The *Saeima* 1 has adopted and

the President has proclaimed the following law:

**On the State Budget for 2020**

**Section 1.** The State budget for 2020 shall be approved in the revenues in the amount of EUR 9 907 335 199 in accordance with Annexes 1 and 2.

**Section 2.** The State budget for 2020 shall be approved in the expenditures in the amount of EUR 10 014 842 838 in accordance with Annexes 1, 3, 4, and 5.

**Section 3.** (1) The amount of earmarked grants shall be approved for local governments in the amount of EUR 381 854 199, including:

1) for work remuneration of the teachers of local government basic and general secondary education institutions, local government special education institutions, local government vocational education institutions and for partial work remuneration of interest education programmes and for State social insurance mandatory contributions in the amount of EUR 282 477 570 in accordance with Annexes 6 and 7;

2) for work remuneration of the teachers of local government special preschool education institutions and for State social insurance mandatory contributions, for the development and rehabilitation centres registered in the Register of Educational Institutions, and for special education institutions which ensure the services of a boarding school in the amount of EUR 63 986 395 in accordance with Annex 8;

3) for work remuneration of the teachers in local government educational institutions for educating children from five years of age and for State social insurance mandatory contributions in the amount of EUR 34 406 865 in accordance with Annex 9;

4) for work remuneration of the leaders of artistic amateur collectives and for State social insurance mandatory contributions in the amount of EUR 983 369 in accordance with Annex 10.

(2) Based on the information provided by the Ministry of Education and Science, the Cabinet has the right to change the division of the financing among local governments specified in the annexes referred to in Paragraph one, Clauses 1, 2, and 3 of this Section.

(3) Based on the information provided by the Ministry of Culture, the Cabinet has the right to change the division of the financing among local governments specified in the annex referred to in Paragraph one, Clause 4 of this Section.

(4) It shall be determined that local governments are entitled to use the earmarked grants for work remuneration of teachers and for State social insurance mandatory contributions for the disbursement of a severance pay to teachers who lose employment due to the liquidation or reorganisation of educational institutions, if such reorganisation or liquidation has been completed not later than by 31 August 2020.

**Section 4.** The State budget grant shall be approved for local governments in the amount of EUR 184 539 752, including:

1) for the fund for the equalisation of local government finances in the amount of EUR 183 882 344, including special grant in the amount of EUR 148 060 368;

2) for local governments for the children in orphanages (EUR 8544 per child) and for the residents in retirement homes and centres (EUR 5520 per resident) who have been placed therein by 1 January 1998, in the amount of EUR 657 408. The Cabinet shall determine the procedures by which the State budget grant shall be allocated to local governments.

**Section 5.** The maximum permissible amount of the State budget long-term liabilities shall be approved in accordance with Annex 11.

**Section 6.** The gross domestic product projection (in current prices) for 2020 in the amount of EUR 33 154 000 000 has been used in the drafting of this Law.

**Section 7.** It shall be determined that in 2020 the permissible general government budget deficit which arises from the objective of the structural budget balance and from which fiscal security reserve has been deducted is 0.3 per cent of the gross domestic product in accordance with the methodology of the European system of national and regional accounts in the European Union.

**Section 8.** It shall be determined that the maximum amount of national debt at the end of 2020 in the nominal value amounts to EUR 11 750 000 000, taking into account the currency result of the derived financial instruments attached to borrowings and national debt securities administered by the Treasury.

**Section 9.** The permissible limits of government actions to cover the State-guaranteed debt obligations attributable to the State budget of guarantees provided on behalf of the State in 2020 have been estimated in the amount of EUR 2 052 000.

**Section 10.** The Minister for Finance shall be authorised to extinguish in 2020 the debt obligations of debtors in the amount of EUR 1 207 683 in accordance with Annex 12, without applying the procedures stipulated by the Cabinet.

**Section 11.** The Minister for Finance shall be authorised to extinguish the State loan and related ancillary claims in the amount not exceeding EUR 29 370 000 after liquidation of *sabiedrība ar ierobežotu atbildību “Hiponia”* [limited liability company *Hiponia*], without applying the procedures stipulated by the Cabinet.

**Section 12.** It shall be determined that the total increase in the State budget loans amounts to EUR 216 319 079 which excludes the total increase in local government borrowings specified in Section 13 of this Law, if borrowings are taken from the Treasury.

