

# Guide to Beneficial Ownership Information: Legal Entities and Legal Arrangements

The purpose of this country-specific guide is to provide assistance to investigators on the type of information that is available on the natural persons who control legal persons and arrangements, such as companies and trusts, or otherwise play an important role in a legal person and arrangement in **Latvia**, and the conditions that need to be met to be able to access such information. For ease of reference, the contents of the guide are listed below.

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## **I. Definitions and Company Formation Process**

### **1. What is the definition of legal ownership in Latvia?**

Latvian law does not provide a definition of legal ownership for companies. However, it is understood that a legal person is owned by its members (shareholders). Legal ownership regarding commercial companies means a natural or legal person who legally owns the shares in a company in his/her name and therefore has the right to dispose of these shares and is entitled to exercise the rights flowing from the shares (voting rights and profit sharing).

### **2. What does “beneficial ownership” mean in Latvia?**

According to the Law on the Prevention of Money Laundering and Terrorism Financing the term beneficial owner is defined as follows:

Beneficial owner: a natural person, being the owner of the customer (legal person) or who controls the customer, or on whose behalf, for whose benefit or in whose interests the business relationship is being established or the individual transaction is being executed, and, at least,

- a) as regards to legal persons: a natural person, who owns, in the form of direct or indirect shareholding, more than 25 per cent of the capital shares or the voting stock of the legal person or who directly or indirectly controls it;
- b) as regards to legal arrangements: a natural person, who owns or in whose interests a legal arrangement has been established and operates, or who directly or indirectly exercises control over it, inter alia, who is the founder, proxy or supervisor (manager) of such legal arrangement.

### **3. How are legal entities (companies, partnerships, foundations, etc.) formed in Latvia?**

All legal entities acquire legal personality only after registration in the Enterprise Register of the Republic of Latvia. Upon registration of a legal entity, an individual registration number is granted to the legal entity.

Each legal entity is formed by filing the appropriate document (application, memorandum of association, articles of association, etc.) to the Enterprise Register of the Republic of Latvia. Information to be provided for the application for registration includes: name of the legal entity; type of the legal entity; information regarding and office held of the members of the board of directors and members of the council (if the legal entity has formed a council); the right of the members of the board to represent the legal entity individually or jointly; the registered office of the legal entity; amount of equity capital, separately indicating the subscribed and paid-up amounts of equity capital (only for companies).

For example, for the formation of a private limited company the founders of a legal entity shall prepare and sign appropriate documents, pay the equity capital of a certain amount, and appoint the members of the board of directors. The application must be signed by all founders of the company and the following documents must be added: memorandum of association, articles of association, shareholder register (for limited liability companies). The signatures on the application, as well as on the consent form of the person to hold the office of a member of the board of directors of the company, must be notarized. (This means that the signature has been certified by a sworn notary, an official of the Commercial Register

Office or, if the document has been drawn up in electronic form, it has been signed by a secure electronic signature).

The Enterprise Register of the Republic of Latvia verifies that the information and documents prepared with a view to establish a company are satisfactory and in line with the Latvian legislation. Simultaneously with the application to be registered in the business register, a person may submit an application for being registered in the Register of Tax Payers.

From 01 December 2018, all legal entities will also be obliged in all cases to submit information about their beneficial owners for registration with the Enterprise Register of the Republic of Latvia, in addition to the information cited above.

#### **4. What is the role of Company Registries in Latvia?**

All legal entities acquire legal personality only after registration in registers (Enterprise Register Journal, Commercial Register, Register of Associations and Foundations) held by the Enterprise Register of the Republic of Latvia. The role of the Enterprise Register of the Republic of Latvia is to register companies, record and maintain related information and documents, including on legal ownership, as well as information and documents pertaining to the companies' activities (i.e., capital increases and reductions, transformations, mergers or splits up, changes in the address, appointments, modification of the articles of association, dissolution, liquidation, etc.).

The Enterprise Register of the Republic of Latvia is in charge of verifying the documents' accuracy, that the provided information and documents are consistent with the legislative and regulatory provisions in force, as well as with the provided annexes, and that all information are consistent with the company's file, in case of modification request.

