


Personal Income Tax

Published: 19.10.2022.

Filing the annual tax return 



NON-TAXABLE MINIMUM

The non-taxable minimum is applied by the employer holding the employee's tax booklet. The differentiated non-taxable minimum is calculated by submitting an annual tax return.

The annual differentiated non-taxable minimum does not apply to non-taxable income as specified by law¹, except for pension income and income from micro-enterprise and patent fees.

Annual non-taxable minimum on pensions is EUR 3 600. If the pension is granted after the beginning of the tax year, the non-taxable minimum is applied proportionally.

ELIGIBLE DEDUCTIONS

education, including extra-curricular activities (clubs, sport school, music school, etc.)

medical bills and health insurance payments to insurance companies

donations and gifts to charitable organisation and Latvian political parties

private pension fund payments

life insurance saving fund premium payments

(!) Please note – the total amount of eligible deductions for education, medical services, donations and gifts may not exceed EUR 600 per year, but not more than 50% of annual taxable income. Eligible expenses for family members include expenses for education and medical treatment only in the amount of EUR 600 per family member.

To declare dependants who are living abroad, the taxpayer must apply to SRS for a tax booklet and declare the dependant children.

If the SRS does not have information confirming the taxpayer's right to tax relief for dependant children, the person must submit a copy of documents proving that the person is the mother or father of children abroad or copies of childrens' passports or other documents indicating birth data, as well as confirmation from the foreign tax administration that the person is not already receiving similar benefits for these children from the country of residence.

The tax administration of each individual country determines the procedure and form in which information and certifications are issued to taxpayers.

¹ Law On Personal Income Tax, Section 9

The personal annual income declaration with documents enclosed thereto, which certify eligible expenditure, is submitted using the [SRS EDS](#), i.e., in electronic form (Handbook on submission of a declaration via EDS^[1]). The documents (copies) to be enclosed to the annual income declaration are to be sent electronically by adding them in the form of files as photographs (by previously photographing the supporting documents and downloading them to a computer), or as scanned documents, or submitted personally at a SRS customer service [centre](#), or sent by post.

 [Handbook on submission of a declaration via EDS](#) 

In order to ensure a more convenient and simple electronic submission of the annual income declaration by using the EDS, the SRS has developed an electronic form of the annual income declaration form where the taxpayer's information at the SRS disposal is generated automatically. The electronic annual income declaration form in the EDS is a substantial time-saver for taxpayers, since it will generate automatically the data regarding the taxpayer's income, non-taxable income, information from credit institutions regarding payments to pension funds, information from insurance companies regarding payments for life insurance services, as well as eligible expenditure for education and therapeutic services carried over from the previous years.

In order to help the taxpayer understand which columns and annexes to the annual income declaration must be completed, the electronic annual income declaration form has an integrated wizard or help: prior to the completion of the declaration the system asks the user to answer several questions, and, on the basis of the answers provided, the user is offered to complete only those annexes and columns of the annual income declaration which relate to the respective user.

[1] Information available in Latvian

Annual income declaration form



The annual income declaration form consists of Declaration D and annexes thereto:

Annex D1 "Income in the Republic of Latvia during the taxation year";

Annex D1¹ "Income gained during the taxation year, for which the annual differentiated non-taxable minimum and reliefs are not applied";

Annex D2 "Income of a natural person (resident) abroad";

Annex D2¹ "Income of a natural person (seafarer) who is employed (is in employment relations) on an international transportation ship";

Annex D3 "Income from economic activity";

Annex D3¹ "Income from economic activity if the taxpayer keeps accounts according to the double entry system";

Annex D4 "Eligible expenditure for education and therapeutic services";

If the taxpayer has been in paid employment and he or she has had eligible expenditure for education or therapeutic services, rows 06 and/or 07 of Declaration D, as well as Annex D4 must be completed.

The payer completes Declaration D and annexes thereto, which apply to the payer. It should be noted that a separate annex form to Declaration D4 must be completed for the taxpayer and each of his or her family members.

What documents must be submitted and where in order to receive the overpaid personal income tax?



