

Ministry of Finance
Republic of Latvia

TAXES IN LATVIA

*Tax Policy Strategy Division
Tax Analysis Department*

As of January 1, 2025



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Content of the presentation

- 1. The main principles** of the tax system in Latvia and tax revenue
- 2. Direct Taxes** (*personal income tax, corporate income tax, compulsory state social security contributions, real estate tax, micro-enterprise tax, solidarity tax, solidarity contributions*)
- 3. Indirect taxes** (*value added tax, excise duty, customs duty, company car tax, vehicle operation tax, electricity tax*)
- 4. Other taxes** (*natural resources tax, lotteries and gambling tax*)



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1. The main principles of the tax system in Latvia



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Tax System in Latvia

Tax and fee system in Latvia consists of:

- state taxes, the objects and rates of which shall be set by the **Saeima**;
- state fees, which shall be applicable according to the Law "*On Taxes and Duties*", other specific laws and regulations of the **Cabinet of Ministers**;
- local government fees, which shall be applicable according to the Law "*On Taxes and Duties*" and binding regulations issued by the **local governments**;
- directly applicable taxes and other obligatory payments set in the **European Union** regulatory enactments.





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A Tax is:

- a mandatory periodic or one-off payment;
- a payment imposed by a law;
- intended for the performance of the public law functions or to obtain revenue to perform these functions;

The payment of taxes does not imply any compensation to the taxpayer directly.



Types of Taxes

Direct taxes

- Personal income tax
- Corporate income tax
- Compulsory state social security contributions
- Real estate tax
- Micro-enterprise tax
- Solidarity tax
- Solidarity contributions

Indirect taxes

- Value added tax
- Excise duty
- Customs duty
- Company car tax
- Vehicle operation tax
- Electricity tax

Other taxes

- Natural resources tax
- Lottery and gambling tax

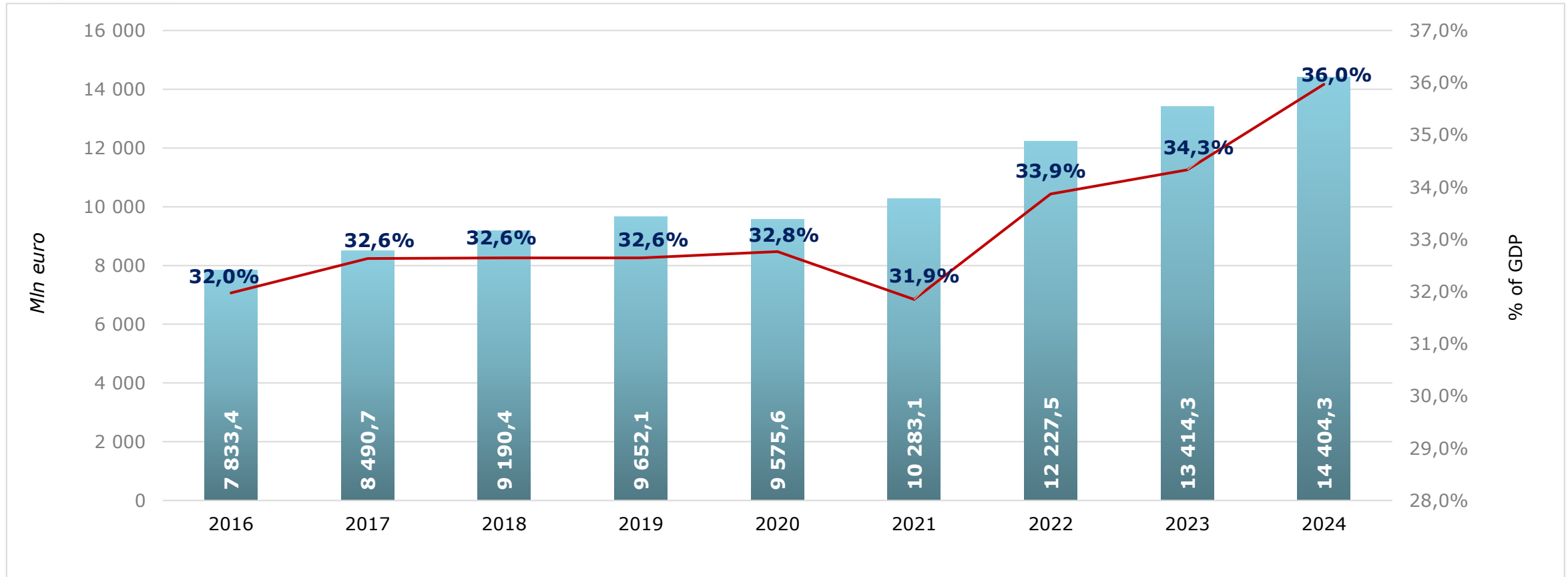
Source: Ministry of Finance



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Total Tax revenue*

(million euro, % of GDP)



Source: Ministry of Finance

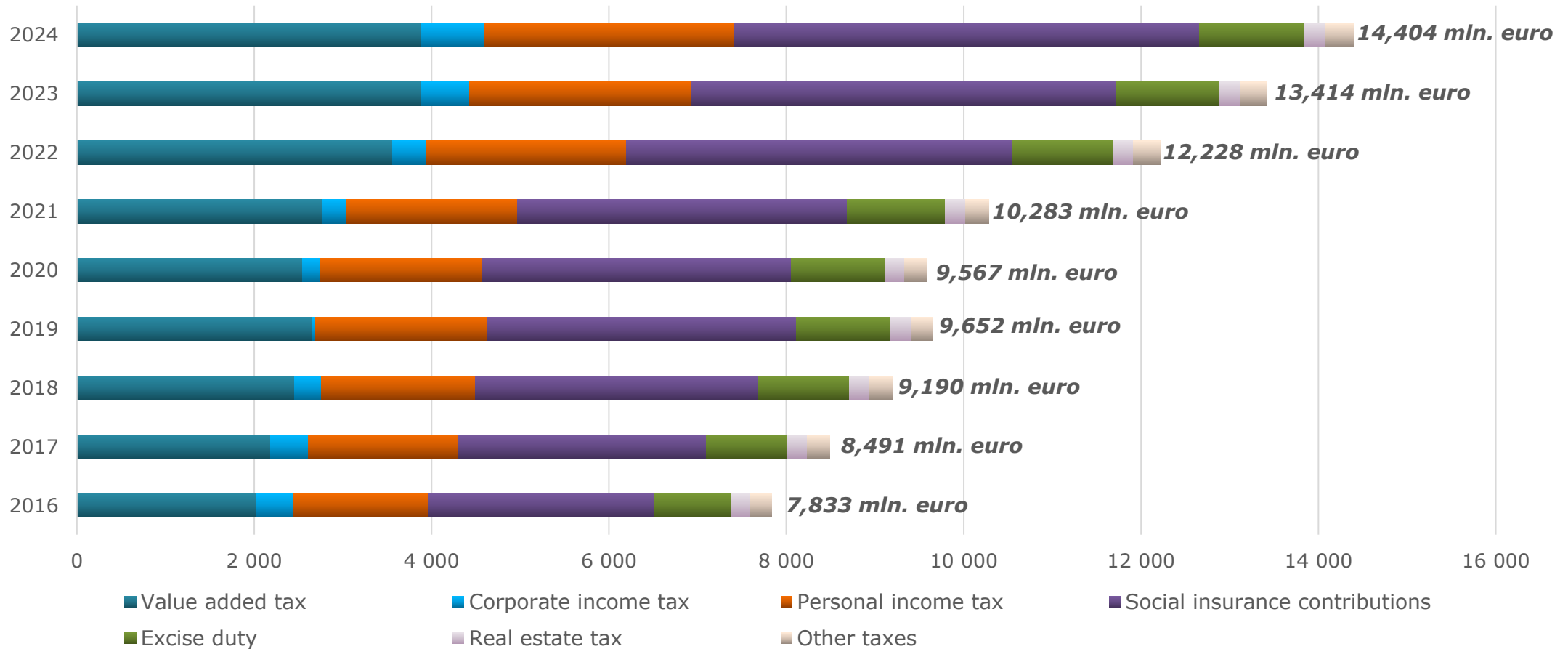
* Including contributions to the state funded pension scheme



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Breakdown of Tax Revenue* (I)

(million euro)