**Section 13.** (1) It shall be determined that the total increase in local government borrowings amounts to EUR 118 138 258:

1) for the implementation of projects co-financed from the European Union funds and other foreign financial assistance, including for increasing the fixed capital of capital companies for the purpose of ensuring the co-financing of local governments for the implementation of projects co-financed from the European Union funds and other foreign financial assistance with such borrowing amount that does not exceed the total amount of the eligible costs of the project;

2) for the implementation of projects co-financed from the emission allowance auctioning instrument with such borrowing amount that does not exceed the total amount of the eligible costs of the project;

3) for the disbursement of the allocated medium-term borrowings according to the loan agreements entered into;

4) for the implementation of the measures specified in the law On the Stabilisation of Local Government Finances and the Monitoring of the Financial Activities of Local Governments.

(2) It shall be determined that the total increase in the guarantees issued by local governments amounts to EUR 56 914 872 for such debt obligations which are undertaken by local government capital companies for the implementation of investment projects, and also for such debt obligations which are undertaken by students to receive a study loan and a student loan from a credit institution.

(3) A local government shall include the guarantee issued for the borrowing of its capital company for the construction, renovation, reconstruction of residential houses for rent or for the purchase of newly built, renovated, or reconstructed residential houses for rent under commitment (borrowings, guarantees, and other long-term liabilities against the planned basic budget revenues in 2020 excluding the State budget transfers for financing a specific purpose and payments into the fund for the equalisation of local government finances) in the amount of 75 per cent of the guaranteed borrowing amount.

(4) It shall be determined that local governments do not have the right to undertake long-term liabilities in accordance with Section 22 of the law On Local Government Budgets, except for the liabilities:

1) up to five years for services necessary for ensuring the autonomous functions of local governments, for the purchase of computer hardware, communications and other office equipment;

2) for ensuring long-term social care and social rehabilitation services;

3) for the implementation of investment projects referred to in Paragraph one of this Section;

4) for the implementation of public-private partnership projects in accordance with the procedures laid down in the Law on Public-Private Partnership.

(5) The Minister for Finance has the right to change the increase determined for the State budget loans and local government loans, without exceeding the total amount of such increase, concurrently ensuring that a transaction has no negative impact on the general government budget balance in accordance with the methodology of the European system of national and regional accounts in the European Union, and prioritising borrowings for projects co-financed from the European Union funds and other foreign financial assistance, including projects for the implementation of service infrastructure development deinstitutionalisation plans, with such borrowing amount that does not exceed the total amount of the eligible costs of the project.

(6) After provision of information by the Ministry of Environmental Protection and Regional Development to the Cabinet, the Minister for Finance has the right, for the purposes of implementing demographic measures, to augment the increase referred to in Paragraph one of this Section in order to ensure borrowings to local governments for the construction of a new preschool education institution or enlargement of an existing preschool education institution, thereby reducing the number of children in the waiting list of preschool education institutions, if a relevant Cabinet decision has been taken and the Budget and Finance (Taxation) Committee of the *Saeima* has not objected to it within five working days from the day of receipt of the relevant information. For the investment project for the construction of a new preschool education institution or enlargement of an existing preschool education institution:

1) the co-financing from the local government budget starting from 2020 shall not be less than 25 per cent and the amount of borrowing shall not exceed 75 per cent of the total project costs of the local government;

2) in projects the financing of which requires a medium-term borrowing, the co-financing from the local government budget in 2020 shall not be less than 25 per cent of the total project costs of the local government in 2020;

3) the co-financing from the local government budget is carried out until the submission of a request for borrowing costs or concurrently with disbursement of the borrowing;

4) a positive opinion of the Ministry of Environmental Protection and Regional Development has been provided on the conformity of the project with the approved criteria. The Cabinet shall determine the procedures by which the Ministry of Environmental Protection and Regional Development shall evaluate the investment projects for the construction of a new preschool education institution or enlargement of an existing preschool education institution and the evaluation criteria.

**Section 14.** It shall be determined that the division of the revenues from the personal income tax between the State budget and local government budgets is as follows: for local government budgets – in the amount of 80 per cent and for the State budget – in the amount of 20 per cent.

**Section 15.** (1) It shall be determined that the projected revenues from the personal income tax in local government budgets amounts to EUR 1 406 622 400.

(2) The quarterly percentage breakdown of the projected revenues from the personal income tax referred to in Paragraph one of this Section is determined in the following amount: first quarter – 22 per cent, second quarter – 24 per cent, third quarter – 26 per cent, fourth quarter – 28 per cent.

(3) The Ministry of Finance shall evaluate the actual implementation of the revenues from the personal income tax referred to in Paragraph one of this Section for the previous quarter in comparison with the projected implementation in accordance with the division in percentage referred to in Paragraph two of this Section. If non-implementation of the revenues from the personal income tax (from the beginning of the year) is detected, that, on the basis of the order of the Minister for Finance, it shall be compensated from the share of the personal income tax payable into the State basic budget. If a compensation is disbursed to local governments, but the projection is exceeded in the subsequent period, the Ministry of Finance has the right to deduct the disbursed compensation from the excess amount and to transfer it into the State budget.

