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

Republic of Latvia

Cabinet

Regulation No. 453

Adopted 14 July 2020

**Regulations Regarding the Application of Exemption From or Reduction in Lease Payment for the Property of a Public Entity and of a Capital Company Controlled by a Public Entity in Relation to the Spread of COVID-19**

*Issued pursuant to*

*Section 14, Paragraph two of the Law on the Suppression of Consequences of the Spread of COVID-19 Infection*

1. The Regulation prescribes the procedures by which an exemption from or reduction in a lease payment for the property of a public entity and of a capital company controlled by a public entity shall be applied to an economic operator or another performer of economic activity, an association and a foundation affected by the emergency situation determined in the State due to the spread of COVID-19 (hereinafter – the lessee), and also late interest and contractual penalties shall not be applied in case of a late payment, except for the payments for the services consumed – electricity, heating, water supply, and other services related to the maintenance of the property.

2. The Regulation shall not apply to the lease contracts which have been entered into for the lease of an immovable property of a public entity and of a capital company controlled by a public entity for the use of subterranean depths.

3. The lessor of an immovable property or movable property of a public entity and of a capital company controlled by a public entity (hereinafter – the lessor) shall, on the basis of a submission of the lessee, apply an exemption from or reduction in the lease payment in accordance with Paragraph 5 of this Regulation for a specific period of time, but not longer than until 30 June 2021, unilaterally without making amendments to the lease contract if the lessee complies with all of the following criteria:

3.1. the revenues of the lessee from economic activity in June, July, August, September, October, November, December of 2020 or in January, February, March, April, May, June of 2021 in comparison with the average revenues of the 12 months of 2019 or the average revenues of such months in which the lessee has actually operated in the time period from 1 January 2019 to 29 February 2020 have decreased by at least 30 %. In respect of associations and foundations, decrease in the revenues from the operation thereof shall be evaluated;

3.1.1 if the lessee has commenced economic activity within the time period from 1 March 2020 to 31 October 2020, its revenues from economic activity in November, December of 2020 or in January, February, March, April, May, June of 2021 in comparison with the average revenues of those months in which the lessee has actually operated in the time period from 1 July 2020 to 31 October 2020 have decreased by at least 30 %. In respect of associations and foundations, decrease in the revenues from the operation thereof shall be evaluated;

3.2. as of the day of submitting the submission, the lessee does not have a debt of taxes administered by the State Revenue Service which exceeds EUR 1000 or, if the debt is larger, it has been granted an extension of the payment term or an agreement on voluntary payment of taxes has been entered into, or an agreement contract has been entered into;

3.3. as of the day of submitting the submission, insolvency proceedings have not been initiated in relation to the lessee;

3.4. the lessee has not had three or more late payments of the lease payment and other related payments or any other essential non-fulfilled liabilities in relation to the lessor within the last year. If there have been three or more late payments of the lease payment and other related payments within the last year, all liabilities against the lessor have been extinguished as of the day of submitting the submission in relation to debts which have existed until the first date of the previous month, or an agreement has been entered into with the lessor on a coordinated schedule of debt repayment. The settlement of accounts in full amount is performed in accordance with the debt repayment schedule;

3.5. the lessor is not a legal person or association of persons registered in an offshore within the meaning of the Public Procurement Law or, if it is a legal person registered in Latvia, the owner or holder of at least 75 % of its capital shares (stocks) is not a legal person or association of persons registered in an offshore.

[*17 December 2020*]

3.1 The lessor shall, on the basis of a submission of the lessee, apply an exemption from or reduction in the lease payment in accordance with Paragraph 5 of this Regulation for a specific period of time from 11 October 2021 to 28 February 2022 unilaterally without making amendments to the lease contract if the lessee concurrently complies with all of the following criteria:

3.11. the revenues of the lessee from economic activity in the month of the aid period, compared with the average revenues in July, August, and September of 2021 in total, have decreased by at least 30 % and this decrease in revenues is related to the restrictions of economic activity which are related to the epidemiological safety measures for the containment of the spread of COVID-19 infection. In respect of associations and foundations, decrease in the revenues from the operation thereof shall be evaluated;

3.12. as of the day of submitting the submission, the lessee does not have a debt of taxes administered by the State Revenue Service which exceeds EUR 1000 or, if the debt is larger, it has been granted an extension of the payment term or an agreement on voluntary payment of taxes has been entered into, or an agreement contract has been entered into;