Source: Ministry of Finance

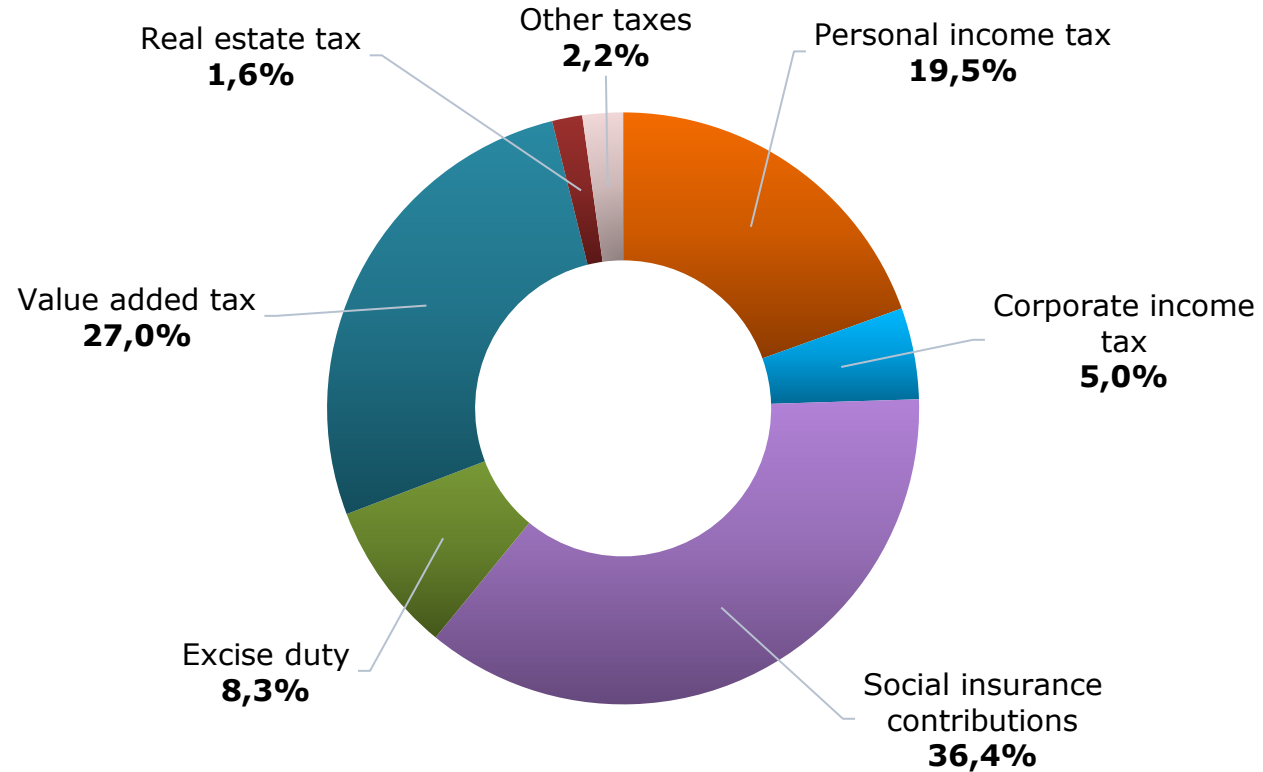
* Including contributions to the state funded pension scheme



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Breakdown of Tax Revenue* (II)

By their share in tax revenue in 2024, per cent



Source: Ministry of Finance

* Including contributions to the state funded pension scheme



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2. Direct Taxes



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Personal Income Tax (PIT)

- PIT is applied to the total income obtained by a natural person (**resident**) in Latvia and/or abroad during the taxation year;
- Foreign taxpayers (**non-residents**) pay PIT only for income obtained in Latvia in the taxation year;
- PIT is also paid by the owners of individual undertakings, including farms and fish farms, who in the taxation year have obtained income which is not subject to the corporate income tax.

Individuals are residents of Latvia if they:

- *have a declared place of residence in the territory of Latvia;*
- *stay in Latvia 183 days or longer during any 12 month period;*
- *are Latvian citizens who are employed in a foreign country by the government.*



Personal Income Tax (PIT)

Taxation period: calendar year

Tax rates:

Income, euro per year	2021 - 2024	Income, euro per year	From 2025
Up to 20,004	20%	Up to 105,300	25.5%
Between 20,004 and 78,100	23%	Above 105,300	33%
Above 78,100	31%	Income from capital and capital gains	25.5%
Income from capital and capital gains	20%		

Source: Law "On Personal Income Tax"

From **2025**, an additional **3%** personal income tax rate is introduced for yearly income (*including salaried income, dividends, income equal to dividends, notional dividends, liquidation quota*) above 200,000 euro.



Personal Income Tax (PIT)

Deductions from taxable income

Allowances	2024	2025
Annual differentiated non-taxable minimum*		
Maximum annual non-taxable minimum	500 euro per month/ 6,000 euro per year	Annual non-taxable minimum** 510 euro per month/ 6,120 euro per year
Annual income up to which maximum annual non-taxable minimum is applied	500 euro per month/ 6,000 euro per month	
Annual income up to which non-taxable minimum gradually decreases, according to the formula	1,800 euro per month/ 21,600 euro per year	
Non-taxable minimum of a pensioner	500 euro per month/ 6,000 euro per month	1,000 euro per month/ 12,000 euro per year
Relief for a dependent	250 euro per month/ 3,000 euro per year	

* Annual differentiated non-taxable minimum is calculated according to the formula specified by the Cabinet of Ministers and applied according to the summary procedure by submitting an annual income declaration.

** From 2025, the differentiated non-taxable minimum is replaced by a fixed non-taxable minimum, regardless of income.



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Personal Income Tax (PIT)

Deductions from taxable income

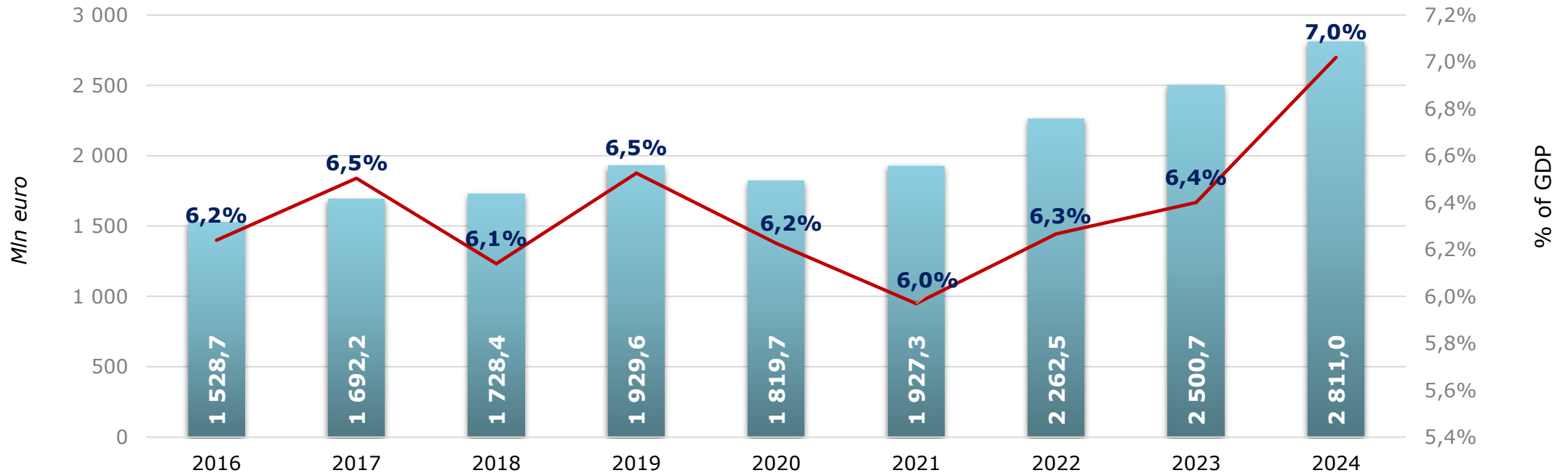
	2025
Additional PIT reliefs:	
Relief for persons who have been recognized as persons with disability:	
<i>persons with group I and II disabilities</i>	1,848 euro per year (154 per month)
<i>persons with group III disabilities</i>	1,440 euro per year (120 per month)
Relief for politically repressed persons and members of the national resistance movement, <i>euro per year</i>	1,848 euro per year (154 per month)
Eligible expenditure:	
Payments of insurance premiums made in conformity with a life insurance contract (with accumulation of funds) and the payments made into the private pension funds, <i>% of annual taxable income</i>	Up to 4,000 euro per year , but not exceeding 10% of annual gross income in total
Expenditure for the acquisition of education and for the use of health and medical treatment services. The amount which in the form of donation or gift has been transferred to a budget institution or religious organisation or the institution which have been granted a public benefit organisation status, or to a political party, <i>euro per year</i>	Up to 600 euro per year , but not exceeding 50% of annual gross income in total



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Personal Income Tax (PIT)

Tax Revenue (*million euro, % of GDP*)



Source: Ministry of Finance

PIT is one of the most important revenue sources for local governments, as **78 per cent** of the PIT revenue is transferred to the local government budgets.



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Corporate Income Tax (CIT)

- Profits gained by a taxpayer are not taxed until its distribution*. **CIT at a 20 per cent** rate is paid from the profits distributed (calculated dividends, payments treated as dividends and deemed dividends) and deemed profit distributions (expenses not related to economic activity etc.);
- CIT rate is 20 per cent on the gross distributed amount or **20/80** on the net income, namely, base subject to CIT has to be divided by a coefficient 0.8. The recipient of dividends – a natural person shall not pay personal income tax from the above mentioned dividends.