**Section 16.** In order to compensate the negative fiscal impact on the general government budget balance caused by the capital company *Rīgas satiksme* controlled by the local government of Riga, it shall be determined that in 2020, by the 15th date of each month, the Treasury shall deduct from the amount of the revenues from the personal income tax in the amount of EUR 38 000 000 (from January to November in the amount of EUR 3 166 000, in December in the amount of EUR 3 174 000) payable into the budget of the local government of Riga (after deducting the amount payable into the fund for the equalisation of local government finances) and the deducted amount is transferred into the non-tax revenue account of the State budget in the Treasury. The amount of compensation may be adjusted according to the decision taken by the Cabinet provided that no negative fiscal impact is caused on the general government budget balance in accordance with the methodology of the European system of national and regional accounts in the European Union.

**Section 17.** It shall be determined that the Ministry of Education and Science is the ministry implementing the programme 01.00.00 “Earmarked Grants for Educational Measures”, the programme 05.00.00 “Earmarked Grants for Local Governments – Work Remuneration of the Teachers of Local Government Educational Institutions and State Social Insurance Mandatory Contributions”, and the programme 10.00.00 “Earmarked Grants for Local Governments – Work Remuneration of the Teachers in Local Government Educational Institutions for Educating Children from Five Years of Age and State Social Insurance Mandatory Contributions” of the budget unit “62. Earmarked Grants for Local Governments”.

**Section 18.** It shall be determined that the Ministry of Culture is the ministry implementing the programme 02.00.00 “Earmarked Grants for Work Remuneration of the Leaders of Artistic Amateur Collectives of Local Governments and State Social Insurance Mandatory Contributions” of the budget unit “62. Earmarked Grants for Local Governments”.

**Section 19.** It shall be determined that the Ministry of Finance is the ministry implementing the programme 01.00.00 “Grant for the Fund for the Equalisation of Local Government Finances” of the budget unit “64. Grant for Local Governments” and of the programme 01.00.00 “Appropriation Reserve”, the programme 02.00.00 “Funds for Unforeseen Events”, the programme 10.00.00 “Prevention of Money Laundering and Terrorism Financing”, the programme 11.00.00 “Demographic Measures”, and the programme 80.00.00 “Undivided Financing for the Implementation of Projects and Measures Co-financed from European Union Policy Instruments and Other Foreign Financial Assistance” of the budget unit “74. Funding to be Re-allocated in the Process of Implementation of the Annual State Budget”.

**Section 20.** Financing in the amount of EUR 1 889 071 shall be determined to the Ministry of Education and Science for the cancellation of study loans and student loans.

**Section 21.** It shall be determined that, within the scope of the programme 04.00.00 “Ensuring the Activity of the President” of the Chancellery of the President, the expenditures for work remuneration of the President per month do not exceed EUR 5960 and the representation expenditures per month do not exceed EUR 1192.

**Section 22.** (1) The following shall be determined in accordance with the law On State Social Insurance:

1) the proportion of the social insurance special budget revenues in the amount of annual social insurance contributions is as follows: into the State pension special budget – 71.69 per cent; into the disability, maternity, and illness special budget – 19.66 per cent; into the employment special budget – 4.14 per cent; into the occupational accident special budget – 1.73 per cent;

2) the proportion of the health insurance State basic budget revenues in the amount of annual social security contributions is 2.78 per cent.

(2) The Cabinet has the right to change the proportions of the social insurance special budget revenues specified in Paragraph one of this Section, if:

1) laws and regulations with financial impact on the State social insurance special budget expenditures come into force;

2) the number of beneficiaries of benefits and pensions and the average amounts of benefits and pensions vary during the year, and the additionally necessary expenditures are not covered by the amount of the appropriation planned in each of special budgets, without exceeding the amount of the appropriation specified in this Law for the social insurance special budget.

**Section 23.** The charge which is deducted from the State pension, benefit, or remuneration for the delivery thereof to the place of residence of the beneficiary shall be EUR 2.39. The deducted charge for the delivery of the State pension, benefit, or remuneration to the place of residence of the beneficiary shall be transferred by the State Social Insurance Agency to *valsts akciju sabiedrība “Latvijas Pasts”* [State joint stock company *Latvijas Pasts*] from its budget resources from which the State pension, benefit, or remuneration is paid.