In order to receive refund for eligible expenditure, the personal annual income declaration with documents enclosed thereto, which certify eligible expenditure, is submitted using the SRS EDS, i.e., in electronic form (see section [Private persons/Electronic Declaration System^{\[1\]}](#) on the SRS website). The documents (copies) to be enclosed to the annual income declaration are to be sent electronically by adding them in the form of files as photographs (by previously photographing the supporting documents and downloading them to a computer), or as scanned documents, or submitted personally at a SRS customer service centre, or sent by post.

The overpaid personal income tax (eligible expenditure) may be justified by the following supporting documents:

a cashier's check, if the payment was made in cash, using a payment card or other proof of payment, and if the cashier's check specifies, in addition to the mandatory details to be included, the name, surname and personal identity number of the natural person or his or her family member;

a cashier's check and a receipt prepared in addition to the cashier's check, if the name, surname and personal identity number of the natural person or his or her family member is not specified in the cashier's check. The receipt prepared in addition to the cashier's check must specify all the mandatory details to be included in a supporting document, as well as the number and date of the cashier's check and the name, surname and personal identity number of the natural person or his or her family member;

a numbered receipt which has been registered in the SRS, if the service payment was made in cash and the service provider can prove the payment received with a numbered receipt registered in the SRS (for example, an insurance intermediary who has received a payment for services provided at a permanent place of activity [structural unit]);

a cash income order, if the service payment was made in cash at an institution which is able to prove the payment

received for the service by a cash income order (for example, insurance companies for the services provided);

an approved payment order or account statement, if the service payment was made by a bank transfer (for example, by using Internet banking services) or by paying a cash amount to the service provider's (for example, education or medical treatment institution's) account opened with a credit institution. In this case, the payment order or account statement must specify the name, surname and personal identity number of the natural person or his or her family member.

Upon submitting the annual income declaration, a natural person must specify his/her current account with a credit institution, to which the SRS will transfer overpayment within three months.

The payer who wants to receive a tax repayment should note that, if necessary for the purposes of establishing the justification of the tax repayment, officers of the SRS are entitled to request other supporting documents (contracts concluded, invoices received, statements, etc.) in addition to those already submitted.

When declaring payments made into a private pension fund or insurance premium payments made, it is not necessary to submit supporting documents for the above-mentioned payments or to submit the statement regarding the life insurance contract (with savings of funds) concluded by the natural person and insurance payments made pursuant thereto, if the private pension fund or the insurance company has concluded a contract with the SRS for sending information in electronic form and has sent the necessary information.

In turn, if insurance premium payments (with savings of funds) are made in an insurance company registered in another European Union Member State or a country of the European Economic Area, or a member country of the Organisation of Economic Co-operation and Development, in order to certify eligible expenditure made during the taxation year, upon submitting the annual income declaration, both the copies of source documents and a statement, which certifies that the life insurance contract (with savings of funds) signed by a natural person (purchased policy) complies with requirements set forth in Section 10 Paragraph one Clause 6 of the Law On Personal Income Tax and which specifies the validity period of the insurance contract, an insured person (given name, surname, personal identity number) and the amount of insurance premiums paid during the taxation year and the distribution of the insurance premium amount by years, are enclosed thereto.

The annual income declaration is prepared on the basis of:

statement on amounts paid to a natural person (issued by an employer or payer of income);

statement on sickness benefits in accordance with Sick-Leave Certificate B (to be issued by the State Social Insurance Agency);

statement on pension (issued by the State Social Insurance Agency).

A repayment of personal income tax for eligible expenditure may be received if the resident has been employed and has paid the personal income tax.

The taxpayer has the right to adjust the already submitted annual income declaration, for which repayment has already been received, within three years, if, for example, additional receipts were found.

If the annual income declaration, in which there was eligible expenditure, must be adjusted, upon submitting an annual income declaration in the EDS, it shall be completed anew, including also receipts which were found later, and the adjusted annual income declaration shall be submitted.

As an annual norm is set for eligible expenditure, the amounts of expenses exceeding this norm are transferred to the upcoming year/s. If the taxpayer submits a declaration in the EDS, the EDS calculates automatically eligible expenditure to be transferred to future taxation periods in the box of eligible expenditure of Annex D4.

[1] Information available in Latvian

Methodological Material

 [On Dispute Resolution under a Mutual Agreement Procedure with Non-EU Countries](#) 

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<https://www.vid.gov.lv/en/personal-income-tax>