Republic of Latvia

Cabinet

Regulation No. 152

Adopted 24 March 2020

**Regulations Regarding the Allowance for Idle Time for the Employees Affected by COVID-19**

*Issued pursuant to*

*Section 2 and Section 14, Paragraph one of the law On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19*

1. The Regulation prescribes the procedures by which compensation (hereinafter – the allowance for idle time) shall be paid to an employee working in a sector where the financial situation has significantly deteriorated due to the spread of COVID-19 (hereinafter – the sector affected by the crisis) and the amount thereof.

2. Within the meaning of this Regulation, the allowance for idle time is an allowance which is disbursed if an employer does not provide work to an employee or does not take the actions necessary for the acceptance of the fulfilment of employee’s obligations in the period of idle time due to the spread of COVID-19. The period of idle time is a limited time period lasting from 14 March 2020 until 14 May 2020, but for not longer than the validity period of the Cabinet decision on the emergency situation.

3. Employers who perform economic activity in such sector of primary activity which is specified in the Cabinet regulations regarding the sector affected by the crisis and whose revenues from the economic activity have decreased by at least 50 % in March 2020 in comparison with March 2019 shall be regarded as employers in the sectors affected by the crisis.

4. To apply for the allowance for idle time, the employer in the sector affected by the crisis shall, by 25 April 2020, submit to the State Revenue Service the submission for the allowance for idle time (hereinafter – the submission) regarding the time period from 14 March 2020 until 31 March 2020, and thereafter shall submit it by the 25th day of the following month.

5. The employer in the sector affected by the crisis shall submit the submission through the Electronic Declaration System of the State Revenue Service. The following information shall be indicated in the submission:

5.1. name and taxpayer registration number of the employer;

5.2. period of idle time;

5.3. the type of the primary activity of the employer (in accordance with the classification of NACE Rev. 2) as at 14 March 2020;

5.4. justification for the occurrence of the idle time for an employee in connection with the circumstances created by the employer under the effects of the crisis;

5.5. information regarding the employee for whom idle time has occurred (name, surname, personal identity number, and period of idle time of the employee, and also the account thereof opened with a credit institution or payment service provider in Latvia);

5.6. certification that the employee for whom the allowance for idle time is requested is not on leave for incapacity for work and will not be released from work by a decision of the employer within a month after the submission is submitted.

6. The allowance for idle time shall be determined in the amount of 75 % of the average monthly gross work remuneration for the period of last six months before the declaration of the emergency situation by considering the information at the disposal of the State Revenue Service (data declared by the employer to the State Revenue Service), or in accordance with the actual data declared by employees within the previous six months, but not exceeding EUR 700 per calendar month.

7. The allowance for idle time shall be granted and disbursed according to the period of idle time indicated in the submission of the employer in the sector affected by the crisis.

8. The State Revenue Service shall disburse the requested allowance for idle time for one calendar month within five working days after receipt of the submission by transferring the allowance to the employee’s account indicated in the submission which has been opened with a credit institution or payment service provider in Latvia and shall inform the submitter of the submission thereof through the Electronic Declaration System. The employer in the sector affected by the crisis shall inform an employee of the disbursement of the allowance for idle time.

9. If an employee works for several employers, the allowance for idle time shall be granted according to the employer in the sector affected by the crisis which is the principal place for earning income (tax booklet has been submitted). If the tax booklet has not been submitted to any employer, the allowance for idle time for such employee shall be disbursed based on the employer who was the first to submit the submission.

