

# De minimis aid scheme: new EDS feature (2/31/19)

Taxpayers may have recently noticed that the State Revenue Service's Electronic Declaration System (EDS) features a new functionality, de minimis. Let's explore what this is all about.

## De minimis aid

De minimis is one of the methods for recognising state aid as compatible with the EU internal market.

De minimis is the term the European Commission has adopted for the concept of minimum aid, which provides that any low-value aid programmes with no actual effect on intra-Community competition or trade are not subject to the general requirements for controlling commercial aid. De minimis aid must not exceed €200,000 over a period of three fiscal years, and there are more conditions to be fulfilled, such as fitting the definition of a single entity, excluded industries and activities (e.g. entities involved in the primary production of agricultural products are disqualified), types of aid instruments, conditions applicable on a merger, acquisition or split, cumulation terms etc.

An entity or individual may qualify for commercial aid under one of the de minimis regulations at the level of a single entity or economic unit.

Aid is granted from central or local government funds or European funds, such as subsidies, financial investments in the form of loans, guarantees, tax rate reductions, tax relief and duty relief as well as any other financial assistance, whether direct or indirect, that gives certain advantages and creates or may create competition restrictions. The aid provider may be a central or local government institution or its authorised entity that makes the decision to grant de minimis aid or is responsible for devising an aid programme or for implementing an aid programme or an individual aid project.

## Implementing the de minimis scheme

Putting the de minimis aid scheme into practice is an activity undertaken by the State Revenue Service (SRS) and the Ministry of Finance within the *Modernisation of Tax Information Services* project aimed at achieving an increase in multiple use of public data and an efficient interaction between public government and the private sector.

With effect from 1 July 2019, Latvia records de minimis aid electronically through the scheme for recording de minimis aid in the relevant SRS EDS section, i.e. the De Minimis button. This section allows taxpayers to electronically complete the form for recording de minimis aid and to monitor various data, including any de minimis aid granted to related companies and any available balances. The scheme eliminates the need to file a hardcopy form for recording de minimis aid when applying for it.

More details of procedures for recording and granting de minimis aid can be found in the Cabinet of Ministers' Regulation No. 715, *Recording and granting de minimis aid and sample forms for recording de minimis aid*, effective from 1 June 2019.

Implementing the de minimis aid scheme is expected to ease the administrative burden on taxpayers and to promote an efficient interaction between public government and the private sector.