#### **5. How is basic information and information on beneficial ownership on legal entities obtained and recorded in Latvia?**

All legal entities are obliged to obtain and record basic information that must be kept by them must be submitted to the Enterprise Register of the Republic of Latvia, together with incorporation documents. The board of directors is obliged to submit to the Enterprise Register any changes in information that according to the laws is entered into the relevant register within 14 or 15 days from the day when the relevant decision was taken.

According to the law "On the Prevention of Money Laundering and Terrorism Financing" if a natural person has a reason to believe that he/she has become the beneficial owner of a legal entity, he/she is obliged to immediately notify the legal entity about this fact, indicating: name, surname, ID number (if applicable), birth date, number and date of issue of personal identification document, state and authority which has issued it, nationality, country of residence, information about how the control over the legal entity is carried out and the documented justification of the control exercised. The same obligation to inform the legal entity about its beneficial owner lies on the legal owners if they are acting for the benefit of another person.

Additionally, a legal entity shall identify its beneficial owners on its own initiative if it has reasonable grounds to doubt the information submitted by previously mentioned persons or if this information has

not been submitted but the legal entity has reasonable grounds to believe that it has a beneficial owner. All previously mentioned obligations also apply to changes to the information about the beneficial owners. A legal entity is obliged to keep all the previously mentioned information about its beneficial owners.

From 01 December 2018, all legal entities will be obliged to submit information about their beneficial owners and changes in information about them to the Enterprise Register of the Republic of Latvia. The notification about a beneficial owner must be submitted to the Enterprise Register of the Republic of Latvia within 14 days from the day the legal person has found out it has a beneficial owner or from the day it found out the changes in the information about the beneficial owner.

From 01 December 2018, in all cases legal entities will be required to submit information about their beneficial owners to the Enterprise Register of the Republic of Latvia, together with their application of registration (for companies also together with their applications to register changes in shareholder register or changes in the composition of the board). All legal entities that already are registered in registers of the Enterprise Register of the Republic of Latvia will be obliged to submit information about their beneficial owners by 01 March 2018.

Before the successful registration of submitted information, the Enterprise Register performs a number of inspections to verify the submitted information and documents. If during or after the registration process the Enterprise Register becomes aware of possible law violations, the Enterprise Register informs competent public authorities about it. For example, if the Enterprise Register receives information that any signature on submitted documents is falsified, the Enterprise Register informs competent public authorities for the purpose of starting an investigation procedure.

#### **6. How are legal arrangements (express trusts and trust-like agreements) formed in Latvia?**

Latvian law does not provide special provisions on trusts or trust-like arrangements. Trust or trust-like arrangements do not have the status of a legal personality. However, the general provisions of the Latvian Civil Law apply to all contracts and their formation.

#### **7. How is information on legal arrangements obtained and recorded in Latvia?**

According to Latvian law, trust or trust-like arrangements do not have the status of a legal personality. However, if a foreign trust operates in Latvia, according to the law "On the Prevention of Money Laundering and Terrorism Financing", obliged parties have the same duties: identify and take appropriate measures to verify the identity of the settlor, the trustees, the protector, the beneficiaries or types of beneficiaries and of any other natural person who exercises ultimate effective control over the trust.

## II. Types of Legal Entities

There are many types of legal entities able to be formed in **Latvia**. This Guide will provide information on three commonly used entities:

### Private Limited Liability Company

Type of legal entity	Private Limited Liability Company	
What is the minimum number of natural persons required for formation?	1	
	<b>Yes</b>	<b>No</b>
Is there a requirement to register with the company registry?	X	
Is there a requirement to provide verification for identity of natural persons (shareholders, representatives of bodies corporate and beneficial owners)	X	
Is there a residency requirement for directors?		X
Are bearer shares/share warrants permitted?		X
Is a Trust and Company Service Provider required to form?		X
Is a registered agent in the jurisdiction of formation required?		X
Is the entity required to hold financial account(s) in jurisdiction of formation?		X
Are tax filings required in the jurisdiction of formation (even if there are no direct tax liabilities)?	X	
Does the jurisdiction allow for nominee directors?		X
If so, are they required to disclose their status as nominee directors?		
If so, are the nominee directors required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?		
Does the jurisdiction allow for nominee shareholders?	X	
If so, are they required to disclose their status as nominee shareholders?	X	
If so, are the nominee shareholders required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?	X	