3.13. as of the day of submitting the submission, insolvency proceedings have not been initiated in relation to the lessee;

3.14. the lessee has not had three or more late payments of the lease payment and other related payments or any other essential non-fulfilled liabilities in relation to the lessor within the last year. If there have been three or more late payments of the lease payment and other related payments within the last year, all liabilities against the lessor have been extinguished as of the day of submitting the submission in relation to debts which have existed until the first date of the previous month, or an agreement has been entered into with the lessor on a coordinated schedule of debt repayment. The settlement of accounts in full amount is performed according to the debt repayment schedule;

3.15. the lessee is not a legal person or association of persons registered in an offshore within the meaning of the Public Procurement Law or, if it is a legal person registered in Latvia, the owner or holder of at least 75 % of its capital shares (stocks) is not a legal person or association of persons registered in an offshore.

[*25 January 2022*]

4. The local government may also determine other criteria in the council decision for the lessee of an immovable property or movable property of a local government or of a capital company controlled thereby by concurrently ensuring that the criteria referred to in Sub-paragraphs 3.2, 3.3, 3.4, and 3.5 or Sub-paragraphs 3.12., 3.13, 3.14, 3.15, and 5.1 of this Regulation apply to such persons.

[*7 December 2021*]

5. The lessor shall apply the following:

5.1. an exemption from the lease payment if the lessee does not use the immovable property or movable property for the performance of economic activity during the laid down period of time at all due to the epidemiological safety measures stipulated by the Cabinet for the containment of the spread of COVID-19 infection. The lessee shall make payments for the services necessary for the maintenance of the lease object (for example, electricity, heating, water supply), compensation of the immovable property tax, and shall cover the insurance expenditures;

5.2. reduction in the lease payment according to the decrease in percentage of the revenues from economic activity of the lessee in the relevant month, however, without exceeding 90 % from the lease payment laid down in the lease contract. The lessee shall make payments for the services necessary for the maintenance of the lease object (for example, electricity, heating, water supply), compensation of the immovable property tax, and shall cover the insurance expenditures. The local government may determine other levels of reduction in the lease payment in the council decision which shall be applicable to the lease contracts of an immovable property or movable property of a local government or of a capital company controlled thereby.

6. On the basis of a submission of the lessee, the lessor shall, by 30 June 2021, and also in the time period from 11 October 2021 to 28 February 2022, not apply late interest and contractual penalties in case of a late payment of the lease payment for immovable property or movable property of a public entity and of a capital company controlled by a public entity and other related payments if the lessee complies with all the criteria referred to in Paragraph 3 or 3.1 of this Regulation. The lessee shall make payments for the services necessary for the maintenance of the lease object (for example, electricity, heating, water supply), compensation of the immovable property tax, and shall cover the insurance expenditures.

[*25 January 2022*]

7. In order to receive the aid referred to in this Regulation, the lessee shall submit a submission to the lessor. The following information shall be indicated in the submission:

7.1. the name and registration number of the lessee;

7.2. the date and number of the lease contract of an immovable property or movable property of a public entity or of a capital company controlled by a public entity, and the lease object;

7.3. the conformity with the criteria referred to in Paragraph 3 or 3.1 and Sub-paragraph 5.1 of this Regulation.

[*7 December 2021*]

7.1 The lessee shall submit the submission referred to in Paragraph 7 of this Regulation to the lessor:

7.11. for the time period from 10 June 2020 to 31 December 2020 – by 31 January 2021;

7.12. for the time period from 1 January 2021 to 30 June 2021 – by 31 July 2021 or, if the aid measure is provided in conformity with Paragraph 14 of this Regulation – by 14 June 2021;

7.1 3. for the time period from 11 October 2021 to 31 December 2021 – by 31 January 2022;

7.1 4. for the time period from 1 January 2022 to 28 February 2022 – by 31 March 2022.

[*17 December 2020; 7 December 2021; 25 January 2022*]

8. The lessor shall examine the submission referred to in Paragraph 7 of this Regulation and shall take the decision on granting the aid within 10 working days. The lessor shall inform the lessee of the decision taken.

[*17 December 2020*]

9. The lessor shall publish the list of lessees on its website which have received the aid measures laid down in this Regulation.

