

# Reduced property tax on energy-efficient buildings in Riga from 2024 2/48/23



ESG Tax Practice, PwC Latvia  
Alina Ruskova

Moving towards a more environmentally friendly and energy-independent urban development in Riga, in October 2022 the Riga City Council passed amendments to Binding Rule No. 109, *Procedures for granting real estate tax relief in Riga*, which set up a new category of real estate tax (RET) relief – a 50% relief for energy-efficient buildings to be delivered for occupancy after 2023.

A one-year period of transition was chosen to offer a reasonable transition while investment is being planned and made by investors. In passing the amendments, the Riga City Council intended this exemption as an incentive to drive the development of sustainable buildings and to offer support for taxpayers who will choose to provide international certification for their buildings in the future. This allowed property developers who had expected to deliver buildings for occupancy in 2024 or were still planning their projects, to meet the regulatory requirements for claiming RET relief early on.

According to the amendments, energy-efficient buildings eligible for relief mean newly built or fully renovated buildings with international certification such as BREEAM International New Construction, BREEAM Refurbishment and Fit-Out, LEED BD +C or DGBN certificate with at least a 55% rating.

This level of certification is awarded only to sustainable buildings that encourage local development and create a well-thought-out quality environment, which is an extra factor on the road towards achieving the energy-efficiency and climate-neutrality targets in Riga.

RET relief will be granted for newly built or fully renovated buildings that are delivered for occupancy after 2023. To claim relief, the taxpayer will have to file an application by 15 December in the tax year. Relief will be granted for ten years, starting from the next month after the building is delivered for occupancy and the certificate takes effect, up to its expiry date.

In addition, given the rapidly increasing energy costs in Latvia, buildings within the Riga municipality are gradually receiving other energy-efficiency improvements to reduce their energy consumption by up to 15% in municipal agencies and companies.

To provide private persons eligible for RET relief with equal opportunities for improving energy efficiency, illumination on the façade of a building is no longer required at night. This applies to renewed, restored or reconstructed buildings within the area of urban development monuments of national significance, and to cultural monuments with decorative façade lighting. Tax relief is granted if such decorative façade lighting is permanently on during the dark hours of the day until 12 midnight and from 5 a.m.

Also, to save natural resources, the Riga City Council intended the amendments to increase the electronic circulation of documents. RET relief is conditional on the taxpayer using an electronic channel of communication that reduces the circulation of paper documents. However, this requirement does not apply to individuals who are not active in the electronic space for objective reasons.