**Section 24.** If in 2020 the actual revenues from the European Union policy instruments and other foreign financial assistance exceed the amount planned in this Law, the appropriation in the programme 80.00.00 “Undivided Financing for the Implementation of Projects and Measures Co-financed from European Union Policy Instruments and Other Foreign Financial Assistance” of the budget unit “74. Funding to be Re-allocated in the Process of Implementation of the Annual State Budget” is increased by the respective amount. The Minister for Finance shall immediately inform the Cabinet and the *Saeima* of the redirection of the abovementioned additional revenues to finance the additional expenditures of the projects and measures co-financed from the European Union policy instruments and other foreign financial assistance. The expenditures for the abovementioned purpose are authorised if the Budget and Finance (Taxation) Committee of the *Saeima* has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 25.** In cases where the contributions of Latvia into the European Union budget determined by the institutions of the European Union exceed the amounts approved in this Law, the Minister for Finance is authorised to make the necessary payments.

**Section 26.** If after coming into force of this Law re-allocation of appropriations is carried out in the cases provided for in laws and regulations among budget units, programmes, sub-programmes, and budget expenditure codes according to economic categories or changes are made in appropriations, the Ministry of Finance shall, each month by the 10th date of the subsequent month, adjust the State budget summary data according to the changes made and shall submit them electronically to the Treasury.

**Section 27.** The Minister for Finance shall be authorised to increase the appropriation for the Ministry of Economics for resources from the grant from the general revenues and expenditures for the maintenance of the reserves of oil products according to the amount of the State fee for the maintenance of safety reserves of oil products and the value added tax payable into the budget, if a relevant Cabinet decision has been taken and the Budget and Finance (Taxation) Committee of the *Saeima* has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 28.** (1) The funds transferred into the budget programme 33.00.00 “Economic Development Programme” of the Ministry of Economics shall be used for aid measures for Latvian entrepreneurs to capture new export markets and to increase exports to priority target markets, for developing the start-up ecosystem, for tourism development measures, for investment promotion, for financing the re-emigration support measures and housing programmes, and also other measures for creation of working places and family support measures, and for covering the system administration costs.

(2) The re-allocation of the appropriation for the purposes referred to in Paragraph one of this Section between the Ministry of Economics and other budget units is performed as a transfer payment.

**Section 29.** If in 2020 the actual revenues from fines imposed by the State Police for offences in road traffic recorded with the technical means of *valsts akciju sabiedrība “Ceļu satiksmes drošības direkcija”* [State joint stock company Road Traffic Safety Directorate] exceed the amount planned in this Law and as a result increases the number of reports–decisions to be prepared and sent by the State joint stock company Road Traffic Safety Directorate and related expenditures of the State joint stock company Road Traffic Safety Directorate, the Minister for Finance has the right to increase the appropriation for the Ministry of the Interior for resources from the grant from the general revenues and expenditures according to the decision taken by the Cabinet after review of the proposals by the Ministry of the Interior, if the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 30.** If in 2020 the actual revenues from fines and sanctions exceed the amount planned in this Law, the Minister for Finance has the right to increase the appropriation specified in this Law for the programme 02.00.00 “Funds for Unforeseen Events” of the budget unit “74. Funding to be Re-allocated in the Process of Implementation of the Annual State Budget” according to the amount of fines transferred into the budget in relation to the violations of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, if a Cabinet decision has been taken and the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 31.** It shall be determined that the procedures by which the appropriation intended within the scope of the Ministry of Environmental Protection and Regional Development budget programme 30.00.00 “National Support Instruments for Development” in the amount of EUR 940 394 is used for the establishment, maintenance of a network of the single customer service centres of State and local governments and for the improvement of the public service system are determined by the Cabinet.

**Section 32.** (1) The Minister for Finance shall be authorised to assume the liabilities of *valsts sabiedrība ar ierobežotu atbildību “Bērnu klīniskā universitātes slimnīca”* [State limited liability company Children’s Clinical University Hospital], *valsts sabiedrība ar ierobežotu atbildību “Daugavpils psihoneiroloģiskā slimnīca”* [State limited liability company Daugavpils Psychoneurological Hospital], *valsts sabiedrība ar ierobežotu atbildību “Slimnīca “Ģintermuiža””* [State limited liability company Hospital “Ģintermuiža”], *valsts sabiedrība ar ierobežotu atbildību “Paula Stradiņa klīniskā universitātes slimnīca”* [State limited liability company Pauls Stradiņš Clinical University Hospital], and *sabiedrība ar ierobežotu atbildību “Rīgas Austrumu klīniskā universitātes slimnīca”* [State limited liability company Riga East Clinical University Hospital] guaranteed on behalf of the State in the amount of up to EUR 134 174 190, retaining the right to claim against the abovementioned capital companies.

