

## **Procedures for Preparing the Notification of General Government Deficit and Debt**

*Issued pursuant to  
Section 31, Paragraph one, Clause 3 of the Law On the Structure of the Cabinet*

1. This Regulation prescribes the procedures for preparing the notification of general government deficit and debt laid down in Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community (Codified version), (hereinafter – the notification) and submitting thereof to the responsible structural unit of the European Commission – Statistical Office of the European Union “Eurostat” (hereinafter – Eurostat).
2. The Central Statistical Bureau (hereinafter – the Bureau) shall be the authority responsible for the preparation of the notification and submission thereof.
3. The authorities involved in the preparation of the notification shall be the Ministry of Finance, the Treasury, the Central Finance and Contracting Agency, the Ministry of Defence and the State Social Insurance Agency (hereinafter – the involved authorities).
4. The Bureau has the right to request that the information required by it for preparation of the notification is provided promptly by:
  - 4.1. all the institutional units included in the list of the general government sector;
  - 4.2. legal persons governed by private law or associations of such persons where the State or local government has a decisive influence in conformity with Sub-paragraph 2.38 of Annex A to Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (hereinafter – the ESA 2010);
  - 4.3. legal persons governed by private law or associations of such and public persons (including port authorities and special economic zone authorities) which are involved in transactions with general government.
5. Institutional units referred to in Paragraph 4 of this Regulation, and also legal persons governed by private law and public law and associations of such have an obligation to prepare and submit to the Bureau the information requested by it, including restricted access information.
6. The Ministry of Finance shall prepare and submit to the Bureau:
  - 6.1. the information referred to in Annex 1 to this Regulation – by 1 March (provisional data) and by 1 July (updated data) of year n;
  - 6.2. forecasts for a reporting year n in accordance with the medium-term budgetary framework law for the current year and annual State budget law for the current year – by 1 March of year n;
  - 6.3. updated forecasts for a reporting year n in accordance with the stability programme of Latvia for the current year – by 15 September of year n.

7. The Treasury shall carry out the following for the Bureau:

7.1. ensure public access to its website for the official monthly report of the Treasury regarding budget performance in January–December of year  $n-1$  – by 31 January of year  $n$ ;

7.2. ensure access to its website for the annual report of the Republic of Latvia regarding performance of the State budget and local government budgets before opinion of the State Audit Office – by 5 July of year  $n$ ;

7.3. provide information regarding updates in the annual report of the Republic of Latvia for year  $n-1$  regarding performance of the State budget and local government budgets which are made in accordance with the opinion of the State Audit Office – by 1 September of year  $n$ ;

7.4. ensure access to the information system of budget reports of the ministries, central State authorities and local governments *ePārskati*;

7.5. provide information referred to in Annex 2 to this Regulation – until 5 March (provisional data) and until 20 August (according to the annual report data) of year  $n$ .

8. The Central Finance and Contracting Agency shall, by 1 March of year  $n$  (and by 1 September if changes are detected in previously submitted information) in conformity with mutually co-ordinated information structure and format, provide information to the Bureau from the information management system of Cohesion policy funds for year  $n-1$ .

9. The Ministry of Defence shall prepare and submit the information referred to in Annex 3 to this Regulation to the Bureau by 1 March of year  $n$  (and by 1 September if changes are detected in the previously submitted information).

10. The State Social Insurance Agency shall prepare and submit the information regarding old-age pensions and survivor's pensions granted in year  $n-1$  for the calculation of which the capital accumulated in the State funded pension scheme is used to the Bureau by 20 March of year  $n$ .

