

Financial instrument account or investment account?

Choose the account type most suitable for you

	Financial instrument account	Investment account
What do I need to pay personal income tax on?	On capital gains from each capital asset you offload.	On income in your account which is calculated as any amount in excess of the amount paid in to the account.
When do I have to declare my income?	Quarterly, if your quarterly income exceeds €1,000. Annually, if your quarterly income is less than €1,000.	Annually, if personal income tax applies to you (if the amount you pay in to the investment account is less than the amount you gain).
Who prepares the figures for my declaration?	The customer calculates their tax declaration.	The bank prepares the figures for your tax declaration.
Are there any limits on specific transactions?	No limits, all transactions involving securities are permitted.	You cannot transfer securities except between investment accounts.

A more simplified approach to applying personal income tax to your income For investment accounts

As of 2018, the Law On Personal Income Tax sets out a simplified approach to applying personal income tax to income gained from investments in financial instruments using an investment account. The investment account regime allows income from investments to be reinvested in financial instruments without being subject to personal income tax. Personal income tax must be paid when the amount withdrawn from an investment account exceeds the amount paid in.

Personal income tax payment For investment accounts

Personal income tax is paid by the taxpayer themselves after submitting an annual income declaration. The credit institution gives the account holder the opportunity to obtain an investment account statement which sets out information on the amount paid into and out of the the account during the tax year, as well as on the taxes deducted from the account.

How are capital gains determined?

Capital gains are calculated from the capital asset offload price minus their purchase value and the value of investments made while the capital asset was held.

Personal income tax rate

The personal income tax rate for capital gains income is 20 %.

If you have any questions, please contact Citadele's securities specialist by calling 67010778.

This information is for general informative purposes, and cannot be viewed as a tax consultation. It has been prepared and can be interpreted under current legislation in the Republic of Latvia.

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