting the annual income declaration, the tax withheld/paid during the taxation year shall be taken into account, as well as the part of solidarity tax redirected to the personal income tax revenue (if the payer is also a solidarity taxpayer).

If an overpayment of tax has arisen affected by factors laid down in law (application of progressive tax rates, annual differentiated non-taxable minimum, etc.), and there is no obligation to submit an annual income declaration, the personal income tax overpaid to the payer may be refunded automatically (see Section 20 and Section 20.1 of the Law On Personal Income Tax).

Date of earning income - the day when the payer receives money or other items, if not otherwise laid down in the Law. For certain types of income, a special procedure for determining the day of earning income is determined.

The annual taxable income is the annual (for the salary tax payer - monthly) income, except for the non-taxable income referred in the Law, from which the following shall be subtracted:

the eligible expenditure;

the annual differentiated non-taxable minimum of the payer (the monthly non-taxable minimum forecasted by the State Revenue Service or the monthly non-taxable minimum forecasted by the payer);

tax allowances.

Detailed information on the persons who calculate and pay into the budget the tax, as well as the time periods for the tax payment, is summarised here:

Tax	Person who calculates and pays tax into the budget	Term of tax payment into the single tax account
During the taxation year		
(Payer's) salary tax	Employer	By the 23rd day of the month following the month of income disbursement.

<p>From income of a natural person, such as pensions, dividends, interest income, income from the disposal of scrap, income from the alienation of growing forest, etc. (see Section 17, Paragraphs 10 and 12 of the Law On Personal Income Tax)</p>	<p>Income disburser</p>	<p>By the 23rd day of the month following the month of income disbursement.</p>
<p>Tax advanced payments</p>	<p>SRS (calculates), payer - performer of economic activity, owner of an individual undertaking or farm or fish farm (pays)</p>	<p>The SRS shall, not later than by 1 June of the taxation year, establish a calculation regarding the amount of the tax advance payments in the taxation year.</p> <p>Advance payments shall be paid no later than on 23 March, 23 June, 23 August and 23 November.</p>
<p>Capital gains tax</p>	<p>Taxpayer himself</p>	<p>A declaration on income from capital shall be submitted by the 15th date of the month following the quarter, if income from transactions with capital assets in a quarter exceeds EUR 1000.</p> <p>The tax shall be paid into the single tax account by the 23rd date of the month in which the specified declarations regarding income from capital have been submitted.</p>
<p>Salary tax, if the payer is employed by an employer - a foreign taxpayer</p>	<p>Employer or tax payer himself</p>	<p>A notice regarding the amounts disbursed to natural persons shall be submitted by the 17th date of the month following the quarter of income disbursement.</p> <p>The tax shall be paid up to the 23rd date of the month following the quarter of income disbursement.</p>
<p>Salary tax, if the work of the payer is paid from the funds of foreign financial or technical assistance granted to the Republic of Latvia or loan of international financial institutions</p>		

According to summary procedures		
<p>Personal income tax (including income from economic activity, income from paid employment, royalties, pensions, etc.)</p>	<p>Taxpayer himself or herself – according to summary procedures and the annual income declaration</p>	<p>The annual income declaration shall be submitted in the year following the taxation year from 1 March to 1 June (in some cases from 1 April to 1 July).</p> <p>The tax shall be paid by 23 June of the year following the taxation year (in some cases until 23 July) or, if the calculated tax amount exceeds EUR 640, by 23 June, 23 July and 23 August of the year following the taxation year (in some cases - 23 July, 23 August and 23 September).</p>
<p>Capital gains tax</p>	<p>Tax payer himself</p>	<p>A declaration on income from capital shall be submitted by 15 January of the year following the taxation year, if the income from transactions with capital assets in a quarter does not exceed EUR 1000.</p> <p>The tax shall be paid into the single tax account by the 23rd date of the month in which the specified declarations regarding income from capital have been submitted.</p>