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1 December 2009 [shall come into force on 1 January 2010];

21 October 2010 [shall come into force on 1 January 2011];

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12 September 2013 [shall come into force on 1 January 2014];

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5 October 2017 [shall come into force on 26 October 2017];

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19 August 2021 [shall come into force on 3 September 2021].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima* 1 has adopted and

and the President has proclaimed the following law:

**Law on the Alienation of the Property of a Public Person**

[*21 October 2010*]

**Chapter I**

**General Provisions**

**Section 1.** The following terms are used in the Law:

1) **alienation** – sale, exchange, investment in a capital company and transfer without consideration of the property of a public person as a result of which the ownership rights are transferred from the alienator of the property to the acquirer of the property;

2) **apartment house** – a residential house where, pursuant to the cadastral survey file, there is more than one apartment, artist’s workshop or non-residential premises, and also auxiliary buildings and structures belonging to the house functionally;

3) [8 June 2006];

4) **auction by ascending step** – a proposal to the person who bids the highest price for the property sold at an open auction that is higher than the opening price for the auction to enter into a purchase contract for the respective property;

5) **auction by descending step** – a proposal to the person who bids the highest price for the property sold at an open auction that may be lower than the notional price but not lower than the secret price to enter into a purchase contract for the respective property;

6) **notional price** – the value of the immovable property which has been determined according to the property valuation standards approved in accordance with the procedures laid down in the Standardisation Law or the value of the movable property which has been determined according to the property valuation standards approved in accordance with the procedures laid down in the Standardisation Law, and also by taking into account the remaining balance sheet value thereof according to the accounting records data;

7) **sale at a free price** – sale of the property at a price fixed by the alienator which is not lower than the notional price;

8) **secret price** – a price below which the property may not be sold in an auction by descending step;

9) **institution of a public person** (hereinafter – the institution) – also judicial and prosecutorial institutions within the meaning of this Law;

10) [21 October 2010];

11) **inter-area of land**– a land parcel owned by a public person the area of which:

a) in a city is smaller than the minimum area of building land which has been specified in the building regulations approved by a local government or the arrangement of which does not allow to use the relevant land parcel for building, or in respect of which it is impossible to ensure a connection to a common use street;

b) in rural areas is smaller than the minimum area of a land parcel specified in the binding regulations of a local government or the arrangement of which does not allow to use the relevant land parcel according to the approved spatial plan, or in respect of which it is impossible to ensure a connection to a common use street (road);

12) **proposal for alienation** – a submission of the person referred to in Section 4, Paragraph four of this Law which has been drawn up in accordance with the procedures laid down in laws and regulations and which has been registered by the relevant public person or which has been registered in the institution of the public person, and on the basis of which the public person or the institution thereof may commence the alienation of the immovable property of the public person.

[*22 June 2005; 8 June 2006; 21 June 2007; 30 October 2008; 21 October 2010; 16 June 2016*]

**Section 2.** (1) The Law prescribes the procedures for the alienation of the property of a public person. The property of a public person which has been transferred into possession or holding of the institution or capital company shall also be alienated in accordance with the procedures laid down in the Law.

(2) The Law shall not apply to:

1) the alienation of property rights (securities, capital shares in capital companies etc.) held by a public person the procedures for the alienation of which are laid down by other laws;

2) the property of the State and local governments which is privatised in accordance with the laws On Privatisation of State and Local Government Property, On Privatisation of State and Local Government Residential Houses, and land reform laws;

3) [8 July 2011].

(3) The provisions of this Law shall not be applicable to the alienation of the products which have been obtained in State scientific research forests, the State forests managed by *akciju sabiedrība “Latvijas valsts meži”* [joint stock company Latvian State Forests] or in the case when the Ministry of Defence, the Ministry of the Interior, or the Ministry of Transport has transferred the right to fell trees and the ownership rights to the trees felled to the joint stock company Latvian State Forests, and also in the State forests managed by the Nature Conservation Agency, the Ministry of Defence, the Ministry of the Interior, the Ministry of Transport, and the State educational institution which implements vocational educational programmes in the group of forestry educational programmes. The joint stock company Latvian State Forests, the manager of State scientific research forests, the Nature Conservation Agency, the Ministry of Defence, the Ministry of the Interior, or the Ministry of Transport, and the State educational institution which implements vocational educational programmes in the group of forestry educational programmes shall obtain by usufruct (Sections 1195–1200 of the Civil Law) and alienate the production referred to in this Paragraph for the highest price possible taking into account important public interests and fair competition. The joint stock company Latvian State Forests shall, in the amount specified by the Cabinet, pay into the State basic budget the share of the profit (dividend) due to the State out of profits earned as a result of the alienation of the products referred to in this Paragraph. Funds acquired by the Nature Conservation Agency, the Ministry of Defence, the Ministry of the Interior, or the Ministry of Transport, and the State educational institution which implements vocational educational programmes in the group of forestry educational programmes as a result of the alienation of the products referred to in this Paragraph shall be transferred to the own revenues of these State budget institutions. Funds acquired as a result of the alienation of the products of State scientific research forests shall be transferred to the budget of the manager of State scientific research forests.

