Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

15 May 2008 [shall come into force on 6 June 2008];

12 June 2009 [shall come into force on 1 July 2009];

12 September 2013 [shall come into force on 1 January 2014];

10 April 2014 [shall come into force on 8 May 2014];

23 November 2016 [shall come into force on 1 January 2017];

23 May 2019 [shall come into force on 1 January 2021];

3 March 2022 [shall come into force on 1 January 2023].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Electricity Tax Law**

**Section 1. Terms Used in this Law**

The terms used in this Law correspond to the terms used in the law On Taxes and Fees, the Electricity Market Law, Energy Law and the law On Regulators of Public Utilities, unless provided otherwise in this Law.

**Section 2. Scope of Application of the Law**

(1) This Law prescribes the procedures, by which electricity is taxed by the electricity tax (hereinafter – the tax) in the Republic of Latvia.

(2) This Law shall apply to:

1) persons who are engaged in the generation, distribution, supply, selling of electricity and other activities involving electricity;

2) persons who purchase electricity on the exchange.

(3) This Law shall not apply to autonomous producers, who generate and consume electricity for their own needs, complying with the following conditions:

1) the total generation capacity does not exceed two megawatts; and

2) energy products taxable with excise duty, coal taxable with the nature resource tax or electricity taxable with the electricity tax is used for the generation of the electricity.

[*10 April 2014*]

**Section 3. Taxable Object**

Electricity supplied to a final customer, as well as electricity, which is supplied for home consumption, shall be taxable, except for the cases specified in this Law.

**Section 4. Taxpayers**

Taxpayers shall be:

1) the persons referred to in Section 32, Paragraph one of the Electricity Market Law, who supply electricity to final customers and have entered into contracts or otherwise agreed regarding the supply (selling) of electricity;

2) autonomous producers, except such autonomous producers who comply with the criteria specified in Section 2, Paragraph three of this Law;

3) final customers of electricity if a contract or another agreement has been entered into for the purchase of electricity on the exchange.

[*10 April 2014*]

**Section 5. Tax Rate**

The tax rate for electricity shall be EUR 1.01 per megawatt hour.

[*12 September 2013*]

**Section 6. Tax Exemptions and Relief**

(1) [23 November 2016]

(2) Electricity used for the following purposes shall be exempt from tax:

1) [23 November 2016];

2) [23 November 2016];

3) the carriage of goods and public carriage of passengers, including on rail transport and in public carriage of passengers in towns;

4) household users;

5) for the generation of electricity to directly ensure the process of the generation of electricity.

(3) In compliance with the conditions of Paragraph four of this Section, electricity supplied from representatives or organisations of other European Union Member States (hereinafter – Member State) or other foreign states shall be exempt from tax:

1) in connection with diplomatic or consular relations;

2) for international organisations, which have been recognised as such by the institutions of the states where such organisations are located, as well as for the members of such organisations in accordance with the international conventions establishing such organisations or the agreements of the headquarters thereof;

3) for the armed forces of any Member State of the North Atlantic Treaty Organisation other than the Member State within which the electricity duty is chargeable, as well as the armed forces referred to in Article 1 of Council Decision 90/640/EEC of 3 December 1990 for the consumption of those armed forces as well as for the civilian staff accompanying them or for the needs of the messes or canteens of these armed forces;

4) for consumption under agreements entered into with foreign states other than Member States or international organisations provided that such an agreement is allowed or approved with regard to the exemption from value added tax.

(4) Representatives or organisations of other Member States or other foreign states in the Republic of Latvia referred to in Paragraph three of this Section are allowed to receive electricity if they have been issued a document specified in Annex II of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax.

(5) The tax for electricity supplied to persons for the provision of street lighting services shall be calculated according to rate EUR 0 per megawatt hour.

(6) In the cases referred to in Paragraphs two, three, and five of this Section electricity shall be exempt from tax in accordance with the procedures specified by the Cabinet.

[*12 September 2013; 10 April 2014; 23 November 2016; 3 March 2022*]

**Section 7. Procedures for the Calculation and Payment of the Tax**

(1) A taxpayer shall perform the accounting of electricity generation, distribution, supply and other activities involving electricity.

(11) The person referred to in Section 4, Clause 3 of this Law shall perform the accounting of the purchased electricity.

(2) The taxation period of the tax shall be 1 calendar month.

(3) The tax for electricity calculated in the taxation period, which has been supplied to final customers in such period, shall be paid by the taxpayer into the State budget not later than by the 23rd day of the month following the end of the relevant taxation period.