** as of January 1, 2024, credit institutions and consumer credit service providers shall make an annual CIT surcharge payment at a rate of 20 per cent regardless of whether profits are distributed in dividends.*



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Corporate Income Tax (CIT)

CIT regime is applied to distributed profits and deemed profit distributions.

Distributed profits shall include:

- *calculated dividends, incl. extraordinary dividends;*
- *payments treated as dividends;*
- *deemed dividends (part of profits for which share capital is increased (CIT not withheld) and which is taken out by reducing share capital).*

Deemed profit distributions shall include:

- *expenses not related to economic activity (incl. representation and personnel sustainability expenses exceeding 5 per cent in total of the gross salary fund);*
- *doubtful debts;*
- *disproportionate interest payments;*
- *loans to related persons;*
- *transfer pricing adjustments (transactions with related persons which do not correspond to the market value);*
- *benefits granted to the employees of the permanent establishments or board members;*
- *liquidation quota;*
- *the value of the assets transferred to another person in the reorganisation process, except in the cases specified in Section 18 of the Enterprise Tax Law;*
- *the value of the asset which is transferred by the taxpayer (incl. the permanent establishment of the non-resident in Latvia) to its permanent establishment or main undertaking abroad for the performance of economic activity, if, as a result of the transfer of the asset, Latvia loses the right to tax the transferred asset;*
- *the difference that has formed in transactions with artificially formed structures (or the result of hybrid mismatch in accordance with Section 7.¹ of the Enterprise Tax Law).*



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Corporate Income Tax (CIT)

Taxpayers

- Performers of economic activity:
 - a) domestic undertakings;*
 - b) institutions financed from the state budget whose income from economic activity is not provided in the state budget;*
 - c) institutions financed from the local government budget, whose income from economic activity is not provided in the local government budget;*

- Foreign commercial companies and other persons deriving income in Latvia (hereinafter – non-residents);

- Permanent establishments of non-residents.



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Corporate Income Tax (CIT)

CIT rates applied to payments to non-residents

CIT shall be withheld from the following payments made to non-residents:

- remuneration for management and consultancy services – 20 per cent rate;
- remuneration for alienation of the real property located in Latvia – 3 per cent rate;
- remuneration for renting or leasing real estate in Latvia – 5 per cent rate;
- payments* to legal, natural and other persons, which are located, are established or founded in low-tax or no-tax countries or territories – 20 per cent rate.

** Any kinds of payments, incl., dividends, interest payments, payments for intellectual property, except for payments for the supplies of goods (if they correspond to the market value) and public securities.*



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Corporate income tax (CIT)

Taxation period: calendar month

Declaration of the taxation period shall be submitted to the State Revenue Service by the 20th date of the next month following the taxation period, if in the taxation period:

- *dividends were calculated;*
- *payments treated as dividends were made;*
- *deemed dividends were disbursed;*
- *expenses not related to economic activity were made;*
- *liquidation quota was disbursed.*

Other items subject to the corporate income tax arising in the accounting year shall be included in the taxable base in the last tax period of the accounting year and the declaration shall be submitted to the State Revenue Service by the 20th date following the month in which the accounting year ends.



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Corporate Income Tax (CIT) surcharge

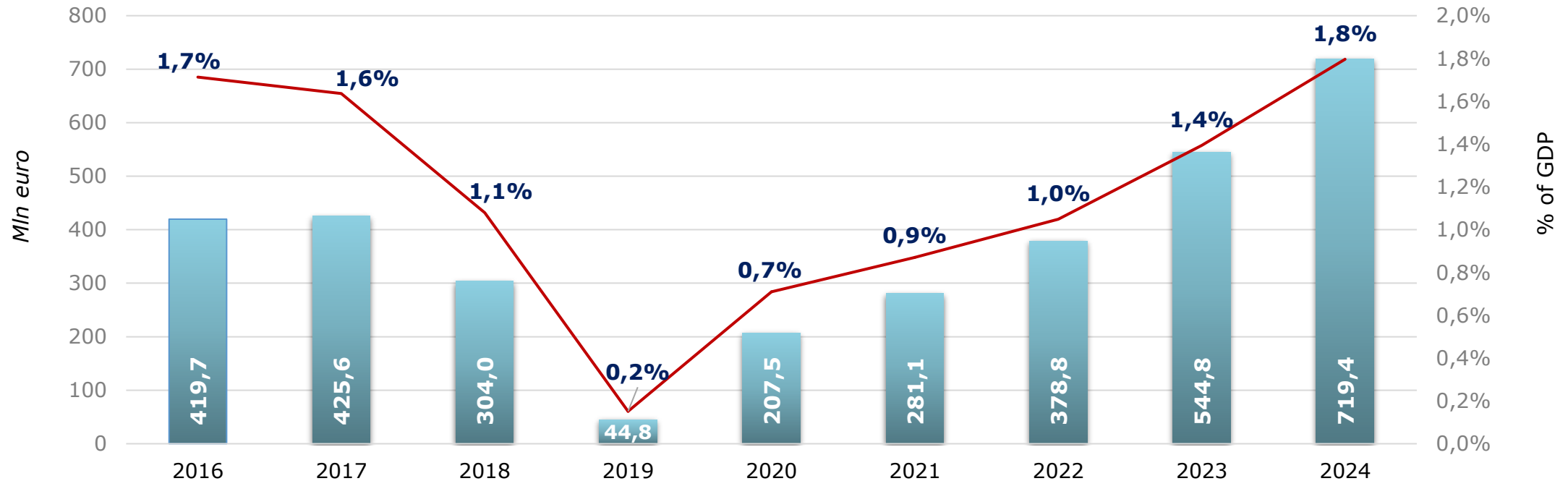
- **CIT surcharge payers** – credit institutions, consumer credit service providers;
- **Taxation period of CIT surcharge** – taxation year;
- **CIT surcharge base of a taxation year** – data (with adjustments) included in the taxpayer's pre-taxation year profit or loss account;
- **CIT surcharge rate** – 20%;
- The calculation of the CIT surcharge of a taxation year shall be submitted to the State Revenue Service within four months after the term for the submission of the company's annual report for the pre-taxation year.
 - ! The amount of the CIT surcharge of a taxation year is reduced by the CIT paid for the profits distributed in dividends (except for extraordinary dividends) in the taxation year until the CIT surcharge calculation.
 - ! The amount of CIT surcharge already paid is taken into account in the subsequent CIT calculation on profit distribution in dividends (except for extraordinary dividends).
 - ! CIT surcharge calculated for the taxation year must be included in the company's annual report of that taxation year.



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Corporate Income Tax (CIT)

Tax Revenue (million euro, % of GDP)



Source: Ministry of Finance

As of 1 January 2018, a new *Corporate Income Tax Law* came into force as part of the tax reform, which provides that CIT is paid at the time of profit distribution, applying a rate of 20 per cent (in 2017, the general CIT rate was 15 per cent which was applied to the taxable income). As a result, in 2019, CIT tax revenue decreased rapidly and accounted for only **0.5** per cent of total state tax revenue and **0.2** per cent of GDP.



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Compulsory State Social Security Contributions

The **state social insurance system** is based on **two basic principles**:

1. the amount of social insurance services directly depends on the income from which social insurance contributions are calculated;
2. there is solidarity between social insurance contributors and recipients of social insurance services - current costs are financed from current social insurance contributions.



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Compulsory State Social Security Contributions

Tax Base

- Employers' payments to individuals (wage income);
- Business income of self-employed.

*Health insurance is applicable to all employees and self-employed persons who have **actually made the compulsory contributions**, incl. for health insurance, **except** reduced licence fee payers and seasonal agricultural workers income tax payers.*



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Compulsory State Social Security Contributions (SSC)

	2025
SSC general rate, including:	34.09%
Employer rate	23.59%
Employee rate	10.50%
SSC general rate distribution by types of the state social insurance:	
- Pensions	23.91%
- Unemployment	1.60%
- Accidents at work and occupational disease insurance	0.66%
- Disability insurance	2.29%
- Sickness and maternity insurance	3.47%
- Parental insurance	1.16%
- Healthcare financing	1.00%
Maximum object of the SSC, euro per year	105,300
Minimum object of the SSC, euro per year	8,800

- The **rate of the SSC**, if the employee is insured for all types of social insurance, is **34.09 per cent**.
- **1 per cent** of the total rate of SSC is transferred for the financing of health care services.
- Tax rate differs for those taxpayers who are insured for fewer social insurance types (self - employed persons, pensioners and other persons).

