

# Subsidised Electricity Tax

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Subsidised electricity tax (hereinafter referred to as the 'tax') was applied to taxable income gained within the period from 1 January 2014 to 31 December 2017 for electricity sold within the framework of mandatory procurement, income from the guaranteed payment for the installed electric capacity at a cogeneration power station or power station, as well as income gained by producers, which received equal rights in accordance with laws and regulations applicable before the entry into force of the Electricity Tax Law.

Tax objects, its payers, rates, as well as tax administration and estimation procedures are determined in the [Subsidised Electricity Tax Law](#) (the tax was applied within the period from 1 January 2014 to 31 December 2017).

## Subsidised Electricity Tax rates

Rate	Tax base	Taxation period
15%	<p>Applicable to taxable income from:</p> <ol style="list-style-type: none"> <li>1) electricity sold within the framework of mandatory procurement, in the production of which fossil energy resources are used;</li> <li>2) guaranteed fees for the electric capacity installed in co-generation equipment, in which fossil energy resources are used.</li> </ol>	Calendar month
10%	<p>Applicable to taxable income from:</p> <ol style="list-style-type: none"> <li>1) electricity sold within the framework of mandatory procurement, in the production of which renewable energy resources are used;</li> <li>2) guaranteed fees for the capacity installed in electricity production equipment, in which renewable energy resources are used;</li> <li>3) guaranteed fees for the electric capacity installed in power co-generation equipment, in which renewable energy resources are used.</li> </ol>	Calendar month

5 %	<p>Applicable to taxable income from the electricity sold within the framework of mandatory procurement, if the following criteria are fulfilled at the same time:</p> <p>1) electricity is produced at high-performance co-generation plants with the installed electric capacity, which does not exceed 4 MW in natural gas co-generation plants, or without the limitation of the installed electric capacity in the co-generation plants of renewable resources;</p> <p>2) the taxpayer sells at least 70 per cent of the heat energy produced as a result of co-generation process as a heat supply transmission or distribution merchant licensed by the Public Utilities Commission (hereinafter referred to as the regulator) within the period of one year or transfers it to other heat supply transmission or distribution merchant licensed by the regulator or local government, which provides centralised heat supply services.</p>
5 %	<p>Applicable to taxable income from the electricity sold within the framework of mandatory procurement, if the following criteria are fulfilled at the same time:</p> <p>1) electricity is produced at high-performance co-generation plants with the installed electric capacity, which does not exceed 4 MW;</p> <p>2) at least 30 per cent of by-products of animal origin or derived products are used to produce electricity;</p> <p>3) at least 70 per cent of the total raw materials have been ensured by the taxpayer or it has purchased necessary raw materials from the manufacturer, which owns at least 50 per cent of taxpayer's capital shares;</p> <p>4) the taxpayer uses the produced heat energy to manufacture its products or sells it to the manufacturer, which is considered to be an associated person in relation to the taxpayer for the purpose of <a href="#">Section 1</a>, Clause 18, Sub-clauses "a", "b", "c", "d" or "e" of the Law <a href="#">On Taxes and Duties</a> and which uses it to manufacture its products.</p>
5 %	<p>Applicable to taxable income from the electricity sold within the framework of mandatory procurement, if the following criteria are fulfilled at the same time:</p> <p>1) electricity is produced at high-performance co-generation plants with the installed electric capacity, which does not exceed 4 MW;</p> <p>2) electricity is produced from wood biomass;</p> <p>3) the taxpayer uses at least 70 per cent of the heat energy produced as a result of co-generation process, which remains after the energy is consumed by the main energy-producing or transforming equipment, to manufacture its products or sells it to the manufacturer, which is considered to be an associated person in relation to the taxpayer for the purpose of <a href="#">Section 1</a>, Clause 18, Sub-clauses "a", "b", "c", "d" or "e" of the Law <a href="#">On Taxes and Duties</a> and which uses it to manufacture its products.</p>

5 %	<p>Applicable to taxable income from the electricity sold within the framework of mandatory procurement, if the following criteria are fulfilled at the same time:</p> <ol style="list-style-type: none"><li>1) electricity is produced at high-performance co-generation plants with the installed electric capacity, which does not exceed 4 MW in natural gas co-generation plants, or without the limitation of the installed electric capacity in the co-generation plants of renewable resources;</li><li>2) electricity is produced from fossil energy resources (natural gas) or biogas;</li><li>3) the taxpayer uses at least 70 per cent of the heat energy produced as a result of co-generation process, which remains after the energy is consumed by the main energy-producing or transforming equipment, to ensure the process of plant vegetation in covered areas, the total area of which is at least 5000 square metres, or supplies it to the manufacturer, which is considered to be an associated person in relation to the taxpayer for the purpose of Section 1, Clause 18, Sub-clauses "a", "b", "c", "d" or "e" of the Law On Taxes and Duties and which uses the produced heat energy to ensure the process of plant vegetation in covered areas, the total area of which is at least 5000 square metres.</li></ol>	
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Subsidised Electricity Law (adopted on 6 November 2013)

<https://www.vid.gov.lv/en/subsidised-electricity-tax>