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27 April 2021 [shall come into force on 1 May 2021].

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. 661

Adopted 30 October 2018

**Procedures for the Payment of Taxes, Fees, Other Statutory Payments, and Payments Related Thereto and Redirection Thereof to Cover Obligations**

*Issued pursuant to*

*Section 23.1, Paragraphs nine, ten, and eleven of the law On Taxes and Fees*

**I. General Provisions**

1. The Regulation prescribes:

1.1. the procedures by which the State Revenue Service (hereinafter – the Service) administers the payments transferred into the single tax account (hereinafter – the account) by a taxpayer, the procedures by which they are redirected to cover a particular tax, fee, other statutory payments and payments related thereto (hereinafter collectively – the payment obligation), and the procedures for making payments into the account;

1.2. exceptions to the procedures specified in Section 23.1, Paragraph eight of the law On Taxes and Fees by which the payments received into the account are redirected to cover the payment obligations referred to in Section 23.1, Paragraph one of the law On Taxes and Fees;

1.3. the procedures by which the current tax payments and late tax payments which are not to be paid into the account are transferred into the budget in accordance with tax laws.

2. Within the meaning of this Regulation, a payment identifier is a unique number notified by the Service which shall be mandatorily indicated in the purpose field of the payment order upon making the payments specified in Paragraph 5 of this Regulation into the State budget.

**II. Making of Payments into the Account**

3. Payments specified in Section 23.1, Paragraph one of the law On Taxes and Fees shall be made into the account by the deadline indicated in the particular tax law or another law or regulation which prescribes the particular payment. The Service shall publish on its website the information regarding the account into which the payments specified in Section 23.1, Paragraph one of the law On Taxes and Fees shall be made.

4. Payments related to the payments specified in Section 23.1, Paragraph one of the law On Taxes and Fees shall be made into the account in accordance with the calculation and payment procedures laid down in the respective law or regulation.

5. Indicating a payment identifier, a person shall make such payment into the account that is performed:

5.1. upon executing the enforcement measure specified in Section 26, Paragraph three of the law On Taxes and Fees;

5.2. upon executing a written request of the Service in accordance with Section 26, Paragraph 1.1 of the law On Taxes and Fees or upon executing a decision of the Service on the redirection of a security deposit to cover an excise duty debt;

5.3. within the framework of insolvency proceedings, except for the payments incurred after the announcement of such proceedings, or within the framework of legal protection proceedings, except for the payments incurred after the initiation of the proceedings and which are not included in the plan of measures of legal protection proceedings approved by the court or amendments thereto;

5.4. for the value added tax calculated and paid in by a bailiff for the sale of the property of a registered payer of the value added tax at an auction organised by the bailiff;

5.5. for the value added tax which is paid by a person who, in accordance with the laws and regulations in the field of value added tax, has been registered in Latvia (as an identification country) for the application of special value added tax arrangements (the non-Union scheme, Union scheme, or import scheme);

5.6. upon paying the financial security according to the Natural Resources Tax Law;

5.7. as a result of the execution of the uniform instrument submitted to a European Union Member State permitting enforcement in the requested Member State and determined in Annex II to the Commission Implementing Regulation (EU) No 1189/2011 of 18 November 2011 laying down detailed rules in relation to certain provisions of Council Directive 2010/24/EU concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures or the execution of a request for mutual assistance for the recovery of claims submitted to a country wherewith an international agreement regarding prevention of double taxation and tax evasion has been entered into and approved by the *Saeima* or a country that has ratified the Convention on Mutual Administrative Assistance in Tax Matters;

5.8. for an excise duty secured with one-time security of the excise duty;

5.9. for the receipt of excise duty stamps;

5.10. for the payments specified in Section 1, Clause 4 of the Customs Law;

5.11. for the fulfilment of the warranty obligations undertaken by a person in accordance with Section 24, Paragraph one, Clause 3 and Section 28, Paragraph five, Clause 2 of the law On Taxes and Fees;

5.12. upon redirecting the advance payment of the mandatory State social insurance contributions to monthly mandatory State social insurance contributions in accordance with the law On State Social Insurance.