(31) Provisions of this Law shall not be applicable if the State property used in the implementation of the measures to ensure operational activity is subject to alienation and the alienation thereof has been coordinated with the Cabinet. A head of an institution of operational activity shall alienate the respective property at the highest possible price. The institution of operational activity shall transfer the funds acquired after alienation of the property to the State budget revenues.

(4) Provisions of this Law for the alienation of immovable property shall be applicable to the alienation of ships, except for the alienation of warships. The Cabinet shall take the decision to alienate warships.

(5) This Law shall be applicable to the procedural arrangements for the alienation of immovable property of a public person that is located abroad insofar as the application thereof is not restricted by the laws and regulations of the relevant foreign country.

[*18 December 2003; 1 December 2005; 18 June 2009; 1 December 2009; 21 October 2010; 8 July 2011; 6 November 2013; 5 October 2017; 6 May 2012; 19 August 2021*]

**Section 2.1** In alienating built-up land parcels, provisions of this Law shall be applicable, unless the Law on the Completion of the Privatisation of the State and Local Government Property and the Use of Privatisation Certificates stipulates otherwise.

(2) Land parcels which are not alienated in accordance with the provisions of the Law on the Completion of the Privatisation of the State and Local Government Property and the Use of Privatisation Certificates shall be alienated and the price thereof shall be set in accordance with the provisions of this Law.

(3) In alienating a land parcel in accordance with the procedures laid down by law, the provisions of the law which specify a range of persons who may be bodies governed by land ownership rights in accordance with the law shall also be respected.

[*30 October 2008*]

**Section 3.** (1) Immovable and movable property of a public person may be alienated as follows:

1) by auctioning, including at an auction with the selection of bidders;

2) by selling at a free price;

3) by exchanging for other property;

4) by investing in the fixed capital of a capital company;

5) by transferring to a supplier and performing set-off (if the property has been procured);

6) by transferring without consideration.

(2) The basic type of the alienation of the property of public persons shall be the sale of property at an auction. Other types of the alienation of property may only be used in the cases provided for in this Law.

(3) It is prohibited to invest the property of a public person in a partnership.

[*18 June 2009; 21 October 2010*]

**Section 4.** (1) Alienation of the State property may be proposed if this property is not necessary for the relevant institution or other public institutions to ensure their functions. Alienation of the property of a derived public person may be proposed if this property is not necessary for the relevant derived public person or the institutions thereof to ensure their functions.

(11) Alienation of the movable property of a public person in respect of the State property in the cases specified by the Cabinet but in respect of the property of a derived public person – in the cases specified by the decision-making body of the relevant derived public person – may also be proposed without ascertaining the need of the public person or the institutions thereof for the movable property not necessary for another public person or the institutions thereof.

(12) Alienation of immovable property which has been transferred to a higher education institution that is a derived public person by the State without consideration may be proposed if a plan for the development of immovable property of the relevant higher education institution approved in accordance with the procedures laid down in the Law on Higher Education Institutions provides for the alienation of this property. The need of another public person or the institutions thereof for the State immovable property referred to in the plan for the development of immovable property of the higher education institution shall be ascertained in accordance with the procedures laid down in the Law on Higher Education Institutions.

(2) Alienation of the property of a public person may be proposed by the head of the relevant institution and also by another authority (official) that possess or holds the property of the public person.

(3) The procedures for ascertaining the need of a public person or the institutions thereof for the property not necessary for another public person or the institutions thereof and also the procedures for changing the holder of the property in respect of the State property shall be laid down by the Cabinet but in respect of the property of a derived public person – by the decision-making body of the relevant derived public person. The Cabinet shall lay down the procedures for ascertaining the need of a public person or the institutions thereof for the immovable property which has been transferred for privatisation and the privatisation of which has been terminated or the right of privatisation has not been exercised within the time period prescribed by the law, for the immovable property which has been recognised as the property without heirs or ownerless property, and also the need for an inter-area of land and the immovable property the cadastral value of which is below EUR 5000.