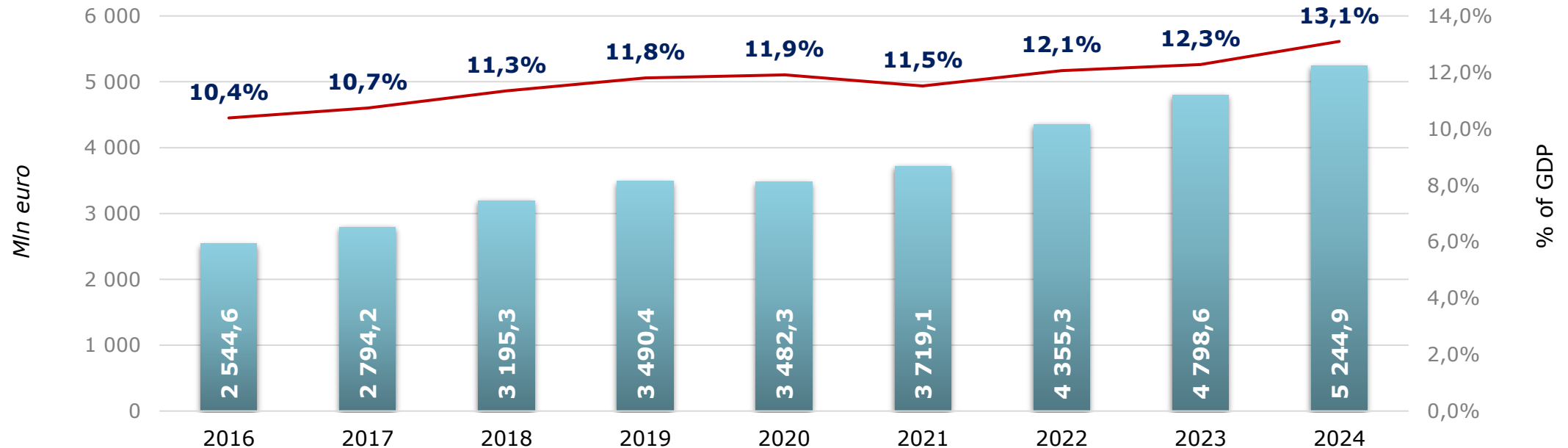
Source: Ministry of Finance



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Compulsory State Social Security Contributions (SSC)

Tax Revenue (*million euro, % of GDP*)



Source: Ministry of Finance

The compulsory state social security contributions have the largest share in total tax revenue. In 2024, the SSC revenue accounted for **36.4 per cent** of the total tax revenue.



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Solidarity Tax

Taxpayers

Taxpayers are employees, employers and self-employed persons.

Tax object

A taxable object is income, which exceeds the maximum amount of the object of the SSC.

From 1 January 2025 the taxable object is income above **105,300 euro per year**.



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Solidarity Tax

The tax is distributed as follows:

Solidarity tax, including:	25%¹
- <i>healthcare financing</i>	1%
- <i>PIT part ²</i>	10%
- <i>payment to the state special budget</i>	14% ³

- 1 The solidarity tax rate is 25 per cent, but in the current year the SSC rate is applied.*
- 2 10 percentage points of the solidarity tax are transferred to the PIT distribution account. This ensures that when the annual income declaration is submitted and the PIT is recalculated by applying the highest PIT rate (33 per cent), the budgeted PIT payable to solidarity taxpayers will be equivalent to the already paid tax part of PIT and solidarity tax.*
- 3 As of 2021, 14 percentage points of the solidarity tax are transferred to the state pension special budget.*

Source: Ministry of Finance

➤ **Taxation period**

Calendar year for which the maximum amount of the object of the SSC is determined by the Law *On State Social Insurance*.

➤ **Tax rate is 25 per cent.**



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Micro-enterprise Tax

The following persons may become a **micro-enterprise taxpayer** if they are not registered as value added tax (VAT) payers:

- an individual merchant;
- an individual enterprise;
- a farm or fish farm;
- a natural person registered with the State Revenue Service as a performer of economic activities;

In order to choose to pay the **micro-enterprise tax** a micro-enterprise shall comply with the following criteria:

- the expected turnover will not exceed the VAT registration threshold (EUR 50,000 in 2025);
- the micro-enterprise is not a registered VAT payer and does not intend to become a registered VAT payer until reaching the VAT registration threshold (if the micro-enterprise becomes or has to become a registered VAT payer, it shall lose the status of micro-enterprise tax payer from the following year);
- at the same time the owner of the micro-enterprise can not pay PIT or the reduced licence fee for income from economic activities*.

* For more information on the restrictions on micro-enterprise tax, see Article 2 of the [Micro-enterprise Tax Law](#).



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Micro-enterprise Tax

The micro-enterprise tax can be applied only to one person – the **owner of micro-enterprise**. If a micro-enterprise has an employee, the employee is taxed and insured as an employee under the general procedure (paying PIT and SSC).

From 2025 a person is entitled to **re-register** as a micro-enterprise taxpayer also in the taxation period (in which he or she has suspended economic activity and payment of micro-enterprise tax) and in the post-taxation period, if in the meantime economic activity has not been performed under another tax regime



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Micro-enterprise Tax

Micro-enterprise tax rate: 25%.

The micro-enterprise tax includes:

- **80 per cent** compulsory social security contributions;
- **20 per cent** personal income tax.

For micro-enterprise tax payers the minimum object of the compulsory social security contributions it is three minimum monthly wages per quarter.

If the object of the compulsory state social security contributions is smaller than the object of the minimum contributions, the micro-enterprise tax payer is obliged to make the minimum compulsory contributions in the amount of **10%** of the difference between the calculated object and the minimum compulsory contribution object to the state pension insurance.



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Real Estate Tax

The **tax base** is the **cadastral value**.

Tax rates:

- land – **1.5 per cent** of the cadastral value;
- buildings used for economic activity, engineering structures – **1.5 per cent** of the cadastral value;
- residential buildings, apartments – **0.2 - 0.6 per cent:**
 - 0.2 per cent of the cadastral value not exceeding 56,915 *euro*;
 - 0.4 per cent of the cadastral value part between 56,915 *euro* and 106,715 *euro*;
 - 0.6 per cent of the cadastral value part exceeding 106,715 *euro*.



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Real Estate Tax

- An additional 1.5 per cent tax rate is applicable for uncultivated agricultural land, excluding land that has an area less than one hectare or for which restrictions on agricultural activities have been laid down in laws and regulations.
- A 3 per cent tax rate is applicable for collapsed constructions, constructions degrading the environment or threatening the safety of individuals, if it is determined by the municipality in its binding regulations.
- The minimum tax payment for each taxpayer in each local government shall be 7 *euro*.
- Local governments are entitled (by adopting binding regulations) to determine tax rates from 0.2 per cent to 3 per cent. Tax rate exceeding 1.5 per cent shall be determined by local governments only in the case, if the immovable property is not maintained in accordance with the procedures laid down in laws and regulations.



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Real Estate Tax

Reliefs

The Law on *Immovable property tax* provides the following reliefs:

- for politically repressed persons (for land and residential property), if the immovable property is not used for economic activities – **50 per cent**;
- for deprived persons – **90 per cent**;
- for persons with low income – up to **90 per cent**;
- for large families (with 3 and more children) for a residential building or apartment they own and the corresponding land – **50 per cent, but not more than 500 euro**.

*Local governments may issue binding regulations which provide reliefs for separate categories of taxpayers (specific groups of population – pensioners, disabled persons, performers of economic activities etc.) – in the amount of **25, 50, 75 or 90 per cent** from the calculated real estate tax.*

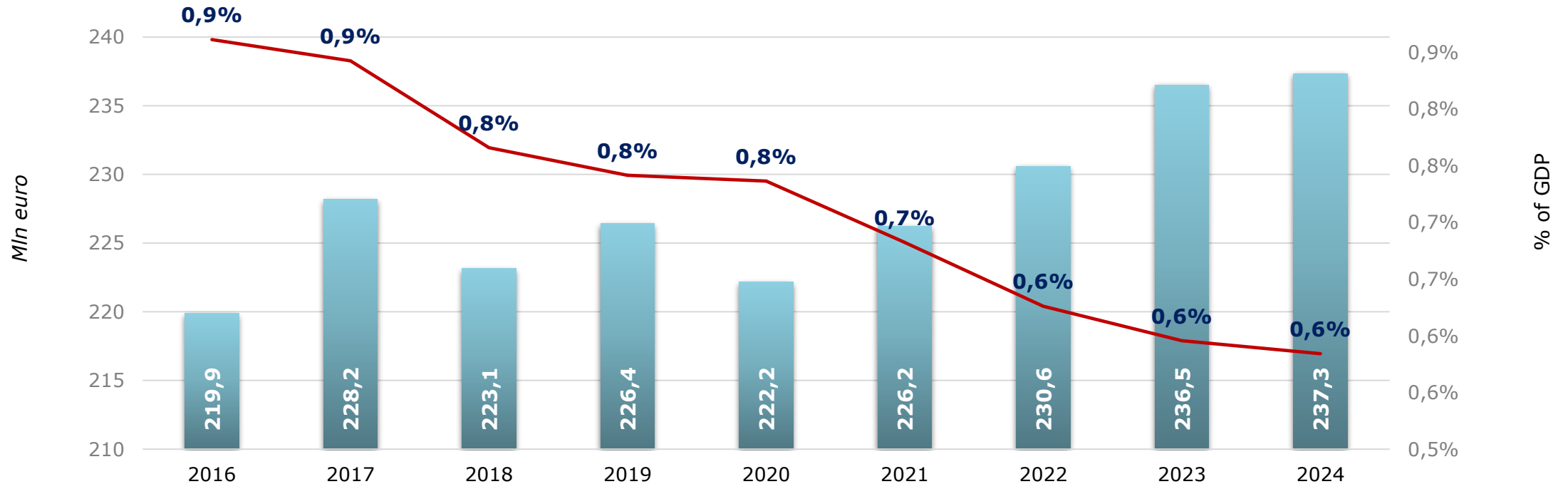
For more information, visit the website of [the Ministry of Finance](#) and [the State Revenue Service](#), as well as the binding regulations of the local governments.