### Public Limited Liability Company (Stock Company)

Type of legal entity	Public Limited Liability Company (Stock Company)	
What is the minimum number of natural persons required for formation?	4	
	<b>Yes</b>	<b>No</b>
Is there a requirement to register with the company registry?	X	
Is there a requirement to provide verification for identity of natural persons (shareholders, representatives of bodies corporate and beneficial owners)	X	
Is there a residency requirement for directors?		X
Are bearer shares/share warrants permitted?	X <sup>1</sup>	
Is a Trust and Company Service Provider required to form?		X
Is a registered agent in the jurisdiction of formation required?		X
Is the entity required to hold financial account(s) in jurisdiction of formation?		X
Are tax filings required in the jurisdiction of formation (even if there are no direct tax liabilities)?	X	
Does the jurisdiction allow for nominee directors?		X
If so, are they required to disclose their status as nominee directors?		
If so, are the nominee directors required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?		
Does the jurisdiction allow for nominee shareholders?	X	

If so, are they required to disclose their status as nominee shareholders?	X	
If so, are the nominee shareholders required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?	X	

Note:

<sup>1</sup> If a stock company has shares that are not recorded in the shareholder register (bearer shares), they shall be recorded in the Latvian Central Depository and may be transferred to a financial instruments account of the shareholder in accordance with the provisions of the Financial Instrument Market Law.

### Partnerships

Type of legal entity	Partnerships	
What is the minimum number of natural persons required for formation?	2	
	<b>Yes</b>	<b>No</b>
Is there a requirement to register with the company registry?	X	
Is there a requirement to provide verification for identity of natural persons (shareholders, representatives of bodies corporate and beneficial owners)	X	
Is there a residency requirement for directors?		X
Are bearer shares/share warrants permitted?		X
Is a Trust and Company Service Provider required to form?		X
Is a registered agent in the jurisdiction of formation required?		X
Is the entity required to hold financial account(s) in jurisdiction of formation?		X
Are tax filings required in the jurisdiction of formation (even if there are no direct tax liabilities)?	X	
Does the jurisdiction allow for nominee directors?		X
If so, are they required to disclose their status as nominee directors?		
If so, are the nominee directors required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?		
Does the jurisdiction allow for nominee shareholders?		X
If so, are they required to disclose their status as nominee shareholders?		
If so, are the nominee shareholders required to obtain information on and/ or disclose the identity of natural person(s) on whose behalf they are acting?		

### III. How to Access Information

#### Registry

The registry in Latvia is called the Enterprise Register of the Republic of Latvia.

The registry is available online at [www.ur.gov.lv](http://www.ur.gov.lv).

Contact information for the registry is provided here:

Title: The Enterprise Register of the Republic of Latvia  
Address: Pērses street 2, Riga, Latvia, LV-1011  
Phone: +37167031703  
Email: [info@ur.gov.lv](mailto:info@ur.gov.lv)

In general, the following information is publicly available online (free or for a nominal fee, with no log-in requirements):

1. Name of Legal Entity
2. Unique Entity Number
3. Type of Legal Entity
4. Date of Incorporation
5. Current Status (active, etc.)
6. Principal Address of Business
7. Power of representation

In general, the following information is not publicly available *online*, but is available through another form of public access (i.e. in person only or via a pre-registration requirement):

1. Principal Purpose of Business
2. Registered Capital
3. Registered Agent Information
4. Officer/ Director Information
5. Shareholder/ Member Information
6. Memorandum
7. Articles of Incorporation
8. Application/ Certificate of Formation
9. Annual/ Biennial Reports
10. Shareholder Register (for private limited liability companies)
11. Register of Charges
12. Historical Documents (example: past annual filings)

In general, the following information is not available online or through another form of public access, but may be available to law enforcement, through specific procedures listed in further detail below:

1. Bank Account Information
2. Payment Records
3. Shareholder Register (for public limited liability companies)

## Register update

Section 166.3 of the Latvian Administrative Violations Code provides administrative liability for violation of the provisions regarding submission of information and documents to be submitted to the Enterprise Register. In the case of failure to submit information or documents to the Enterprise Register specified by regulatory enactments within the time period specified by law, a warning shall be issued or a fine shall be imposed in an amount from EUR 70 up to EUR 430. If the same violations are recommitted within a year after the imposition of an administrative punishment, a fine shall be imposed in an amount from EUR 210 up to EUR 700. The Enterprise Register draws up administrative violation protocols regarding the detected violations of laws and regulations, examines administrative violation cases and imposes punishments (Section 4 (4) of the law "On the Enterprise Register of the Republic of Latvia").