(2) The Minister for Finance shall be authorised to increase the appropriation for the Ministry of Health in respect of the claim of the Ministry of Finance against the capital companies referred to in Paragraph one of this Section in the amount not exceeding EUR 134 174 190, providing for a grant from general revenues to increase the fixed capital of the capital companies referred to in Paragraph one of this Section through a financial investment.

(3) A financial investment, in accordance with laws and regulations, not exceeding the amount of EUR 134 174 190 shall be made by the Ministry of Health into the fixed capital of the capital companies referred to in Paragraph one of this Section for the purpose of extinguishing the liabilities towards the Ministry of Finance resulting from the assumption of loans guaranteed on behalf of the State or the fulfilment of the State guaranteed liabilities. The Ministry of Health being the holder of capital shares shall ensure that the purpose of the assumption of liabilities guaranteed on behalf of the State and increase in the fixed capital is to ensure the quality and availability of State paid health care services.

**Section 33.** It shall be determined that in 2020 *akciju sabiedrība “Latvenergo”* [joint stock company *Latvenergo*] shall transfer the payment for the use of the State capital (revenues from dividends) into the State basic budget revenues (for the reporting year 2019) in the amount of not less than EUR 127 070 731 (including the enterprise income tax).

**Section 34.** It shall be determined that in 2020 *akciju sabiedrība “Latvijas valsts meži”* [joint stock company *Latvijas valsts meži*] shall transfer the payment for the use of the State capital (revenues from dividends) into the State basic budget revenues (for the reporting year 2019) in the amount of not less than EUR 76 065 500 (including the enterprise income tax).

**Section 35.** It shall be determined that in 2020 *valsts akciju sabiedrība “Latvijas Loto”* [joint stock company *Latvijas Loto*] shall transfer the payment for the use of the State capital (revenues from dividends) into the State basic budget revenues (for the reporting year 2019) in the amount of not less than EUR 2 241 000 (including the enterprise income tax).

**Section 36.** It shall be determined that the profit share to be disbursed in dividends by *akciju sabiedrība “Augstsprieguma tīkls”* [joint stock company *Augstsprieguma tīkls*] for the reporting year 2019 shall not be less than EUR 1 735 958 (including the enterprise income tax).

**Section 37.** It shall be determined that, in accordance with the law On Agriculture and Rural Development and the Law on the Development Finance Institution, the State shall be liable in the amount of EUR 270 000 000 for the guarantees issued by *akciju sabiedrība “Attīstības finanšu institūcija “Altum””* [joint stock company Development Finance Institution Altum].

**Section 38.** The Cabinet shall, within the scope of the budget of the Ministry of Defence, determine the financing necessary for collaboration with international and non-governmental organisations and the use thereof, ensuring involvement in strengthening of international and national security.

**Section 39.** In order to ensure efficient use of resources, instead of the external experts, if necessary, the Fiscal Discipline Council is entitled, for the performance of the functions specified in laws and regulations, to employ employees within the scope of the State budget funds allocated for the current year. The Fiscal Discipline Council shall be considered equivalent to a budget institution within the meaning of the law On Budget and Financial Management.

**Section 40.** In addition to the competence of the Fiscal Discipline Council specified in the Fiscal Discipline Law, the Fiscal Discipline Council shall endorse the macroeconomic projections specified in Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area.

**Section 41.** The Minister for Finance shall be authorised to settle a payment for the European Stability Mechanism from the budget programme 41.01.00 “European Union Budget Contributions” of the Ministry of Finance in order to reimburse the income obtained by Latvia in 2018 from the re-allocation of the Eurosystem’s monetary income among the national banks of the Eurosystem arising from securities purchased by the Eurosystem under the Securities Markets Programme subject to the Eurogroup statement of 25 May 2016, using the contributions of the Bank of Latvia into the State budget for this purpose.

**Section 42.** The Minister for Finance, upon re-allocating appropriations for the Ministry or another central State institution within the scope of the appropriation specified in the Law among programmes, sub-programmes, and expenditure codes according to economic categories, has the right to re-allocate appropriation from the financing allocated for other purposes from priority measures for 2018–2020, priority measures for 2019, and priority measures for 2020–2022, if a Cabinet decision has been taken and the Budget and Finance (Taxation) Committee of the *Saeima* has not objected to the re-allocation of the appropriation within five working days from the day of receipt of the relevant information.