(4) In specific cases, alienation of the immovable property of a public person may be proposed by the following persons:

1) a land owner or all joint owners if they wish to purchase a building (structure) registered in the Land Register which is located on the land owned or an inter-area of land which is adjacent to their land;

2) a joint owner of land if he or she wishes to purchase a building (structure) registered in the Land Register which is located on the land owned jointly or an undivided share thereof in proportion to his or her share of the land;

3) an owner or all joint owners of a building (structure) registered in the Land Register if they wish to purchase a land parcel on which the building (structure) is located, or a land parcel on which the building (structure) is located and an inter-area of land which is adjacent to this land;

4) a joint owner of a building (structure) registered in the Land Register if he or she wishes to purchase an undivided share of a land parcel on which the building (structure) is located in proportion to his or her share of the building (structure);

5) a tenant or a family member thereof if he or she wishes to purchase a residential house, an undivided share thereof or residential property in accordance with the procedures laid down in Section 45 of this Law;

6) an apartment owner if he or she has the right of first refusal to another residential property in the same apartment house and if he or she wishes to purchase residential property in accordance with the procedures laid down in Section 45 of this Law;

7) a joint owner if he or she wishes to terminate a joint ownership relationship with a public person;

8) a person in respect of whom the land use right has been terminated in accordance with the procedures laid down in the Law on the Completion of the Privatisation of the State and Local Government Property and the Use of Privatisation Certificates and who has entered into a land lease with a local government if this person wishes to purchase the land which he or she has used and for which the land lease has been entered into;

9) an owner or all joint owners of a building (structure) registered in the Land Register if they wish to purchase immovable property owned by a public person which consists of a land parcel and a non-residential building (structure) and the building (structure) owned by them is also located on this land parcel but the land parcel may not be divided in accordance with the provisions of the laws and regulations regarding general spatial planning, use, and building.

(5) The Cabinet shall issue regulations providing for the procedures by which the persons referred to in Paragraph four of this Section submit a proposal for alienation and also the procedures for examining the received proposals for alienation, taking the decision to transfer the property of a public person for alienation or to refuse a proposal, and the procedures for revoking the decision to transfer for alienation.

(6) A proposal for alienation shall not be necessary for the alienation of the State immovable property which has been transferred for privatisation and the privatisation of which has been terminated or the right of privatisation has not been exercised within the time period prescribed by the law, except for the cases referred to in Paragraph four, Clauses 3, 4, and 9 of this Section.

[*22 June 2005; 8 June 2006; 21 June 2007; 30 October 2008; 18 June 2009; 21 October 2010; 8 July 2011; 29 October 2015; 16 June 2016; 20 June 2019* / *Amendment regarding the supplementation of Paragraph three with the second sentence shall come into force on 1 November 2019.* *See Paragraph 19 of Transitional Provisions*]

**Section 5.** (1) The permission to alienate the State immovable property shall be granted by the Cabinet but the permission to alienate the immovable property of a derived public person – by the decision-making body of the relevant derived public person. The permission to alienate the immovable property obtained in the course or as a result of the implementation of projects financed from resources of the European Union Instrument for Structural Policies for Pre-Accession to the final beneficiary of the project that is not an authority under the subordination or supervision of a public person or the institution shall be granted by the relevant minister in accordance with the procedures laid down by the Cabinet.

(2) The Cabinet or the decision-making body of a derived public person respectively shall take the decision to authorise the alienation of the property of the public person referred to in the proposal for alienation or adopt a reasoned refusal to reject the proposal for alienation within six months from the day the proposal for alienation is received.

(3) A permission of the Cabinet shall not be required for the alienation of built-up land parcels owned by the State in respect of which the persons referred to in Section 4, Paragraph four, Clauses 3 and 4 of this Law have submitted a proposal for alienation in accordance with the prescribed procedures. *Valsts akciju sabiedrība “Valsts nekustamie īpašumi”* [State joint stock company State Real Estate] shall, within two months after submission of the proposal for alienation, provided that it is accompanied by all documents confirming the right of first refusal of the person, take the decision to sell the relevant land parcel. If the proposal for alienation is received in respect of a built-up land parcel which has not been registered in the Land Register, the State joint stock company State Real Estate shall take the decision to authorise the alienation of the built-up land parcel owned by the State within two months from the day when the built-up land parcel has been registered in the Land Register. The State joint stock company State Real Estate may not transfer for alienation a built-up land parcel in respect of which the Cabinet has decided that it is necessary for the performance of State administration functions in accordance with the State Administration Structure Law.

