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

15 December 2011 [shall come into force on 1 January 2012];

27 May 2021 [shall come into force on 23 June 2021];

16 June 2021 [shall come into force on 12 July 2021];

29 September 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:

**Financial Stability Fee Law**

**Section 1. Purpose of the Financial Stability Fee**

The objective of the financial stability fee (hereinafter – the fee) is to strengthen the whole financial system in order, if necessary, to finance measures which would decrease the negative impact of the credit institutions having entered into financial difficulties on the other participants of the financial market, as well as partially compensate for the State budget financing diverted in order to stabilise the situation in the financial sector from which the banking sector as a whole gained a direct or indirect benefit.

**Section 2. Fee Payers**

The fee shall be paid by the credit institutions (including for their branches in the Member States and foreign countries) registered in the Republic of Latvia as well as the branches of the credit institutions registered in the Member States and foreign countries located in the Republic of Latvia (hereinafter – the fee payers).

[*29 September 2022*]

**Section 3. Taxation Period**

The tax period for the fee shall be one calendar year.

**Section 4. Fee Object and Rate**

(1) A fee object shall be the total liabilities of the fee payer at the end of the tax period from which the following shall be deducted:

1) deposits exposed to the deposit guarantee scheme of the Republic of Latvia or another Member State;

2) covered bonds issued by the fee payer;

3) subordinate liabilities which are included in the own funds calculation in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

(11) In the case referred to in Section 87, Paragraph one of the Covered Bonds Law, if the fee payer is a branch of a credit institution which is registered in another Member State but located in the Republic of Latvia, the covered bonds issued by the fee payer shall be, in applying Paragraph one, Clause 2 of this Section, deemed the bonds issued by the relevant credit institution of the Member State in proportion to the share of such assets of its branch in the Republic of Latvia that have been included in the relevant cover pool.

(12) In the case referred to in Section 88, Paragraph one of the Covered Bonds Law, the covered bonds issued by the fee payer shall be, in applying Paragraph one, Clause 2 of this Section, deemed the bonds issued by the relevant issuer in proportion to the share of such alienated assets of the fee payer that have been included in the relevant cover pool.

(2) The fee rate shall be 0.072 per cent per year of the amount referred to in Paragraph one of this Section.

[*15 December 2011; 27 May 2021; 29 September 2022*]

**Section 5. Fee Calculation and Payment Procedures**

(1) Payment of the fee shall be divided for quarters in the tax period, paying one fourth of the calculated payment each quarter.

(2) The fee shall be calculated in accordance with Section 4 of this Law and the fee payer shall pay it into the single tax account by the 23rd day of the month following the accounting quarter.

(3) The calculation of the fee payer’s quarterly fee advance payments of the tax period shall be done on the basis of the data of the financial statements included in the return of the previous fee tax period, correcting the total liabilities shown at the end of the previous tax period in accordance with Section 4, Paragraph one of this Law and dividing the calculated payment amount proportionally into quarters.

(4) [29 September 2022]

(5) [29 September 2022]

(6) [29 September 2022]

(7) By 15 April of the post-tax period, the fee payer shall submit in the Electronic Declaration System of the State Revenue Service a return of the fee tax period in accordance with Section 4 of this Law on the basis of the data of the financial statements included in the annual statement of the tax period, including the final calculation of the fee for the tax period. In the cases referred to in Section 4, Paragraphs 1.1 and 1.2 of this Law, the fee payer shall attach to the return of the fee tax period the information of the national supervisory authority of a covered bond programme from which it is possible to ascertain the amount of the covered bonds issued within the framework of a cross-border programme which has been authorised (registered) in another Member State and the share of such assets of the fee payer in the cover pool that have been used for such issue of the covered bonds. The information to be included in the return of the fee tax period shall be determined by the Cabinet.

(8) If, following the performance of the calculation referred to in Paragraph seven of this Section, it is established that the fee amount paid for the quarterly fee advance payments is less than the amount which should be paid in the tax period in accordance with the rate prescribed in this Law, the fee payer shall pay the remaining fee amount into the single tax account by 23 April of the post-tax period.

(9) While controlling the completeness and accuracy of the information indicated in the return referred to in Paragraph seven of this Section, the State Revenue Service may carry out control (inspection) of the fee. If, after the control (inspection) of the fee, non-conformity of the calculation of the fee to laws and regulations is established, the State Revenue Service shall take the decision on specification of the fee amount where the fee amount to be paid into the budget is calculated, as well as the late payment charges in the amount determined in Section 29, Paragraph two of the law On Taxes and Fees for the period from the fee payment deadline until the day of commencement of the fee control (inspection). The fee payer shall make the payments calculated in the decision within 30 days from the day of notification of the decision. If the fee payer fails to make the payments specified in the decision within the abovementioned period, the State Revenue Service shall calculate the late payment charges specified in Section 29, Paragraph two of the law On Taxes and Fees starting from the day following the payment deadline.

(10) If following the calculation referred to in Paragraph seven of this Section it is established that the fee amount paid by the fee payer for the quarterly advance payments is greater than the amount which should be paid in the tax period in accordance with the rate prescribed in this Law, the State Revenue Service shall transfer the overpaid fee amount into the single tax account for covering other payment liabilities or refund upon written request of the fee payer.