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Real Estate Tax

Tax Revenue (million euro, % of GDP)



Source: Ministry of Finance

Real estate tax revenue in 2024 accounted for **0.6** per cent of GDP and **1.6** per cent of the total tax revenue. In Latvia the real estate tax revenue is an important source for local governments.



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Solidarity contributions

Terminated from 2025 till 2027

Contributors

Credit institutions registered in Latvia and branches of credit institutions of other countries in Latvia

Contribution base

The share of the solidarity contribution payer's net interest income in the calendar year that exceeds the average annual net interest income calculated for five financial years (2018-2022) by more than 50%.

Contribution rate

60% of the solidarity contribution base.

Payment period

Calendar year (with quarterly advance payments).

Contribution rebate

25% - 100% if the amount of the credit institution's lending is significantly increased during the period of payment of the solidarity contribution. The amount of the rebate depends on the increase in lending in the reference year compared to the previous year.



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3. Indirect Taxes



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Value Added Tax (VAT)

Taxpayer

A person who independently performs any economic activity in any place regardless of the purpose or result of this activity.

An inland VAT payer registration in the State revenue service (SRS) VAT register:

- Pre-VAT payer:
 - carries out transactions subject to VAT;
 - receives services domestically, the place of supply of which is determined in accordance with Section 19, Part One of the VAT Law;
 - provides services whose place of provision, in accordance with Section 19, Part One of the VAT Law, is another Member State and for which the recipient of the services is liable for payment of VAT;
- has the right to register for a specified period of time, which it shall specify in the application for registration;
- has the right not to register if the total value of its domestic supplies of goods and services, excluding VAT, does not exceed 50,000 *euro* in a calendar year. If the registration threshold is exceeded by no more than 5,000 *euro* in a calendar year, the domestic VAT payer is entitled to postpone registration in the SRS VAT register until the end of the calendar year. A domestic VAT taxable person shall be entitled not to register and to defer registration in the SRS VAT register in accordance with Article 59 of the VAT Law;
- if the total value (excl. VAT) of purchased goods within the EU in the current calendar year reaches or exceeds 10,000 *euro*.

The standard **VAT rate** is **21 per cent** and two reduced VAT rates are in force - **12 per cent** and **5 per cent**, as well as a **0%** VAT rate in accordance with Articles 43 - 50 of the VAT Law, subject to the restrictions set out in Article 51.



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Value Added Tax (VAT)

Reduced VAT rate 12%

- medicine and medical devices in accordance with the conditions laid down in the VAT Law;
- specialized foods for infants;
- fresh fruits, berries and vegetables;
- public transport;
- accommodation services in tourist accommodation sites;
- supplies of thermal energy for domestic needs;
- supplies of firewood for domestic needs.

Reduced VAT rate 5%

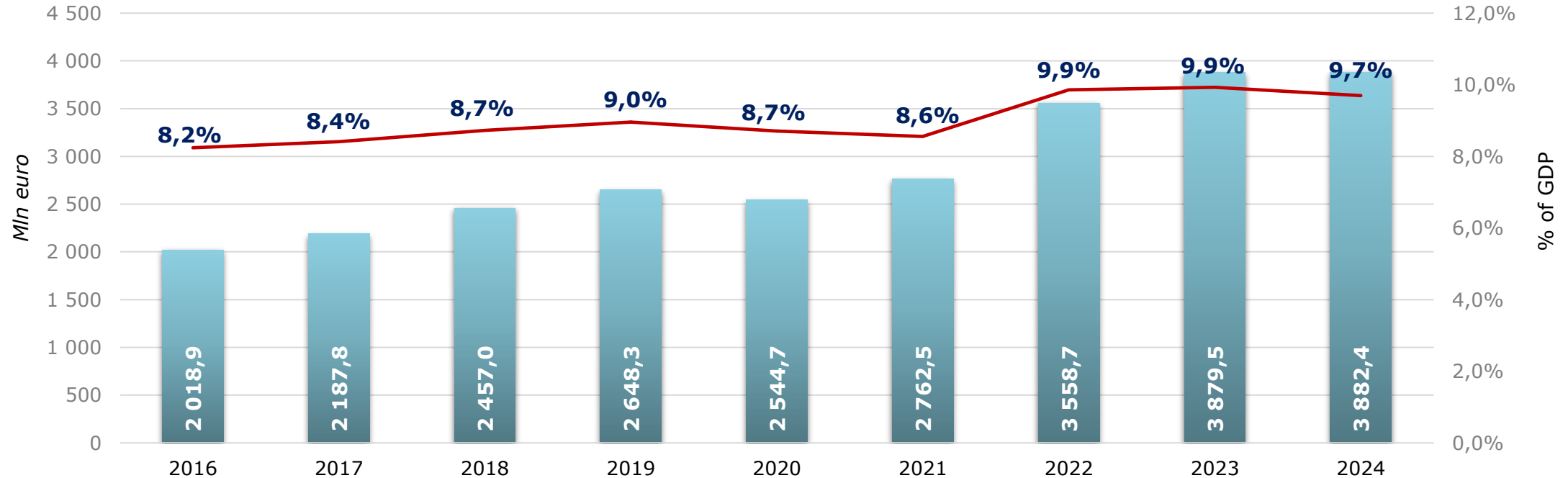
- books, publications of the press and other mass media (including newspapers, magazines, newsletters and other periodicals, information agency notices), including online or for downloading.



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Value Added Tax (VAT)

Tax Revenue (*million euro, % of GDP*)



Source: Ministry of Finance

VAT revenue is the second largest contributor to the total tax revenue.
In 2024 VAT revenue accounted for **27.0** per cent of total tax revenue and **9.7** per cent of GDP.



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Excise Duty

Excise duty is a specific **consumption tax** applied to certain groups of consumer goods produced or imported, or brought into the country.

The **aim of the excise duty** is to limit the consumption of goods that are harmful to the environment and human health, as well as to provide revenue to the state budget.

Excise duty shall be **applied to** alcoholic beverages, tobacco products, tobacco leaves, heated tobacco, oil products, natural gas, coffee and non-alcoholic beverages (except natural juices and mineral water), liquid used in electronic smoking devices, ingredients for the preparation of liquid used in electronic smoking devices and tobacco substitute products.



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Excise Duty Rates for Alcoholic Beverages*

	From 1st March 2024	From 1st March 2025
Beer, euro per % vol. of absolute alcohol, per 100 litres	9.0	9.8
The minimum rate on beer, euro per 100 litres	16.7	18.1
Wine, euro per 100 litres	122	134
Fermented beverage, euro per 100 litres		
- absolute alcohol content < 6% vol.	70	77
- absolute alcohol content > 6% vol.	122	134
Intermediate Product, euro per 100 litres		
- Up to alcohol 15% vol.	122	159
- 15 to 22 alcoholic % vol.	203	264
Other (strong) alcohol, euro per 100 litres of absolute alcohol	1,862	1955

Source: Ministry of Finance

* Reduced rates of excise duty for medium-sized and small producers of the relevant alcoholic beverages (50% of the standard rate) are in force



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Excise Duty Rates for Tobacco Products and similar products by purpose of use

Cigarettes	
- Specific excise, <i>euro per 1,000 items</i>	131.6
- Ad valorem (% of the maximum retail price (MRP))	15%
- The minimum rate, <i>euro per 1,000 items</i>	171.9
Cigars and cigarillos, <i>euro per 1,000 items</i>	202.7
Smoking tobacco (finely sliced) <i>euro per 1 kg</i>	116.3
Tobacco leaves, <i>euro per 1 kg</i>	116.3
Heated tobacco, <i>euro per 1 kg</i>	276
Liquid and its components used in electronic smoking devices, <i>euro per 1 millilitre</i>	0.29
Tobacco substitutes, <i>euro per 1 kg</i>	151.8

Source: Ministry of Finance



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Excise Duty Rates for Oil Products

