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

7 April 2020 [shall come into force from 8 April 2020];

23 April 2020 [shall come into force from 24 April 2020];

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

7 May 2020 [shall come into force from 9 May 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. 179

Adopted 31 March 2020

**Regulations Regarding the Allowance for Idle Time for the Self-employed Persons Affected by the Spread of COVID-19**

*Issued pursuant to*

*Section 2 and Section 14, Paragraph two 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 procedures by which a self-employed person who has been affected by the crisis caused by COVID-19 (hereinafter – the crisis) shall apply for the allowance for idle time, and the procedures by which the allowance for idle time shall be calculated and received.

2. Within the meaning of this Regulation, the allowance for idle time shall be deemed an allowance as defined in Section 14, Paragraph one 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, and it shall not be subject to the personal income tax and mandatory State social insurance contributions.

3. During the period of idle time, the allowance for idle time shall be disbursed to such self-employed person whose economic activity has been affected by the crisis. The period of idle time is a fixed period from 14 March 2020 until 30 June 2020.

[*7 May 2020*]

4. A self-employed person affected by the crisis shall be a natural person who has registered with the State Revenue Service as an enterprise, has made the mandatory State social insurance contributions as a self-employed person, or is a recipient of royalties or micro-enterprise taxpayer, or individual merchant, and during the period of idle time has not gained income from economic activities, except for the royalties received by authors and performers and income received from collective management organisations of copyrights or related rights, and also from part-time employment if the income from part-time employment does not exceed the minimum monthly salary specified by the State in 2020.

[*23 April 2020*]

5. In order to apply for the allowance for idle time, a self-employed person shall, by 25 April 2020, submit to the State Revenue Service a submission for the allowance for idle time (hereinafter – the submission) for the time period from 14 March 2020 to 31 March 2020, and thereafter – by the twenty-fifth day of the following month.

6. A self-employed person shall submit the submission through the Electronic Declaration System of the State Revenue Service by indicating the following information:

6.1.  the given name, surname, taxpayer registration code and account opened with a credit institution or payment service provider in Latvia;

6.2. the period of idle time;

6.3. the justification for the occurrence of idle time due to the circumstances caused by the crisis;

6.4. the certification that during the relevant period the self-employed person has not gained income from economic activities, except for the royalties received by authors and performers and the income received from collective management organisations of copyrights or related rights and from part-time employment. The amount of the received remuneration shall be indicated in the certification;

6.5. the certification that the self-employed person is not on leave for the incapacity for work.

[*7 April 2020; 23 April 2020*]

7. The allowance for idle time shall be determined by considering the information at the disposal of the State Revenue Service (data declared by the self-employed person to the State Revenue Service):

7.1. for micro-enterprise taxpayers – in the amount of 50 per cent of the monthly average income from economic activity of a micro-enterprise taxpayer for the last two full quarters of 2019, but not more than EUR 700 per calendar month;

7.2.  for a self-employed person in the general tax regime – in the amount of 75 per cent of the average amount of the object of the State mandatory social insurance contributions of the relevant person in the last two full quarters of 2019, but not more than EUR 700 per month.

7.3. for the person referred to in Sub-paragraphs 7.1 and 7.2 of the Regulation who, during the period of idle time, returns 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 April 2020; 23 April 2020*]

8. The allowance for idle time shall be granted and disbursed according to the period of idle time indicated in the submission of a self-employed person.

9. 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 self-employed person’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.

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

10.1. if the self-employed person has failed to submit to the State Revenue Service all tax returns for the period of the last 12 months before the emergency situation;

10.2. if at the moment of submitting the submission the self-employed person has a tax debt of more than EUR 1000 and extensions of the payment deadline have not been granted thereto, or an agreement on the voluntary payment of taxes has not been concluded, or an agreement contract has not been concluded;

10.3. if on the day when the decision is taken insolvency proceedings are in effect for the self-employed person;

10.4. if for the period of the last two quarters of 2019 the self-employed person has declared State mandatory social insurance contributions in the amount of less than EUR 20 on average per month;

10.5. if within the period of the last six months before the declaration of the emergency situation the income of the self-employed person per month from the part-time employment has on average been higher than the minimum monthly salary determined in the State in 2020;

10.6. if the self-employed person has failed to submit a justification to the State Revenue Service in accordance with Sub-paragraph 6.3 of this Regulation, or the State Revenue Service establishes, upon the evaluation of the submission of the self-employed person, that the occurrence of the idle time for the self-employed person is not related to the circumstances caused by the crisis;

10.7. if the self-employed person has registered economic activity after 1 March2020;

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

10.9. to self-employed persons who at the same time are employed in State and local government budgetary institutions and also merchants controlled by the State and local governments, except for the self-employed persons doing pedagogical or creative work whose monthly income from the pedagogical or creative work on average does not exceed the minimum monthly salary specified by the State in 2020;

10.10. to the self-employed persons who at the same time are employed with another employer for full working time;

10.11. to the self-employed persons who have received the allowance for idle time with an employer affected by the crisis;

10.12. [23 April 2020];

10.13. to the self-employed persons who receive support within the framework of support for creative persons, lifetime grants or creative activity programmes of the State Culture Capital Foundation;

10.14. [23 April 2020];

10.15. to the self-employed persons who are payers of the licence fee;

10.16. if within the last year the additional payments specified for the self-employed person as a result of the tax review (audit) and data conformity audit exceed EUR 1500;

10.16.1 if within the last year the additional payments specified for the self-employed person as a result of the tax review (audit) and data conformity audit do not exceed EUR 1500, but at the moment when the submission is evaluated the sum calculated for offences has not been paid into the State budget or an agreement on its payment schedule has not been reached with the State Revenue Service;

10.17. if at the moment of evaluation of the submission the self-employed person has been punished for an offence in relation to the tax liabilities, offences in the field of customs or violation of the laws and regulations governing employment legal relations, except where a warning or a fine not exceeding EUR 151 has been imposed for an individual offence, and the total amount of fines does not exceed EUR 500 within a year.

[*23 April 2020*]

11. If after granting of the allowance for idle time a self-employed person submits to the State Revenue Service updated data on the income of the self-employed person within the time period used for the calculation of the allowance for idle time, the disbursed amount of the allowance shall not be re-calculated.

12. If the allowance for idle time has been requested or received unjustifiably or during the period when the allowance for idle time is disbursed a self-employed person terminates the idle time and gains income from economic activities, the self-employed person shall voluntarily repay the granted allowance for idle time or the State Revenue Service shall recover it by applying provisions of the law On Taxes and Duties.

13. During the time period when the allowance for idle time is granted to a self-employed person, a sickness benefit shall not be paid and the local government benefit in a crisis situation shall not be disbursed.

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

14.1 Supplement of EUR 50 per each dependant child up to 24 years of age for which the personal income tax relief is being applied to the self-employed as on the day when the allowance for idle time is granted shall be granted to the self-employed person which receives the allowance for idle time. The supplement shall be granted and disbursed by the State Social Insurance Agency for the period for which the allowance for idle time has been granted and the personal income tax relief is being applied. The supplement shall be transferred to the account of the self-employed person to which the allowance for idle time is being transferred.

[*23 April 2020*]

15. In order to inform the public of the use of public resources, the State Revenue Service shall publish on its website a list of the enterprises who have received the allowance for idle time.

Prime Minister A. K. Kariņš

Minister for Culture N. Puntulis