10. The State Revenue Service shall not grant the allowance for idle time:

10.1. if the employer in the sector affected by the crisis has not submitted to the State Revenue Service all tax returns and annual statements for the period of last 12 months before the emergency situation;

10.2. if the employer in the sector affected by the crisis has a tax debt of more than EUR 150 as on 7 March 2020 and an extension of the payment term has not been granted or an agreement on the voluntary payment of taxes has not been concluded;

10.3. if the employer in the sector affected by the crisis is excluded or has been excluded from the State Revenue Service Register of Value Added Tax Taxable Persons within the last two years, or its economic activity is or has been suspended;

10.4. if on the day of taking the decision insolvency proceedings are in effect for the employer in the sector affected by the crisis;

10.5. if within the last six months before the declaration of the emergency situation the employer in the sector affected by the crisis has calculated the taxes administered by the State Revenue Service at an average amount of less than EUR 200 per month;

10.6. if as at 1 March 2020 the type of the primary economic activity (in accordance with the classification of NACE Rev. 2) of the employer in the sector affected by the crisis does not correspond to the type of primary activity at the disposal of (reported to) the State Revenue Service;

10.7. if the employer in the sector affected by the crisis has not submitted a justification to the State Revenue Service in accordance with Sub-paragraph 7.3 of this Regulation, or the State Revenue Service, upon the evaluation of the employer’s submission, establishes that the occurrence of the idle time for the employee is not connected with the circumstances created by the effects of the crisis;

10.8. if the employee has commenced the employment relationships after 1 March 2020;

10.9. to the members of the board and council of the employer in the sector affected by the crisis;

10.10. for those calendar days for which the sickness benefit has been granted;

10.11. to the employees who are simultaneously employed in a State or local government authority or capital company, receive service or disability pension or perform economic activity;

10.12. to employees working for the authorities financed from the State and local government budgets and merchants controlled thereby;

10.13. to the employer in the sector affected by the crisis whose staff has been leased to another taxpayer;

10.14. if within the last three years and at the moment of evaluating the submission, as a result of an audit or data conformity audit, sums to be additionally paid into the State budget have been determined for the employer in the sector affected by the crisis or the amount of the unjustifiably increased tax to be repaid from the State budget has been reduced therefore, including late fees and fines, the total amount of which exceeds three per cent of the revenues of the employer from the taxes administered by the State Revenue Service in the respective year (by subtracting the overcharges repaid by the tax administration from the contributions made by the employers), but at the moment of evaluation – three per cent of the revenues of the employer from the taxes administered by the State Revenue Service in the previous year (by subtracting the overcharges repaid by the tax administration from the contributions made by the employers);

10.15. if within the previous year and at the moment of evaluating the submission the employer in the sector affected by the crisis or a member of its board has been punished for an offence in relation to the tax liabilities of the employer, offences in the field of customs or violation of the laws and regulations governing employment legal relationships, except when a warning has been issued or a fine of not more than EUR 151 has been imposed for an individual offence, and the total amount of fines does not exceed EUR 500 within a year.

11. The State Revenue Service shall not apply the conditions referred to in Sub-paragraphs 12.1 and 12.2 of this Regulation to those employers in the sectors affected by the crisis which have been included in the In-depth Cooperation Programme in accordance with the Cabinet Regulation No. 749 of 27 November 2018, Regulations Regarding the Operation of In-depth Cooperation Programme.

12. If after the granting of the allowance for idle time an employer submits to the State Revenue Service updated data on the income of the employee within the time period used for the calculation of the allowance for idle time, the disbursed allowance shall not be re-calculated.

13. If the allowance for idle time has been requested or received unjustifiably or the employer in the sector affected by the crisis, during the period of disbursement of the allowance for idle time, hires new employees or terminates the idle time due to the renewal of the operation, the employer in the sector affected by the crisis shall voluntarily repay the granted allowance for idle time or the State Revenue Service shall recover it by applying the provision of the law On Taxes and Duties.

14. During the period when the allowance for idle time is awarded to an employee, sickness benefit shall not be paid.

15. The State Revenue Service shall inform the State Social Insurance Agency of the persons to whom the allowance for idle time has been granted.

16. The State Revenue Service shall publish on its website a list of those employers in the sectors affected by the crisis whose employees have received the allowance for idle time.

Prime Minister A. K. Kariņš

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