

# STATE SUPPORT FOR STARTUPS IN LATVIA

## Support program overview:

| program:                      |  Startup Law   |  Innovation Voucher  |  Promotion of International Competitiveness                            |  Magnetic Latvia Business Incubators   |
|-------------------------------|---|---|---|---|
| facts:                        |   |   |   |   |
| How much money is available:  | Up to 200 000 EUR*  | Up to 25 000 EUR*, with 85% support intensity   | Up to 40 000 EUR* with 50% intensity  | Up to 10 000 EUR* with 50% intensity  |
| Keywords for support program: | <ul style="list-style-type: none"> <li>State support for startup companies</li> <li>Social and Income tax relief</li> <li>Support for highly qualified employees</li> </ul>           | <ul style="list-style-type: none"> <li>Aid to merchants for the development of new products or technologies</li> <li>Feasibility study</li> <li>Certification and testing</li> </ul>                                | <ul style="list-style-type: none"> <li>Manufacture aid</li> <li>Export aid</li> <li>Support for foreign exhibitions and more</li> </ul>                 | <ul style="list-style-type: none"> <li>Business support for beginners</li> <li>Development of business idea</li> </ul>  |
| Main criteria:                | <ul style="list-style-type: none"> <li>Production manufacturing or development of an innovative idea</li> <li>No more than 150 EUR tax debt</li> <li>No ongoing bankruptcy</li> </ul> | <ul style="list-style-type: none"> <li>New or updated product has proven demand or end result has proven advantages for business growth</li> <li>Product has development plan until the final production</li> </ul> | <ul style="list-style-type: none"> <li>Export potential</li> <li>Signed agreement with LIAA</li> <li>Compliance according to de minimis rule</li> </ul> | <ul style="list-style-type: none"> <li>Company isn't more than 3 years old</li> <li>Company applying for incubation cannot be a member of any other ongoing acceleration program</li> </ul> |
| End date for program:         | 31st of december 2022   | 31st of october 2023  | 31st of october 2023  | 31st of december 2023   |

\*Per one company!



## Startup Law

I

### Law on Aid for the Activities of Startup Companies

Aid programs for:

Scenario #1: Flat Social tax + personal Income tax relief  
Scenario #2: 45% co-financing of highly qualified employees

- Program period - 12 months (except for startups with qualifying investments over 150 000 EUR - 24 months)
- A startup may apply for support repeatedly, but the period of support shall not exceed 5 years from the moment the 1st approval is received
- A startup cannot exceed 200 000 EUR de minimis ceiling\*
- A startup can mix both benefit scenarios within one application but must follow the rule: 1 employee = only 1 scenario (e.g. employee A - for scenario #1, employee B - for scenario #2)

\*European union regulation nr. 1407/2013

II

### Application Criteria\*\*

A or B

A

Startup that has received an investment<sub>1</sub> from a qualified investor<sub>2</sub>:

- VC fund of at least 30 000 EUR
- Accelerator or a Business angel of at least 15 000 EUR

<sub>1</sub> Investment - made in the first 5 years of the registration of the company / made no longer than 24 months ago  
<sub>2</sub> Qualified investor according to startup law - 5th section - has a specific track record

B

Startup that can show evidence demonstrating the development or production of an innovative product (bootstrapping startup)

Innovative product - a product or service with a high added, often times, technological value, which ensures development of a specific new product or service, or a significant improvement of the existing product or service.

Other mandatory criteria:

| Scenario #1: Income and Social tax relief | Scenario #2: Support for highly qualified employees   |
|---|---|
| Tax debt does not exceed 150 EUR          |   |
| No ongoing bankruptcy                     |   |
|   | A highly qualified employee receives a higher-than-average-in-country salary  |
|   | Must have at least a masters degree in one of the applicable studies:<br>OR<br>Has at least 3 year experience in the area of work**** |

\*\* Main criteria by [startup law](#)

\*\*\* Studies or knowledge must be based by science and R&D, specifically connected to the development of the new product/service. Employees who are solving administrative tasks and creative jobs that are not research-related to the aforementioned product or service development must be applied for Income and Social tax relief.