11. The Bureau shall:

11.1. by using the data submitted by the involved authorities and compiled by the Bureau, prepare a notification and accompanying information thereof in conformity with the ESA 2010 requirements and methodological recommendations of the Manual on Government Deficit and Debt issued by Eurostat;

11.2. draw up a work schedule for preparation of the notification and control performance thereof;

11.3. organise meetings of working group for thorough study of methodological issues and data sources, analysis and assessment of the notification results, inviting the Bank of Latvia in addition to the involved authorities referred to in Paragraph 3 of this Regulation, and, where necessary, other authorities, the competence of which includes compilation and analysis of government financial statistics or associated data;

11.4. co-operate with Eurostat and inform the involved authorities regarding methodological changes and explanations;

11.5. co-ordinate circulation of information related to preparation of the notification between the Bureau, Eurostat and authorities, the competence of which includes compilation and analysis of government financial statistics or associated data;

11.6. if not specified otherwise, ensure the course of visits of experts of Eurostat and other European Union institutions, the purpose of which is to control the compliance of information sources and calculation methods used in the notification preparation process with the methodological principles of the ESA 2010;

11.7. each year by 1 April and 1 October submit the notification to Eurostat;

11.8. provide answers to questions posed by Eurostat within the time limits laid down by it and ensure updating of the submitted information;

11.9. not later than within three weeks following the day of official submission of the notification to Eurostat, ensure public access to the notification and sources and descriptions of methodologies used during its preparation on the website of the Bureau.

12. The involved authorities shall:

12.1. organise work associated with preparation of the notification in the relevant involved authority and inform the management of the authority regarding preparation process of the notification and results thereof on a regular basis. If a responsible co-ordinator is replaced in any of involved authorities, the involved authority shall, within 14 days, inform the Bureau thereof;

12.2. annually, not later than a month prior to the submission of the notification, inform the Bureau regarding the necessary changes to descriptions of the data sources and methodologies for data compilation used for preparation of the notification;

12.3. participate in conducting additional surveys requested by Eurostat;

12.4. as soon as possible submit to the Bureau additional explanations and updated data necessary for the analysis and quality assessment of the notification performed by Eurostat;

12.5. engage in ensuring the activities of the visits referred to in Sub-paragraph 11.6 of this Regulation if the visit is organised by the Bureau, or ensure its course if the purpose of the visit organised by Eurostat is to control the quality of the data sources in responsibility of the relevant involved authority which have been used in preparation of the notification.

13. The authorities referred to in this Regulation, which have an obligation to submit to the Bureau the data used for preparation of the notification, shall be responsible for the compliance of the abovementioned data with the principles and quality criteria of the European Statistical System, which are defined in Articles 2 and 12 of Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities.

14. The involved authority shall, within 14 days after the day of coming into force of this Regulation, inform the Bureau regarding the responsible co-ordinator who is responsible for co-operation and exchange of information related with preparation of the notification with the Bureau.

15. Cabinet Regulation No. 748 of 4 October 2011, Procedure by which the Notification of General Government Deficit and Debt Shall Be Prepared (*Latvijas Vēstnesis*, 2011, No. 158; 2013, No. 193), is repealed.

Prime Minister

Laimdota Straujuma

Minister for Economics

Dana Reizniece-Ozola

## Information to be Prepared and Submitted by the Ministry of Finance

1. Forecasts:

- 1.1. gross domestic product forecast for the reporting year n (thousand EUR);
- 1.2. gross national income forecast for the reporting year n (thousand EUR);
- 1.3. forecast for net loans or lending of the general government sector for the reporting year n in division by sub-sectors of the second level of the sector S130000 of the institutional sector classification<sup>1</sup> (thousand EUR);
- 1.4. gross debt forecast of the general government sector for the reporting year n in division by categories and sub-categories of financial transaction classification (thousand EUR);
- 1.5. forecast for formation of gross fixed capital of the general government sector for the reporting year n (thousand EUR);
- 1.6. forecast for interest to be paid by the general government sector for the reporting year n (thousand EUR).