10. If the aid referred to in this Regulation has been requested or received without justification, the lessee shall repay the aid granted to the lessor.

11. If the lessee is using an immovable property or movable property of a public entity or of a capital company controlled by a public entity for economic activity and, in case of application of the aid measures referred to in this Regulation, the aid to the lessee is to be qualified as aid for commercial activity, the aid referred to in this Regulation shall be provided in accordance with the conditions referred to in Paragraph 12 or Paragraphs 14 and 15 of this Regulation.

12. The aid referred to in this Regulation may be provided in accordance with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (Official Journal of the European Union, 24 December 2013, No. L 352) (hereinafter – Commission Regulation No 1407/2013) or Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the fishery and aquaculture sector (Official Journal of the European Union, 28 June 2014, No. L 190/45) (hereinafter – Commission Regulation No 717/2014) in relation to fisheries undertakings operating in accordance with Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000 (Official Journal of the European Union, 28 December 2013, No. L 354/1) or Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector (Official Journal of the European Union, 24 December2013, No. L 352/9) (hereinafter – Commission Regulation No 1408/2013), in conformity with the following conditions:

12.1. before granting the aid, it shall be checked whether the amount of *de minimis* aid received by the lessee in the fiscal year and previous two fiscal years does not exceed the maximum amount of aid laid down for a single undertaking in Article 3(2) of Commission Regulation No 1407/2013, Article 3(2) of Commission Regulation No 717/2014, or Article 3(3a) of Commission Regulation No 1408/2013. Within the meaning of this Regulation, a single undertaking conforms to the definition of a single undertaking laid down in Article 2(2) of Commission Regulation No 1407/2013, Article 2(2) of Commission Regulation No 1408/2013, and Article 2(2) of Commission Regulation No 717/2014;

12.2. the aid is granted and the lessee conforms to the restrictions on sectors and activities which are referred to in Article 1 of Commission Regulation No 1407/2013, Article 1 of Commission Regulation No 717/2014, or Article 1 of Commission Regulation No 1408/2013;

12.3. in order to receive the aid, the lessee shall electronically submit an accounting form to the lessor on other *de minimis* aid received or shall indicate the identification number of the form of the applicant created and confirmed in the *de minimis* aid accounting system in accordance with the legal acts regarding the procedures for the accounting and granting of *de minimis* aid and the sample forms for accounting of *de minimis* aid;

12.4. the lessor shall keep accounting of the aid which has been provided in accordance with Commission Regulation No 1407/2013, Commission Regulation No 717/2014, and Commission Regulation No 1408/2013 in conformity with the legal acts regarding the procedures for the accounting and granting of *de minimis* aid and the samples forms for accounting of *de minimis* aid;

12.5. the lessee shall attest that it will not cumulate the *de minimis* aid granted within the scope of this Regulation with another *de minimis* aid and with another State aid for the same eligible costs within the scope of this Regulation and in other aid programmes;

12.6. if the lessee to which the aid is applied is also operating in sectors which are referred to in Article 1(1)(a), (b), or (c) of Commission Regulation No 1407/2013, it shall ensure the separation of the operation or costs of such sectors in accordance with Article 1(2) of Commission Regulation No 1407/2013, Article 1(2) and (3) of Commission Regulation No 717/2014, and Article 1(2) and (3) of Commission Regulation No 1408/2013;

12.7. the lessor and the lessee shall store the data on *de minimis* aid for 10 fiscal years in accordance with Article 6(4) of Commission Regulation No 1407/2013, Article 6(4) of Commission Regulation No 717/2014, or Article 6(4) of Commission Regulation No 1408/2013;

12.8. the decision on granting *de minimis* aid shall be taken until the end of the time period for the application laid down in Article 7(4) and Article 8 of Commission Regulation No 1407/2013, Article 7(4) and Article 8 of Commission Regulation No 1408/2013, or Article 7(4) and Article 8 of Commission Regulation No 717/2014.

13. If the lessee has violated the requirements of Commission Regulation No 1407/2013, Commission Regulation No 717/2014, or Commission Regulation No 1408/2013, the lessee has an obligation to repay the State aid received to the lessor together with the interest from the resources which are free from State aid in conformity with the conditions of Chapter IV or V of the Law on Control of Aid for Commercial Activity.

