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

2 April 2020 [shall come into force from 4 April 2020];

9 April 2020 [shall come into force from 10 April 2020];

23 April 2020 [shall come into force from 30 April 2020];

7 May 2020 [shall come into force from 9 May 2020];

14 May 2020 [shall come into force from 16.05.2020].

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. 165

Adopted 26 March 2020

**Regulations Regarding the Employers Affected by the Crisis Caused by COVID-19 which are Eligible for the Allowance for Idle Time and Division of the Payment for Late Tax Payments in Instalments or Deferral Thereof for up to Three Years**

*Issued pursuant to*

*Section 2 and Section 14 of the law On Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of COVID-19*

1. The Regulation prescribes the criteria by which the employers and taxpayers which have been affected by the crisis caused by COVID-19 (hereinafter – the crisis) shall be identified, and procedures for applying for the compensation of the allowance for idle time and division of the payment for late tax payments in instalments or deferral thereof for a period of up to three years.

2. Within the meaning of this Regulation, allowance for idle time is an allowance which is disbursed if an employer which is affected by the crisis does not provide work to an employee or does not take the actions necessary for the acceptance of the fulfilment of employee’s obligations in the period of idle time due to the spread of COVID-19. The period of idle time is a fixed period from 14 March 2020 until 30 June 2020.

[*7 May 2020*]

3. The following employers and taxpayers which have been affected by the crisis are entitled to apply for the allowance for idle time and the division of the payment for late tax payments in instalments or deferral thereof for a period of up to three years:

3.1. whose income from economic activity has decreased by at least 30 per cent in March, April or June 2020 in comparison with the average income of the twelve months of 2019 or the average income of those months within the period of 1 January 2019 to 1 March 2020 in which the enterprise was actually operating;

3.2. whose income from economic activity has decreased by at least 20 per cent in March, April or June 2020 in comparison with the average income of the twelve months of 2019 or the average income of those months within the period of 1 January 2019 to 1 March 2020 in which the enterprise was actually operating, and they meet at least one of the following criteria:

3.2.1. in 2019, the export volume of the goods and services and the volume of the delivery of goods and services provided by the employer affected by the crisis amounts to 10 % of the total turnover or is not less than EUR 500 000;

3.2.2. the average monthly gross work remuneration disbursed by the employer affected by the crisis in 2019 is not less than EUR 800;

3.2.3. as on 31 December 2019, long-term investments in fixed assets are at least EUR 500 000.

[*23 April 2020; 14 May 2020*]

3.1 [23 April 2020]

4. To apply for the division of the payment of late tax payments in instalments or deferral thereof for a period of up to three years, the employer affected by the crisis shall submit a submission to the State Revenue Service through the Electronic Declaration System of the State Revenue Service. If the submitter of a submission meets the criteria referred to in Sub-paragraph 3.1 or 3.2 of this Regulation, the submission for the division of the payment for immovable property tax payments in instalments or deferral thereof for a period of up to three years shall be submitted for evaluation to the responsible tax administration.

5. The submission which has been submitted in accordance with Paragraph 4 of this Regulation shall not be subject to the conditions referred to in Paragraph 12 of this Regulation, but it shall be examined in accordance with the requirements referred to in Section 24 of the law On Taxes and Duties.

6. To apply for the allowance for idle time, the employer affected by the crisis shall submit to the State Revenue Service the submission for the allowance for idle time (hereinafter – the submission) by 30 April 2020 for the period from 14 March 2020 until 31 March 2020, by 20 May 2020 for the period from 1 April 2020 until 30 April 2020, by 31 May 2020 for the period from 1 May2020 until 31 May 2020, and by 30 June 2020 for the period from 1 June 2020 until 30 June 2020.

[*23 April 2020; 7 May 2020; 14 May 2020*]

7. The employer affected by the crisis shall submit the submission through the Electronic Declaration System of the State Revenue Service. The following information shall be indicated in the submission:

7.1. name and taxpayer registration number of the employer affected by the crisis;

7.2. period of idle time;

7.3. justification for the occurrence of the idle time for an employee in connection with the circumstances created by the employer under the effects of the crisis;

7.4. information regarding the employee for whom idle time has occurred (name, surname, personal identity number, and period of idle time of the employee, and also the account thereof opened with a credit institution or payment service provider in Latvia);

7.5. certification that the employee for whom the allowance for idle time is requested is not on leave for incapacity for work and will not be released from work by a decision of the employer within a month after the submission is submitted.

