

Satversmes tiesa

Press Release

Case No 2020-19-0103

12 February 2021

Legal proceedings concerning the provisions that set out the minimum amount of disability pension are terminated; the contested regulation has been amended and changed in substance

On 10 February 2021, the Constitutional Court decided to terminate legal proceedings in case No 2020-19-0103 "On compliance of Section 16(1)(2) and Section 16(2) of the law 'On State Pensions' and Sub-para 2.2 and 2.3 of the Cabinet Regulation of 22 December 2009 No 1605 'Regulations regarding the amount of the state social security benefit and funeral benefit, procedures for the review thereof and procedures for the granting and disbursement of the benefits' with Article 1, second sentence of Article 91, and Article 109 of the Constitution of the Republic of Latvia".

## Contested Provisions

<u>Section 16(1)(2) of the law "On State Pensions" (in the wording that is in force from 1</u> <u>January 2021)</u> stipulates that the disability pension for Group III disability is granted in the amount corresponding to the baseline for calculating disability pensions, which is 136 euro, and for individuals who are disabled since childhood – 163 euro (hereinafter – the disability pension calculation baseline).

Section 16(2) of the law "On State Pensions" (in the wording that is in force from 1 January 2021) stipulates that the amount of disability pension for Group I and Group II disability may not be less than the corresponding disability pension calculation baseline, that is 136 euro or 163 euro, to which the following coefficient must be applied: for Group I disability – 1.6; for Group II disability – 1.4.

The case in question was initiated in respect of Section 16(1)(2) and 16(2) of the law "On State Pensions" in the wording that was in force until 31 December 2020. Section 16(1)(2) of the law "On State Pensions" stipulated that the disability pension in the case of Group III disability was granted in the amount corresponding to the level of state social security benefit. Section 16(2) of the law "On State Pensions" stipulated that the amount of Group I and Group II disability pension could not be less than the state social security benefit, to which the following coefficient had to be applied:

For Group I disability — 1.6; For Group II disability — 1.4.

On 1 January 2021, <u>the Cabinet Regulation No 1605 of 22 December 2009 "Regulations</u> regarding the amount of the state social security benefit and funeral benefit, procedures for the review thereof and procedures for the granting and disbursement of the benefits" (hereinafter – Regulation No 1605) ceased to be in force.

The case in question was initiated in respect of compliance with the Constitution of the provisions of subparagraphs 2.2 and 2.3 of Regulation No 1605, which were in force until 31 December 2020. The said provisions stipulated that the amount of the state social security benefit for individuals with disability was 80 euro per month, and for individuals disabled since childhood – 122.69 euro per month.

### PROVISIONS OF SUPERIOR LEGAL FORCE

- <u>Article 1 of the Constitution (*Satversme*) of the Republic of Latvia</u> (hereinafter the Constitution):\_"Latvia is an independent democratic republic".
- <u>The second sentence of Article 91 of the Constitution:</u> "Human rights shall be realised without discrimination of any kind."
- <u>Article 109 of the Constitution:</u> "Everyone has the right to social security in old age, for work disability, for unemployment and in other cases as provided by law."

# FACTS OF THE CASE

The case was initiated on the basis of an application filed by the Ombudsman. The Ombudsman held that the minimum amount of disability pension was not sufficient for satisfying the basic needs of disabled individuals. Therefore, the contested provisions did not comply with the principle of human dignity and the principle of socially responsible state. Also, the contested provisions allegedly allowed discrimination against the recipients of the minimum disability pension, based on disability and social situation.

In defining the minimum amount of disability pension, only the possibilities of the state budget had been taken into account, but not the objective socio-economic needs of the individuals. The minimum amount of disability pension, which was defined by taking into account the amount of the state social security benefit with the coefficient set for a particular disability group, was not and had never been based on specific calculations or indicators. Moreover, the minimum amount of this pension was not revised frequently enough.

#### THE COURT'S FINDINGS AND DECISION

The Constitutional Court has found that the minimum amount of disability pension as set out in the legal provisions that are currently in force is significantly higher than that stipulated in the contested provisions. Also, by amending the law "On State Pensions", the legislator changed the procedure for calculating the minimum disability pension. More specifically, as of 1 January 2021, its amount is not pegged to the state social security benefit. The law sets out the base level of the minimum disability pension as a specific amount, which is calculated using the relative method. Furthermore, periodic revision of the minimum disability pension amount is provided for as of 1 January 2021. The Constitutional Court has also found that Regulation No 1605, including paragraphs 2.2 and 2.3, ceased to be in force on 1 January 2021.

Considering the above, the Constitutional Court has concluded that both the contested provisions of the law "On State Pensions" and the contested provisions of Regulation No 1605 are not in force as of 1 January 2021. The legislator changed the content of the contested provisions substantially. The Constitutional Court has also concluded that no circumstances exist in the case in question that require the continuation of the proceedings. On these grounds, the court proceedings in case No 2020-19-0103 are to be terminated pursuant to Section 29(1)(2) of the Constitutional Court Law.

The Constitutional Court decided:

to terminate legal proceedings in case No 2020-19-0103 "On compliance of Section 16(1)(2) and Section 16(2) of the law 'On State Pensions' and Sub-para 2.2 and 2.3 of the Cabinet Regulation of 22 December 2009 No 1605 'Regulations regarding the amount of the state social security benefit and funeral benefit, procedures for the review thereof and procedures for the granting and disbursement of the benefits' with Article 1, second sentence of Article 91, and Article 109 of the Constitution of the Republic of Latvia".

The decision cannot be appealed.

The text of the decision is available on the website of the Constitutional Court: <u>https://www.satv.tiesa.gov.lv/wp-</u>

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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 <u>www.satv.tiesa.gov.lv.</u> You are also invited to follow the information on the Court's *Twitter* account <u>@Satv\_tiesa</u> and *YouTube* <u>channel</u>.

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