

Personal and dependant allowances in 2020 (3/51/19)

The Cabinet of Ministers' Regulation No. 676 of 14 November 2017 on allowance levels was amended on 19 November with effect from 22 November 2019. This article explores changes to the allowance levels and a new coefficient.

Annual income-differentiated personal allowance

From 2020 the maximum personal allowance rises to €300 a month and €3,600 a year (up from €230 and €2,760 respectively). Taxable income qualifying for the top allowance is set at €500 a month and €6,000 a year.

So from next year any individual earning a monthly taxable income of up to €500 qualifies for a personal allowance of €300.

When estimating personal allowances, the State Revenue Service (SRS) will apply a new coefficient of 1.09. According to publicly available information, this coefficient has been introduced to avoid situations where, as the amount of an individual's taxable income rises, a greater estimated monthly personal allowance is applied during the year than what would in fact be available.¹

Dependant allowances

In 2020, the amended Cabinet Regulation provides for a dependant allowance of €250 a month and €3,000 a year (up from €230 and €2,760 respectively).

¹ https://www.vid.gov.lv/sites/default/files/info_neapliekamais_minimums.pdf