

Financing adult learning database

Name of the instrument - Local language	Attaisnotie izdevumi par izglītību un ārstnieciskajiem pakalpojumiem
Name of the instrument - English translation	Justified expenses for education and medical services
Scheme ID	150
Country	 Latvia
Reporting year	2020
Type of instrument	Tax incentive for individuals
Sub-type of instrument	Treatment of work/profession related training costs
Type of entry	Single instrument

Short description	Adults can deduct costs related to continuing vocational training for their current occupation or a future occupation from the base of their individual income tax. The state co-funding - in the form of foregone tax revenues - equals eligible costs multiplied by the marginal tax rate (between 20 and 31%). Co-funded training is expected to sustain or increase future income, implying higher tax revenues later on. The costs of education and training provided by institutions not accredited by the State and the costs of learning abroad are not deductible from the tax. For the deduction, a ceiling is introduced (EUR 600). Individuals with no taxable income cannot profit from the tax deduction. The same applicant can re-use the scheme after a break of a particular period (1 year).
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Level of operation	National
Name of a part of the country	Not applicable
Name of the region (for regional instruments)	Not applicable
Name of the sector (for sectoral instruments)	Not applicable
Relevance	Key instrument
Legal basis	Regulation of the Cabinet of Ministers No 336, on the basis

	of Law on income tax of inhabitants
Objective(s) and target(s)	The objective of the instrument is to enhance the investment of the citizens in formal education leading to the acquisition of higher education degrees and VET qualifications.
Year of implementation	1995
Year of latest amendment	2017
Operation/management	State Revenue Service is the main responsible authority for implementing the instrument. It provides guidance, administers the instrument and makes the payments. It operates under the supervision of the Ministry of Finance. State Revenue Service does not make any policy decisions about the instrument, it is responsible for successful implementation.
Eligible group(s)	A person (resident or non-resident living in the Republic of Latvia during the taxation period) who has worked and paid personal income tax may receive an overpayment of the personal income tax for his or her expenses. The eligible costs cannot be applied to individuals who: - have not paid income tax; - were only employed by micro-enterprise; - patent taxpayers; - seasonal farmworkers.
Group(s) with preferential treatment	No preferential treatment
Education and training eligible	Higher education, all levels of vocational education and acquisition of occupation in State-accredited institutions or State-accredited educational programmes; preparatory training necessary for entering an institution of higher education. Training in company or occupation for acquiring and improving skills in work/profession/vocation and broadening knowledge. The costs of education and training provided by institutions not accredited by the State and the costs of learning abroad are not deductible from the tax.
Source of financing and collection mechanism	The funding source is the state budget (loss of tax revenue). Individuals can apply for the tax reduction by submitting an Annual Income Statement and attaching information on payment for the received training (receipt, bank transfer confirmation, etc.).
Financing formula and allocation mechanisms	Adults can deduct costs related to continuing vocational training for their current occupation or a future occupation from the base of their individual income tax. The state co-funding - in the form of foregone tax revenues - equals eligible costs multiplied by the flat tax rate (23% in 2015). Co-funded training is expected to sustain or increase future income, implying higher tax revenues later on. The maximum deductible amount per year is EUR 600. The tax incentive can be re-used once a year. Individuals with no taxable income cannot profit from the tax deduction.
Eligible costs	Tuition fees/fees for participation (external providers)
Volumes of funding	Volumes of funding:2018: EUR 50 790 000

Beneficiaries/take up	Total number of beneficiaries:2017: 35 9852018: 51 9612019: 44 162
Organisation responsible for monitoring/evaluation	State Revenue Service
Monitoring/evaluation reports available	Not available
Most relevant webpage - in English	https://www.latvija.lv/en/DzivesSituacijas/Nauda-un-nodokli/attaisnotie...
Most relevant webpage - local language	https://likumi.lv/ta/id/27973-noteikumi-par-attaisnotajiem-izdevumiem-p...
Recent changes	<p>The most recent amendment was in 07.11.2017. It allows to adjust the submitted declaration and add additional requests within three years.</p> <p>Recent changes in response to COVID-19</p> <p>No changes</p>
Sources	<p>State Revenue Service of the Republic of Latvia:</p> <p>https://www.vid.gov.lv/sites/default/files/metodiskais_materials_attais...</p>