[*7 December 2021*]

14. The aid referred to in this Regulation may be provided in conformity with the following conditions:

14.1. the aid may not exceed EUR 2 300 000 per undertaking within the meaning of Article 3(3) of Annex 1 to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (Official Journal of the European Union, 26 June 2014, No. L 187) (hereinafter – Commission Regulation No 651/2014) or Article 3(3) of Annex 1 to Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union, or Article 3(3) of Annex 1 to Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (Official Journal of the European Union, 24 December 2014, No. L 369). The aid for one undertaking operating in the sector of fishery and aquaculture may not exceed EUR 345 000, in turn, the aid for a taxpayer operating in primary production of agricultural products may not exceed EUR 290 000. In order to ensure that the maximum amount of the temporary aid of limited amount laid down in Paragraphs 22(a) and 23(a) of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (hereinafter – the Communication from the Commission) per undertaking is not exceeded (the sum total of grants, and also aid of other form), the lessee shall submit:

14.1.1. a certification that it has not previously received, and also is not planning to apply for another temporary aid of limited amount in accordance with the Communication from the Commission if the lessee has not previously received, and also is not planning to apply for another temporary aid of limited amount in accordance with the Communication from the Commission;

14.1.2. information on the amount, date of granting (application) of the previously received and planned aid, the national law or regulation according to which the aid has been granted, and the provider of the aid if the lessee has previously received or also is planning to apply for another temporary aid of limited amount in accordance with the Communication from the Commission;

14.2. the aid may not be granted to an undertaking which is already considered an undertaking in difficulty in accordance with the definition of Article 2(18) of Commission Regulation No 651/2014 as on 31 December 2019 and as at the moment of granting aid;

14.3. [16 January 2021 / See Paragraph 19.3];

14.3.1 the aid for the time period until 30 June 2021 is not granted after the abovementioned date;

14.3.2 the aid for the time period from 11 October 2021 to 31 December 2021 is not granted after 14 February 2022;

14.3.3 the aid for the time period from 1 January 2022 to 28 February 2022 is not granted after 14 April 2022;

14.4. the aid for the same eligible costs may not be cumulated with another State aid;

14.5. the aid is not granted to credit institutions and financial institutions.

[*17 December 2020; 7 December 2021; 25 January 2022 / Sub-paragraph 14.3.3 shall come into force on 11 February 2022. See Paragraph 19.7*]

14.1 The lessee shall store the data regarding the aid received in Paragraph 14 of this Regulation for 10 years from the day when the decision on granting the aid has been taken.

[*17 December 2020*]

15. If the aid measures referred to in this Regulation are provided in accordance with Paragraph 14 of this Regulation, the lessor shall ensure:

15.1. publishing of information in conformity with the law or regulation regarding the procedures for publishing information on the aid for commercial activity provided and for granting and cancelling the right of use of the electronic system;

15.2. record-keeping of the aid and information referred to in this Regulation. The lessor shall store the abovementioned information for 10 years from the day when the last aid has been granted, and shall submit the information to the European Commission upon request.

16. If the lessee has violated the requirements referred to in Paragraphs 14 and 14.1 of this Regulation, it has an obligation to repay the whole unlawful State aid received in accordance with Paragraph 14 of this Regulation to the lessor together with the interest from the resources which are free from the State aid in conformity with the conditions of Chapter IV or V of the Law on Control of Aid for Commercial Activity.

[*7 December 2021*]

17. The lessor shall, by 28 February 2021, submit information to the Ministry of Finance on the amount of aid for commercial activity which has been provided in 2020 in conformity with Paragraphs 14 and 15 of this Regulation for the submission to the European Commission in accordance with the legal acts regarding the procedures for the submission of reports to the European Commission on expenditures of aid for commercial activity and the procedures for granting and cancelling the right of use of the electronic system.

[*17 December 2020*]

17.1 The lessor shall submit information to the Ministry of Finance on the amount of aid for commercial activity which has been provided in conformity with Paragraphs 14 and 15 of this Regulation for the submission to the European Commission in accordance with the legal acts regarding the procedures for the submission of reports to the European Commission on expenditures of aid for commercial activity and the procedures for granting and cancelling the rights of use of the electronic system in the following time period:

17.1 1. until 31 July 2021 – on the amount of aid for commercial activity which has been provided in the time period from 1 January 2021 to 30 June 2021;

17.1 2. until 28 February 2022 – on the amount of aid for commercial activity which has been provided in the time period from 11 October 2021 to 31 December 2021;

17.1 3. until 29 April 2022 – on the amount of aid for commercial activity which has been provided in the time period from 1 January 2022 to 28 February 2022.

