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| <b>Title of the measure:</b> | <b>LV33 Taxation of electricity</b> |
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### **General description**

The procedure of taxation of electricity is prescribed by the Electricity Tax Law [1]. The actual tax rate for electricity is 1.01 EUR/ 1 MWh, see Table 1.

According the Law, electricity supplied to an end user, as well as electricity, which is supplied for own consumption (exemption stated), shall be taxable. Taxpayers shall be the entities who supply electricity to end users and have entered into contracts or otherwise agreed regarding the supply (selling) of electricity, and autonomous producers (the exemption is done for the autonomous producers, who generate and consume electricity for their own needs and fulfil the following requirements: the total generation capacity does not exceed 2 MW, and energy resources taxable with excise duty, coal taxable with the nature resource tax or electricity taxable with the electricity tax is used for the generation of the electricity).

The taxpayers shall be also end-users which purchase electricity in electricity spot exchange.

**The following tax exemptions**, applicable for stationary sources, have been made for the electricity by the **basic version of the Law** (Article 6, [3]).

- electricity obtained from (i) renewable energy resources, (ii) in hydro power stations; (iii) in combined heat-power (CHP) stations complying with the efficiency criteria specified in the regulatory enactments regarding the generation of electricity through the process of cogeneration.
- Electricity used for the following purposes: (i) electricity generation, (ii) the generation of heat energy and electricity in CHP mode, (iii) street lighting services.

**The Amendments of the Law, adopted 23 November 2016 and in force from 01 January 2017 [2], had cancelled the most part of tax exemptions stated above.** According these Amendments only one exemption which directly relates to Tertiary sector is in force after 01.01.2017:

- **exemption for electricity used for street lighting services.**

**Table 1.** Tax Rates for Electricity

| Unit of Measurement | Rate                  |                       |                       |                       |                 |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------|
|                     | 01.01.2007-31.12.2007 | 01.01.2008-31.12.2008 | 01.01.2009-31.12.2009 | 01.01.2010-31.12.2013 | from 01.01.2014 |
|                     | <b>(LVL)</b>          |                       |                       |                       | <b>(EUR)</b>    |
| MWh                 | 0.35<br>(0.498 EUR)   | 0.45<br>(0.640 EUR)   | 0.55<br>(0.7825 EUR)  | 0.71<br>(1.010 EUR)   | 1.01            |

Note: 1 EUR = 0.702804 LVL

## References

1. **Electricity Tax Law** (*Elektroenerģijas nodokļa likums*, adopted 19 December 2006, in force 1 January 2007, amendments adopted 15.05.2008, 12.06.2009, 12.09.2013, 10.04.2014 and 23.11.2016. Basic version published in Latvian: „Latvijas Vēstnesis” 207 (3575), 29.12.2006, actual consolidated version available <http://www.likumi.lv/doc.php?id=150692> (in Latvian), English translation (basic version only) available [http://m.likumi.lv/saistitie.php?id=150692&saistitie\\_id=7](http://m.likumi.lv/saistitie.php?id=150692&saistitie_id=7)
2. **Electricity Tax Law’s Amendments. adopted 23 November 2016**, in force 01 January 2017, published in Latvian: „Latvijas Vēstnesis” 241 (5813), 10.12.2016, <http://likumi.lv/ta/id/287265>