

Latvia

Table LV.1: Tax Revenue

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Ranking 2019 | Revenue 2019 (billion euros) |
|---|------|------|------|------|------|------|------|------|------|------|------|------|------|-----------------|---------------------------------------|
| A. Structure by type of tax | | | | | | | | | | | | | | | |
| as % of GDP | | | | | | | | | | | | | | | |
| Indirect taxes | 12.1 | 10.9 | 11.3 | 12.4 | 12.3 | 12.7 | 13.0 | 13.5 | 13.7 | 14.2 | 14.1 | 14.5 | 14.2 | 12 | 4.3 |
| VAT | 7.6 | 6.3 | 5.9 | 6.7 | 6.7 | 7.1 | 7.4 | 7.6 | 7.6 | 8.0 | 8.0 | 8.4 | 8.6 | 10 | 2.6 |
| Taxes and duties on imports excluding VAT | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 16 | 0.1 |
| Taxes on products, except VAT and import duties | 3.4 | 3.7 | 4.3 | 4.4 | 4.3 | 4.2 | 4.4 | 4.4 | 4.6 | 4.7 | 4.6 | 4.8 | 4.4 | 10 | 1.3 |
| Other taxes on production | 0.8 | 0.7 | 0.9 | 1.1 | 1.1 | 1.2 | 1.1 | 1.3 | 1.3 | 1.3 | 1.3 | 1.1 | 1.0 | 19 | 0.3 |
| Direct taxes | 8.3 | 9.0 | 7.0 | 7.4 | 7.3 | 7.6 | 7.7 | 7.8 | 7.8 | 8.3 | 8.6 | 7.4 | 7.0 | 23 | 2.1 |
| Personal income taxes | 5.7 | 6.0 | 5.3 | 6.2 | 5.6 | 5.7 | 5.8 | 5.9 | 5.9 | 6.3 | 6.6 | 6.0 | 6.5 | 15 | 2.0 |
| Corporate income taxes | 2.5 | 3.0 | 1.5 | 1.0 | 1.4 | 1.6 | 1.6 | 1.5 | 1.6 | 1.7 | 1.6 | 1.1 | 0.2 | 27 | 0.0 |
| Other | 0.1 | 0.1 | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 22 | 0.1 |
| Social contributions | 7.8 | 7.9 | 9.2 | 8.6 | 8.6 | 8.6 | 8.4 | 8.4 | 8.3 | 8.2 | 8.4 | 9.1 | 9.6 | 22 | 2.9 |
| Employers' | 5.7 | 5.7 | 6.7 | 6.4 | 6.1 | 6.0 | 6.1 | 5.8 | 5.8 | 6.0 | 6.0 | 6.4 | 6.7 | 12 | 2.0 |
| Households' | 2.2 | 2.2 | 2.5 | 2.2 | 2.6 | 2.6 | 2.4 | 2.6 | 2.4 | 2.1 | 2.4 | 2.8 | 2.9 | 22 | 0.9 |
| Less: capital transfers ⁽¹⁾ | : | : | : | : | : | : | : | : | : | : | : | : | : | | |
| Total | 28.2 | 27.9 | 27.5 | 28.4 | 28.2 | 28.9 | 29.1 | 29.7 | 29.8 | 30.7 | 31.1 | 31.0 | 30.8 | 23 | 9.4 |
| B. Structure by level of government | | | | | | | | | | | | | | | |