Unleaded petrol, euro per 1,000 litres	532
Petrol and ethyl alcohol blend 70-85 per cent by volume, euro per 1,000 litres	360
Leaded petrol, euro per 1,000 litres	617
Gas oil/diesel fuel/, euro per 1,000 litres	440,5
Liquefied Petroleum Gases (LPG), euro per 1,000 kg	314
Kerosene, euro per 1,000 litres	439
Heavy fuel oil, euro per 1,000 kg	16.75
Diesel fuel, heavy fuel oil and kerosene used for heating, euro per 1,000 litres	108.5
Labelled gas oil used in agriculture¹, euro per 1,000 litres (15% of the standard rate for diesel fuel)	66.08
Diesel fuel, heavy fuel oil and kerosene used in free ports and special economic zones, euro per 1,000 litres	236
Biodiesel used as fuel, euro par 1000 litriem	330
Biodiesel used for heating, euro par 1000 litriem	21
Liquefied Petroleum Gases (LPG) used for heating, euro par 1000 kg	44

Source: Ministry of Finance

¹ Labelled (marked) diesel fuel (gas oil), used for producing agricultural products, cultivating agricultural land and cultivating forest or marshland where cranberries or blueberries are cultivated, as well cultivating land under fishing ponds



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Excise Duty Rates for Natural Gas, Coffee and Non-alcoholic Beverages

Natural gas, euro per MWh (by highest calorific value), used:	
- as propellant	3.63
- as propellant , if the natural gas trader has reached the <i>de minimis</i> threshold for State aid	9.64
- as heating	3.80
- as heating , if the end-user is a participant in the EU Emissions Trading Scheme	2.08
- as heating in industrial manufacturing processes and other processes related to manufacturing	2.57
- as heating for heat supply of agricultural land covered areas (greenhouses), industrial poultry sheds (barns) and hatcheries, and for operating technological equipment for the primary processing of agricultural raw materials	0.85

- The excise duty rate **for coffee** is **142.29** euro per 100 kilograms.
- The excise duty rate for **non-alcoholic beverages** with a sugar content up to 8 grams (excluding) per 100 ml is **7.40** euro per 100 liters, whereas with a sugar content of 8 grams and more per 100 ml as of 1 January 2025 the excise duty rate is **21.0** euro per 100 liters.
- As of 1 January 2025 the excise duty rate on energy drinks, irrespective of their sugar content, is **21.0** euro per 100 liters.

Source: Ministry of Finance

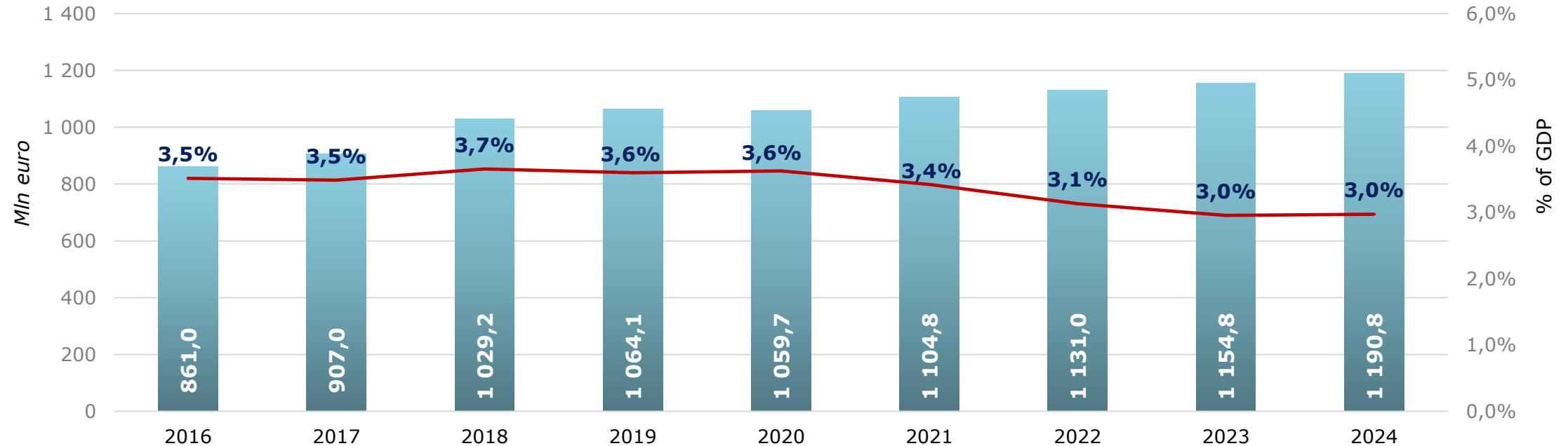
For more information, visit the website of [the Ministry of Finance](#) and [the State Revenue Service](#).



Ministry of Finance
Republic of Latvia

Excise Duty

Tax Revenue (*million euro, % of GDP*)



Source: Ministry of Finance

*Excise duty is an important source of state budget revenue, in 2024 excise duty revenue accounted for **8.3** per cent of the total tax revenue and **3.0** per cent of GDP.*



Ministry of Finance
Republic of Latvia

Vehicle Operation Tax (VOT)

Tax object:

all vehicles, with the exception of tractor-type machinery, the trailers and semi-trailers of cars whose gross weight does not exceed 3,500 kilograms, trams, trolleybuses, off-the-road vehicles, snow motorcycles, mopeds and bicycles.

Taxpayer is:

- a person who owns, holds or is in possession of a taxable vehicle in Latvia;
- a person in whose possession a taxable vehicle is issued transit number plates in Latvia;
- a person whose declared place of residence is in Latvia and who uses a M1 and N1 category car registered abroad for participation in road traffic in Latvia.



Ministry of Finance
Republic of Latvia

Vehicle Operation Tax (VOT) for passenger cars registered after 31 December 2008

The VOT rate is applied depending on the amount of carbon dioxide (CO₂) emissions generated by the vehicle in grams (g) per one kilometer (km).

CO ₂ emissions (g) per 1 km	Rate, euro ¹	Rate, euro ²
Up to 50	0.0	0.0
Between 51 and 95	15.0	12.0
Between 96 and 115	54.0	39.0
Between 116 and 130	93.0	72.0
Between 131 and 155	132.0	99.0
Between 156 and 175	159.0	126.0
Between 176 and 200	186.0	147.0
Between 201 and 225	237.0	186.0
Between 226 and 250	291.0	225.0
Between 251 and 275	369.0	285.0
Between 276 and 300	450.0	351.0
Between 301 and 350	609.0	471.0
Between 351 and 400	831.0	642.0
Above 401		834.0

¹ This rate is set for passenger cars (with internal combustion engine) registered for the **first time after 31 December 2008** or cargo vehicles with the gross weight of up to 3,500 kg, which were registered for the first time **after 31 December 2011** (CO₂ emissions determined according to NEDC test method)

² This rate is set for passenger cars (with internal combustion engine) and cargo vehicles with the gross weight of up to 3,500 kg registered for the **first time after 31 December 2020** (CO₂ emissions determined according to the WLTP test method)



Ministry of Finance
Republic of Latvia

Vehicle Operation Tax for passenger cars older than 2009

- For passenger cars registered **before 31 December 2004**, the tax is calculated on the basis of the gross vehicle weight;
- For passenger cars registered **between 1 January 2005 and 31 December 2008**, the tax is calculated on the basis of the gross vehicle weight, the engine capacity and the maximum engine power.

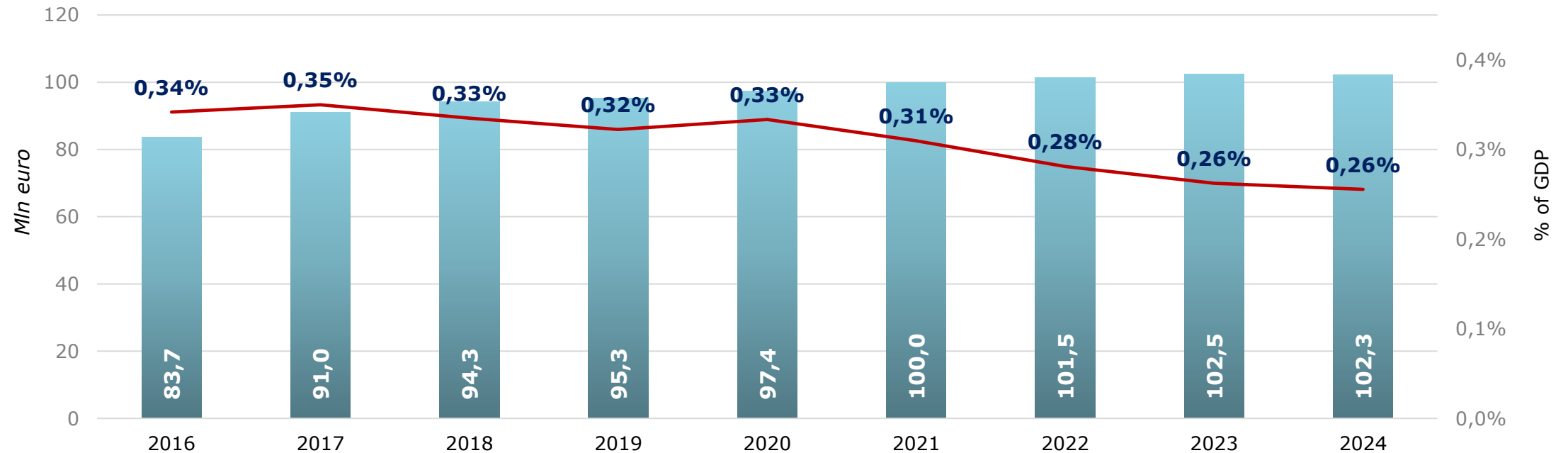
For more information, visit the website of [the Ministry of Finance](#), [the State Revenue Service](#) and [the Road traffic safety directorate](#).



