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

16 December 2010 [shall come into force on 1 January 2011];

1 July 2011 [shall come into force on 1 October 2011];

6 June 2012 (Constitutional Court Judgment) [shall come into force on 7 June 2012];

18 October 2012 [shall come into force on 1 November 2012];

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

15 February 2018 [shall come into force on 1 March 2018].

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:

**Law on Compensation for Losses Caused by State Administration Institutions**

**Chapter I**

**General Provisions**

**Section 1. Purpose of the Law**

(1) The purpose of the Law is to ensure for a private individual the right laid down in the Constitution and the Administrative Procedure Law to commensurate compensation for a material loss or non-material damage (hereinafter – the compensation for loss) caused thereto due to an unlawful administrative act or an unlawful actual action of a State administration institution (hereinafter – the institution).

(2) [15 February 2018]

[*18 October 2012; 15 February 2018* / *See Paragraph 8 of Transitional Provisions*]

**Section 2. Application of the Law**

(1) The Law prescribes the following:

1) the conditions for determining the basis and amount of the compensation for loss;

2) the procedures by which the institution shall:

a) assess the cases of the compensation for loss;

b) take the decision to compensate a loss;

c) ensure the execution of a decision of the institution directed at a monetary payment or enforcement of a court ruling on the compensation for loss.

(2) The Law shall not apply to the procedures by which the compensation for loss caused to a private individual is disbursed in accordance with other laws.

(3) Within the meaning of this Law, a loss shall include a material loss and non-material damage.

[*1 July 2011; 15 February 2018* / *See Paragraph 8 of Transitional Provisions*]

**Section 2.1 Procedures for the Compensation for Losses in Administrative Offence Cases**

[15 February 2018]

**Section 3. Sources of Financing for the Compensation for Loss**

A loss shall be compensated from:

1) the State basic budget;

2) a local government budget;

3) a budget of another derived legal person governed by public law;

4) funds of an institution with an autonomous budget if such funds do not form part of the budget of any legal person governed by public law referred to in Clause 1, 2, or 3 of this Section and the relevant institution has caused loss in the field where it operates within the scope of its own budget.

[*15 February 2018*]

**Chapter II**

**Determination of the Basis and Amount of the Compensation for Loss**

**Section 4. Action and Omission**

(1) The institution may cause a loss by its action when issuing an unlawful administrative act or when engaging in an unlawful actual action, or also due to omission if the institution had the obligation to take action, but it had unlawfully failed to take action.

(2) Henceforth in this Law the concepts “activity” and “action” shall also mean omission in cases where the institution has the obligation to take action.

**Section 5. Victim**

(1) A victim, i.e. a private individual who is the addressee of an unlawful administrative act or a third person within the meaning of the Administrative Procedure Law, and also a private individual against whom an unlawful actual action of the institution is directed directly or who is directly affected thereby, has the right to the compensation for loss.

(2) A relative of a natural person who has died due to an unlawful action of the institution may be also a victim.

**Section 6. Causal Link**

(1) The right to the compensation for loss shall arise if there is a direct causal link between an unlawful action of the institution and the loss caused to a victim – an objective link between the action of the institution and the consequences causing the loss which follow later in terms of time, i.e. the abovementioned action causes and determines a realistic possibility of the occurrence of such consequences and is the main factor which has inevitably caused such consequences.

(2) Such casual link shall not exist in cases where the same loss would have arisen also if the action of the institution would have been lawful.

**Section 7. Material Loss**

(1) Within the meaning of this Law, a material loss is a deprivation which can be materially assessed and which has been caused to a victim due to an unlawful administrative act or an unlawful actual action of the institution.

(2) When calculating a material loss, the unearned profit shall also be taken into account if a victim can prove that the profit would have been earned in the course of normal course of events.

(3) A material loss is also a loss which is related to the setting aside of an administrative act, prevention of an actual action of the institution, or elimination of the consequences thereof, reduction or elimination of the loss. A material loss shall also cover the costs related to legal aid. The maximum amount of such costs shall be determined by the Cabinet.

(4) The time and effort devoted by a private individual to resolve a certain case shall not be considered a material loss.

[*1 July 2011*]

**Section 8. Non-material Damage**

Within the meaning of this Law, non-material damage shall be the following caused by an unlawful administrative act or an unlawful actual action of the institution:

1) violation of life, health, freedom, dignity and respect, personal or family secret of a natural person, other non-material rights or interests thereof protected by law as a result of which adverse non-material consequences have been caused;

2) violation of transaction reputation, commercial secret of a legal person, its copyright or other non-material rights or interests protected by law as a result of which adverse non-material consequences have been caused.