[*27 April 2021 / The new wording of Sub-paragraph 5.5 shall come into force on 1 July 2021. See Paragraph 2 of the Amendments*]

5.1Indicating a payment identifier, a person shall make such payment into the account that is performed:

5.1 1. for the natural resource tax for vehicles which are registered permanently for the first time in Latvia and which is paid by the person into the account through the intermediation of *valsts akciju sabiedrība “Ceļu satiksmes drošības direkcija”* [State joint stock company Road Traffic Safety Directorate] by using the payment service provided by it;

5.1 2. for the value added tax which is paid by the person into the account for the transactions performed within the scope of the special value added tax arrangements (the non-Union scheme, Union scheme, or import scheme) with the intermediation of a European Union Member State in accordance with the laws and regulations in the field of value added tax.

[*27 April 2021 / Paragraph 5.12 shall come into force on 1 July 2021. See Paragraph 29.1*]

6. Upon making a payment into the account, a person shall indicate in the payment order identification data (a natural person – given name, surname, and personal identity number or date of birth, a legal person – name and registration number) and the payment identifier if making the payment referred to in Paragraph 5 of this Regulation. If a person makes a payment into the account for a third person in the Single Euro Payments Area, the identification data of the end payer (given name, surname, and personal identity number or date of birth of a natural person, or name and registration number of a legal person) shall be additionally indicated in the payment order (in the field intended for the information regarding the end payer).

**III. Redirection of Payments Received into the Account to Cover Payment Obligations and Exceptions**

7. Payments received into the account shall be redirected to cover payment obligations in accordance with the sequence of covering the payment obligations. Payment obligations shall be arranged according to the sequence of covering thereof (hereinafter – the queue of obligations) in accordance with the following conditions:

7.1. the term of submission of the tax return or the payment deadline:

7.1.1. the position of the payment obligation in the queue of obligations shall be determined according to the term for submission of the tax return specified in a law or regulation;

7.1.2. the position of the payment obligation in the queue of obligations shall be determined according to the payment deadline if the obligation to make the respective payment arises from a decision of the Service or another document that is not a tax return;

7.2. the type of payment. Taking into account the type of payment, the position of the payment obligation in the queue of obligations shall be determined in the following sequence:

7.2.1. tax, fee, or other statutory payment;

7.2.2. late payment charge;

7.2.3. fine;

7.3. the basis for calculation. Taking into account the basis for calculation, the position of the payment obligation in the queue of obligations shall be determined in the following sequence:

7.3.1. the payment obligation which has arisen according to a tax return;

7.3.2. the payment obligation established by a decision on the findings of a tax review (audit);

7.3.3. the payment obligation established by a decision on the findings of a data conformity audit;

7.3.4. the payment obligation the payment deadline whereof is divided into instalments or deferred;

7.3.5. the payment obligation established by a decision taken according to the procedures laid down in Section 23, Paragraph 5.2 of the law On Taxes and Fees;

7.3.6. the payment obligation the payment deadline whereof is determined by a decision on voluntary execution of late tax payments;

7.3.7. the payment obligation established by the uniform instrument submitted by a European Union Member State permitting enforcement in the requested Member State and determined in Annex II to the Commission Implementing Regulation (EU) No. 1189/2011 of 18 November 2011 laying down detailed rules in relation to certain provisions of Council Directive 2010/24/EU concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures or by a request for mutual assistance for the recovery of claims of a country with which an international agreement regarding prevention of double taxation and tax evasion has been entered into and approved by the *Saeima* or a country that has ratified the Convention on Mutual Administrative Assistance in Tax Matters;

7.4. the payment obligations referred to in Sub-paragraphs 7.2.2 and 7.2.3 of this Regulation shall be ranked according to the principal amount of the respective payment obligation in relation to which they are calculated;

7.5. the payment obligations shall be ranked starting from the oldest outstanding payment obligation.

8. If two or more payment obligations referred to in Sub-paragraph 7.2.1 of this Regulation are established with the same criterion specified in Sub-paragraphs 7.1 and 7.3 of this Regulation, the payments referred to in Sub-paragraph 7.2.1 of this Regulation shall be ranked according to the list of priorities of the payment obligations specified in the annex to this Regulation.

