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

28 July 2017 [shall come into force on 1 January 2018];

19 October 2017 (Constitutional Court Judgment) [shall come into force on 19 October 2017];

16 November 2017 (Constitutional Court Judgment) [shall come into force on 16 November 2017];

20 December 2018 [shall come into force on 3 January 2019];

24 November 2020 [shall come into force on 1 January 2021].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Solidarity Tax Law**

**Section 1. Terms Used in this Law**

The terms used in this Law conform to the terms used in the law On State Social Insurance and the law On Taxes and Duties unless it is otherwise provided for in this Law.

**Section 2. Purpose and Scope of Application of this Law**

(1) The purpose of the Law is the reduction of regression of taxes to employees, domestic employees with an employer – a foreigner, foreign employees with an employer – a foreigner –, and self-employed persons with a higher level of income, at the same time ensuring the revenues of the State basic budget and local government budgets for the funding of increasing social protection and inequality reduction needs of residents of the State, including for the funding of health services.

(2) This Law prescribes the payers of the solidarity tax (hereinafter – the tax), taxation period and regulations regarding establishing of the taxable object and rate, and also the procedures for paying the tax, and regulates other matters related to calculation, paying and administration of this tax.

[*28 July 2017; 24 November 2020*]

**Section 3. Taxable Object**

A taxable object shall be an income which is laid down in Sections 14 and 202 of the law On State Social Insurance and exceeds the maximum amount of the object of the State social insurance mandatory contributions laid down for the relevant year (hereinafter – the object of mandatory contributions).

**Section 4. Taxation Period**

A taxation period of the tax shall be a calendar year for which the maximum amount of the object of mandatory contributions is laid down in accordance with the law On State Social Insurance.

**Section 5. Taxpayers**

Taxpayers are the employers, employees, domestic employees with the employer – a foreigner, foreign employees with the employer – a foreigner –, and self-employed persons subject to the State social insurance and whose income during the taxation period exceeds the maximum amount of the object of mandatory contributions laid down in accordance with the law On State Social Insurance.

**Section 6. Tax Rate**

[Recognised as invalid from 1 January 2019 under the judgment of the Constitutional Court of 19 October 2017 and 16 November 2017]

**Section 6.1 Tax Rate**

The tax rate shall be 25 per cent.

[*24 November 2020*]

**Section 6.2 Payment of the Tax in the Taxation and Post-taxation Period**

(1) In the taxation period, the taxable object shall be subject to the same rate of the State social insurance mandatory contributions (hereinafter – the mandatory contribution rate) as the object of mandatory contributions.

(2) The State Revenue Service shall, until 1 September of the post-taxation year, reimburse the overpaid tax to the taxpayer for the tax object to which the mandatory contribution rate determined in accordance with Section 18 of the law On State Social Insurance has been applied in the taxation period. The amount of the reimbursable overpaid tax shall be determined as the difference between the tax paid in the taxation period by applying the mandatory contribution rate determined in accordance with Section 18 of the law On State Social Insurance and the tax calculated under the summary procedures by applying the tax rate specified in Section 6.1 of this Law.

(3) The overpaid tax shall be reimbursed only to the employer if the mandatory contribution rate is being divided between the employee and employer in accordance with the provisions of Section 18 of the law On State Social Insurance.

(4) Methodology for the calculation of the reimbursement of the overpaid tax under the summary procedures and the procedures for its reimbursement shall be determined by the Cabinet.

[*20 December 2018 /*  *See Paragraph 4 of Transitional Provisions*]

**Section 7. Calculation of the Tax**

(1) The State Social Insurance Agency shall, based on the information provided by the State Revenue Service, sum up contributions of the object of mandatory contributions and State social insurance mandatory contributions made for a socially insured person. The State Social Insurance Agency shall record the actually paid solidarity tax when the maximum amount of the object of mandatory contributions laid down in the law On State Social Insurance is reached.

(2) The State Social Insurance Agency shall calculate the solidarity tax once a month. When calculating the solidarity tax, the share of tax which is redirected to fund the health services and which corresponds to one percentage point of the tax rate shall be taken into account.

(3) The State Social Insurance Agency shall, by 1 June of the post-taxation year, calculate the reimbursable amount of the overpaid tax in accordance with the provisions of Section 6.2 of this Law.

[*28 July 2017; 20 December 2018 /*  *See Paragraph 4 of Transitional Provisions*]

**Section 8. Specifying of the Tax Object and Tax**

(1) Specifying of the taxable object and tax shall take place in accordance with the procedures and time periods laid down in Section 20.1 of the law On State Social Insurance.

(2) Should the taxable object or tax be increased after specifying, the State Social Insurance Agency shall recalculate the actually paid tax and transfer it in accordance with the procedures laid down in Section 9 of this Law for three years prior to the taxation year.

