

# Cabinet to debate Receipt Lottery Bill (3/22/18)

The State Revenue Service (SRS) has recently announced that Latvia is to run a receipt lottery, drawing on the experience of Slovakia, Malta, Portugal and Lithuania in improving the culture of paying taxes and fighting the shadow economy. The Ministry of Finance and the SRS have drafted a Receipt Lottery Bill and submitted it to the Cabinet of Ministers. This article explores the main aspects of the Bill.

Purposes, prize draws, qualifying receipts, prizes etc

The purposes of introducing a receipt lottery is to promote fair competition and voluntary tax compliance, to prevent tax fraud, and to encourage customers to demand a receipt for goods and services they buy in Latvia.

The Bill lays down the rights and obligations of the SRS as organiser of the receipt lottery, e.g. to use a service provider indicated in the public procurement procedure for organising and administering the lottery. The Bill also lays down the player's rights, obligations and restrictions. For example, SRS officers and employees and persons employed by the receipt lottery service provider will be barred from this lottery.

The Bill also lays down procedures for registering receipts, picking and announcing winners, and receiving cash prizes.

The Bill provides that only cash-register receipts (or other documents) prepared in accordance with the legislation governing electronic devices and equipment for registering taxes and other charges will qualify for the receipt lottery. The lottery will be restricted to receipts issued for goods bought at public points of sale in Latvia and for services rendered in Latvia worth at least €5 excluding VAT. Such receipts will qualify whether or not the seller or service provider is a VAT-registered trader.

The receipt lottery will consist of weekly and monthly prize draws. According to an annotation to the Bill a ratio of 70:30 will be used to select the winner of a prize draw. This means that 70% of the pool will be receipts for services rendered in Latvia, and the remaining 30% will be receipts for goods bought at public points of sale in Latvia.

The weekly draw will offer ten cash prizes, each worth €200. The monthly draw will accept all receipts entered in the month to compete for a single cash prize of €3,000.

Since the Receipt Lottery Act is to operate from 1 July 2019 to 1 March 2021, the first prize draw will be held on or before 9 July 2019, with the last weekly and monthly draws to be held on 5 January 2021 (only receipts issued over the period from 1 July 2019 to 31 December 2020 will qualify).

Any cash prizes won in those draws can be claimed in accordance with the Receipt Lottery Act and exempt from personal income tax.