8. Considering the information at the disposal of the State Revenue Service (data declared by the employer to the State Revenue Service), the allowance for idle time shall be determined:

8.1. for an employee – in the amount of 75 % of the average monthly gross work remuneration for the period of last six months before the declaration of the emergency situation, or in accordance with the actual data declared in respect of the employee within the previous six months, but not exceeding EUR 700 per calendar month;

8.2. for an employee of a micro-enterprise – in the amount of 50 % of the average monthly gross work remuneration in the micro-enterprise for the third and fourth quarter of 2019 (the information indicated in the quarterly return of micro-enterprise tax in respect of the specific employee of a micro-enterprise), but not exceeding EUR 700 per calendar month.

[*9 April 2020*]

8.1For the employers affected by the crisis whose operation does not exceed six months, the allowance for the idle time shall be determined in the amount of 75 % of the average monthly gross work remuneration for the months worked before the declaration of the emergency situation by considering the information at the disposal of the State Revenue Service (data declared by the employer to the State Revenue Service), or in accordance with the actual data declared by employees, but not exceeding EUR 700 per calendar month.

[*2 April 2020*]

8.2 For the micro-enterprise taxpayers affected by the crisis who have commenced their operation in the status of a micro-enterprise taxpayer after 1 October 2019, the allowance for the idle time for the employees of micro-enterprises shall be determined in the amount of 50 % of the average monthly gross work remuneration in the micro-enterprise for the first quarter of 2020 (the information indicated in the quarterly return of micro-enterprise tax in respect of the specific employee of a micro-enterprise) by considering the information at the disposal of the State Revenue Service (data declared by the employer to the State Revenue Service), but not exceeding EUR 700 per calendar month.

[*9 April 2020*]

8.3 For the persons who, during the period of idle time, return to work after child-care leave, the allowance for idle time shall be determined in the amount of 100 per cent of the parent’s benefit granted for the six-month period before the declaration of the emergency situation, but not more than EUR 700 per calendar month.

[*7 May 2020*]

9. The allowance for idle time shall be granted and disbursed according to the period of idle time indicated in the submission of the employer affected by the crisis.

10. The State Revenue Service shall disburse the requested allowance for idle time for one calendar month within five working days after receipt of the submission by transferring the allowance to the employee’s account indicated in the submission which has been opened with a credit institution or payment service provider in Latvia and shall inform the submitter of the submission thereof through the Electronic Declaration System. The employer affected by the crisis shall inform an employee of the disbursement of the allowance for idle time.

11. If an employee works for several employers which have been affected by the crisis, the allowance for idle time shall be granted according to the employer affected by the crisis which is the principal place for earning income (tax booklet has been submitted). If the tax booklet has not been submitted to any employer, the allowance for idle time for such employee shall be disbursed based on the employer who was the first to submit the submission.

12. The State Revenue Service shall not grant the allowance for idle time:

12.1. if the employer affected by the crisis has not submitted to the State Revenue Service all tax returns and annual statements for the period of last 12 months before the emergency situation;

12.2. if the employer affected by the crisis has a tax debt of more than EUR 1000 as on the day of submitting a submission and an extension of the payment term has not been granted thereto or an agreement on the voluntary payment of taxes has not been concluded, or a settlement agreement has not been concluded;

12.3. if the employer affected by the crisis is excluded or has been excluded from the State Revenue Service Register of Value Added Tax Taxable Persons within the last two years, or its economic activity is or has been suspended;

12.4. if on the day of taking the decision insolvency proceedings are in effect for the employer affected by the crisis;

12.5. if within the last six months before the declaration of the emergency situation the employer affected by the crisis has calculated the taxes administered by the State Revenue Service at an average amount of less than EUR 200 per month;

12.6. if the employer affected by the crisis has not submitted a justification to the State Revenue Service in accordance with Sub-paragraph 7.3 of this Regulation, or the State Revenue Service, upon the evaluation of the employer’s submission, establishes that the occurrence of the idle time for the employee is not connected with the circumstances created by the effects of the crisis;

12.7. if the employee has commenced the employment relationships after 1 March 2020;

12.8. to the board members of the employer affected by the crisis if the employer affected by the crisis employs an employee who is not on idle time, and to council members;

12.9. for those calendar days for which the sickness benefit has been granted;

12.10. to employees who are at the same time employed in a State or local government authority or capital company, except for pedagogical or creative work in a State or local government authority or capital company, and whose income from such work does not exceed EUR 430 per month, or employees who at the same time perform economic activity and whose income from such activity does not exceed EUR 430 per month;

12.11. to the employees working for the State and local government budget institutions and also for the merchants controlled by the State or local governments;

12.12. to the employer affected by the crisis whose staff has been leased to another taxpayer;

12.13. if within the last three years and at the moment of evaluating the submission, as a result of an audit or data conformity audit, sums to be additionally paid into the State budget have been determined for the employer affected by the crisis or the amount of the unjustifiably increased tax to be repaid from the State budget has been reduced therefore, including late payment charges and fines, the total amount of which exceeds three per cent of the revenues of the employer from the taxes administered by the State Revenue Service in the respective year (by subtracting the overpayments repaid by the tax administration from the contributions made by the employers), but at the moment of evaluation – three per cent of the revenues of the employer from the taxes administered by the State Revenue Service in the previous year (by subtracting the overpayments repaid by the tax administration from the contributions made by the employers);

12.14. to a board member, if within the previous year and at the moment of evaluating the submission the employer affected by the crisis or a member of its board has been punished for a violation in relation to the tax liabilities of the employer, offences in the field of customs or violation of the laws and regulations governing employment relationships, except when a warning has been issued or a fine of not more than EUR 151 has been imposed for an individual violation, and the total amount of fines does not exceed EUR 500 within a year.