III

### Not supported industries

Unfortunately not all industries are supported according to law\*\*\*\*. Here are the main categories:

- Trade sector
- Financial intermediation sector
- Sector of commercial services
- Gambling sector

\*\*\*\*Cabinet regulation Nr.692

Apply to the program [here!](#)  
More information about the program can be found [here!](#)



## Innovation Voucher

I

### Aid program to merchants for the development of new products or technologies

Voucher program is based on [Cabinet rules nr.692](#)

The program offers 3 types of vouchers that are worth between 5 000 EUR and 25 000 EUR, depending on the type of voucher:

**Introduction Voucher** (up to 5 000 EUR / 85-100%):  
The supported activities include:

- Feasibility study
- Industrial research
- Experimental development, including prototyping
- Development of a product's industrial design

**Classical Voucher** (up to 25 000 EUR / 45-85%):  
The supported activities include:

- Feasibility study
- Industrial research
- Experimental development, prototyping
- Product industrial design development
- Corroboration of industrial property rights
- Certification and testing of services
- Attraction of highly qualified employees

**Design Voucher** (up to 5000 EUR / 50-85%):  
The supported activities include:

- Designer's services for the implementation of innovations:
- Product Design
- Process (service) design
- Strategic design

II

### Application Criteria

- New product or technology has justified demand and has predetermined advantages which will help boost company competitiveness and productivity
- Company has established full cycle of business plan for new or updated product starting from idea until final product manufacture
- Company that can show evidence demonstrating the development or production of an innovative product

Procedures to apply for the program [here!](#)  
More information about the program [here!](#)



## Promotion of International Competitiveness (program for SMEs)

program is based on [Cabinet rules Nr.678](#)

### Program support can be used for:

**Up to 20 000 EUR / 80% for:**

- Conformity assessment and certification of plants and products

**Up to 40 000 EUR per year / 50% for:**

- International exhibitions and conferences, trade missions and national stands
- Adaptation of products to foreign markets
- Participation in international industry associations
- Website, online store, digital application and virtual communication platform development

### Application:

- Sign the program-specific contract with LIAA;
- The Beneficiary shall submit an application to LIAA for the export-related support activities planned for the calendar year, after which a contract is signed;
- In order to receive support, the Beneficiary submits a request for payment to LIAA with copies of documents confirming the transaction and disbursement after each or several implementation of the supported activities;

LIAA continues to accept payment requests for supported activities, observing the three-month deadline after the supported activity has taken place.

Procedures to apply to the program and the draft documents are available [here!](#)  
More information about the program can be found [here!](#)



## Magnetic Latvia Business Incubators

program is intended for companies that are not older than 3 years

In Latvia we have the following business incubator branches:

- 11 regional incubators located all around the country
- 9 regional industry incubators
- Creative industries incubator
- Technology business center unit

### There are two stages of incubation - pre-incubation and incubation:

**Pre-incubation program** (up to 6 months)

The supported activities include:

- Assessment of your business idea and its viability
- Advice on business model improvement
- Mastering business skills and abilities
- Co-working room and office equipment necessary for the business
- Free advice, training, and workshops
- Mentors' advice provided by experienced entrepreneurs and experts

**Incubation program** (up to 4 years)

The supported activities include:

- Co-working room and office equipment necessary for the business
- Free advice, training, and workshops
- Mentors' advice provided by experienced entrepreneurs and experts
- 50% co-financing for:
  - R&D and operational (finance, IT, accounting etc.) services
  - Equipment purchase (amount of up to 10 000 EUR and up to 5 000 EUR). The entrepreneur pays for the service in the amount of 100 % before receiving the grant.
- 30% co-financing for:
  - Resources and raw materials

### LIAA Technology Business Center

- Aims to support and develop business skills with high technological intensity
- Prototyping support
- Support available until the year 2024

More information about the Innovation Academy can be found [here!](#) and applications [here!](#)

Procedures to apply for the program [here!](#)  
More information about the program can be found [here!](#)