[*15 February 2018 /* *See Paragraph 8 of Transitional Provisions*]

**Section 9. Non-pecuniary Damage**

[15 February 2018 / See Paragraph 8 of Transitional Provisions]

**Section 10. Co-responsibility**

(1) A victim is not entitled to receive the compensation for loss in whole or in part if he or she has not, using his or her knowledge, skills, and practical possibilities, made every effort to prevent or reduce the loss.

(2) A victim is not entitled to receive the compensation for loss if, by means of an intentional action, he or she has contributed to the occurrence of the loss caused to him or her or to an increase in the amount thereof.

**Section 11. Means of Evidence**

(1) Legal basis and amount for the compensation for a material loss is proven by the means of evidence specified in the Administrative Procedure Law.

(2) The facts which confirm that non-material damage has been caused shall be proven by the means of evidence indicated in the Administrative Procedure Law. A private individual has the obligation to indicate how the infringement of his or her non-material rights and interests protected by law manifested and to justify the amount of the compensation.

(3) If private individual has suffered a significant infringement of rights by an unlawful administrative act or an unlawful actual action, the existence of non-material damage shall be considered to have been proved.

[*15 February 2018* / *See Paragraph 8 of Transitional Provisions*]

**Section 12. Determination of the Amount of a Material Loss**

(1) The amount of loss shall be determined by means of evidence (Section 11).

(2) If, in determining the amount of loss, the institution or court establishes co-responsibility of a victim (Section 10), the amount of loss is reduced accordingly.

(3) In determining the amount of unearned profit, the institution or court shall take into account general risks and the circumstances of the particular case which affect the probability of unearned profit.

(4) If it is not possible to ascertain the exact amount of loss, the institution or court shall estimate the overall loss or separate components thereof. In ascertaining the loss, the institution or court shall reasonably take into account the overall experience and the circumstances of the particular case.

(5) If the compensation for loss to be disbursed to a private individual consists of the non-received remuneration, the amount of the compensation for loss determined by the institution or court shall include taxes calculated in accordance with the procedures laid down in laws and regulations.

[*1 July 2011*]

**Section 13. Determination of the Compensation for a Material Loss**

(1) In determining a corresponding amount of the compensation for loss, the lawful and actual justification and motives of the action by the institution, and also the action by a victim shall be taken into account.

(2) In determining the amount of the compensation for loss, in addition other circumstances of significance in the particular case, if they can be objectively proven, may be taken into account.

(3) A material loss of the amount calculated in accordance with Section 12 of this Law is usually reimbursed in the following amount:

1) if the calculated amount does not exceed EUR 145 000 – in the amount of 100 per cent of the amount;

2) if the calculated amount exceeds EUR 145 000 but does not exceed EUR 1 450 000 – EUR 145 000 plus in the amount of 50 to 100 per cent of the amount which exceeds EUR 145 000;

3) if the calculated amount exceeds EUR 1 450 000, a corresponding compensation may be less than 50 per cent of the amount.

(4) The institution may, at its discretion, compensate the material loss caused to the victim in such a manner that the actual condition of the property of the victim before causing the loss is restored instead of the disbursement of the compensation for loss.

[*12 September 2013; 15 February 2018* / *See Paragraph 8 of Transitional Provisions*]

**Section 14. Determination of the Compensation for Non-material Damage**

(1) The compensation for non-material damage shall be determined in conformity with the significance of the infringed rights and interests protected by law and severity of the particular infringement, taking into account the lawful and actual justification and motives of the action by the institution, the action by and co-responsibility of the victim, and also other circumstances of significance in the particular case.

(2) Non-material damage shall be compensated by restoring the condition which existed before causing damage, or, if it is not possible or is not completely possible, or it is not adequate, by apologising or paying a corresponding compensation.

(3) If the institution or court, in assessing the circumstances of the particular case, establishes that the infringement of the rights or interests protected by law of a private individual is not severe, a written or public apology may be an independent or additional compensation for non-material damage.

(4) The compensation for non-material damage shall be determined in the amount up to EUR 7000. If severe non-material damage has been caused, the compensation may be determined up to the amount of EUR 10 000, but if the damage to life or especially severe damage to health has been caused, the maximum amount of the compensation may be up to EUR 30 000.

