The *Saeima1* has adopted

and the President has proclaimed the following Law:

**Solidarity Contribution Law**

**Section 1. Terms Used in the Law**

(1) The terms used in the Law correspond to the terms used in the law On Taxes and Fees, the Credit Institution Law, the Law on Recovery of Activities and Resolution of Credit Institutions and Investment Firms, and the Deposit Guarantee Law unless provided otherwise by this Law.

(2) In addition to that referred to in Paragraph one of this Section, the following terms are used in the Law:

1) loan – a loan (credit) recognised in the balance sheet of a solidarity contribution payer at its carrying amount before provisions for the expected losses;

2) guarantee fund – a deposit guarantee fund of Latvia, another Member State, or a foreign country;

3) credit growth rate – the growth rate in the respective calendar year, compared to the end of the previous calendar year, of the total balance of the outstanding principal amounts and accrued interest on loans granted by the solidarity contribution payer and its subsidiaries registered in Latvia (excluding subsidiaries that are themselves solidarity contribution payers) to Latvian non-financial corporations, households, and non-profit institutions serving households, excluding loans arisen in the respective calendar year due to the reorganisation of the solidarity contribution payer (except when the abovementioned subsidiary which is not a solidarity contribution payer is merged) or upon assumption of rights and liabilities, or right to claim from another person, and loans to persons who have close links with the solidarity contribution payer within the meaning of the Credit Institution Law;

4) net interest income – the difference between the interest revenues and interest expenditures of the solidarity contribution payer, as reflected in supervisory financial statements of the solidarity contribution payer;

5) solidarity contribution – a mandatory payment to the State budget determined for the solidarity contribution payer during the period provided for in this Law to obtain funds for the needs specified in this Law;

6) coefficient for the calculation of the solidarity contribution base – the ratio between the total amount of the deposits attracted by the solidarity contribution payer from non-financial corporations, households, non-profit institutions serving households, and general governments that are residents of Latvia and the loans granted to such clients, and the total amount of all deposits attracted by the solidarity contribution payer from non-financial corporations, households, non-profit institutions serving households, and general governments and the loans granted to such clients, as reflected in supervisory financial statements of the solidarity contribution payer as of 31 December 2024;

7) average annual net interest income – the calculated average annual net interest income of the solidarity contribution payer for the five financial years starting from 1 January 2018 and ending on 31 December 2022, taking into account the following conditions:

a) if the solidarity contribution payer has been reorganised by a merger in the period from 1 January 2018 to 31 December 2022, it shall use, for the calculation of the average annual net interest income for the five financial years, the sum of the average annual net interest income of the units involved in the reorganisation from 1 January 2018 to the date of reorganisation, and the average annual net interest income of the solidarity contribution payer from the date of reorganisation to 31 December 2022;

b) if the solidarity contribution payer was reorganised by a merger in the period after 31 December 2022, it shall use, for the calculation of the average annual net interest income for the five financial years, the sum of the average annual net interest income of the units involved in the reorganisation from 1 January 2018 to 31 December 2022;

c) if the solidarity contribution payer has commenced its activity after 1 January 2018, the calendar year in which it has commenced its activity shall not be taken into account in the calculation of the average annual net interest income, and the average annual net interest income shall be calculated for the financial years beginning on 1 January of the year following the commencement of activity of the solidarity contribution payer and ending on 31 December 2022.

(3) The term “supervisory financial statement” used in this Law corresponds to the term “reporting on financial information” used in Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014.

(4) The terms “non-financial corporation”, “household,” “non-profit institution serving households”, and “general government” used in this Law are used within the meaning of Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union and Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014.

**Section 2. Purpose and Scope of Application of the Law**

(1) The purpose of this Law is to protect public security under circumstances of increased risks to national security by providing additional financial resources to meet the fiscal needs of national security of the State.