Ministry of Finance
Republic of Latvia

Vehicle Operation Tax (VOT)

Tax Revenue (*million euro, % of GDP*)



Source: Ministry of Finance

In 2024, the share of vehicle operation tax revenue in total tax revenue was **0.7** per cent and the share in GDP **0.26** per cent.



Ministry of Finance
Republic of Latvia

Company Car Tax

Tax base

A car owned or kept by a company used for:

- the transportation of passengers and their luggage with the number of seats not exceeding eight seats excluding the driver's seat and which has been registered as a light passenger car or car for personal use;
- freight cars with a full mass not exceeding 3,000 kilograms, which is registered as a lorry and has more than three seats (including the driver's seat).

Taxation period

Calendar year



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Republic of Latvia

Company Car Tax

Vehicle	<i>Rate, euro per month</i>
Electric cars (cars with electric engines)	15.0
Hybrid cars (car with internal combustion engine and electric power)	25.0
Vehicle registered for the first time <u>before</u> January 1, 2009	60.0
Vehicle registered for the first time <u>after</u> January 1, 2009 with maximum engine power:	
➤ Up to 110 kW	33.0
➤ Between 111 and 130 kW	0.3 for each kW
➤ Between 131 and 150 kW	0.35 for each kW
➤ Between 151 and 200 kW	0.5 for each kW
➤ Above 200 kW	0.7 for each kW

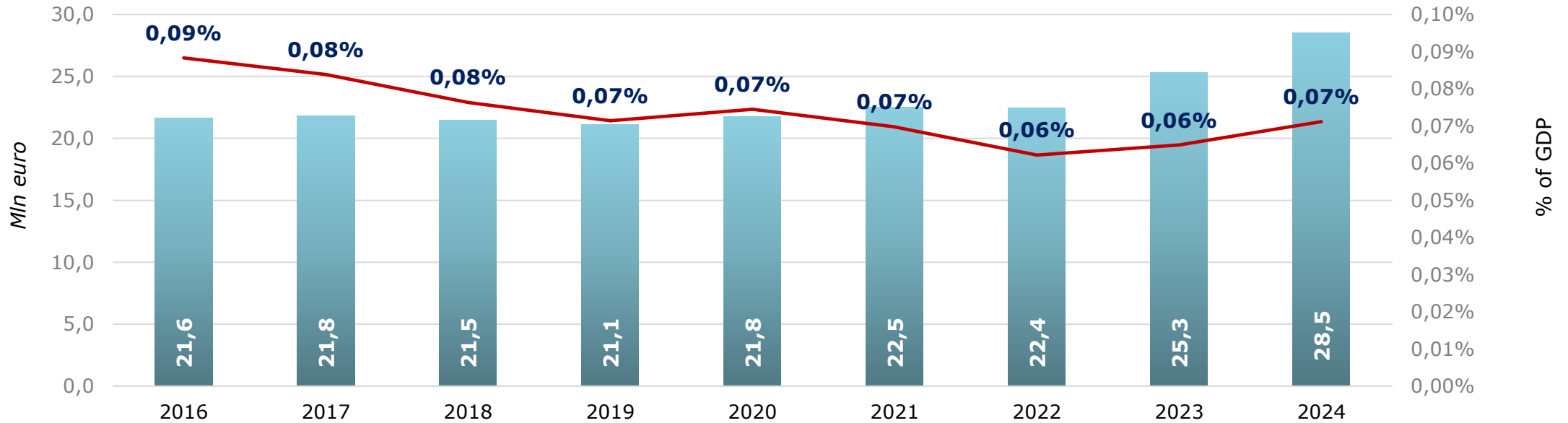
Source: Ministry of Finance



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Republic of Latvia

Company Car Tax

Tax Revenue (*million euro, % of GDP*)



Source: Ministry of Finance

*In 2024, the share of company car tax revenue in total tax revenue was **0.2** per cent, while the share in GDP was only **0.07** per cent.*



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Electricity Tax

Tax base

- Electrical energy supplied to the end consumer;
- Electrical energy supplied for own consumption.

Tax rate

1.01 euro per megawatt hour

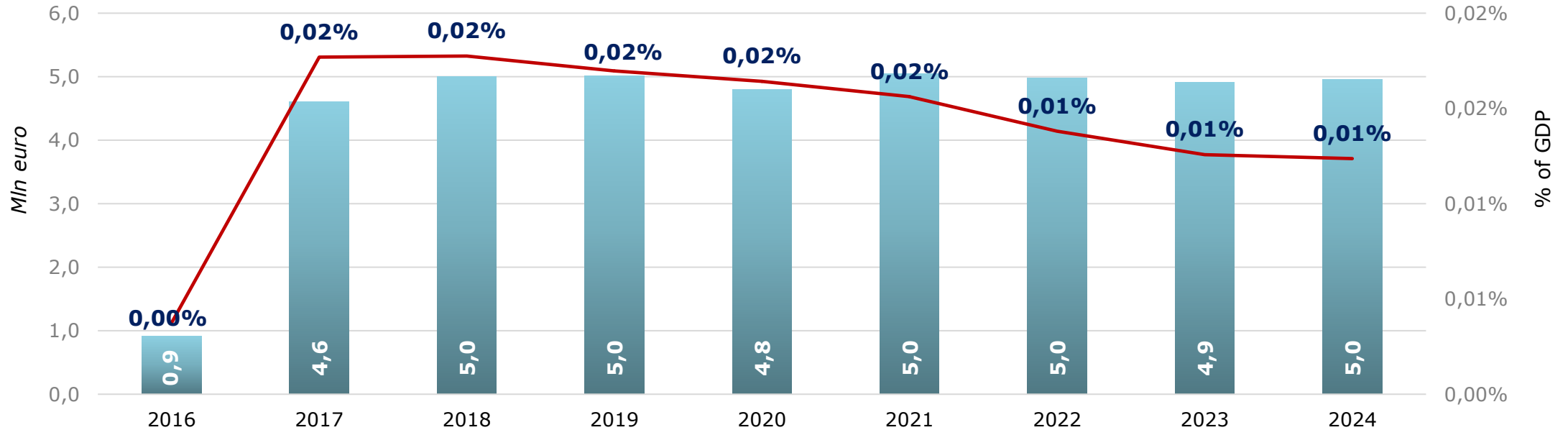
Taxation period

One calendar month



Electricity Tax

Tax Revenue (*million euro, % of GDP*)



The share of electricity tax revenue in total tax revenue is relatively small. In 2024, electricity tax revenue was 5.0 million euro, which is **0.01** per cent of GDP

Source: Ministry of Finance



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Customs duty

Customs duty is a foreign trade instrument that protects the internal market of the European Union (EU). In Latvia, the customs duty uniformly determined in the EU is applied.

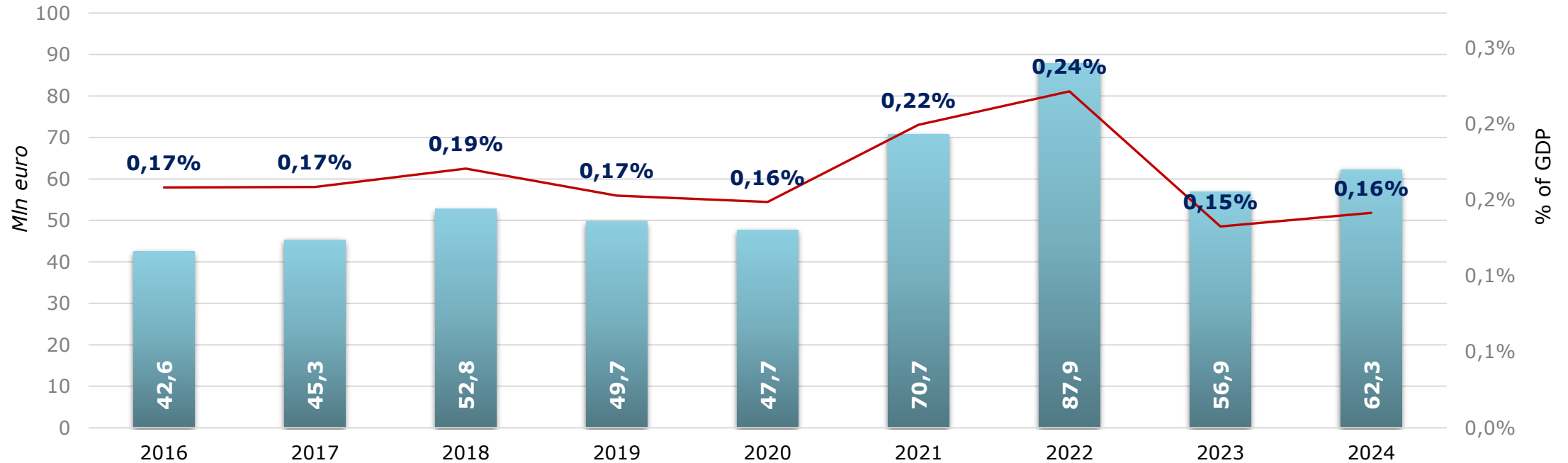
75% of the collected customs duty is credited to the EU budget as traditional own resources, while **25%** remain in the state budget.



