

Changes to the services provided by the SSIA in 2023

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Svarīgi!

Izmaiņas
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- ✓ Pabalsti
- ✓ Pensijas
- ✓ Valsts sociālās apdrošināšanas obligātās iemaksas

Parenting benefit

Increase in the amount of the benefit paid to employed parents

From 1 January 2023, a recipient of parenting benefit who is employed and not on parental leave or who earns income as a self-employed person during parental leave will be paid 50% of the benefit granted. This condition applies both to parents who have been granted the benefit in 2022 and will continue to receive it in 2023, and to those who will be granted it in 2023.

Procedure for granting and paying the allowance for children born on or after 1 January 2023

Total period of parenting benefit can be either 13 months or 19 months from the date of the child's birth. This consists of the basic part of the parenting benefit and the non-transferable part of the parenting benefit, which is two months for each parent. The period of maternity allowance is also included in the total period of parenting benefit.

A parent receiving the basic part of the allowance may receive two months of the non-transferable part, which may also be divided into stages, at any time after the basic part until the child reaches the age of eight. The other parent – at any time between the birth of the child up to the age of eight. The non-transferable part can only be received if the employer has granted parental leave to the parent; self-employed workers can receive it if they are not engaged in economic activity and are not earning income at the time they receive this part of the benefit.

Paternity benefit

Paternity benefit will be calculated for the working days, not calendar days. These changes have been introduced because the Labour Law provides for 10 working days of leave in relation to the birth of a child, and parent is entitled to paternity benefit for

this period.

Changes shall enter into effect from 1 January 2023. The SSIA will review all the paternity benefits already granted for children born from 1 August 2022:

up to 31 March 2023, the benefits are granted and disbursed in the amount determined by the normative framework until 31 December 2022 (according to the old procedure, determining amount of the benefit per calendar days),

up to 30 April 2023, the SSIA recalculates the benefit in accordance with the new calculation procedure and disbursed the difference of benefit.

Old-age pension

Retirement age

In 2023, the retirement age will be 64 years and six months, but in case of early retirement –62 years and six months.

Impact of the monthly amount of the life-annuity

For the purpose of granting an old-age pension from 1 January 2023, if a member of 2nd pension pillar purchases a life insurance (life-annuity) policy for the capital accumulated in 2nd pension pillar, the monthly amount of the life-annuity will be reduced by the amount of:

the minimum pension;

the amount of disability pension, service pension or state social security benefit to be retained the person is entitled to.

Until the moment the SSAA receives information from the insurance company on the monthly amount of the life-annuity, in the above cases the old-age pension will be paid in advance in the amount calculated, but not for a period longer than one year.

Recipients of service pensions and insurance benefits who, after 1 January 2023, will reach the age required for the granting of an old-age pension and be granted an old-age pension will be disbursed service pension and insurance compensation, reducing its amount by:

the amount of the granted old-age pension, and

the amount of the life-annuity, if the participant of 2nd pension pillar purchases a life insurance (life-annuity) policy for the capital accumulated in 2nd pension pillar.

2nd pension pillar

From 1 January 2023, the principle for distribution of participants of the new 2nd pension pillar by investment plans will change. If the new member at the time of distribution:

is under the age of 55, he/she will be included in an investment plan that invests up to 100% of the plan's assets in shares,

has reached the age of 55, he/she will be included in an investment plan that invests no more than 25% of the plan's assets in shares.

From 1 January 2023, a participant of 2nd pension pillar who has been granted an old-age pension and wishes to use the capital accumulated in 2nd pension pillar to purchase a life-annuity insurance policy will no longer be able to temporarily postpone the commencement of disbursement of the life-annuity disbursement when concluding a life-annuity insurance contract, nor will he/she be able to define several disbursement phases with different life-annuity amounts for each phase.

The life-annuity contract will still be able to specify the beneficiary (heir) and the frequency of disbursements – monthly, quarterly, half-yearly or yearly. Like an old-age pension, a life-annuity shall be disbursed for life.

State social benefits

From 1 July 2023, persons and their family members who stay and reside in Latvia on the basis of a temporary residence permit and who have been granted an alternative status in Latvia will be entitled to all the state social benefits in the same way as any person permanently residing in Latvia.

Mandatory state social insurance contributions

Minimum contributions

As the minimum monthly wage is set at €620 per month from 1 January 2023, the following will apply from 1 January next year:

The State Social Insurance Agency will calculate the minimum mandatory state social insurance contributions for employees and self-employed persons whose income declared to the State Revenue Service (SRS) in a quarter will be less than EUR 1,860 (three minimum wages);

Self-employed persons, if their monthly income:

is below 620 euros, will be obliged to make quarterly mandatory state social insurance contributions (MSSIC) in the amount of 10% for pension insurance;

reaches and exceeds 620 euros, they will be obliged to make MSSIC at the rate of 31.07% from at least 620 euros for all types of insurance and from the difference between the actual income and object of the MSSIC – 10% for pension insurance;

for persons who have voluntarily joined the state social insurance and pay MSSIC voluntarily – minimum amount of the contribution object for a calendar year will be set at 7,440 euros. This means that annual MSSIC will have to be paid at least from the aforementioned amount.

Contributions for persons earning income from royalties

From 1 January 2023 to 31 December 2023, the special royalty tax regime will be maintained. This means that in 2023, persons earning income from royalties will also have the right not to register as economic operators, and the current procedure with regard to the MSSIC object and the minimum mandatory state social insurance contributions will be maintained.

<https://www.vsaa.gov.lv/en/article/changes-services-provided-ssia-2023>