The Enterprise Register can take a decision to terminate activities of a company if the board of directors of the company has not had the right of representation for more than three months and the company has not rectified the indicated deficiency within three months after receipt of a written warning (Section 314.1, Paragraph 1 of the Commercial Law). Section 272 of the Criminal Law provides criminal liability for submission of false information to state institutions, including to the Enterprise Register. If the Enterprise Register receives any information about an entity having provided false information to the Enterprise Register, the Enterprise Register notifies the relevant authorities regarding possible violations of laws and regulations (Section 4 (4) of the law "On the Enterprise Register of the Republic of Latvia"). The fine applicable as the sanction for provision of false information to a state institution ranges from three to 100 minimum monthly wages. Pursuant to Section 7, Paragraph 2 and Section 41 of the Criminal Law and Paragraph 2 of the Regulations of the Cabinet of Ministers regarding the Minimum Monthly Salary and Minimum Hourly Wage Rate, said fine amounts from 1140 euros to 38000 euros. If a public prosecutor is issuing the injunction regarding punishment, a fine which could be imposed should not be more than a half of the amount of the maximum fine provided for in the Criminal Law.

The board of directors is obliged to submit any changes in information to the Enterprise Register that according to laws is entered in the relevant register within 14 or 15 days from the day when the relevant decision was taken. There is administrative liability to members of the board of directors stated by law for the failure to submit documents to the Enterprise Register within the time limit stated in the law. Additionally, entries made in the registers kept by the Enterprise Register have public credibility. This means that a third party can rely on information entered in the registers and legal entities have an interest to keep the entries (for example, about representatives of legal person) in the register accurate and up-to-date.



	Online Access (free or for nominal fee, no log-in requirements)	Other Public Access (available in person only or via pre-registration requirement)	Law Enforcement Access only	For Information/ documents accessible only by Law Enforcement, please describe how an investigator may access information
<b>Name of Legal Entity</b>	X			
<b>Unique Entity Number</b>	X			
<b>Type of Legal Entity</b>	X			
<b>Date of Incorporation</b>	X			
<b>Current Status (active, etc.)</b>	X			
<b>Principal Address of Business</b>	X			
<b>Principal Purpose of Business</b>		X		
<b>Registered Capital</b>		X		
<b>Registered Agent Information</b>		X		
<b>Officer/ Director Information (incl. power of representation)</b>	X	X		It is possible to check online if a particular person has power of representation of particular legal entity.
<b>Shareholder/ Member Information</b>		X		
<b>Memorandum</b>		X		
<b>Articles of Incorporation</b>		X		
<b>Application/ Certificate of Formation</b>		X		
<b>Annual/ Biennial Reports</b>		X		
<b>Shareholder Register</b>		X	X	Information of private limited liability company shareholders is publicly available. Law enforcement authorities, in order to conduct investigations, can have access to the information of public limited liability shareholders.
<b>Register of Charges</b>		X		
<b>Bank Account Information</b>			X	The FIU, law enforcement, and tax authorities have access to the national register of bank accounts.
<b>Payment Records</b>			X	The FIU, law enforcement, and tax authorities are able to obtain and use additional information from financial institutions.
<b>Historical Documents (example: past annual filings)</b>		X		

## Other Channels

The explanation below outlines the channels by which foreign authorities may obtain information on legal entities, legal arrangements, or relevant persons from different sources in Latvia.

Channels through which foreign authorities may obtain information

### Legal entities/ Relevant Individuals (directors, shareholders, managers, associates, family members, etc.)

	Information/ Intelligence Sharing Inquiry		Explanation	Mutual Legal Assistance Request		Explanation
	Yes	No		Yes	No	
Interviews with relevant Individuals		X	'Interviews' is understood as official hearings.	X		
Records/ documents	X		If publicly available or filed in an official register.	X		If the information is not publicly available and must be requested from a natural person or legal entity.

### Legal arrangements/ relevant individuals (trustees [nonprofessional], settlers, beneficiaries, protectors, etc.)

	Information/ Intelligence Sharing Inquiry		Explanation	Mutual Legal Assistance Request		Explanation
	Yes	No		Yes	No	
Interviews with relevant Individuals			Trusts do not exist in Latvia.			
Records/document s			Trusts do not exist in Latvia.			

