

The Republic of Latvia Law on Land Tax  
20 December 1990

Paragraph 1. Goals of the land tax.

The goal of the land tax is to provide incentives for the land users and local governments towards a more rational use of land in their jurisdictions, as well as to partially gain access to differential rents.

Paragraph 2. Taxpayers

Taxpayers are those physical and legal persons, who have been allocated land for their use.

If this land or part of this land has been given to a different user, the land tax is payed by the individual to whom the land was originally allocated.

Physical and legal persons pay only land tax on their agricultural activities, and are exempt from profit tax and property tax payments.

Paragraph 3. Taxable objects

Land, which has been allocated for use by a decision of the state or local government, described in the land register and physically presented to the user, except for those tracts of land mentioned in paragraph 4, is subject to land tax.

Paragraph 4. Taxable tracts of land

Land tax is not levied on:

- 1) Land, which used for collective transportation routes, lines of communication and strips of land allocated to these communications functions, if this land is not allocated further to a different end user;
- 2) land, which has been banned from commercial use by law or by a decision of a state institution;
- 3) land, which is used for local government institutions, as well as residences, communal dwellings, educational, cultural, health, social services and sports facilities belonging to local governments.

Paragraph 5. Land tax rates in rural districts

Land tax rates in rural districts are determined by the rating of the land for agricultural uses, and its location in accordance with the average rates contained in Appendix 1, but tracts of brush land allocated for agricultural use are taxed at 50% of the average land tax rates.

Beginning with the sixth year of use of tracts of brush land allocated for agricultural use, the tax on this land can be raised annually by 10 percent of the original tax rate, but it cannot exceed the average tax rate for land for agricultural use.

The local government sets its own tax rates for land within its jurisdiction allocated to physical and legal persons for agricultural uses, as well as for brush land. These tax rates taking into consideration, the rating of the land, and the location of the land, cannot deviate by more than 50% from the average tax rates.

Internal waterways and artificial bodies of water are taxed according to average rates given in Appendix 1.

Tax rates for land allocated to legal and physical persons for uses other than agricultural uses, are twice the tax rate given in Appendix 1. The local government can raise the tax rate on specific tracts of land under its jurisdiction by not more than 300%.

Tax rates for land used for gardens and vegetable raising, or for personal property, are set separately, in accordance with paragraph 7.

Tax rates on tracts of forest land and on resources obtained from this land are calculated separately, according to instructions and apportionment to various budgets set by the Council of Ministers and approved by the Republic of Latvia Supreme Council.

#### Paragraph 6. Tax rates on land in cities and villages

Tax rates for land within the administrative territory of cities and villages, allocated to physical and legal persons, are set in accordance with Appendix 2, except for those cases covered in Paragraph 7.

The local city or village government may raise or lower the tax rate by not more than 300% for specific tracts of land, depending on its location and other considerations.

#### Paragraph 7. Tax rates for land devoted to gardening, vegetable growing, and personal property

Tax rates for land devoted to gardening, vegetable growing and personal property in cities, villages and rural districts, are set in accordance with Appendix 3.

Local governments may raise or lower the tax rate by 50% for specific tracts of land, depending in its location and other considerations.

#### Paragraph 8. Tax relief for tax payers

Local governments can grant exemptions from land tax payments in the following cases:

- 1) individual farms in the Latgale region for the first three years after the decision taken on land allocation (Appendix 4)
- 2) individual farms, based on the description of their unique situation (Appendix 5).

Exemptions granted in both cases, taken in sum, cannot exceed 5 years.

Tax exemptions granted to individual farms before the passage of this law are still in effect.

Local governments can temporarily reduce the tax or grant an exemption to legal and physical persons, who place such a request, in the following cases:

- 1) if the land user has suffered material losses through a natural disaster or act of God;
- 2) if the land user is preparing new tracts of land for agricultural use, or investing in irrigation projects, thus raising the value of the land, and does not use state-granted resources, exemptions can be granted on this specific tract of land for a period of up to 10 years;
- 3) retired persons, handicapped persons, newly founded families, poor families, families with many children;
- 4) land users, on whose land the scope of commercial activity is limited by law, or by a decision of a state institution;
- 5) religious and charitable organizations, for the land allocated to them, which is used directly for the futhering of religious or charitable aims, and which has not been transferred to other land users;
- 6) for marshland, sandy soil, mining sites, and land with no topsoil.

Paragraph 9. Calculation of taxes and the payment of taxes.

Land tax is calculated and paid, beginning with the first 6 month period after physical allocation of the land.

Tax payments are interrupted or reduced, beginning with the next six month period after land use has been interrupted, or the allocated tract of land reduced.

Local governments calculate land tax for physical and legal persons annually based on the situation on January 1, and notify the tax payer of the sum to be paid and the terms of payment, but no later than November 1. If in the period between the calculation of tax and the payment of this tax average prices change by more than 15 percent, local governments can change the tax assessment in proportion to the projected increase in income.

Paragraph 10. Responsibility for the evasion of land tax

Tax evasion or violations are prosecuted according to the laws of the Republic of Latvia.

Paragraph 11. Recipient of the land tax.

Land users pay the entire land tax, including any fines for delayed payment, to their respective district, village, Riga municipal district, or city budget.

Paragraph 12. Dispute resolution.

Disputes over the assessment of land taxes and their payment are resolved according to the laws of the Republic of Latvia.

Chairman, Supreme Council,

Republic of Latvia

A. Gorbunovs

Secretary, Supreme Council,

Republic of Latvia

I. Daudiss

Riga, December 20, 1990.

#### APPENDIX I

Average land tax rates in rural districts (rubles per hectare)

#### APPENDIX 2

Average land tax rates for cities and villages (kopeks per square meter)

#### APPENDIX 3

Average land tax rates for land allotted for gardens, vegetable growing and personal use (kopeks per square meter)

Region

**tax rate**

In the regional center and cities	In rural districts and villages
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#### APPENDIX 4

List of Latgale regions and districts

1. Balvu, Kraslavas (except the Kaplava district), Ludzas, Preilu and Rezeknes regions.

2. In Madonas region: Barkavas, Murmastienes and Varaklanu districts. In Aluksnes region: Liepnas district.

In Jekabpils region: Atasienes, Krustpils, Kuku, Mezares, Variesu and Vipes districts.

In Daugavpils region: Ambelu, Bikernieku, Dubnas, Kalupes, Liksnas, Malinovas, Nicgales, Vaboles, Vecpils and Visku districts. In Aizkraukles region: Aizviekstes district (in part).

#### APPENDIX 5

Categories of individual farms, according to their situation upon beginning their enterprise, and their exemptions from land tax payments

Description of their situation upon beginning their enterprise	Tax exemption (in years)
Begin operations w/out necessary buildings (dwellings, barns, etc.)	1
Begin operations w/less than 1 head of cattle per 2 hectares of land for agricultural use	0.5
Begin operations without necessary agricultural machinery (tractors, etc.)	0.5
Begin operations on poorly cultivated land	2
Begin operations in an area, closer than 5 km to the village center, or to a republic-use transportation route	0.5
Begin operations in an area without a road system	0.5

Secretary, Supreme Council.

Republic of Latvia

I.Daudiss

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