[*15 February 2018 /* *See Paragraph 8 of Transitional Provisions*]

**Chapter III**

**Procedures for the Examination of the Submission for the Compensation for Loss**

**Section 15. Institution Having Jurisdiction for the Examination of a Submission**

A private individual shall submit the submission for the compensation for loss to the institution which has caused the loss.

**Section 16. Submission for the Compensation for Loss**

(1) The following shall be indicated in the submission for the compensation for loss:

1) the name of the institution to which the submission has been submitted;

2) the given name, surname, personal identity number, and place of residence of the submitter, but for a legal person – the name, registration number, and legal address;

3) the claim;

4) the facts which, according to the submitter, justify the right to the compensation for loss;

5) the bank account to which the compensation for loss is to be transferred.

(2) The submission may also include evidence of the fact of the loss caused and the amount of the loss and copies of the relevant documents shall be appended to the submission, presenting either the originals of such documents or copies certified in accordance with the specified procedures. If the submission is sent by post, true copies or copies certified in accordance with the specified procedures shall be appended thereto.

(3) The submission may specify the legal grounds of the case and other information which may be relevant to the examination of the case.

(4) The claim shall specify the total amount of the compensation for loss claimed. If the compensation is claimed for several types of loss, the submission may specify the amount of the compensation claimed for each type of loss.

**Section 17. Time Period for the Submission of a Submission**

(1) A private individual shall submit the submission for the compensation for loss within one year from the day on which he or she became aware or ought to have become aware of the loss, but not later than within five years from the date on which an unlawful administrative act of the institution entered into effect or an unlawful actual action was committed thereby.

(2) If a private individual has missed the deadlines referred to in Paragraph one of this Section, the institution, court, or judge may renew them upon a reasoned request of the private individual, if the reason for the missed deadline is recognised as justifiable.

[*18 October 2012*]

**Section 18. Procedures for the Examination of the Submission for the Compensation for Loss Caused by an Institution of Direct Administration**

(1) An institution of direct administration which receives the submission for the compensation for loss from a private individual shall immediately forward it to a higher institution or to another institution (decision-making institution) specified in laws and regulations. If there is no higher institution or it is the Cabinet and no other institution has been specified in laws and regulations, the submission shall be examined by the relevant institution of direct administration.

(2) The decision-making institution shall, within one month after receipt of the submission, examine the legal grounds for the compensation for loss and take the decision on the allocation of the compensation for loss and the amount of the compensation or on the rejection of the submission.

(3) If, due to objective reasons, this cannot be done within a month, the decision-making institution may, by taking a reasoned decision, extend the deadline by up to four months, informing the submitter thereof in writing. This decision may not be contested or appealed.

**Section 19. Procedures for the Examination of the Submission for the Compensation for Loss Caused by a Local Government Institution**

(1) If the submission of a private individual for the compensation for loss is received by a local government institution which has caused the loss by its actions in the performance of direct administration functions or tasks, it shall immediately forward the submission to a functionally higher or another institution of direct administration (decision-making institution) specified in laws and regulations, whereas a copy of the submission shall be sent thereby to the Ministry of Environmental Protection and Regional Development.

(2) If the submission of a private individual for the compensation for loss is received by a local government institution which has caused the loss by its actions in the performance of autonomous functions or tasks of the local government, or while implementing its voluntary initiative, it shall immediately forward the submission to the relevant local government council, whereas a copy of the submission shall be sent thereby to the Ministry of Environmental Protection and Regional Development.

(3) If the submission of a private individual for the compensation for loss is received by a local government institution which has caused the loss by its actions in the performance of autonomous functions or tasks of another local government, it shall immediately forward the submission to the local government council with jurisdiction, whereas a copy of the submission shall be sent thereby to the Ministry of Environmental Protection and Regional Development.

(4) If the submission is forwarded to an institution with no jurisdiction, it shall immediately forward the submission to the Ministry of Environmental Protection and Regional Development. The Ministry shall, within one month, determine the institution with jurisdiction for the compensation for loss referred to in Paragraph one, two, or three of this Section. The decision shall be notified to all interested persons. The time until the decision of the Ministry is taken is not counted as part of the time period referred to in Paragraphs five and six of this Section.