(11) [29 September 2022]

(12) If the fee payer commences or terminates its activity in the middle of a tax period, the fee amount shall be determined proportionally to its period of activity during the tax period.

(13) If the fee payer commences its activity in the middle of a tax period, the quarterly fee advance payments for the first tax period shall be calculated from the total liabilities indicated in the accounts balance of the last month of the accounting quarter of the fee payer, making the relevant adjustment in accordance with Section 4 of this Law.

[*27 May 2021; 29 September 2022*]

**Section 6. Fee Administration**

(1) The fee shall be administered by the State Revenue Service.

(2) The State Revenue Service shall:

1) prepare a calculation of the fee quarterly advance payment for the following tax period by 20 April of the post-tax period;

2) control the payment of the fee;

3) control the completeness and accuracy of the information indicated in the return referred to in Section 5, Paragraph seven of this Law;

4) prepare and send an account to the fee payer for an incompletely performed fee payment.

(3) Latvijas Banka shall:

1) for the needs of fee administration, provide the State Revenue Service with the current information on fee payers within 10 days from the moment when this information has come into the possession of Latvijas Banka;

2) for the needs of the return of the fee tax period and calculation of the fee quarterly advance payments for the following tax period, submit to the State Revenue Service by 15 April of the post-tax period the data of the financial statements included by fee payers in the annual statement of the tax period.

[*29 September 2022*]

**Section 7. Liability for Exceeding the Time Limit for Payment of the Fee**

If the fee payer does not make a fee payment within the time limit prescribed by this Law, the late charge for the delayed period shall be calculated to it in accordance with the law On Taxes and Fees.

**Transitional Provisions**

1. The Cabinet shall, by 1 July 2011, assess the options of applying fees to other financial and capital market participants and other consumer credit service providers in future tax periods and, if necessary, draft the relevant amendments to this Law.

2. The Cabinet shall, by 31 January 2013, assess the options of channelling the fee payments into a specially established stability fund in future tax periods and, if necessary, draft the relevant amendments to this Law.

3. The fee payer who has, until 1 December 2022, created a new financial service available to customers, i.e. an account for the revenues from economic activity within the meaning of the law On Taxes and Fees, and has informed the Financial and Capital Market Commission thereof, is entitled to reduce the amount of the fee calculated in accordance with Section 4 of this Law by the actual costs for the creation of the account for the revenues from economic activity but by not more than EUR 50 000.

[*16 June 2021; 29 September 2022*]

4. In applying Paragraph 3 of Transitional Provisions, the fee payer shall submit to the State Revenue Service the calculation of the estimated costs for the creation of the account for the revenues from economic activity and a timetable for covering such costs.

[*16 June 2021; 29 September 2022*]

5. Upon receipt of the agreement of the State Revenue Service on the calculation of the estimated costs for the creation of the account for the revenues from economic activity and the timetable for covering such costs, the fee payer is entitled to, after receipt of a credit note from the State Revenue Service, reduce the next quarterly payments of the fee by the relevant actual costs for the creation of the account for the revenues from economic activity in accordance with Paragraph 3 of these Transitional Provisions.

[*16 June 2021; 29 September 2022*]

6. The fee payer who has received the agreement referred to in Paragraph 5 of these Transitional Provisions but has failed to create an account for the revenues from economic activity until 1 December 2022 is not entitled to use the reduction in the fee referred to in Paragraph 3 of these Transitional Provisions and shall make its payment in accordance with the procedures laid down in Section 5 of this Law, and also lose the right to reduce the payable amount of the fee in the next quarters.

[*29 September 2022*]

7. The fee payer is entitled to reduce the fee payments of the following tax periods by the share of the actual costs incurred due to creation of the account for the revenues from economic activity which exceeds the amount of the fee specified in accordance with Section 5, Paragraph seven of this Law in compliance with Paragraphs 3, 4, and 5 of these Transitional Provisions.

[*16 June 2021; 29 September 2022*]

8. The fee payer who has applied Paragraph 3 of these Transitional Provisions is not entitled to attribute to the total price of services such costs for the creation of the account for the revenues from economic activity by which the fee payment has been reduced.

[*16 June 2021*]

9. The aid for commercial activities referred to in Paragraph 3 of these Transitional Provisions shall be granted by the State Revenue Service to the fee payer prior to provision of the agreement referred to in Paragraph 5 of these Transitional Provisions in accordance with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid.

[*16 June 2021; 29 September 2022*]

10. Latvijas Banka shall, by 1 February 2023, transfer to the State Revenue Service information on fee balances as of 31 December 2022.

[*29 September 2022*]

11. The fee payer shall submit the return of the fee tax period referred to in Section 5, Paragraph seven of this Law for the year 2022 to the State Revenue Service in accordance with the annex to Cabinet Regulation No. 396 of 24 May 2011, Regulations Regarding the Return of the Financial Stability Fee Tax Period and the Procedures for Filling Out Thereof.

[*29 September 2022*]

The Law shall come into force on 1 January 2011.

The Law has been adopted by the *Saeima* on 20 December 2010.

President V. Zatlers

Rīga, 30 December 2010