2. Tax revenue adjustments for year n–1, using the time adjusted method (thousand EUR):

Row code	Tax type	According to the cash flow	According to the accrual principle	Adjustment according to the time adjusted method (+, –)
A	B	1	2	3
D211	Value added tax			
D214.1	Excise duty			
D214.2	Electricity tax			
D214.3	Subsidised electricity tax			
D51	Personal income tax			
D611	Social insurance contributions			

3. Adjustments of contributions into the European Union budget for year n–1 according to the payment type (thousand EUR):

Row code	Contribution type	According to the cash flow	According to the accrual principle	Adjustment (+, –)	Substantiation for adjustment (indicating the period when the initial contributions were actually made)
A	B	1	2	3	C
3.1.	Traditional own resources (TOR) – in total				
3.1.1.	Customs duty payment				
3.1.2.	Import duty on agricultural goods				
3.1.3.	Sugar production charge				
3.1. n					
3.2.	VAT resource – in total				
3.3.	The United Kingdom adjustment and rebates granted to other Member States for budget balancing				
3.4.	Gross national income resource – in total				
3.5.	Reserves and fines				
3.0.	Adjustments – in total				X

4. Revenue received in year n–1 for the use of the State capital (dividends) from:

No.	Taxpayer registration code	Taxpayer name	Revenue (EUR)
A	B	C	1

5. Information regarding public-private partnership projects:

5.1. projects regarding which opinions concerning the assumptions included in the financial and economic calculations and risk allocation between the public partner and the private partner in the public-private partnership agreement have been provided in year n–1:

Title of the project	Project object	Public partner	Planned project duration (years)	Public partner's risk (yes, no)					
				construction risk	demand risk	availability risk	guarantee risk	risk of the clause of termination of the contract before its normal expiry date	other risks
1	2	3	4	5	6	7	8	9	10

5.2. financial data regarding the public-private partnership projects to be implemented:

Project registration number in the register of public-private partnership agreements	Dates of signing of the agreement or amendments	Title of the project	Public partner	Private partner	Value of the project agreement (EUR)	Project construction stages		Provisionally the project is recorded	
						date of commencement	date of end	in a public partner's balance	outside a public partner's balance
1	2	3	4	5	6	7	8	9	10

Construction activities implemented in the project (EUR) (to be completed only if the project is recorded in a public partner's balance sheet)					Agreed payments made by the public partner to the private partner <sup>2</sup> (EUR)				
from commencement of the project	including				started (date)/planned until (date)	in year n-1	in year n-2	in year n-3	in year n-4
	in year n-1	in year n-2	in year n-3	in year n-4					
11	12	13	14	15	16	17	18	19	20

From Column 16 – payments for			From Column 17 – payments for		
services provided	construction work performed	interest payments for resources attracted in the project implementation	services provided	construction work performed	interest payments for resources attracted in the project implementation
21	22	23	24	25	26

Payments of other type made by a public partner <sup>3</sup> to a private partner (EUR)				
from commencement of the project	including			
	in year n-1	in year n-2	in year n-3	in year n-4
27	28	29	30	31

5.3. guarantees issued by the government to projects included in the balance sheets of private partners:

Title of the project	Guarantees issued by the government (yes, no)									
	a guarantee to creditors for a partner's loan	guarantees to a partner for discharge of a debt	guarantees to a partner for minimum return on equity	a guarantee to a partner for minimum income level	liabilities of the government to cover a partner's debt if he or she cannot repay a debt	a guarantee against influence of increase in prices of manufacturing factors	a guarantee against unexpected technological ageing	guarantees against unfavourable macro-economic tendencies	guarantees for refinancing costs	other types of guarantees (specify in comment field)
1	2	3	4	5	6	7	8	9	10	11

Notes.

<sup>1</sup> Cabinet Regulation No. 1456 of 10 December 2013, Regulations Regarding Classification of Institutional Sectors.

<sup>2</sup> Payment, which the private partner receives from the public partner as a payment for the service provided, repayment of amortisation of the investments made or interest payments for the credits taken by the private partner for the project implementation.

<sup>3</sup> Payments or investments in kind (for example, land) made by the public partner and related to the maintenance or financing of the project assets, loans provided for the private partner, etc.