**Section 43.** The Cabinet shall determine the procedures by which financing for the implementation of the programme “Latvian School Bag” is calculated and allocated from 1 January 2020 to 31 December 2020 to the founders of educational institutions implementing general and vocational education programmes, and also the eligible costs of the programme and conditions for the use of financing.

**Section 44.** (1) It shall be determined that the alienation of the State immovable property in accordance with the procedures laid down in the Law on the Alienation of the Property of a Public Person, unless it is otherwise laid down in this Section, may be arranged by such ministry or another central State institution which has the respective State immovable property in its possession. The evaluation of the State immovable property subject to alienation shall be arranged by the possessor thereof. The amount of alienation expenditures shall be determined in accordance with the procedures laid down in the Law on the Alienation of the Property of a Public Person.

(2) If alienation of the State immovable property is arranged by a ministry or another central State institution which has the respective State immovable property in its possession, the funds obtained as a result of alienation of such State immovable property after deduction of alienation expenditures shall be transferred into the State budget. The Minister for Finance has the right to increase the appropriation to the respective ministry or another central State institution for resources from the grant from the general revenues and expenditures in the amount of 50 per cent from the funds transferred into the State budget as a result of alienation of the State immovable property. The appropriation shall be increased if the Cabinet has taken the decision on the amount of financing and for what purpose the funds obtained as a result of alienation would be allocated to increase the appropriation for resources from the grant from the general revenues and expenditures, and the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

(3) It shall be allowed to allocate the appropriation referred to in Paragraph two of this Section for capital investments or emergency measures having a positive social and economic effect.

(4) If the State immovable property which has been transferred by the Ministry of Culture into possession of the Ministry of Finance and under administration by *valsts akciju sabiedrība* *“Valsts nekustamie īpašumi”* [State joint stock company State Real Estate] (hereinafter – the State joint stock company State Real Estate) is alienated in accordance with the procedures laid down in the Law on the Alienation of the Property of a Public Person by the State joint stock company State Real Estate, the appropriation referred to in Paragraph two of this Section shall be allocated for capital investments for the development of State immovable properties used for ensuring the functions of the institutions of the Ministry of Culture in possession of the Ministry of Finance and under management of the State joint stock company State Real Estate.

(5) If a State immovable property in the possession of the Ministry of Health is alienated in accordance with the procedures laid down in the Law on the Alienation of the Property of a Public Person by the State joint stock company State Real Estate, the appropriation referred to in Paragraph two of this Section shall be allocated for capital investments for the development of State immovable properties used for ensuring the functions of the institutions of the Ministry of Health in the possession of the Ministry of Health.

(6) The procedures laid down in Paragraphs one, two, three, four, and five of this Section shall not be applicable to alienation of such State immovable properties the alienation of which does not require any authorisation from the Cabinet.

(7) If a State immovable property is alienated in accordance with the procedures laid down in the Law on the Alienation of the Property of a Public Person by the State joint stock company State Real Estate or *akciju sabiedrība “Publisko aktīvu pārvaldītājs Possessor”* [joint stock company Public Asset Manager Possessor], it shall use the funds obtained as a result of alienation of the respective State immovable property after deduction of alienation expenditures for arranging environment-degrading objects in the possession and administration of the State. The abovementioned funds which in 2020 have not been used for arranging environment-degrading objects in the possession and administration of the State shall be transferred into the State budget by 31 December 2020. The State joint stock company State Real Estate or the joint stock company Public Asset Manager Possessor has the right to use the funds obtained in alienation of the State immovable property intended for covering of alienation expenditures for arranging environment-degrading objects in the possession and administration of the State.

