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].

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 – 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**

Fee shall be paid by the credit institutions (excluding electronic money institutions) registered in the Republic of Latvia and their branches in the Member States and foreign countries, as well as the branches of the credit institutions registered in the Member States and foreign countries located in the Republic of Latvia (hereinafter – fee payers).

**Section 3. Taxation Period**

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

**Section 4. The 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) underlying obligations included in the calculation of own capital as the subordinated capital in accordance with the regulations of the Financial and Capital Market Commission.

(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*]

**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 payer shall calculate the fee in accordance with Section 4 of this Law and pay into the State budget revenue account indicated by the State Treasury by the 15th day of the month following the accounting quarter, submitting a document certifying the payment to the Financial and Capital Market Commission.

(3) The fee payer shall calculate the quarterly fee payments of the tax period on the basis of the data of the financial accounts included in the annual account of the previous 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, and compile a quarterly fee payment schedule.

(4) The fee payer shall harmonise the quarterly fee payment schedule for the tax period with the Financial and Capital Market Commission by 15 April of the tax period.

(5) If it is found that the fee amount paid in the accounting quarter is less than the amount which should be paid in accordance with the quarterly fee payment schedule referred to in Paragraph four of this Section or the rate prescribed in this Law, the fee payer shall, within 30 days following the receipt of an account from the Financial and Capital Market Commission, pay the remaining fee amount into the State budget revenue account indicated by the State Treasury.

(6) The fee payer shall, by 15 April of the next tax period, draft and submit to the Financial and Capital Market Commission the financial stability fee declaration for the tax period (hereinafter – declaration). The specimen for the declaration and procedure for completion thereof shall be determined by the Cabinet.

(7) When drafting the declaration, the fee payer shall perform the final calculation of the fee for the tax period in accordance with Section 4 of this Law, on the basis of the data of the financial accounts included in the annual account of the tax period. In the case referred to in Section 4, Paragraphs 1.1 and 1.2 of this Law, the fee payer shall attach to the declaration 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.

(8) If following the performance of the calculation referred to in Paragraph seven of this Section it is found that the fee amount paid for the quarterly payments is less than the amount which should be paid in accordance with the rate prescribed in this Law, the fee payer shall, within 30 days following the submission of the declaration of the tax period to the Financial and Capital Market Commission, pay the remaining fee amount into the State budget revenue account indicated by the State Treasury, submitting a document certifying the payment to the Financial and Capital Market Commission.

(9) The Financial and Capital Market Commission has the right to request the fee payer to make an additional fee payment within 30 days, informing the fee payer thereof in writing, if it following the control (inspection) of the fee payable by the fee payer has found that the fee payer has not performed a complete payment of the fee and has taken a decision regarding the justification of an additional fee payment.

(10) If following the performance of the calculation referred to in Paragraph seven of this Section it is found that the fee amount paid by the fee payer for the quarterly payments is greater than the amount which should be paid in the tax period in accordance with the rate prescribed in this Law, the overpaid fee amount shall be included in the payments for the following tax period.

(11) The Financial and Capital Market Commission has the right to delay the inclusion of the overpaid fee amount into the payments for the following tax period, informing the fee payer thereof in writing, if following the receipt of the declaration of the tax period the decision is taken to commence control (inspection) of the fee payable by the fee payer, – until the day, when the Financial and Capital Market Commission has taken a decision regarding the justification of the overpayment.

(12) If a 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 a fee payer commences its activity in the middle of a tax period, the quarterly fee 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*]

**Section 6. Fee Administration**

(1) The fee shall be administered by the Financial and Capital Market Commission.

(2) The Financial and Capital Market Commission:

1) shall harmonise the calculated quarterly fee payment schedule for the tax period by 15 April of the tax period;

2) shall control the payment of the fee;

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

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

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

If a 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 Duties.

**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 January 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*]

4. In applying Paragraph 3 of Transitional Provisions, the fee payer shall submit to the Financial and Capital Market Commission 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*]

5. Upon receipt of the agreement of the Financial and Capital Market Commission 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 Financial and Capital Market Commission, 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*]

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 January 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, Paragraph five of this Law, and also lose the right to reduce the payable amount of the fee in the next quarters.

[*16 June 2021*]

7. The fee payer is entitled to reduce the fee payments of the next taxation period 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*]

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 Financial and Capital Market Commission 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*]

This Law shall come into force on 1 January 2011.

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

President V. Zatlers

Rīga, 30 December 2010