9. If the payment obligation arises from a tax return submitted later than the term for submission determined in a law or regulation, the payments calculated therein shall be ranked according to the term for submission of the tax return specified in a law or regulation. If the payments calculated in a tax return submitted later than the term for submission determined in a law or regulation would be ranked in the queue of obligations according to the first sentence of this Paragraph in the period in which previously ranked payment obligations have already been covered, the calculated payments shall be ranked before the outstanding payment obligations in the respective period.

10. If a taxpayer submits an updated tax return within the term specified in laws and regulations, the payments calculated therein shall be ranked according to the position of the (updated) tax return in the queue of obligations. If the payments calculated in the updated tax return would be ranked in the queue of obligations according to the first sentence of this Paragraph in the period in which previously ranked payment obligations have already been covered, the calculated payment obligations shall be ranked before the outstanding payment obligations in the respective period.

11. The calculation of a late payment charge shall be included in the queue of obligations on the date on which information is updated in the database of tax (fee) debtors administered by the Service, on the date on which the payments transferred into the account are redirected for covering payment obligations and on the last day of the month. The calculation of a late payment charge for the respective period shall be included in the queue of obligations from the previous date of inclusion in the queue of obligations of the calculation of the late payment charge or the first day of calculation until the next date of inclusion in the queue of obligations of the calculation of the late payment charge.

12. The payment obligation established by a decision of the Service or by a court decision which additionally determines, cancels (in full or in part), or amends the amount of the payment obligation (hereinafter – the cancellation decision) shall be included in the queue of obligations according to Paragraphs 7, 8, 9, and 10 of this Regulation:

12.1. if the cancelled or amended payment obligations have been covered on the day of the coming into force of the cancellation decision and:

12.1.1. the amount to be paid into the budget has been increased with the cancellation decision – according to the payment deadline arising from the cancellation decision;

12.1.2. the amount to be paid into the budget has been reduced by the cancellation decision – according to the day of the coming into force of the cancellation decision;

12.2. if the cancelled or amended payment obligations have not been covered on the day of the coming into force of the cancellation decision, the position in the queue of obligations determined for the cancelled or amended payment obligation shall be taken into consideration.

13. If the Service revokes the decision to extend the payment term or the decision on voluntary execution of late tax payments, the outstanding payment obligations extended by this decision shall be included in the queue of obligations in accordance with the tax return or a document giving rise to the respective payment obligation in compliance with Paragraphs 7, 8, 9, and 10 of this Regulation.

14. Payments transferred into the account shall be redirected to cover the payment obligations starting with the oldest outstanding payment obligation in the queue of obligations according to the queue of obligations in accordance with the procedures laid down in Chapter III of this Regulation. If a payment is received in the State budget before the expiry of the payment deadline of the payment obligation, the Service shall attribute the received payment from the date on which the payment deadline of the payment obligation sets in. If a payment is received in the State budget after the payment deadline of the payment obligation, the Service shall attribute this payment from the date on which the payment is received in the State budget.

15. The payment referred to in Paragraph 5 of this Regulation that has been made in accordance with Paragraph 6 of this Regulation shall be redirected to cover the respective payment obligation determined with the payment identifier, notwithstanding the general procedures for redirecting the payments transferred into the account referred to in Paragraph 14 of this Regulation.

16. The Service shall redirect the received payment to cover the payment obligations in accordance with the general procedures for redirecting the payments transferred into the account referred to in Paragraph 14 of this Regulation in the following cases:

16.1. upon making the payment specified in Paragraph 5 of this Regulation, a person has not indicated the payment identifier in the purpose field or has indicated it incorrectly;

16.2. the payment obligation specified in Paragraph 5 of this Regulation has not been recorded by the Service.

17. If a person has not indicated or has indicated incorrect information regarding the end payer upon making a payment for a third person in the Single Euro Payments Area, the payment received in the account shall be redirected to cover the payment obligations of the person who made the payment in accordance with the general procedures referred to in Paragraph 14 of this Regulation.