(2) In order to achieve the goal identified in Paragraph one of this Section, the solidarity contribution payer shall make solidarity contributions to the State budget for a fixed period or make an investment instead of the solidarity contribution by significantly increasing the volume of lending to Latvian non-financial corporations, households, and non-profit institutions serving households with the aim of stimulating economic activity and increasing the overall State budget revenues.

(3) In addition to that referred to in Paragraph two of this Section, the Law shall stipulate the range of solidarity contribution payers, the solidarity contribution, and the procedures for calculating, declaring, and paying it, and also the matters related to the administration of the solidarity contribution.

**Section 3. Solidarity Contribution Payers**

The solidarity contribution shall be paid by credit institutions registered in Latvia and also branches of credit institutions of other Member States or foreign countries in Latvia (hereinafter – the solidarity contribution payer).

**Section 4. Solidarity Contribution Base**

(1) The solidarity contribution base shall be determined for each payment period, and it shall constitute the net interest income of the solidarity contribution payer for the payment period that exceeds the average annual net interest income of this solidarity contribution payer by more than 50 per cent.

(2) For the application of Paragraph one of this Section, the net interest income and the average annual net interest income shall be multiplied by the coefficient for the calculation of the solidarity contribution base.

(3) If the result of the calculation of the average annual net interest income is negative, the amount of the average annual net interest income shall be deemed to be zero when determining the solidarity contribution base.

(4) For the application of this Section, the results of activities of branches established and operating in other Member States or foreign countries by the solidarity contribution payer which is a credit institution registered in Latvia shall not be taken into account.

(5) For the solidarity contribution payer that is a branch of a credit institution of another Member State or a foreign country in Latvia, the solidarity contribution base for the relevant payment period shall be the net interest income for the payment period that is received from activities performed in the Republic of Latvia and exceeds the average annual net interest income received from activities performed in the Republic of Latvia by more than 50 per cent. The net interest income and the average annual net interest income referred to in this Paragraph shall be multiplied by the coefficient for the calculation of the solidarity contribution base.

(6) The solidarity contribution payer which is a credit institution registered in Latvia shall reduce the solidarity contribution base by the payments made to the guarantee fund and the single resolution fund during the payment period, multiplying the amount of these payments by the coefficient for the calculation of the solidarity contribution base.

(7) The solidarity contribution payer which is a branch of a credit institution of another Member State or a foreign country in Latvia shall reduce the solidarity contribution base in proportion to the payments made to the guarantee fund and the single resolution fund that are intended for the fulfilment of the liabilities arising from activities performed in Latvia, multiplying the amount of these payments by the coefficient for the calculation of the solidarity contribution base.

(8) If the solidarity contribution payer has commenced its activity after 31 December 2022, it shall not calculate the solidarity contribution base, unless the commencement of activity thereof occurs as a result of the reorganisation of credit institutions.

**Section 5. Rate and Payment Period of the Solidarity Contribution**

(1) The rate of the solidarity contribution shall be 60 per cent of the solidarity contribution base.

(2) The payment period of the solidarity contribution shall be a calendar year (hereinafter – the payment period).

**Section 6. Solidarity Contribution Reduction**

(1) If the credit growth rate of the solidarity contribution payer for the payment period is at least 1.75 times higher than the projected annual growth rate of gross domestic product (hereinafter – the growth rate of gross domestic product) at current prices used in the law on the State budget for the calendar year which is the payment period, the solidarity contribution payer is entitled to apply a solidarity contribution reduction in the following amount:

1) in the amount of 100 per cent of the amount of solidarity contribution calculated for the payment period if the credit growth rate thereof for the payment period reaches or exceeds the growth rate of gross domestic product multiplied by 2.5;

2) in the amount of 75 per cent of the amount of solidarity contribution calculated for the payment period if the credit growth rate thereof for the payment period reaches or exceeds the growth rate of gross domestic product multiplied by 2.25;

3) in the amount of 50 per cent of the amount of solidarity contribution calculated for the payment period if the credit growth rate thereof for the payment period reaches or exceeds the growth rate of gross domestic product multiplied by 2;

4) in the amount of 25 per cent of the amount of solidarity contribution calculated for the payment period if the credit growth rate thereof for the payment period reaches or exceeds the growth rate of gross domestic product multiplied by 1.75.