(5) The decision-making institution shall, within one month after receipt of the submission, examine the legal grounds for the compensation for loss and take the decision on the allocation of the compensation for loss and the amount of the compensation or on the rejection of the submission.

(6) If, due to objective reasons, this cannot be done within a month, the decision-making institution may, by taking a reasoned decision, extend the deadline by up to four months, informing the submitter thereof in writing. This decision may not be contested or appealed.

(7) The loss shall be compensated from the State basic budget if it has been caused by the actions of a local government institution in the performance of direct administration functions or tasks. The loss shall be compensated from the budget of the relevant local government if it has been caused by the actions of a local government institution in the performance of the autonomous functions or tasks of the relevant local government, or while implementing its voluntary initiative. The loss shall be compensated from the budget of another legal person governed by public law if it has been caused by the actions of a local government institution in the performance of the autonomous functions or tasks of such other legal person governed by public law.

[*16 December 2010; 1 July 2011*]

**Section 20. Procedures for the Examination of the Submission for the Compensation for Loss Caused by Another Derived Legal Person Governed by Public Law**

(1) If the submission of a private individual for the compensation for loss is received by an institution of indirect administration which has caused the loss by its actions in the performance of direct administration functions or tasks, it shall immediately forward the submission to a functionally higher institution of direct administration or another institution of direct administration specified in the regulatory enactment (decision-making institution), whereas a copy of the submission shall be sent thereby to the Ministry to which the relevant derived legal person governed by public law is subordinate.

(2) If the submission of a private individual for the compensation for loss is received by an institution of indirect administration (official) which has caused the loss by its actions in the performance of functions or tasks of a derived legal person governed by public law, it shall immediately forward the submission to the body of the derived legal person governed by public law or to another institution of direct administration specified in laws and regulations (decision-making institution), whereas a copy of the submission shall be sent thereby to the Ministry to which the relevant derived legal person governed by public law is subordinate.

(3) If the submission of a private individual for the compensation for loss is received by an institution of indirect administration which has caused the loss by its actions in the performance of functions or tasks of another derived legal person governed by public law, it shall immediately forward the submission to the body of the derived legal person governed by public law with jurisdiction, whereas a copy of the submission shall be sent thereby to the Ministry to which the relevant derived legal person governed by public law is subordinate.

(4) [15 February 2018]

(5) The decision-making institution shall, within one month after receipt of the submission, examine the legal grounds for the compensation for loss and take the decision on the compensation for loss and the amount of the compensation or on the rejection of the submission.

(6) If, due to objective reasons, this cannot be done within a month, the decision-making institution may, by taking a reasoned decision, extend the deadline by up to four months, informing the submitter thereof in writing. This decision may not be contested or appealed.

(7) The loss shall be compensated from the State basic budget if it has been caused by the actions of an institution of indirect administration in the performance of direct administration functions or tasks. The loss shall be compensated from the budget of the relevant derived legal person governed by public law if it has been caused by the actions of an institution of indirect administration in the performance of the autonomous functions or tasks of a derived legal person governed by public law.

[*15 February 2018*]

**Section 21. Procedures for the Examination of the Submission for the Compensation for Loss Caused within the Scope of an Autonomous Budget of the Institution**

(1) An institution with an autonomous budget which receives a submission from a private individual for the compensation for loss suffered within the scope of the autonomous budget of such institution (Clause 4 of Section 3) shall immediately forward the submission to the institution to which it is subordinate or to another institution (decision-making institution) specified in laws and regulations.

(2) The decision-making institution shall, within one month after receipt of the submission, examine the legal grounds for the compensation for loss and take the decision on the rejection of the submission or on the compensation for loss from the autonomous budget of the relevant institution or from the budget of a legal person governed by public law and the amount of the compensation.

(3) If, due to objective reasons, this cannot be done within a month, the decision-making institution may, by taking a reasoned decision, extend the deadline by up to four months, informing the submitter thereof in writing. This decision may not be contested or appealed.

[*15 February 2018*]

**Section 21.1 Decision of the Decision-making Institution to Compensate the Loss (Non-received Remuneration)**

(1) If the compensation for loss to be disbursed to a private individual consists of the non-received remuneration, it shall be taxed in the cases and in the amount specified in laws and regulations. In such case the decision-making institution has the obligation to indicate the following in the decision to compensate the loss:

1) the time period for which the non-received remuneration is to be disbursed and the taxes specified in laws and regulations have been calculated;

2) the remuneration and the compensation for non-used leave;

3) the mandatory social insurance contributions of the employee (private individual);

4) the mandatory social insurance contributions of the employer;

5) the personal income tax;

6) the amount of the compensation for loss (non-received remuneration) to be disbursed to a private individual after payment of taxes.