**Section 45.** After the Cabinet has taken the decision on allocating the funds obtained as a result of alienation of the immovable property of a higher education institution – derived public person – to a higher education institution – derived public person – in accordance with the provisions laid down in the Law on the Alienation of the Property of a Public Person, the Minister for Finance shall be authorised to increase the appropriation to the respective ministry for the expenditures of a higher education institution – derived public person –, if the Budget and Finance (Taxation) Committee of the *Saeima* has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 46.** In addition to the provisions laid down in Section 16 of the Law on Remuneration of Officials and Employees of State and Local Government Authorities and in accordance with the procedures and criteria specified in the authority for awarding a bonus, awarding shall be allowed if, as a result of direct actions of the officials (employees) of the State Revenue Service, the Office of the Prosecutor, the Corruption Prevention and Combating Bureau, the Financial Intelligence Unit of Latvia, the Internal Security Bureau, the State Border Guard, and the State Police, large scale criminal offences have been discovered and prevented in the field of State revenues and tax administration, and also in State authority service which have caused or could have caused significant harm and which have been committed by officials holding a responsible position, and smuggled cargoes and import and export of conventionally prohibited objects have been detained, money laundering has been prevented and, therefore, the State budget revenues have increased or significant increase in such revenues is projected, the Cabinet shall take the decision on the motivation of the officials (employees) of the respective authorities and the amount of financing to be redirected for the increase in the appropriation. The Minister for Finance has the right to increase the appropriation for expenditures if the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 47.** If within six and nine months of 2020, as a result of the actions by the authorities involved in the implementation of the measures for the prevention of hidden economy, the situation in the prevention of hidden economy and the promotion of fair competition is improved significantly and significant improvements are foreseen by the end of the year, the Cabinet shall take the decision on the motivation of the officials (employees) of the authorities involved in the implementation of the measures for the prevention of hidden economy and the amount of financing to be redirected for the increase in the appropriation not exceeding five per cent of the excess of the planned tax revenues planned in the State budget. The Minister for Finance has the right to increase the appropriation for expenditures, including redirection for remuneration in the relevant budget programme: for the Ministry of Finance (the State Revenue Service) – not more than 79.5 per cent, for the Ministry of the Interior (the State Police, the State Border Guard, the Internal Security Bureau, and the Financial Intelligence Unit of Latvia) – not more than 16.5 per cent, for the Ministry of Welfare (the State Labour Inspectorate) – not more than two per cent, for the Ministry of Agriculture (the Food and Veterinary Service, the State Forest Service, and the State Plant Protection Service) – not more than two per cent from the increase in the appropriation, if the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 48.** If as a result of the measures taken by the officials (employees) of the Treasury within the scope of efficient national debt management, the State budget expenditures, in comparison with interest expenditures in the budget sub-programme 31.02.00 “National Debt Management” planned on the day of the coming into force of the law On the State Budget for 2020 decrease significantly during the 10 months of 2020 and the decrease in expenditures is ensured by the end of the year, except for expenditures without any impact on the general government budget balance in accordance with the methodology of the European system of national and regional accounts in the European Union, the Cabinet shall take the decision on the amount of financing to be redirected for the motivation of the officials (employees) of the Treasury and for the re-allocation of the appropriation which does not exceed two per cent of the total sum of the State budget interest expenditure decrease in the budget sub-programme 31.02.00 “National Debt Management” known on the day of taking the Cabinet decision and planned by the end of the year. The Minister for Finance has the right to re-allocate the appropriation from the budget sub-programme 31.02.00 “National Debt Management” to the budget sub-programme 31.01.00 “Budget Implementation” for expenditures for the remuneration intended for the motivation of the officials (employees) of the Treasury in the amount specified in the Cabinet decision, if the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 49.** If within six and nine months of 2020 as a result of the filming of foreign films tax revenues have increased or increase in tax revenues is projected, the Cabinet shall take the decision on the amount of the increase in the appropriation for co-financing for the filming of foreign films in Latvia. The Minister for Finance has the right to increase the appropriation for expenditures for co-financing for the filming of foreign films in Latvia if the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 50.** The Minister for Finance has the right to re-allocate the appropriation specified in this Law in the programme 01.00.00 “Appropriation Reserve” of the budget unit “74. Funding to be Re-allocated in the Process of Implementation of the Annual State Budget”, if the relevant Cabinet decision has been taken and the Budget and Finance (Taxation) Committee of the *Saeima* has not objected to the re-allocation of the appropriation within five working days from the day of receipt of the relevant information:

1) for the prevention of the consequences related to the withdrawal of the United Kingdom from the European Union (*Brexit*);

2) to the Ministry of Culture the financing not used in the previous financial year for co-financing for the filming of foreign films;

3) to the Ministry of Economics the financing not used in the previous financial year for financing of measures related to the participation of Latvia in the international exhibition “Expo 2020 Dubai”.

**Section 51.** It shall be determined that the Minister for Finance shall re-allocate the appropriation in the amount of EUR 10 000 000 determined in the programme 10.00.00 “Prevention of Money Laundering and Terrorism Financing” of the budget unit “74. Funding to be Re-allocated in the Process of Implementation of the Annual State Budget” to the ministry or another central State institution according to the new plan of measures for the prevention of money laundering and terrorism financing approved by the Cabinet, if the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 52.** (1) It shall be determined that financing in the amount of EUR 5 180 000 is reserved in the programme 11.00.00 “Demographic Measures” of the budget unit “74. Funding to be Re-allocated in the Process of Implementation of the Annual State Budget”, including the measures of access to housing for large families in the amount of EUR 3 600 000 and for the measure “Improvement of the Parenting Benefit System” in the amount of EUR 1 580 000.