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Republic of Latvia

Customs duty

Tax revenue (*mln. euro, % of GDP*)



Source: Ministry of Finance

In 2024 the customs duty revenue accounted for 62.3 mln. euro, which is **0.43%** of the total tax revenue and **0.16%** of GDP.



Ministry of Finance
Republic of Latvia

4. Other Taxes



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Republic of Latvia

Natural Resources Tax

The purpose of the natural resources tax is to promote economically efficient use of natural resources, restrict pollution of the environment, reduce manufacturing and sale of environment polluting substances, promote implementation of new, environment-friendly technologies, support sustainable development in the economy, as well as to ensure environmental protection measures financially.

The natural resources tax is **applied to**:

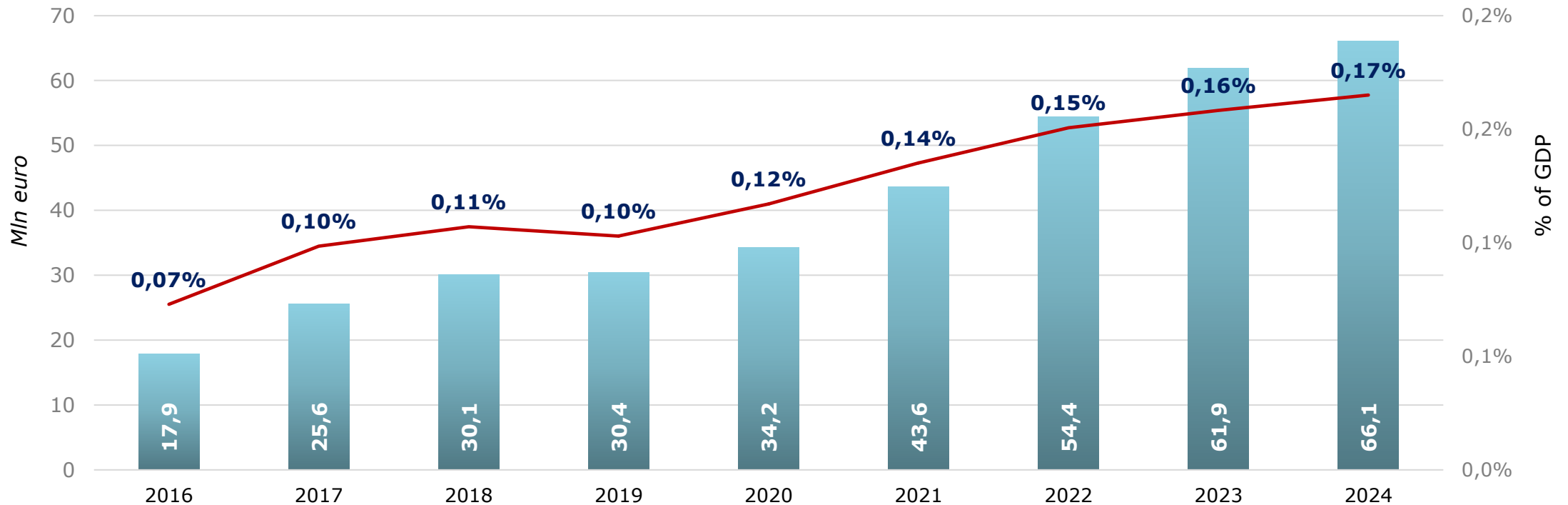
- extraction of natural resources;
- environmental pollution;
- waste disposal, incineration ;
- on the use of goods harmful to the environment;
- packaging and disposable tableware;
- radioactive material;
- the use of coal, coke and lignite;
- use of the useful properties of subterranean depths;
- vehicles to which the Management of End-of-Life Vehicles Law is applicable;
- fireworks;
- tyres;
- textiles;
- single-use articles containing plastics and fishing gear containing plastics.



Ministry of Finance
Republic of Latvia

Natural Resources Tax

Tax Revenue (*million euro, % of GDP*)



Source: Ministry of Finance

In 2024 the natural resources tax revenue accounted for 66.1 mln. euro, which is **0.5** per cent of total tax revenue and **0.17** per cent of GDP.



Ministry of Finance
Republic of Latvia

Lottery and Gambling Tax

The lottery and gambling tax shall **be paid by** capital companies which have received a special authorization (license) at the Lotteries and Gambling Supervisory Inspection for the organisation of lotteries or necessary licenses for the organisation of relevant gambling.



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Lottery and Gambling Tax rates

	2025
Gambling tax rates	
- Roulette (cylindrical game), <i>euro per year per table</i>	33,696
- Card and dice game, <i>euro per year per table</i>	33,696
- Video games and mechanical machines, <i>euro per year for each gaming place of each machine</i>	6,204
- Game of chance via the telephone, <i>% of income from the organisation</i>	15%
- Betting, <i>% of income from the organisation</i>	15%
- Bingo, <i>% of income from the organisation</i>	10%
- Gambling organised via telecommunications, <i>% of income from the organisation</i>	12%
Lottery tax on lotteries and instant lotteries rates, % of ticket sales revenue	
- If the lottery (also instant win game) prize fund is up to 60% of the ticket sales revenue, then the taxable object is the ticket sales revenue	15%
- If the lottery (also instant win game) prize fund exceeds 60% of the ticket sales revenue, then the taxable object is the ticket sales revenue from which the winnings calculated for disbursement have been deducted	15%
- The tax base of the interactive lottery (money, property, numerical games and instant win game) is the ticket sales revenue, from which the paid winnings have been deducted	15%

Source: [Law On Lotteries and Gambling Fee and Tax](#)

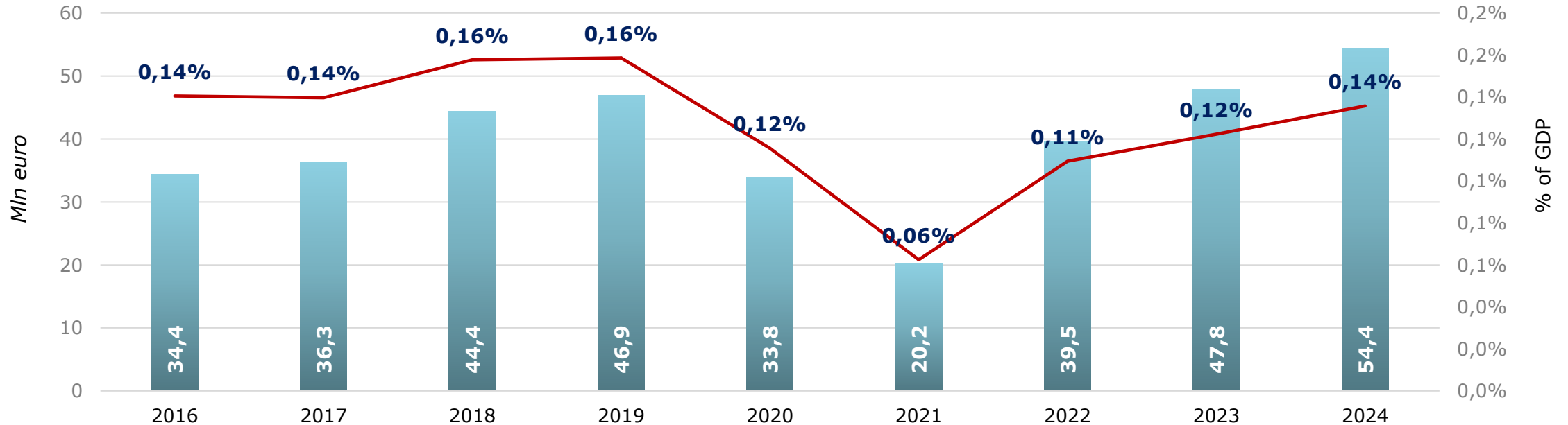
2025



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Lottery and Gambling Tax

Tax Revenue (million euro, % of GDP)



Source: Ministry of Finance

The lottery and gambling tax revenue in 2024 amounted for 54.4 mln euro, which is **0.4** per cent of total tax revenue and **0.14** per cent of GDP.



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