(4) An autonomous producer who does not comply with the criteria referred to in Section 2, Paragraph three of this Law shall pay the tax calculated for the electricity generated during the taxation period into the State budget not later than by the 23rd day of the month following the end of the relevant taxation period.

(5) The tax for electricity which has been consumed for his or her personal needs during the taxation period (including for administrative buildings), except for electricity that is directly utilised for ensuring process of the generation of electricity, for distribution and transmission of electricity, shall be paid by the taxpayer into the State budget not later than by the 23rd day of the month following the end of the relevant taxation period.

[*10 April 2014; 23 November 2016; 23 May 2019; 3 March 2022*]

**Section 8. Declaration of the Tax**

(1) A taxpayer shall submit a tax declaration for a taxation period to the State Revenue Service within a time period of 20 days after the end of the relevant taxation period.

(2) The Cabinet shall determine the sample form of the tax declaration and the procedures for filling in thereof.

[*23 May 2019*]

**Section 9. Liability for Violations of this Law in the Republic of Latvia**

(1) The liability for violations of this Law has been specified in this Law, the law On Taxes and Fees and in other laws and regulations.

(2) It is prohibited to use, supply electricity and purchase electricity on the exchange in the Republic of Latvia without paying the tax, except for the cases specified in this Law.

(3) If the electricity supplied or purchased on the exchange is not indicated in the declaration and the tax is not paid for it, the State Revenue Service shall, on an uncontested basis, recover the amounts of the tax not paid into the State budget and the fines from a taxpayer in accordance with the law On Taxes and Fees.

(4) In the cases referred to in Paragraph three of this Section the State Revenue Service shall calculate the tax according to the rate, which was in force on the day when the relevant operations were performed. If it may not be determined, the tax shall be calculated according to the rate, which was in force on the day when the operations referred to were determined.

(5) If another control authority (for example, the Public Utilities Commission, the State Police), other than the State Revenue Service, according to the competence thereof determines that a person has performed the operations referred to in Paragraph two or three of this Section without paying the tax, the relevant authority shall draw up a deed, inform such person about it, and submit it to the State Revenue Service. Upon the receipt of such deed, the State Revenue Service shall take a decision regarding the determination of the tax payment. If a taxpayer does not pay the tax within a time period of 25 days from the day of receipt of the decision of the State Revenue Service, the State Revenue Service has the right to recover the indicated sum on an uncontested basis.

(6) In the cases referred to in Paragraph five of this Section the tax and fine shall be recovered from the person who has performed the operations referred to in Paragraph three of this Section.

(7) A taxpayer is prohibited from supplying or selling electricity, to which the tax exemption or relief is applied in accordance with this Law, to a person who does not have the right to receive such exemption or relief.

(8) If the requirements specified in Paragraph seven of this Section are not met, the tax and fine shall be recovered from the relevant taxpayer in accordance with the procedures specified in this Law.

(9) Persons who have received electricity, to which the tax exemption or relief in accordance with this Law is applied, are prohibited from using it for other purposes (than prescribed for the specified tax exemption or relief) or transfer it to another person who does not have the right to receive them.

(10) If the requirements specified in Paragraph nine of this Section are not met, a person who has received electricity, to which the tax exemption or relief is applied, and has violated the purpose of the utilisation of electricity, shall be held liable for the referred to operations in accordance with the laws and regulations in which the liability for violations in the field of taxes is specified.

[*15 May 2008; 12 June 2009; 10 April 2014; 3 March 2022*]

**Transitional Provisions**

1. The tax rate specified in Section 5 of this Law shall come into force on 1 January 2010.

2. Until the day when the tax rate specified in Section 5 of this Law comes into force, electricity shall be taxed according to the following rates:

1) from 1 January 2007 to 31 December 2007 – LVL 0.35 per megawatt hour;

2) from 1 January 2008 to 31 December 2008 – LVL 0.45 per megawatt hour;

3) from 1 January 2009 to 31 December 2009 – LVL 0.55 per megawatt hour.

3. The Cabinet shall:

1) issue the regulation referred to in Section 8, Paragraph two of this Law by 15 February 2007;

2) issue the regulation referred to in Section 6, Paragraph six of this Law by 1 April 2007.

**Informative Reference to European Union Directives**

Legal provisions arising from the following directives have been included in this Law:

1) Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity;

2) Council Directive 2004/74/EC of 29 April 2004 amending Directive 2003/96/EC as regards the possibility for certain Member States to apply, in respect of energy products and electricity, temporary exemptions or reductions in the levels of taxation.

The Law shall come into force on 1 January 2007.

The Law has been adopted by the *Saeima* on 19 December 2006.

President V. Vīķe-Freiberga

Rīga, 29 December 2006