

Special tax regimes

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Special personal income tax regime for seafarers

The special object of salary tax for seafarers is the part of income received by a seafarer employed on a ship used for international transport in the following amount:

to officers - in the amount of 2.5 monthly minimum salaries (in 2021 1250euro);

to other personnel - in the amount of 1.5 monthly minimum salaries (in 2021 750euro).

In 2021, the minimum monthly salary within the framework of normal working hours is 500euro.

The tax shall be withheld and paid into the budget by the employer - the Latvian company, which employs a natural person and pays the remuneration.

The progressive rate of tax shall be applied to the special salary tax base of a seafarer in accordance with the procedures specified in the Law.

Reduced licence fee regime

The reduced licence fee is 17 euro per year or 9 euro per half year.

The reduced licence fee may be chosen to be paid by residents of retirement age, as well as persons who have been granted the disability group 1 or 2.

The reduced licence fee shall be entitled to pay if:

a natural person has been granted an old-age pension (including prematurely) and has the right to apply the pensioner's non-taxable minimum or the payer has been recognised as a person with the disability group 1 or 2;

income from economic activity in the previous year does not exceed 3000euro;

is not a salary tax payer;

does not employ other persons in their economic activity.

Payment of the reduced licence fee may be chosen if, according to the payer's own forecast, the income from economic activity of the taxation year (calculated for the full tax year) will not exceed 3000 euro.

A natural person may choose to pay the reduced licence fee if he or she operates in any of the following areas of economic activity:

leather and textile craftsmanship;

making and repair of clothing and footwear, repair of watches and clocks, as well as other public services;

preparation of craft products;

floristry;

private household services;

home care services.

The reduced licence fee shall be paid for six calendar months or one calendar year.

The reduced licence fee payer shall be registered by the State Revenue Service.

A natural person shall submit an application for the payment of reduced licence fee to the State Revenue Service and make the payment of the reduced licence fee to the single tax account not later than seven working days prior to the specific period when the reduced licence fee is intended to be applied.

Seasonal agricultural worker income tax

Farmers who employ farm workers in seasonal work between 1 April and 30 November may pay personal income tax in the amount of 15% from the salaries of these employees, but not less than 0.70 *euro* on each day of employment.

Seasonal agricultural work includes: seasonal work on sowing or planting fruit trees, berry and vegetables, tending sown areas and plantations, harvesting, sorting fruit, berries and vegetables. Driving tractor machinery is not considered to be the work of the agricultural season.

Seasonal agricultural worker income tax may be applied if in the taxation year period from 1 April to 30 November:

- a seasonal agricultural worker is employed in seasonal agricultural work for not more than 65 calendar days at one or several disburers of seasonal agricultural worker income together;

- the seasonal agricultural worker income obtained at one or several disburers of seasonal agricultural worker income together does not exceed 3000 *euro*;

- in the four-month period prior to the commencement of the work of the agricultural season for the benefit of the seasonal farm worker, the employment legal relationship has not existed with the same income disburser or an enterprise contract has not been entered into.

The seasonal agricultural worker income tax shall be calculated, withheld and paid into the single tax account by the income disburser by the 23rd date of the month following the month in which the seasonal agricultural worker was employed.

Lease of property without registering economic activity

If, upon obtaining income from the letting or leasing of immovable property, no expenses of economic activity arise or they are insignificant, a natural person has the right not to register as a performer of economic activity, informing the SRS thereof within five working days from the day of entering into the contract, attaching a copy of the rental or lease contract.

The income from the property is subject to a 10% tax rate.

The revenues generated may be reduced by the real estate tax paid if the property is rented/ leased. Deduction of other expenses is not allowed.

Income from this economic activity shall not be entitled to apply annual non-taxable minimum, tax allowances and eligible expenditure.

Tax from unregistered economic activity:

- the disburser of the income (legal person or natural person - performer of economic activity) shall withhold the tax and pay it into the single tax account by the 23rd date of the month following the month of payment of the income,

- calculated and paid by the natural person himself or herself by submitting an annual income statement in summary order.

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