18. The overpaid tax amount shall be redirected to cover the payment obligations in accordance with Chapter III of this Regulation:

18.1. from the date of confirmation of the overpayment if the payment obligation has arisen before the date of confirmation of the overpayment;

18.2. from the payment deadline of the payment obligation if the payment obligation has arisen after the date of confirmation of the overpayment.

**IV. Transfer into the Budget of Taxes not Paid into the Account**

19. Tax payments which are to be paid into the State budget but which are not specified in Section 23.1, Paragraph one of the law On Taxes and Fees shall be transferred into the State budget in the following sequence:

19.1. principal debt;

19.2. late payment charge;

19.3. fine.

20. Immovable property tax payments shall be subject to the following sequence of the transfer of tax payments:

20.1. tax payments not paid within the specified deadline (principal debt of the tax payment, late payment charge, fine);

20.2. payments calculated during reviews performed by the tax administration for which the payment deadline has not expired in the month of making of the payment:

20.2.1. fine;

20.2.2. tax;

20.3. tax for which the specified payment deadline has not expired at the time of making of the payment (current tax payment).

21. If the taxpayer makes the payment referred to in Sub-paragraph 20.1 of this Regulation, the amount paid shall be divided proportionally among the principal debt of the late payment, the fine determined as at the day of payment, and the amount of late payment charge determined as at the date on which the payment is transferred into the municipal budget.

22. Immovable property tax payments which are not made within the term specified in laws and regulations and for which an extension of the payment deadline of tax debts has been granted or in respect of which a decision has been taken on voluntary execution of late tax payments shall be transferred into the respective budget according to the deadlines and amounts specified in the decisions.

23. If the taxpayer makes immovable property tax payments for which the decision to extend the payment term of tax debts or the decision on voluntary execution of late tax payments has been revoked, such payments shall be transferred into the respective budget according to Paragraphs 20 and 21 of this Regulation.

24. Late immovable property tax payments recovered on an uncontested basis shall be transferred to cover the late tax payments indicated in the decision to recover the late tax payments, without applying the transfer procedures referred to in Paragraph 20 of this Regulation, but the amount of immovable property tax payment shall be divided proportionally among the amount of principal debt, fine, and late payment charge of the late immovable tax payment indicated in the decision on recovery of late tax payments which is determined as at the date of taking the decision.

25. The tax administration shall publish on its website the information regarding accounts into which the payment of taxes administered thereby shall be made according to laws and regulations.

**V. Closing Provisions**

26. With the coming into force of this Regulation, Cabinet Regulation No. 149 of 18 April 2000, Procedures for the Transfer of Current Tax Payments and Late Tax Payments into the State Budget (*Latvijas Vēstnesis*, 2000, No. 145, No. 147; 2006, No. 206; 2010, No. 55; 2012, No. 143; 2014, No. 216; 2017, No. 193), is repealed.

27. Payments specified in Section 23.1, Paragraph one, Clauses 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16 of the law On Taxes and Fees, the payment deadline of which has set in before 31 December 2020 and which have not been covered by 31 December 2020, shall be included in the queue of obligations from 1 January 2021.

28. Payments specified in Section 23.1, Paragraph one, Clause 5 of the law On Taxes and Fees, the payment deadline of which has set in before 31 December 2022 and which have not been covered by 31 December 2022, shall be included in the queue of obligations from 1 January 2023.

29. From 1 January 2021 until 1 January 2023, payments (current and late) specified in Section 23.1, Paragraph one, Clause 5 of the law On Taxes and Fees shall be made into the State budget according to the procedures in force until 31 December 2020.