| as % of total taxation | | | | | | | | | | | | | | | |
| Central government | 53.9 | 52.2 | 47.9 | 48.9 | 49.7 | 50.9 | 52.0 | 52.2 | 52.8 | 53.7 | 53.0 | 52.6 | 49.8 | 20 | 4.7 |
| State government ⁽²⁾ | : | : | : | : | : | : | : | : | : | : | : | : | : | | |
| Local government | 17.8 | 18.8 | 18.2 | 20.2 | 19.2 | 18.7 | 18.6 | 19.0 | 18.7 | 18.9 | 19.3 | 18.2 | 19.6 | 4 | 1.8 |
| Social security funds | 27.7 | 28.4 | 33.5 | 30.4 | 30.7 | 29.9 | 29.0 | 28.3 | 27.8 | 26.6 | 27.0 | 28.6 | 30.0 | 15 | 2.8 |
| EU institutions | 0.6 | 0.5 | 0.4 | 0.5 | 0.5 | 0.5 | 0.4 | 0.5 | 0.7 | 0.7 | 0.6 | 0.7 | 0.6 | 9 | 0.1 |
| C. Structure by economic function | | | | | | | | | | | | | | | |
| as % of GDP | | | | | | | | | | | | | | | |
| Consumption | 11.1 | 10.1 | 10.4 | 11.2 | 11.2 | 11.5 | 11.9 | 12.3 | 12.6 | 13.1 | 13.1 | 13.5 | 13.3 | 8 | 4.1 |
| Labour | 13.3 | 13.8 | 14.4 | 14.4 | 13.7 | 13.9 | 13.7 | 13.8 | 13.6 | 13.9 | 14.3 | 14.4 | 15.1 | 19 | 4.6 |
| of which on income from employment | 13.3 | 13.6 | 14.2 | 14.1 | 13.5 | 13.6 | 13.4 | 13.5 | 13.3 | 13.5 | 13.9 | 14.1 | 14.7 | 18 | 4.5 |
| Paid by employers | 5.7 | 5.7 | 6.7 | 6.4 | 6.1 | 6.0 | 6.1 | 5.8 | 5.8 | 6.0 | 6.0 | 6.4 | 6.7 | 13 | 2.0 |
| Paid by employees | 7.6 | 7.9 | 7.5 | 7.7 | 7.4 | 7.5 | 7.3 | 7.6 | 7.5 | 7.5 | 7.9 | 7.7 | 8.0 | 18 | 2.4 |
| Paid by non-employed | 0.1 | 0.1 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.3 | 0.4 | 21 | 0.1 |
| Capital | 3.9 | 4.0 | 2.7 | 2.8 | 3.2 | 3.6 | 3.6 | 3.6 | 3.5 | 3.7 | 3.7 | 3.0 | 2.4 | 27 | 0.7 |
| Income of corporations | 2.5 | 3.0 | 1.5 | 1.0 | 1.4 | 1.6 | 1.6 | 1.5 | 1.6 | 1.7 | 1.6 | 1.1 | 0.2 | 27 | 0.0 |
| Income of households | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.7 | 13 | 0.2 |
| Income of self-employed | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 24 | 0.1 |
| Stock of capital | 1.2 | 0.9 | 1.0 | 1.3 | 1.4 | 1.5 | 1.4 | 1.5 | 1.4 | 1.5 | 1.4 | 1.3 | 1.3 | 17 | 0.4 |