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## Information to be Drawn up and Submitted by the Treasury

### 1. Financial assets and liabilities:

(thousand EUR)

Code	Item name	Stocks at the end of year n–2	Transactions in year n–1 <sup>1</sup>	Exchange rate fluctuations	Other changes	Stocks at the end of year n–1
1	2	3	4	5	6	7
<b>F.XX<sup>2</sup></b>	Financial instrument name in assets of the balance sheet <sup>3, 4</sup>					
	In division by sub-sectors (S130X00), consolidated at the level of the sub-sector					
	In total in general government sector (S130000), <b>non-consolidated</b>					
	In total in general government sector (S130000), <b>consolidated</b> at the level of the sector					
	<b>Consolidation amounts</b> (in division by sub-sectors (S130X00))					
<b>F.XX</b>	Financial instrument name in liabilities of the balance sheet <sup>4, 5</sup>					
	In division by sub-sectors (S130X00), consolidated at the level of the sub-sector					
	In total in general government sector (S130000), <b>non-consolidated</b>					
	In total in general government sector (S130000),					

	<b>consolidated</b> at the level of the sector					
	<b>Consolidation amounts</b> (in division by sub-sectors (S130X00))					

2. Information regarding guarantees issued by the State and local governments which are paid instead of the borrower in year n-1<sup>6</sup>:

(thousand EUR)

Guarantor (State/ local government)	Recipient of guarantee	Institutional sector of the recipient of the guarantee	Lender	Amount of the guarantee contract	Date of payment	Funds paid by the guarantor instead of the borrower		Funds paid by the borrower		Amount recovered	
						principal amount	interest and other payments	principal amount	interest and other payments	principal amount	interest and other payments
1	2	3	4	5	6	7	8	9	10	11	12

3. Interest of guarantees issued by the State and other payments in year n-1:

(thousand EUR)

Recipient of guarantee	Payment type <sup>7</sup>	Amount of payment
1	2	3

4. Bad claims (lending with delayed payments)<sup>8</sup>:

(thousand EUR)

Year	General government (S130000) <sup>9</sup>	In division by sub-sectors	
		State bodies (S130100)	local government bodies (S130300)
1	2	3	4

5. Information regarding derivative financial instruments used by State bodies (S130100) in year n-1:

5.1. listing of the types of derivative financial instruments used by State bodies (S130100);

5.2. information regarding off-market swaps;

5.3. information regarding withdrawal of swaps:

(thousand EUR)

Swap type	Transaction amount, currency	Date of coming into force of a swap (dd/mm/yy)	End date of a swap (before withdrawal) (dd/mm/yy)	Date of withdrawal of a swap (dd/mm/yy)	Amount of lump sum upon withdrawal of a swap
1	2	3	4	5	6

Notes.

1. In the Column “Transactions in a reporting year” increase and decrease shall be indicated in assets for financial instruments F.4 and F.5.
2. F.XX – financial instrument code of two signs in conformity with ESA 2010 classification.
3. Accumulated receivable interest shall be distinguished separately.
4. F.3 and F.4 shall be indicated in a nominal value and accounting value.
5. Expenditure for the accumulated interest shall be indicated separately.
6. A separate row for each payment made instead of the borrower.
7. Interest, commitment fee, fine interest, risk interest for the government, service fees, fine.
8. Bad claims (loans) are such claims which comply with at least one of the following characterisations:
  - 8.1. interest or principal amount payment is delayed for at least 90 days;
  - 8.2. interest payments the due date of which is 90 days or more, are capitalised, re-financed or delayed in accordance with the contract;
  - 8.3. payments are delayed for less than 90 days, but there are other reasons (for example, a debtor has applied insolvency), that call into question making the payment in full amount.
9. Except for the codes of institutional sectors S130130, S130140, S130330, S130340.

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## Information to be Drawn up and Submitted by the Ministry of Defence

Information regarding special military equipment:

(thousand EUR)

Reporting year	Balance in the beginning of the year		Special military equipment received		Budget implementation	Changes to advance payments (+/-) (in assets of the balance sheet)	Changes to liabilities (+/-) (in liabilities of the balance sheet)	Balance in the end of the year		Conformity control
	advance payments (in assets of the balance sheet)	liabilities (in liabilities of the balance sheet)	in total	including through non-remuneration				advance payments (in assets of the balance sheet)	liabilities (in liabilities of the balance sheet)	
1	2	3	4	5	6	7	8	9 = 2 + 7	10 = 3 + 8	11 = 4 - 5 - 6 + 7 - 8
n-4										
n-3										
n-2										
n-1										

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