[*2 April 2020; 9 April 2020; 23 April 2020; 7 May 2020; 14 May 2020*]

12.1The employee affected by the crisis who is subject to any of the criteria specified in Paragraph 12 of this Regulation for an employer is entitled to submit the submission to ensure that its employee would receive the allowance for idle time.

[*14 May 2020*]

12.2The State Revenue Service shall inform the State Social Insurance Agency of those employees to whom the State Revenue Service has denied the allowance for idle time based on any of the criteria specified in Paragraph 12 of this Regulation for an employer.

[*14 May 2020*]

13. The State Revenue Service shall not apply the conditions referred to in Sub-paragraphs 12.1 and 12.2 of this Regulation to those employers affected by the crisis which have been included in the In-depth Cooperation Programme in accordance with the Cabinet Regulation No. 749 of 27 November 2018, Regulations Regarding the Operation of In-depth Cooperation Programme.

14. If after the granting of the allowance for idle time an employer submits to the State Revenue Service updated data on the income of the employee within the time period used for the calculation of the allowance for idle time, the disbursed allowance shall not be re-calculated.

15. The employer affected by the crisis shall immediately inform the State Revenue Service of the termination of the idle time for an employee to whom the allowance for idle time has been granted or of other circumstances on the basis of which the disbursement of the granted allowance for idle time should be discontinued. If the allowance for idle time has been requested or received unjustifiably or the employer affected by the crisis, during the period of disbursement of the allowance for idle time, increases the number of employees compared to the number of employees at the beginning of the idle time, or terminates the idle time due to the renewal of the operation, the employer affected by the crisis shall voluntarily repay the granted allowance for idle time or the State Revenue Service shall recover it by applying the provisions of the law On Taxes and Duties.

[*2 April 2020; 7 May 2020*]

16. During the period when the allowance for idle time is awarded to an employee, sickness benefit shall not be paid and a local government benefit during crisis situation shall not be disbursed.

[*2 April 2020*]

17. The State Revenue Service shall inform the State Social Insurance Agency and the social services of the persons to whom the allowance for idle time has been granted.

[*2 April 2020*]

17.1A supplement in the amount of EUR 50 shall be granted to the employee who receives the allowance for idle time for each dependent child up to 24 years of age for whom the personal income tax relief is being applied to the employee. The State Social Insurance Agency shall grant and disburse the supplement for the time period for which the allowance for idle time is granted. The supplement will be transferred to the account of the employee to which the allowance for idle time is transferred.

[*9 April 2020; 7 May 2020*]

18. The State Revenue Service shall publish on its website a list of those employers affected by the crisis whose employees have received the allowance for idle time and for which the division of the payment for late tax payments in instalments or deferral thereof for a period of up to three years has been supported.

19. If the allowance for idle time is granted on the basis of Cabinet Regulation No. 152 of 24 March 2020, Regulations Regarding the Allowance for Idle Time for the Employees Affected by COVID-19, the disbursement thereof shall be continued by applying the abovementioned Cabinet Regulation.

[*9 April 2020*]

20. Cabinet Regulation No. 152 of 24 March 2020, Regulations Regarding the Allowance for Idle Time for the Employees Affected by COVID-19 (*Latvijas Vēstnesis*, 2020, No. 60A), is repealed.

[*9 April 2020*]

21. For employees who simultaneously perform economic activity and for whom revenue therefrom does not exceed EUR 430 per month to receive the allowance for idle time for the period from 14 March 2020 until 30 April 2020, the employer is entitled to submit a submission to the State Revenue Service within two weeks after coming into force of this Paragraph.

[*7 May 2020*]

22. For employees who at the same time perform pedagogical or creative work in a State or local government authority or capital company and whose revenue therefrom does not exceed EUR 430 per month to receive the allowance for idle time for the period from 14 March 2020 until 31 March 2020, the employer is entitled to submit a submission to the State Revenue Service within two weeks after coming into force of this Paragraph.

[*14 May 2020*]

Prime Minister A. K. Kariņš

Acting for the Minister for Economics, Minister for the Interior S. Ģirģens