(2) The solidarity contribution payer shall apply the solidarity contribution reduction specified in Paragraph one of this Section by reducing the solidarity contribution payments to be made for the payment period in the according amount.

(3) The solidarity contribution payer is entitled to apply the solidarity contribution reduction specified in Paragraph one of this Section when making advance quarterly payments of the solidarity contribution (hereinafter – the advance payment), provided that the following conditions are met:

1) in respect of the first quarter advance payment for the payment period, if the credit growth rate thereof in the first quarter reaches or exceeds the growth rate of gross domestic product specified in Paragraph one of this Section, multiplied by 0.25;

2) in respect of the second quarter advance payment for the payment period, if the credit growth rate thereof in the first two quarters together reaches or exceeds the growth rate of gross domestic product specified in Paragraph one of this Section, multiplied by 0.5;

3) in respect of the third quarter advance payment for the payment period, if the credit growth rate thereof in the first three quarters together reaches or exceeds the growth rate of gross domestic product specified in Paragraph one of this Section, multiplied by 0.75;

4) in respect of the fourth quarter advance payment for the payment period, if the credit growth rate thereof in the payment period reaches or exceeds the growth rate of gross domestic product specified in Paragraph one of this Section.

**Section 7. Procedures for Paying and Declaring the Solidarity Contribution**

(1) The solidarity contribution payer shall make advance payments in the payment period.

(2) The advance payment shall be calculated based on the net interest income of the solidarity contribution payer in the quarter of the calendar year for the current payment period, reduced by the payments calculated in the respective quarter of the calendar year in the guarantee fund and the single resolution fund, and, when multiplied by the coefficient for the calculation of the solidarity contribution base, exceeds by more than 50 per cent one fourth of the average annual net interest income, multiplied by the coefficient for the calculation of the solidarity contribution base, applying the rate of the solidarity contribution specified in Section 5, Paragraph one of this Law.

(3) The solidarity contribution payer which is a branch of a credit institution of another Member State or a foreign country in Latvia shall calculate the advance payment based on the net interest income of the solidarity contribution payer in the quarter of the calendar year for the current payment period, reduced in proportion to the payments calculated for the guarantee fund and the single resolution fund that are intended for the fulfilment of the obligations arising from activities performed in Latvia, and, when multiplied by the coefficient for the calculation of the solidarity contribution base, exceeds by more than 50 per cent one fourth of the average annual net interest income, multiplied by the coefficient for the calculation of the solidarity contribution base, applying the rate of the solidarity contribution specified in Section 5, Paragraph one of this Law.

(4) If the amount of the calculated advance payment exceeds 33 per cent of the amount of profit recognised in the supervisory financial statements of the solidarity contribution payer for the respective quarter of the calendar year before the calculated enterprise income tax and the advance payment, the solidarity contribution payer shall reduce the advance payment to such an amount that the amount of the payable advance does not exceed 33 per cent of the amount of profit recognised for the respective quarter of the calendar year before the enterprise income tax and the advance payment.

(5) The solidarity contribution payer shall independently prepare the advance payment return and submit it to the State Revenue Service through the Electronic Declaration System of the State Revenue Service by the 20th day of the second month following the quarter of the advance payment period, and pay the advance payment into the State basic budget revenue account established specifically for this purpose by the 23rd day of the second month following the quarter of the payment period.

(6) The solidarity contribution payer shall submit the solidarity contribution return for the payment period to the State Revenue Service through the Electronic Declaration System of the State Revenue Service by 10 June of the year following the payment period.