[*7 December 2021; 25 January 2022 / Sub-paragraph 17.1 3 shall come into force on 11 February 2022. See Paragraph 19.7*]

18. The Ministry of Finance shall, by 30 June 2021, inform the European Commission of this measure which is being implemented in accordance with the temporary framework in relation to COVID-19.

[*17 December 2020*]

18.1 The Ministry of Finance shall, by 30 June 2022, inform the European Commission of this measure which is being implemented in accordance with the temporary framework in relation to COVID-19.

[*7 December 2021*]

19. If the submission of the lessee for the time period from 12 March 2020 to 9 June 2020 has been submitted until the day of coming into force of this Regulation, Cabinet Regulation No. 180 of 2 April 2020, Regulations Regarding the Application of Exemption From or Reduction in Lease Payment for the Property of a Public Entity and of a Capital Company Controlled by a Public Entity in Relation to the Spread of COVID-19, and Sub-paragraph 3.5 of this Regulation shall be applied. If the submission of the lessee on the receipt of an aid measure has been submitted in accordance with Paragraphs 13 and 14 of Cabinet Regulation No. 180 of 2 April 2020, Regulations Regarding the Application of Exemption From or Reduction in Lease Payment for the Property of a Public Entity and of a Capital Company Controlled by a Public Entity in Relation to the Spread of COVID-19, Paragraphs 14, 15, 16, and 17 of this Regulation shall be applied.

19.1 Sub-paragraph 14.3.1 and Paragraph 17.1 of this Regulation shall come into force on the following day after a notification is published in the official gazette *Latvijas Vēstnesis* on the fact that the European Commission has taken the decision on compatibility of aid for commercial activity with the internal market of the European Union.

[*17 December 2020*]

19.2 After the European Commission has taken the decision on compatibility of aid for commercial activity with the internal market of the European Union, the Ministry of Finance shall send a relevant notification for publishing in the official gazette *Latvijas Vēstnesis*.

[*17 December 2020*]

19.3 Sub-paragraph 14.3 of this Regulation shall be in force until the day of publishing the notification referred to in Paragraph 19.1 of this Regulation in the official gazette *Latvijas Vēstnesis*.

[*17 December 2020*]

19.4 Amendment to Sub-paragraph 14.1, Sub-paragraph 14.3.2, and amendment to Paragraph 17.1 of this Regulation shall come into force on the following day after a notification is published in the official gazette *Latvijas Vēstnesis* on the fact that the European Commission has taken the decision on compatibility of aid for commercial activity with the internal market of the European Union.

[*7 December 2021 / See the notification*]

19.5 The decision on the application of the aid laid down in Paragraph 14 of this Regulation for the time period from 11 October 2021 to 31 December 2021 shall be taken starting from the following day after a notification is published in the official gazette *Latvijas Vēstnesis* on the fact that the European Commission has taken the decision on compatibility of aid for commercial activity with the internal market of the European Union.

[*7 December 2021*]

19.6 The decision on the application of the aid laid down in Paragraph 14 of this Regulation for the time period from 1 January 2022 to 28 February 2022 shall be taken starting from the following day after a notification is published in the official gazette *Latvijas Vēstnesis* on the fact that the European Commission has taken the decision on compatibility of aid for commercial activity with the internal market of the European Union.

[*25 January 2022*]

19.7 Sub-paragraph 14.3.3 and Sub-paragraph 17.1 3 of this Regulation shall come into force on the following day after a notification is published in the official gazette *Latvijas Vēstnesis* on the fact that the European Commission has taken the decision on compatibility of aid for commercial activity with the internal market of the European Union.

[*25 January 2022 / See the notification*]

20. Cabinet Regulation No. 180 of 2 April 2020, Regulations Regarding the Application of Exemption From or Reduction in Lease Payment for the Property of a Public Entity and of a Capital Company Controlled by a Public Entity in Relation to the Spread of COVID-19 (*Latvijas Vēstnesis*, 2020, No. 66B, 71C, 83A, 88A), is repealed.

Prime Minister A. K. Kariņš

Minister for Finance J. Reirs