29.1 Sub-paragraph 5.1 2 of this Regulation shall come into force on 1 July 2021.

[*27 April 2021*]

30. The Regulation shall come into force on 1 January 2021.

Prime Minister Māris Kučinskis

Minister for Finance Dana Reizniece-Ozola

**Annex**

Cabinet Regulation No. 661

30 October 2018

[*27 April 2021*]

**List of Priorities of Payment Obligations**

|  |  |  |  |
| --- | --- | --- | --- |
| Classification group of budgetary revenue | Classification code of budgetary revenue | Payment obligation | Payment obligation priority |
| 1.3. | 2.2.0.0. | Mandatory State social insurance contributions | 1 |
| 1.1. | 1.1.1.0. | Personal income tax | 2 |
| 2.0. | 9.3.5.0. | State entrepreneurial risk fee | 3 |
| 1.0. | 7.2.0.0.  7.2.1.0.  7.2.2.0.  7.2.3.0. | Micro-enterprise tax | 4 |
| 1.0. | 7.1.0.0. | Patent fees | 5 |
| 1.9. | 5.5.3.1. | Natural resource tax for extraction of natural resources and pollution of the environment | 6 |
| 1.9. | 5.5.3.9. | Natural resource tax for coal, coke, and lignite, fireworks and for the use of water resources for production of electricity | 7 |
| 1.9. | 5.5.3.2. | Natural resource tax for goods harmful to the environment | 8 |
| 1.9. | 5.5.3.3. | Natural resource tax for the packaging of goods | 9 |
| 1.9. | 5.5.3.6. | Natural resource tax for disposable tableware and accessories | 10 |
| 1.9. | 5.5.3.5. | Natural resource tax for the use of useful properties of subterranean depths by pumping natural gas into geological structures | 11 |
| 1.9. | 5.5.3.4. | Natural resource tax for the use of radioactive substances | 12 |
| 1.9. | 5.5.3.8. | Natural resource tax for the amount which exceeds the limits and fines for the violations of the law | 13 |
| 1.7. | 6.1.1.0. | Import duty | 14 |
| 1.7. | 6.1.2.0. | Import payments for agricultural goods | 15 |
| 1.7. | 6.1.3.0. | Anti-dumping duties | 16 |
| 1.7. | 6.1.4.0. | Compensation payments | 17 |
| 1.7. | 6.2.0.0. | Export duty and other equivalent payments | 18 |
| 1.5. | 5.1.3.0. | Collected value added tax upon releasing goods for free circulation | 19 |
| 1.8. | 5.4.2.0. | Lotteries tax | 20 |
| 1.8. | 5.4.1.0. | Gambling tax | 21 |
| 1.6. | 5.2.1.0. | Excise duty for alcoholic beverages | 22 |
| 1.6. | 5.2.2.0. | Excise duty for beer | 23 |
| 1.6. | 5.2.3.0. | Excise duty for other excisable goods | 24 |
| 1.6. | 5.2.4.0. | Excise duty for tobacco products | 25 |
| 1.6 | 5.2.6.0. | Excise duty for natural gas | 26 |
| 1.6. | 5.2.7.0. | Excise duty for oil products | 27 |
| 1.6. | 5.3.1.0. | Excise duty for alcoholic beverages (when importing) | 28 |
| 1.6. | 5.3.2.0. | Excise duty for beer (when importing) | 29 |
| 1.6. | 5.3.3.0. | Excise duty for other excisable goods (when importing) | 30 |
| 1.6. | 5.3.4.0. | Excise duty for tobacco products (when importing) | 31 |
| 1.6. | 5.3.6.0. | Excise duty for natural gas (when importing) | 32 |
| 1.6. | 5.3.7.0. | Excise duty for oil products (when importing) | 33 |
| 1.2. | 1.2.1.0. | Enterprise income tax | 34 |
| 1.5. | 5.1.1.0. | Value added tax collected inland | 35 |
| 1.5. | 5.1.4.0. | Value added tax for the acquisition of new means of transport | 36 |
| 1.5. | 5.1.6.0. | [27 April 2021 / See Paragraph 2 of Amendments] | |
| 1.5. | 5.1.5.0. | [27 April 2021 / See Paragraph 2 of Amendments] | |
| 1.8. | 5.4.4.0. | Electricity tax | 39 |
| 1.8. | 5.4.7.0. | Subsidised electricity tax | 40 |
| 2.0. | 9.3.7.0. | Annual State fee for the rights to use numbering | 41 |
| – | – | Other payment obligations not classified above | 42 |

Minister for Finance Dana Reizniece-Ozola