



Changes in excise duty

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The Law On Excise Duties determines several changes from 2021 in the tax rates for alcoholic beverages and tobacco products, liquids used in electronic cigarettes and tobacco substitute products, which will come into force within different time periods.

As of 1 January 2021, excise duty rates for the following tobacco products shall be increased:

- cigars and cigarillos from EUR 95.2 to EUR 104.7 per 1000 pieces;
- smoking tobacco and tobacco leaves from EUR 75 to EUR 80.25 per 1000 grams;
- heated tobacco from EUR 75 to EUR 160 per 1000 grams.

In addition, as of 1 January 2021:

the calculation of the excise duty on the liquid to be used in electronic cigarettes, including components for the preparation of liquids used in electronic cigarettes (propylene glycol, flavourings, glycerol of plant origin, nicotine extracts and other substances) is changed, determining the duty rate - EUR 0.12 per 1 ml;

a new object of excise duty - tobacco substitute products is determined, for which the rate of excise duty is applied EUR 80 per 1000 grams.

For a fixed period from 1 January 2021 to 31 December 2025, the rate of excise duty on natural gas used as fuel in transport shall be reduced from EUR 9.64 to EUR 1.91 per MWh.

As of 1 February 2021:

the reduced rate of excise duty on biodiesel used as fuel is abolished and a minimum duty rate applies - EUR 330 per 1000 litres of biodiesel entirely derived from biomass and paraffinized diesel from biomass;

the reduced tax rate is increased from EUR 152.7 to EUR 360 per 1000 litres for unleaded petrol with a high bioethanol content (from 70-85 per cent by volume) (fuel E85).

As of 1 March 2021:

the minimum level of excise duty is increased from EUR 114.7 to EUR 121.4 per 1000 cigarettes, as well as the structure for calculating the excise duty is changed: the specific duty rises from EUR 78.7 to EUR 92.5 per 100 cigarettes, while the percentage tax rate from the maximum retail selling price (ad valorem) is reduced from 20% to 15%;

the rates of excise duty on the following alcoholic beverages are increased:

- wine, fermented beverages (over 6%) and intermediate products (up to 15%) from EUR 106 to EUR 111 per 100 litres;
- intermediates (above 15% and up to 22%) from 176 to 185 euros per 100 litres;
- for alcohol and other alcoholic beverages from EUR 1 642 to EUR 1 724 per 100 litres of absolute alcohol;
- beer (for each per cent by volume of absolute alcohol) from 7.8 to 8.2 euros per 100 litres, providing that the minimum rate of beer would increase from 14.4 to 15.2 euros per 100 litres.

As of 1 July 2021:

the reduced excise duty rate on biodiesel used for heating is abolished and a minimum duty rate applies - EUR 21 per 1000 litres of biodiesel entirely derived from biomass and paraffinized diesel fuel derived from biomass, provided that those products are labelled (marked);

a single tax rate is set for petroleum products used for heating, applying EUR 60 per 1000 litres, irrespective of the blending of biofuels, if those petroleum products are labelled (marked).

As of 1 July 2021, the marking of liquids used in electronic cigarettes, ingredients for the preparation of liquid to be used in electronic cigarettes, tobacco substitute products and heated tobacco shall be commenced. In the meantime, those products which until 1 July 2021 were released for consumption and were not marked with excise duty stamps can be marked until 31 December 2021.

<https://www.fm.gov.lv/lv/changes-excise-duty>