(2) The term “remuneration” used in this Law, if referring to persons covered by the Law on Remuneration of Officials and Employees of State and Local Government Authorities, shall be understood as the term “remuneration” within the meaning of the Law on Remuneration of Officials and Employees of State and Local Government Authorities.

[*1 July 2011*]

**Section 22. Appeal of a Decision**

The decision of the institution on the compensation for loss shall not be subject to contesting, but may be appealed to a court in accordance with the Administrative Procedure Law.

**Chapter IV**

**Execution of a Decision of the Institution or Enforcement of a Court Ruling on the Compensation for Loss**

**Section 23. Disbursement of the Compensation for Loss**

The compensation for loss shall be disbursed in accordance with the provisions of this Chapter.

**Section 24. Compensation for Loss from the State Basic Budget**

(1) If a decision of the institution or a court ruling is directed against the Republic of Latvia, the amount specified therein shall be disbursed from the programme “Funds for Unforeseen Events” of the State basic budget or from the funds allocated in the State basic budget for the activities of the relevant institution.

(2) If the compensation for loss is disbursed from the programme “Funds for Unforeseen Events” of the State basic budget, the decision-making institution or the institution of direct administration (official) which participated in court proceedings shall, within one month:

1) make a request for the allocation of funds from the programme “Funds for Unforeseen Events” of the State basic budget and submit it to the relevant sectoral ministry. The relevant sectoral ministry shall submit the request to the Ministry of Finance in accordance with the procedures laid down in laws and regulations. If the ministry is the decision-making institution, it shall make a request for the allocation of funds from the programme “Funds for Unforeseen Events” of the State basic budget and submit it to the Ministry of Finance in accordance with the procedures laid down in laws and regulations;

2) request information from the private individual on the personal bank account or postal settlement system account, personal data, and address of the place of residence.

(3) The decision-making institution or the institution of direct administration (official) which participated in court proceedings shall, within 10 working days after the allocation of funds from the programme “Funds for Unforeseen Events” of the State basic budget, disburse the compensation for loss by transferring it to the personal bank account or postal settlement system account of the private individual.

(4) If the loss is compensated from the funds allocated in the State basic budget for the activities of the relevant institution, the decision-making institution or the institution of direct administration (official) which participated in court proceedings shall, within one month after the entry into effect of the relevant decision of the institution or court ruling and receipt of information from the private individual on his or her personal bank account or postal settlement system account, personal data, and address of the place of residence, disburse the compensation for loss by transferring it to the personal bank account or postal settlement system account of the private individual.

[*15 February 2018*]

**Section 25. Compensation for Loss from a Local Government Budget**

(1) If a decision of the institution or a court ruling to compensate a loss is directed against a local government, the amount specified therein shall be disbursed from the local government budget.

(2) After a decision of the institution or a court ruling to compensate a loss has entered into effect, the decision-making institution or the local government institution (official) which participated in court proceedings shall, within one month, send the true copy of the decision of the institution or the court ruling to the local government institution with jurisdiction.

(3) The decision-making institution or the local government institution (official) which participated in court proceedings shall, together with the true copy of the decision of the institution or the court ruling referred to in Paragraph two of this Section, also send information to the local government institution with jurisdiction on the personal bank account or postal settlement system account, personal data, and address of the place of residence of the relevant private individual.

(4) If the compensation for loss to be disbursed to a private individual consists of the non-received remuneration (Section 21.1), the institution (official) shall, when sending the true copy of the court ruling to the local government institution with jurisdiction, indicate the following in the cover letter:

1) the time period for which the non-received remuneration is to be disbursed and the taxes specified in laws and regulations have been calculated;

2) the remuneration and the compensation for non-used leave;

3) the mandatory social insurance contributions of the employee (private individual);

4) the mandatory social insurance contributions of the employer;

5) the personal income tax;

6) the amount of the compensation for loss (non-received remuneration) to be disbursed to a private individual after payment of taxes.

(5) The local government institution with jurisdiction shall, within a month after receipt of all the necessary information, disburse the compensation for loss by transferring it to the personal bank account or postal settlement system account of the private individual.