Table LV.1: Tax Revenue (continued)

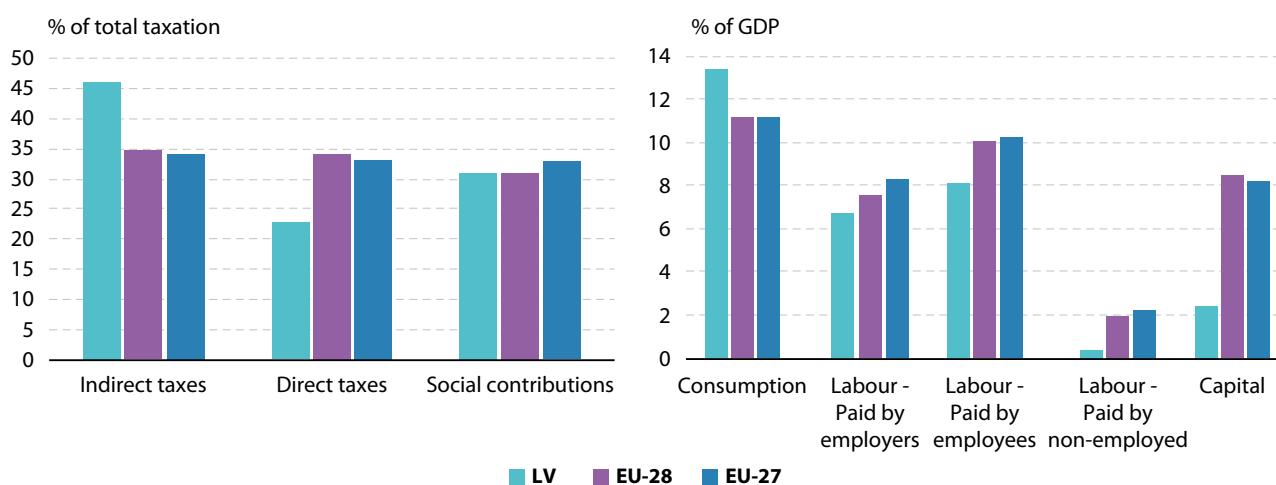
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Ranking 2019 | Revenue 2019 (billion euros) |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|------------------------------|
| D. Environmental taxes | | | | | | | | | | | | | | | |
| as % of GDP | | | | | | | | | | | | | | | |
| Environmental taxes | 2.0 | 2.1 | 2.6 | 3.0 | 3.0 | 3.0 | 3.2 | 3.3 | 3.5 | 3.6 | 3.5 | 3.4 | 3.0 | 9 | 0.9 |
| Energy | 1.7 | 1.8 | 2.4 | 2.6 | 2.5 | 2.5 | 2.6 | 2.8 | 3.0 | 3.0 | 3.0 | 2.9 | 2.5 | 7 | 0.8 |
| of which transport fuel taxes | 1.6 | 1.5 | 2.0 | 2.0 | 1.8 | 1.7 | 1.7 | 1.7 | 1.7 | 1.8 | 1.8 | 1.8 | 1.8 | 6 | |
| Transport | 0.3 | 0.2 | 0.2 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 | 15 | 0.1 |
| Pollution and resources | 0.07 | 0.06 | 0.06 | 0.07 | 0.08 | 0.08 | 0.09 | 0.09 | 0.09 | 0.07 | 0.10 | 0.11 | 0.10 | 10 | 0.0 |
| E. Property taxes | | | | | | | | | | | | | | | |
| as % of GDP | | | | | | | | | | | | | | | |
| Taxes on property | 1.0 | 0.7 | 0.8 | 1.0 | 1.1 | 1.2 | 1.1 | 1.2 | 1.1 | 1.2 | 1.1 | 1.0 | 1.0 | 17 | 0.3 |
| Recurrent taxes on immovable property | 0.5 | 0.4 | 0.5 | 0.7 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.9 | 0.8 | 0.8 | 0.7 | 11 | 0.2 |
| Other taxes on property | 0.5 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 22 | 0.1 |
| F. Implicit tax rates | | | | | | | | | | | | | | | |
| % | | | | | | | | | | | | | | | |
| Consumption | 16.9 | 15.7 | 15.3 | 15.8 | 16.2 | 16.8 | 17.0 | 17.6 | 18.3 | 19.0 | 19.0 | 20.1 | 19.6 | 13 | |
| Labour | 30.1 | 28.4 | 30.4 | 33.0 | 34.3 | 34.2 | 32.6 | 31.5 | 30.0 | 29.5 | 30.0 | 29.6 | 29.7 | 23 | |
| G. Payable tax credits | | | | | | | | | | | | | | | |
| as % of GDP | | | | | | | | | | | | | | | |
| Total payable tax credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 |
| Tax expenditure component | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 |
| Transfer component | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | 0.0 |
| Total tax revenue adjusted for payable tax credits | 28.2 | 27.9 | 27.5 | 28.4 | 28.2 | 28.9 | 29.1 | 29.7 | 29.8 | 30.7 | 31.1 | 31.0 | 30.8 | | 9.4 |

(1) Representing taxes assessed but unlikely to be collected.

(2) This level refers to the *Länder* in Austria and Germany, the *gewesten and gemeenschappen / régions et communautés* in Belgium, and the *comunidades autónomas* in Spain.