(7) If the amount of the solidarity contribution specified in the solidarity contribution return for the payment period exceeds 33 per cent of the profit reported in the profit or loss account of the solidarity contribution payer for the payment period before the calculated enterprise income tax and solidarity contribution payment, the solidarity contribution payer shall reduce the amount of the solidarity contribution specified in the solidarity contribution return for the payment period to such an amount that the amount of the solidarity contribution payment does not exceed 33 per cent of the amount of the profit reported in the profit or loss account for the payment period before the calculated enterprise income tax and the solidarity contribution payment.

(8) If the amount of the solidarity contribution specified in the solidarity contribution return for the payment period exceeds the total amount of advance payments made in this payment period, the solidarity contribution payer shall pay the relevant excess amount into the State basic budget revenue account established specifically for this purpose by 23 June of the year following the payment period.

(9) If the amount of the solidarity contribution specified in the solidarity contribution return for the payment period is less than the total amount of advance payments made for this period, the relevant excess amount of payments shall be attributed to future solidarity contribution payments by means of offsetting.

(10) The amount of reduction calculated for payment periods 2025 and 2026 shall not constitute an overpayment of the solidarity contribution but shall be attributed to payments of the next period. Any unused amount of reduction calculated for the payment period 2027 shall constitute an overpayment of the solidarity contribution.

(11) An excess amount of the solidarity contribution paid into the budget over the total amount of solidarity contribution calculated in total by the solidarity contribution payer for the payment periods specified in Section 10 of this Law, minus the amount of the solidarity contribution reduction applicable in total in the respective payment periods in accordance with Section 6 of this Law shall be transferred by the State Revenue Service to the single tax account to cover other payment obligations or refunded upon written request of the solidarity contribution payer.

(12) The solidarity contribution shall not be made if the solidarity contribution payer has incurred losses as a result of its economic activity in the respective payment period for which the solidarity contribution is calculated.

(13) The Cabinet shall determine the information to be included in the solidarity contribution return and the advance payment return for the payment period.

**Section 8. Administration of the Solidarity Contribution**

(1) The solidarity contribution shall be administered by the State Revenue Service.

(2) The State Revenue Service shall:

1) control the payment of the solidarity contribution;

2) control the completeness and accuracy of the information indicated in the solidarity contribution and advance payment returns.

(3) Latvijas Banka shall, by 10 June of the year following the payment period or upon request, submit to the State Revenue Service the information at the disposal of Latvijas Banka that is necessary for the administration of the solidarity contribution (for the control of the completeness and accuracy of the information provided in the solidarity contribution and advance payment returns).

**Section 9. Calculation of Late Payment Charges**

When controlling the completeness and accuracy of the information provided in the solidarity contribution return and advance payment return for the payment period specified in Section 7 of this Law, the State Revenue Service may conduct a control (inspection) of the solidarity contribution. If, after the control (inspection) of the solidarity contribution, non-conformity of the calculation of the solidarity contribution or advance payment to laws and regulations is established, the State Revenue Service shall take the decision on adjustment of the amount of the solidarity contribution or advance payment and calculate the amount of the solidarity contribution or advance payment to be paid into the budget, and also the late payment charges in the amount specified in Section 29, Paragraph two of the law On Taxes and Fees for the period from the deadline for the payment of the solidarity contribution until the day of commencement of the control (inspection) of the solidarity contribution. The solidarity contribution payer shall make the payments specified in the decision within 30 days from the day of notification of the decision. If the solidarity contribution payer fails to make the payments specified in the decision within the abovementioned deadline, the State Revenue Service shall calculate the late payment charges specified in Section 29, Paragraph two of the law On Taxes and Fees starting from the day following the payment deadline.

**Section 10. Application of the Law**

This Law shall be applicable to the calculation, declaration, and payment of the solidarity contribution for the payment periods beginning in the years 2025, 2026, and 2027.

The Law shall come into force on 1 January 2025.

The Law has been adopted by the *Saeima* on 4 December 2024.

President E. Rinkēvičs

Rīga, 19 December 2024