(6) The local government institution with jurisdiction may, by taking a reasoned decision, disburse the compensation in instalments. The disbursement shall be made within one year from the date of receipt of all the necessary information. The local government institution with jurisdiction shall inform the private individual of its decision in writing. This decision may not be contested and appealed.

(7) If necessary and if it conforms to legal provisions, the local government council shall adopt amendments to the local government budget for the current year.

[*1 July 2011*]

**Section 26. Compensation for Loss from the Budget of Another Derived Legal Person Governed by Public Law**

(1) If a decision of the decision-making institution or a court ruling to compensate a loss is directed against a derived legal person governed by public law other than a local government, the amount specified therein shall be disbursed from the budget of the relevant derived legal person governed by public law.

(2) After a decision of the institution or a court ruling to compensate a loss has entered into effect, the decision-making institution or the institution of indirect administration (official) which participated in court proceedings shall, within one month, send the true copy of the decision of the institution or the court ruling to the body of the relevant derived legal person governed by public law.

(3) The decision-making institution or the institution of indirect administration (official) which participated in court proceedings shall, together with the true copy of the decision of the institution or the court ruling referred to in Paragraph two of this Section, also send information to the body of the derived legal person governed by public law on the personal bank account or postal settlement system account, personal data, and address of the place of residence of the relevant private individual.

(4) If the compensation for loss to be disbursed to a private individual consists of the non-received remuneration (Section 21.1), the institution (official) shall, when sending the true copy of the court ruling to the body of the derived legal person governed by public law, indicate the following in the cover letter:

1) the time period for which the non-received remuneration is to be disbursed and the taxes specified in laws and regulations have been calculated;

2) the remuneration and the compensation for non-used leave;

3) the mandatory social insurance contributions of the employee (private individual);

4) the mandatory social insurance contributions of the employer;

5) the personal income tax;

6) the amount of the compensation for loss (non-received remuneration) to be disbursed to a private individual after payment of taxes.

(5) The body of the derived legal person governed by public law shall, within a month after receipt of all the necessary information, disburse the compensation for loss by transferring it to the personal bank account or postal settlement system account of the private individual.

(6) The body of the derived legal person governed by public law may, by taking a reasoned decision, disburse the compensation for loss in instalments. The disbursement shall be made within one year from the date of receipt of all the necessary information. The body of the derived legal person governed by public law shall inform the private individual of its decision in writing. This decision may not be contested and appealed.

(7) If necessary and if it conforms to legal provisions, the body of the derived legal person governed by public law shall adopt amendments to the budget of the derived legal person governed by public law for the current year.

[*1 July 2011*]

**Section 27. Compensation for Loss from an Autonomous Budget of the Institution**

(1) If a decision of the institution or a court ruling to compensate a loss is directed against an institution with an autonomous budget, the amount specified therein shall be disbursed from the autonomous budget of the relevant institution (Clause 4 of Section 3).

(2) After a decision of the institution or a court ruling to compensate a loss has entered into effect, the decision-making institution or the institution (official) which participated in court proceedings shall, within one month, send the true copy of the decision of the institution or the court ruling to the relevant institution with an autonomous budget.

(3) The decision-making institution or the institution (official) which participated in court proceedings shall, together with the true copy of the decision of the institution or the court ruling referred to in Paragraph two of this Section, also send information to the institution with an autonomous budget on the personal bank account or postal settlement system account, personal data, and address of the place of residence of the relevant private individual.

(4) If the compensation for loss to be disbursed to a private individual consists of the non-received remuneration (Section 21.1), the institution (official) shall, when sending the true copy of the court ruling to the institution with an autonomous budget, indicate the following in the cover letter:

1) the time period for which the non-received remuneration is to be disbursed and the taxes specified in laws and regulations have been calculated;

2) the remuneration and the compensation for non-used leave;

3) the mandatory social insurance contributions of the employee (private individual);

4) the mandatory social insurance contributions of the employer;

5) the personal income tax;

6) the amount of the compensation for loss (non-received remuneration) to be disbursed to a private individual after payment of taxes.

(5) An institution with an autonomous budget shall, within a month after receipt of all the necessary information, disburse the compensation for loss by transferring it to the personal bank account or postal settlement system account of the private individual.

(6) An institution with an autonomous budget may, by taking a reasoned decision, disburse the compensation in instalments. The disbursement shall be made within one year from the date of receipt of all necessary information. The institution shall inform the private individual of its decision in writing. This decision may not be contested and appealed.