Source: European Commission, DG Taxation and Customs Union, based on Eurostat data

Figure LV.1: Tax revenues by main taxes, 2019
(in % of total taxation (left graph) and in % of GDP (right graph))



Source: European Commission, DG Taxation and Customs Union, based on Eurostat data

Table LV.2: Latest tax reforms

| Description of measure | Change | Date |
|--|------------------------------|--|
| Personal income tax: Earned income | | |
| Increase of threshold to which PIT differential non-taxable minimum is applied up to EUR 1 800 | Base decrease | Announcement: 17-11-2020 Legislation: 22-09-2020 In force from: 01-01-2021 |
| Personal income tax: Unincorporated businesses/Self employment income | | |
| Self-employed personal income tax advance payments deferred for 2021 | Neutral | Announcement: 22-12-2020 Legislation: 18-12-2020 In force from: 23-12-2020 |
| Value-added tax | | |
| The excess VAT is refunded to taxable person within 30 days without accruing them until the end of the tax year; in force as of 1 January 2021 | Neutral | Announcement: 11-12-2020 Legislation: 24-11-2020 In force from: 01-01-2021 |
| Simplification of VAT application rules in the field of e-commerce: from 2021, the scope of application of the special VAT regime will be extended, creating the possibility to register in one Member State and pay VAT for any transactions performed in the e-environment within the framework of the special VAT regime; in addition, from 2021, the VAT exemption for shipments of low value goods in the amount of 22 euros will be abolished. | Base increase | Announcement: 21-10-2020 Legislation: 15-10-2020 In force from: 01-01-2020 |
| The reduced 5 percent VAT rate on fresh fruit, berries and vegetables typical of Latvia will be maintained until 31 December 2023 | Rate decrease | Announcement: 11-12-2020 Legislation: 24-11-2020 In force from: 01-01-2021 |
| Environmentally-related taxes | | |
| Temporary reduction of tax rate on natural gas used as propellant | Rate decrease | Announcement: 11-12-2020 Legislation: 24-11-2020 In force from: 01-01-2021 |
| Increase of natural resources tax rates on waste disposal, air pollution and category C polluting activities and abolition of exemption for CO ₂ emissions for the use of peat in stationary technological equipment | Rate increase; base increase | Announcement: 11-12-2020 Legislation: 23-11-2020 In force from: 01-01-2021 |
| Abolish the reduced rates of excise duty on fuel E85 and B100 and abolish the reduced rates of excise duty on fuels containing bioproducts, as well as set a minimum rate of excise duty on biodiesel derived entirely from biomass and on paraffined diesel derived from biomass used as fuel. | Rate decrease | Announcement: 17-12-2020 Legislation: 29-12-2020 In force from: 01-02-2021 |
| Health-related taxes | | |
| Increase of excise duty rates on all tobacco products and liquids used in e-cigarettes | Rate increase; base increase | Announcement: 11-12-2020 Legislation: 24-11-2020 In force from: 01-01-2021 |
| Other taxes | | |
| Extension of tax payments up to 3 years on request by the company till 30.06.2021. | Neutral | Announcement: 22-12-2020 Legislation: 18-12-2020 In force from: 23-12-2020 |
| Decrease of social security contributions' rate by 1 percent point (from 35.09% to 34.09%) | Rate decrease | Announcement: 11-12-2020 Legislation: 27-11-2020 In force from: 01-01-2021 |
| Introduction of minimum social contribution payments (enters into force on 01.07.2021) and reorganization of alternative tax regime (including Micro-enterprise tax) | Rate increase; base increase | Announcement: 11-12-2020 Legislation: 27-11-2020 In force from: 01-01-2021 |
| The Indexation of company car tax rates and determination of a new rate for vehicles with an engine capacity exceeding 3000 cubic centimetres | Rate increase | Announcement: 11-12-2020 Legislation: 30-11-2020 In force from: 01-01-2021 |
| Changes in Vehicle Operation Tax rates | Rate increase | Announcement: 11-12-2020 Legislation: 30-11-2020 In force from: 01-01-2021 |
| Redistribution of PIT between local government/state budgets from 80%/20% to 75%/25% | Neutral | Announcement: 11-12-2020 Legislation: 23-11-2020 In force from: 01-01-2021 |