The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Law on Repayment of Pension Deductions**

**Section 1.** The purpose of the Law is to ensure the repayment of pension deductions laid down in Sections 2 and 3 of the law On Payment of State Pensions and State Benefits During the Time Period from 2009 until 2012 in the period from 1 July 2009 until 31 January 2010 in accordance with the judgment of the Constitutional Court of the Republic of Latvia of 21 December 2009 in case No. 2009-43-01.

**Section 2.** For persons who in the period from 1 July 2009 until 31 January 2010 received the State old-age pension and service pension granted in accordance with the by-law “On Service Pensions” and the by-law “On the Rank and File and the Unit Commanding Personnel of the Institutions of the Ministry of the Interior Employee Pensions (Employer Pensions)” in a limited amount of 90 per cent or 30 per cent of the granted pension in accordance with Sections 2 and 3 of the law On Payment of State Pensions and State Benefits During the Time Period from 2009 until 2012, the deducted (non-received) share of pension shall be disbursed by the State Social Insurance Agency in April 2010 together with the pension for April.

**Section 3.** In case of death of the recipient of pension in the period from 1 July 2009 until 31 January 2010, the spouse of the recipient of pension, first-level and second-level kin have the right to receive the share of the pension due (non-received), but another person – on the basis of an inheritance certificate or a court ruling.

**Section 4.** The personal income tax rate which is applied to the repayable share of the pension for the period from 1 July 2009 until 31 December 2009 shall be 23 per cent.

**Section 5.** (1) The non-taxable minimum of the personal income tax for the repayable share of the pension which is disbursed in accordance with Sections 2 and 3 of this Law shall be applied (calculated) as follows:

1) in case of the repayment of the share of the pension for the period from 1 July 2009 until 31 December 2009, it shall be subject to the application of the non-taxable minimum which is determined as the difference between the amount of the non-taxable minimum for the taxation year 2009 and the non-taxable minimum applied to the pension of the payer and supplement to the pension;

2) in case of the repayment of the share of the pension for January 2010, it shall be subject to the application of the non-taxable minimum which is determined as the difference between the amount of the non-taxable minimum for January of the taxation year 2010 (165 lats) and the non-taxable minimum applied to the pension of the payer and supplement to the pension in the respective period;

3) if the pension was granted to the person after 1 July 2009, the repayable share of the pension shall be subject to the non-taxable minimum which is determined as the difference between the amount of the non-taxable minimum calculated in proportion to the time period from the day of granting the pension until 31 December 2009 and the non-taxable minimum applied to the pension of the payer and supplement to the pension in the respective period.

(2) If the salary tax booklet of the person submitted to the State Social Insurance Agency contains an entry of the right to tax reliefs or additional tax reliefs, such reliefs shall be taken into account upon calculating the tax for the repayable share of the pension.

**Section 6.** Persons to whom the repayable share of the pension has been disbursed for the period from 1 July 2009 until 31 December 2009 and who wish to submit the annual income return for 2009 voluntarily shall submit such return to the State Revenue Service following the receipt of the repayable share of the pension.

**Section 7.** Persons to whom the repayable share of the pension has been disbursed for the period from 1 July 2009 until 31 December 2009 and who in accordance with the law On Personal Income Tax have the obligation to submit the annual income return to the State Revenue Service not later than until 1 April of the year following the taxation year shall submit the annual income return for 2009 to the State Revenue Service until 1 July 2010 and shall pay the amount of the calculated tax into the budget not later than until 16 July 2010, but if the amount of the calculated tax exceeds 450 lats, the payer may pay it into the budget in three instalments – by 16 July, 16 August, and 16 September by paying one third of the amount in each instalment.

The Law shall come into force on the day following its proclamation.

The Law has been adopted by the *Saeima* on 21 January 2010.

Acting for the President, the Chairperson of the *Saeima,* G. Daudze

Rīga, 29 January 2010