(7) If an institution with an autonomous budget is unable to execute a decision of the institution or a court ruling due to the lack of funds, it shall immediately inform the institution to which it is subordinate and the compensation for loss shall be disbursed from the budget of such legal person governed by public law to which the responsibility of the relevant institution is attributable. The private individual shall be notified thereof in writing.

(8) If necessary and if it conforms to legal provisions, the body of the legal person governed by public law to which the responsibility of the institution with an autonomous budget is attributable shall adopt amendments to the budget of such institution for the current year.

[*15 February 2018*]

**Section 28. Subsidiary Compensation for Loss from the State Basic Budget**

(1) If a derived legal person governed by public law or an institution with an autonomous budget cannot, in accordance with Section 25, 26, or 27 of this Law, execute a decision of the institution or a court ruling due to the lack of funds, the compensation for loss shall be disbursed from the State basic budget in accordance with the provisions of this Section.

(2) If a local government council or a body of another derived legal person governed by public law or an institution with an autonomous budget establishes that a decision of the institution or a court ruling cannot be executed due to the lack of funds, the local government council or the body of the derived legal person governed by public law or the institution to which the institution with an autonomous budget is subordinated shall make a request for the allocation of funds from the programme “Funds for Unforeseen Events” of the State basic budget and submit it to the relevant sectoral ministry. The relevant sectoral ministry shall submit the request to the Ministry of Finance in accordance with the procedures laid down in laws and regulations. The request shall be accompanied by documents certifying that the disbursement cannot be made from the relevant budget. The private individual shall be notified thereof in writing.

(3) A local government council or a body of another derived legal person governed by public law, or an institution to which an institution with an autonomous budget is subordinate shall, within 10 working days after the allocation of funds from the programme “Funds for Unforeseen Events” of the State basic budget, disburse the compensation for loss by transferring it to the personal bank account or postal settlement system account of the private individual.

[*15 February 2018*]

**Section 29. Default Interest**

(1) Statutory interest shall be payable for a delay in the disbursement of the compensation for loss.

(2) If the compensation for loss is determined by a court ruling, the starting point for establishing default interest shall be two months after the date of entry into effect of the court ruling.

(3) If the compensation for loss is determined by a decision of a State administration institution or a body of a legal person governed by public law, the starting point for establishing default interest shall be as follows:

1) in the case where the submission is to be examined within one month (Paragraph two of Section 18, Paragraph five of Section 19, Paragraph five of Section 20, Paragraph two of Section 21) – after two months from the date of submitting the submission;

2) in the case where the submission is to be examined within four months (Paragraph three of Section 18, Paragraph six of Section 19, Paragraph six of Section 20, Paragraph three of Section 21) – after five months from the date of submitting the submission;

3) in the case where the submission is to be examined within one month but the circumstances referred to in Paragraph four of Section 19, Paragraph four of Section 20, Paragraph seven of Section 27, or Section 28 are present – after three months from the date of submitting the submission;

4) in the case where the submission is to be examined within four months but the circumstances referred to in Paragraph four of Section 19, Paragraph four of Section 20, Paragraph seven of Section 27, or Section 28 are present – after six months from the date of submitting the submission.

[*1 July 2011*]

**Section 30. Adjustment of the Use of Funds from the State Basic Budget**

If the compensation for loss is disbursed from the funds of the programme “Funds for Unforeseen Events” of the State basic budget in accordance with Section 28 of this Law, the sectoral ministry may recover these funds, fully or in part, from the relevant legal person governed by public law. The adjustment procedure is governed by other laws.

[*15 February 2018*]

**Section 31. Report on the Compensation for Loss**

[15 February 2018]

**Chapter V**

**Assessment of Cases Related to the Compensation for Loss and Civil Legal Liability of an Official**

**Section 32. Assessment of Cases Related to the Compensation for Loss**

(1) In order to ascertain the circumstances which caused or contributed to causing losses subject to compensation, a higher institution to which the institution responsible for causing the losses is subordinate shall assess each individual case where losses are subject to compensation in accordance with a decision of the institution or a court ruling.

(2) After assessment of all circumstances of the case related to the compensation for loss, a higher institution shall decide whether to forward the case to the institution with jurisdiction in order to determine whether the official responsible for causing the losses should be held to disciplinary liability, administrative liability, or criminal liability.