### Financial Institutions

	Information/ Intelligence Sharing Inquiry		Explanation	Mutual Legal Assistance Request		Explanation
	Yes	No		Yes	No	
Interviews with personnel		X	'Interviews' is understood as official hearings.	X		
Accounts records/ documents	X		If publicly available or filed in an official register.	X		If the information is not publicly available and must be requested from a natural person or legal entity

### Trust and Company Service Providers

	Information/ Intelligence Sharing Inquiry	Explanation	Mutual Legal Assistance Request	Explanation
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	Yes	No		Yes	No	
Interviews with personnel		X	'Interviews' is understood as official hearings.	X		
Accounts records/ documents	X		If publicly available or filed in an official register.	X		If the information is not publicly available and must be requested from a natural person or legal entity.

**Other Designated Non-Financial Businesses and Professions**

	Information/ Intelligence Sharing Inquiry		Explanation	Mutual Legal Assistance Request		Explanation
	Yes	No		Yes	No	
Interviews with personnel		X	'Interviews' is understood as official hearings.	X		
Accounts records/ documents	X		If publicly available or filed in an official register.	X		If the information is not publicly available and must be requested from a natural person or legal entity.

## IV. Other Useful Sources of Information

Resource Name	Web Link
The European Judicial Network in criminal matters	<a href="https://www.ejn-crimjust.europa.eu/ejn/ToolsCountry.aspx?Mp=0&amp;Cou=307">https://www.ejn-crimjust.europa.eu/ejn/ToolsCountry.aspx?Mp=0&amp;Cou=307</a>
This is a web link to The European Judicial Network (EJN). EJN is a network of national contact points for the facilitation of judicial co-operation in criminal matters. This network also provides all relevant information regarding international cooperation in criminal matters of Latvia.	

### Case Examples

#### Examples of successful international cooperation regarding identification and sharing of beneficial ownership information

##### Example 1

On 13.11.2017 FIU Latvia received a formal urgent request for information from another EU member state FIU. The urgency of the request was motivated by the fact that funds had been frozen in a bank in the respective country. Among several subjects of the request, a Latvian company holding an account with a bank in Latvia was mentioned, and among other questions information on the beneficial owners of the Latvian company was requested.

On the same day, FIU Latvia sent a relevant request to the bank asking the bank, if possible, to provide the reply as a matter of urgency. The bank's reply was received on the next day, i.e. on 14.11.2017 and immediately on the same day a formal reply was compiled and sent to the foreign FIU. The reply contained identification data of the beneficial owner of the Latvian company, as received from the bank, as well as a copy of the print-out from the database of the Enterprise Register confirming that the same person was indicated as the shareholder of the company at the Enterprise Register holding 100% of the company's shares.

Thus, in this case the information concerning the beneficial ownership of a legal entity collected from two different sources (the bank and the database of the Enterprise Register) was provided to the foreign FIU on the next day after receiving the request.

##### Example 2

On 22.08.2017 FIU Latvia received a formal request from a non-EU member state FIU. Among the subjects of the request a company registered in an offshore jurisdiction and holding an account with a bank in Latvia was mentioned, and among other questions information on the beneficial owners of the offshore company was requested.

On the same day FIU Latvia sent a relevant request to the bank. The bank's reply was received within a week on 29.08.2017. On the next day, i.e. on 30.08.2017 FIU Latvia provided a formal reply to the foreign FIU. The reply contained identification data of the beneficial owner of the offshore company, as received from the bank.

Thus, in this case the information concerning the beneficial ownership of a legal entity acquired from the bank was provided to the foreign FIU within six business days after receiving the request.

It should be highlighted that the best practice of the Egmont Group of Financial Intelligence Units is to provide replies to requests for information within 30 days.

**Examples of failed international cooperation attempts regarding identification and sharing of beneficial ownership information**

Pursuant to the Latvian AML/CFT Law, FIU Latvia is authorized to request any relevant information from the subjects of the Law, including information on beneficial ownership of their clients. Furthermore, FIU Latvia is authorized to acquire information from any State or Municipal database. Thus, in practice there have been no cases when FIU Latvia would have been unable to provide foreign counterparts with information concerning beneficial ownership of legal entities upon receiving a relevant request.