



Satversmes tiesa

Press Release

• Case No 2021-12-03 •

13 April 2021

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## A case initiated with regard to the maximum amount of immovable property tax relief in Riga

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On 12 April, the 2nd Panel of the Constitutional Court initiated the case “On the compliance of paragraph 11 (in the wording which was in force until 31 December 2020) of Riga City Council binding regulation No 111 of 18 December 2019 ‘Procedure for granting real estate tax benefits in Riga’ with Article 1 and the first sentence of Article 105 of the Constitution of the Republic of Latvia”.

### CONTESTED PROVISION

- Paragraph 11 of Riga City Council binding regulation No 111 of 18 December 2019 “Procedure for granting real estate tax benefits in Riga” (in the wording which was in force until 31 December 2020) provided that the amount of real estate tax benefits granted to a legal entity, except for state and local government capital companies and public benefit organisations, may not exceed 10 000 Euro per tax year.

### PROVISIONS OF SUPERIOR LEGAL FORCE

- Article 1 of the Constitution (*Satversme*) of the Republic of Latvia (hereinafter – the Constitution): **“Latvia is an independent democratic republic”**.
- The first sentence of Article 105 of the Constitution: “Everyone has the right to own property.”

### FACTS OF THE CASE

The case has been initiated on the basis of an application filed by the Administrative District Court. The Applicant is hearing an administrative case concerning cancellation of the administrative act by which the real estate tax to be paid by the claimant – a legal entity – was recalculated for the period from February 2020 to December 2020. As follows from the application, the claimant received real estate tax benefits in 2018, as it was performing works to renovate and illuminate the façade of the building. This relief

was granted to the claimant for five years. On 30 January 2020, the contested provision came into effect, stipulating that the amount of the respective benefits may not exceed 10 000 Euro per tax year. It also follows from the application that the contested provision was applied by the relevant authority and is to be applied also in the particular administrative case.

The Applicant holds that the contested provision is incompatible with Article 1 and the first sentence of Article 105 of the Constitution. Allegedly, it unjustifiably restricts the right to property for those individuals who have invested resources in restoration of buildings and, based on the previous regulation, developed legitimate expectations that they will be receiving the respective real estate tax benefits for five years.

#### COURT PROCEDURE

The Constitutional Court has requested Riga City Council to submit a written reply stating the facts of the case and the legal reasoning by 14 June 2021.

- The case is to be prepared by 12 September 2021.

The Court will decide on the type of proceedings and the date of hearing once the case has been prepared.

- The decision to initiate the case is available here: [https://www.satv.tiesa.gov.lv/wp-content/uploads/2021/04/2021-12-03\\_lemums\\_par\\_ierosinasanu.pdf](https://www.satv.tiesa.gov.lv/wp-content/uploads/2021/04/2021-12-03_lemums_par_ierosinasanu.pdf)

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This release has been prepared to inform the public about the work done by the Constitutional Court. More detailed information on current issues, cases initiated and decided by the Constitutional Court is available on the website of the Constitutional Court at [www.satv.tiesa.gov.lv](http://www.satv.tiesa.gov.lv). You are also invited to follow the information on the Court's *Twitter* account [@Satv\\_tiesa](https://twitter.com/Satv_tiesa) and *YouTube* [channel](#).

**Zanda Meinarte**

Public Relations specialist

at the Constitutional Court

[Zanda.Meinarte@satv.tiesa.gov.lv](mailto:Zanda.Meinarte@satv.tiesa.gov.lv)

67830759, 26393803



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