**Section 33. Civil Legal Liability of an Official**

(1) In order to compensate the loss caused to a legal person governed by public law due to an action of an official, the relevant body of the legal person governed by public law or the institution with jurisdiction shall, in accordance with this Section, assess and recover in accordance with subrogation procedures full or partial compensation for loss from the official.

(2) An official shall have civil legal liability for the loss caused to a legal person governed by public law if he or she has acted unlawfully by intention or has allowed gross negligence in his or her action.

(3) False application or interpretation of legal norms shall not be regarded to be gross negligence if the opinion which has been the basis of action of an official shall not be regarded to be legally non-adequate. The fact that a higher institution or court has expressed other opinion at a later time shall not serve as confirmation for the fact that the opinion of the official has been legally non-adequate.

(4) Officials of a collegial decision-making institution shall be liable for the loss which has been caused to a legal person governed by public law in accordance with the State Administration Structure Law.

(5) If the loss is caused due to an action of several officials, the amount of the compensation which is paid by each relevant official shall be determined by taking into account the degree of guilt thereof.

(6) When taking the decision to compensate a loss and determining whether full or partial compensation for loss is to be demanded from an official, the degree of guilt of the official shall be taken into account.

(7) Civil legal liability of an official shall set in regardless of whether the relevant official is held to disciplinary liability, administrative liability, or criminal liability.

**Section 34. Subrogation Action against an Official**

(1) A higher institution (the institution with jurisdiction laid down in the regulatory enactment) shall, within six months from the day when the obligation for a legal person governed by public law to compensate the loss has set in, carry out disciplinary investigation in order to determine a possible responsible official against whom a subrogation action could be brought.

(2) If the official agrees to voluntarily compensate for the loss, the amount of the compensation shall be deducted from his or her remuneration.

(3) In the cases provided for in Sections 24 and 28 of this Law, the funds recovered in accordance with the subrogation procedures shall be credited to the State basic budget.

**Transitional Provisions**

[*18 October 2012*]

1. Section 28 of the Law shall come into force on 1 February 2006.

[*18 October 2012*]

2. Amendment to this Law regarding the supplementation of Section 1 with Paragraph two and Section 2.1 shall come into force on 1 January 2013.

[*18 October 2012*]

3. Examination of the cases accepted for examination prior to entry into force of Section 2.1 of this Law in relation to the compensation for losses caused to a private individual by an unlawful decision of the institution in an administrative offence case shall be continued by the institution or court that accepted the case (regardless of whether the submission for the compensation for loss is submitted concurrently with the appeal against the decision in an administrative offence case or after the date of entry into effect of the final judgment) in accordance with the provisions laid down in the Administrative Procedure Law and this Law.

[*18 October 2012*]

4. Private individuals who have been refused the acceptance of the submission for the compensation for loss due to expiry of the deadline specified in Section 17 of this Law may, until 31 July 2013, submit a new submission for the compensation for loss, requesting to renew the missed procedural deadline.

[*18 October 2012*]

5. The Cabinet shall, by 31 December 2013, develop and submit to the *Saeima* the necessary draft laws to improve the compensation for losses caused by the State to private individuals.

[*18 October 2012*]

6. A decision of the institution or a court ruling to compensate a loss which has been received by the Ministry of Finance before 28 February 2018 shall be examined in accordance with the legal provisions in force before 28 February 2018. The Ministry of Finance shall, by 15 April 2018, prepare and submit to the Cabinet a report on the costs incurred in 2018.

[*15 February 2018*]

7. The terms “personal injury” and “non-pecuniary damage” used in the Administrative Procedure Law shall conform to the term “non-material damage” used in this Law.

[*15 February 2018*]

8. Amendments regarding the replacement of the words “personal damage, including moral damage” with the words “non-material damage” in Section 1, Paragraph one of this Law, replacement of the words “personal damage, including moral damage” with the words “non-material damage” in Paragraph three of Section 2, the rewording of Section 8, the deletion of Section 9, the rewording of Paragraphs two and three of Section 11, the rewording of Paragraph three of Section 13 and Section 14 shall not be applicable in the examination of cases where the relevant submission to the institution or the application to a court has been submitted until the date of coming into force of these amendments.

[*15 February 2018*]

The Law has been adopted by the *Saeima* on 2 June 2005.

President V. Vīķe-Freiberga

Rīga, 17 June 2005