(3) Should the taxable object or tax be reduced after specifying, the State Social Insurance Agency shall reduce the amount to be transferred in accordance with the procedures laid down in Section 9 of this Law by the amount of the reduced tax.

[*28 July 2017*]

**Section 8.1 Tax Allocation**

The tax shall be allocated as follows:

1) in the amount of one percentage point – for the financing of health care services;

2) in the amount of 14 percentage points – to the State pension special budget;

3) in the amount of 10 percentage points – to the revenue from the personal income tax.

[*20 December 2018; 24 November 2020*]

**Section 9. Transferring of the Tax**

(1) The tax shall be allocated in accordance with the order determined in Section 8.1 of this Law.

(2) The share of the tax for the financing of health care services shall be transferred in accordance with the provisions of the law On State Social Insurance.

(3) The State Social Insurance Agency shall transfer the share of the tax for the reporting month as follows until the fifteenth date of the third month following the reporting month:

1) in the amount of 14 percentage points – to the State pension special budget;

2) in the amount of 10 percentage points – to the unified tax account.

[*20 December 2018; 24 November 2020*]

**Section 10. Rights, Obligations and Liability of the Taxpayer for the Violations of the Law**

Rights, obligations and liability of the taxpayer shall be provided for in the law On Taxes and Duties and the law On State Social Insurance.

**Section 11. Tax Administration**

(1) The State Revenue Service shall administer the tax in accordance with the procedures laid down in the laws and regulations.

(2) The State Social Insurance Agency shall provide the accounting, allocation and transferring of the calculated and paid tax in accordance with the provisions of Sections 8.1 and 9 of this Law, and the accounting if the reimbursement of the overpaid tax in accordance with the provisions of Section 6.2 of this Law.

[*28 July 2017; 20 December 2018 /*  *See Paragraph 4 of Transitional Provisions*]

**Transitional Provisions**

[*28 July 2017*]

1. The State Social Insurance Agency shall transfer the tax actually paid in 2016 to the State basic budget in accordance with the following procedures:

1) for the period between January and June – until 15 October 2016;

2) for July and subsequent months – for the tax paid each month – by the fifteenth date of the third month following the reporting month.

[*28 July 2017*]

2. The State Social Insurance Agency shall transfer the tax that has actually been paid for a period until 31 December 2017 to the State basic budget. Should, within three years after the term for transferring the tax to the State basic budget for a reporting month of the taxation period, the tax actually paid for such period or the taxable object be increased or reduced after specifying, the State Social Insurance Agency shall recalculate the actually paid tax and respectively transfer the tax into the State basic budget or reduce the amount to be paid into the State basic budget by the reduced sum of tax.

[*28 July 2017*]

3. The State Social Insurance Agency shall transfer the tax that has actually been paid for a period from January to March 2018 until 15 June 2018 in accordance with Section 9 of this Law.

[*28 July 2017*]

4. Sections 6.1 and 6.2, Section 7, Paragraph three, Section 8.1, amendments to Section 9 and Section 11, Paragraph two of this Law are applicable to the tax payable for the taxation period starting from 1 January 2019.

[*20 December 2018*]

5. The State Social Insurance Agency shall transfer the tax actually paid for the period between 1 January 2018 and 31 December 2018 in accordance with the wording of Section 9 of this Law that was in force in period between 1 January 2018 and 31 December 2018. If the tax actually paid for the aforementioned period or the tax object is increased or reduced within three years after its specifying, the State Social Insurance Agency shall make a recalculation in accordance with the wording of Section 8 of this Law that was in force in the period between 1 January 2018 and 31 December 2018.

[*20 December 2018*]

6. The Cabinet shall issue the regulations referred to in Section 6.2, Paragraph four of this Law by 1 June 2019.

[*20 December 2018*]

7. The wording of the Cabinet Regulation No. 164 of 2 May 2000, Procedures by which the Overpaid State Social Insurance Contributions shall be Calculated and Reimbursed, and the Solidarity Tax shall be Calculated and Transferred, which comes into force on 1 January 2018 shall be applicable to the tax paid for the period between 1 January 2018 and 31 December 2018.

[*20 December 2018*]

8. The State Social Insurance Agency shall transfer the tax actually paid for the years 2019 and 2020 in accordance with the wording of Section 9 of this Law that was in force in the period between 3 January 2019 and 31 December 2020. If the tax actually paid for the aforementioned period or the tax object is increased or reduced within three years after its specifying, the State Social Insurance Agency shall make a recalculation in accordance with the wording of Section 8.1 of this Law that was in force in the period between 3 January 2019 and 31 December 2020.

[*24 November 2020*]

This Law shall come into force on 1 January 2016.

This Law has been adopted by the *Saeima* on 30 November 2015.

President R. Vējonis

Riga, 18 December 2015