(2) After adoption of the respective regulatory enactment regarding the measures of access to housing for large families planned within the scope of demographic measures, the Minister for Finance has the right to re-allocate the appropriation in the amount not exceeding EUR 3 600 000 to the ministry or another central State institution in accordance with the Cabinet decision, if the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the re-allocation in the appropriation within five working days from the day of receipt of the relevant information.

(3) After adoption of the respective regulatory enactment regarding the measure “Improvement of the Parenting Benefit System” planned within the scope of demographic measures, the Minister for Finance has the right to increase the appropriation in the State special budget in the amount not exceeding EUR 1 580 000, accordingly reducing the financing reserved in the programme 11.00.00 “Demographic Measures” of the budget unit “74. Funding to be Re-allocated in the Process of Implementation of the Annual State Budget” for the measure “Improvement of the Parenting Benefit System” in accordance with the Cabinet decision, if the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to it within five working days from the day of receipt of the relevant information.

**Section 53.** The Minister for Finance has the right to re-allocate the appropriation which has not been allocated by 31 October 2020 to ministries and other central State institutions, determined in the programmes of the budget unit “74. Funding to be Re-allocated in the Process of Implementation of the Annual State Budget” referred to in Sections 50, 51, and 52 of this Law, to the programme 02.00.00 “Funds for Unforeseen Events”.

**Section 54.** If in 2020 the actual revenues from the confiscation of the proceeds from crime exceed the amount planned in this Law and the European Commission has recognised that such revenues are not regarded as one-time revenue measures within the meaning of the Stability and Growth Pact, the Minister for Finance has the right to increase, by the respective amount, the appropriation in the programme 09.00.00 “Implementation of the Reform of National Importance” of the budget unit “74. Funding to be Re-allocated in the Process of Implementation of the Annual State Budget”, if the measures for the implementation of reforms in 2020 have no negative impact on subsequent years, the Cabinet has taken the respective decision, and the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information. If in 2020 the actual revenues from the confiscation of the proceeds from crime do not reach the amount planned in this Law, the Minister for Finance has an obligation to reduce, by the respective amount, the appropriation specified in this Law for the programme 02.00.00 “Funds for Unforeseen Events” of the budget unit “74. Funding to be Re-allocated in the Process of Implementation of the Annual State Budget”, if the decision by the Cabinet has been taken and the Budget and Finance (Taxation) Committee of the *Saeima* has examined it and has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 55.** The Cabinet shall determine the procedures for the calculation and allocation of the amount of the necessary financing of the value added tax sum not to be deducted as input tax for compensation to Estonia and Lithuania within the scope of activities carried out by *AS “RB Rail”* [JSC RB Rail] (hereinafter – JSC RB Rail). The Minister for Finance shall be authorised to increase the appropriation to the Ministry of Transport for resources from the grant from the general revenues by the value added tax sum not to be deducted as input tax for compensation to Estonia and Lithuania within the scope of activities carried out by JSC RB Rail provided that a neutral impact is ensured on the general government budget balance and the respective Cabinet decision has been taken, and also the Budget and Finance (Taxation) Committee of the *Saeima* has not objected to the increase in the appropriation within five working days from the day of receipt of the relevant information.

**Section 56.** Until coming into force of the law on the new administrative-territorial division, a local government, only upon receipt of a positive opinion of the Ministry of Environmental Protection and Regional Development on the conformity of the transactions referred to in this Section with the administrative-territorial reform and sustainable municipality development, has the right to:

1) undertake loan liabilities and issue guarantees in accordance with the conditions specified in Section 13 of this Law, except for loans and guarantees necessary for projects co-financed by the European Union and other foreign financial assistance;

2) alienate movable and immovable property of a local government the sale value of which exceeds EUR 50 000 and 0.1 per cent of the local government fixed asset value.

**Section 57.** The Ministry of Finance, upon carrying out the State budget spending review, and also upon preparation of the package of the draft medium term budget framework law and the package of the draft annual State budget law, has the right to request and receive free of charge from State and local government institutions the information necessary for the fulfilment of the service tasks. The Ministry of Finance shall, upon preparation of the package of the draft medium term budget framework law and the package of the draft annual State budget law, in order to ensure the drawing up of macroeconomic development and general government budget projections, the assessment of the impact on national economy, the implementation of revenue policy, and also the control of efficient and economic use of the State budget and local government budget revenues and expenditures, process taxpayer data, including perform taxpayer data profiling by using the information of tax administration.

This Law shall come into force on 1 January 2020.

This Law has been adopted by the *Saeima* on 14 November 2019.

President E. Levits

Rīga, 28 November 2019