(31) A permission of the Cabinet shall not be required for the sale of the immovable property owned by the State which has been transferred for privatisation and the privatisation of which has been terminated or the right of privatisation has not been exercised within the time period prescribed by the law and which is possessed by an authority performing privatisation. The decision to sell such immovable property shall be taken by an authority performing the privatisation of State property.

(32) A permission of the Cabinet shall not be required for the sale of the immovable property which has been recognised as the property without heirs or ownerless property and in respect of which claims of creditors have not been submitted and also an application for the need to preserve it in the ownership of a public person has not been received from a public person authority. The decision to sell such immovable property shall be taken by an authority in the possession of which it has been transferred in accordance with the laws and regulations regarding the procedures for performing accounting, evaluation, sale, transfer free of charge, destruction of the property under jurisdiction of the State and transfer of revenues from the sale thereof into the State budget. This Paragraph of the Section shall not apply to the immovable property referred to in Section 8, Paragraphs two, three, four, and 4.1 of the law On Land Ownership Rights of the State and Local Governments and Corroboration Thereof in the Land Registers.

(33) A permission of the Cabinet shall not be required for the sale of an inter-area of the State land and immovable property the cadastral value of which is below EUR 5000. A possessor of the relevant immovable property shall take the decision to sell the State immovable property referred to in this Section. If the person referred to in Section 4, Paragraph four, Clause 1 or 3 of this Law has submitted a proposal for alienation, the decision to sell an inter-area of land shall be taken within two months after submission of the proposal for alienation, provided that it is accompanied by all documents confirming the right of first refusal of the person. If the proposal for alienation has been received in respect of an inter-area of land which has not been registered in the Land Register, the decision to authorise the alienation of the inter-area of land shall be taken within two months from the day of registration thereof in the Land Register.

(4) The decision-making body of a derived public person or an institution or official appointed by it shall, within two months after the persons referred to in Section 4, Paragraph four, Clauses 3 and 4 of this Law have submitted, in accordance with the prescribed procedures, a proposal for alienation accompanied by all documents confirming the right of first refusal of the person, take the decision to sell the relevant land parcel. If the proposal for alienation is received in respect of a built-up land parcel which has not been registered in the Land Register, the decision-making body of a derived public person or an institution or official appointed by it shall take the decision to authorise the alienation of the built-up land parcel owned by the derived public person within two months from the day when the built-up land parcel has been registered in the Land Register.

(41) If a proposal for alienation is received in respect of the sale of an inter-area of land of a derived public person or such immovable property the cadastral value of which is below EUR 5000, the decision-making body of a derived public person or an institution or official appointed by it shall take the decision to sell it within two months after submission of the proposal for alienation. If the proposal for alienation is received in respect of an inter-area of land which has not been registered in the Land Register, the decision-making body of a derived public person or an institution or official appointed by it shall take the decision to authorise the alienation of the inter-area of land within two months from the day when the inter-area of land has been registered in the Land Register.

(5) The decision to alienate immovable property shall also specify the type of alienation and, where necessary, conditions for further use of the immovable property and restrictions of the right of alienation.

(6) Alienation of property by auctioning it with the selection of bidders may only be determined where conditions for further use of the property are provided for.

(7) A permission of the Cabinet shall not be required for the alienation of the immovable property which has been recognised as the property without heirs in accordance with Section 416 of the Civil Law and in respect of which claims of creditors have been submitted. A sworn bailiff shall alienate such immovable property in accordance with the procedures laid down in the Cabinet regulations.

(8) A sworn notary shall send an extract from the notarial deed book regarding termination of an inheritance case in accordance with the procedures laid down in laws and regulations to the State joint stock company State Real Estate which shall publish this information on its website within four days, except for the information regarding the immovable property referred to in the Law on Forests and the law On Specially Protected Nature Territories.

(9) If immovable property is necessary for the performance of State administration functions, a ministry shall, within seven days from the day the information referred to in Paragraph eight of this Section is published, send to a sworn bailiff a request to evaluate the immovable property and make a note regarding exercise of the right of first refusal on the website of the State joint stock company State Real Estate. If immovable property is necessary for the performance of the functions of a local government and a local government has informed the Ministry of Environmental Protection and Regional Development regarding this, the note shall be made by the Ministry of Environmental Protection and Regional Development.

(10) The ministry which has been the first to make the note referred to in Paragraph nine of this Section shall further submit the Cabinet draft order for examination to the Cabinet. If immovable property is necessary for the performance of the functions of both public institutions and local government, it shall be taken over by the State. The Cabinet shall, within 28 days after the relevant ministry has received a valuation, take the decision to take over the property without heirs in the State or local government ownership and the relevant ministry shall send this decision to a sworn bailiff. A local government shall, from its budget funds if the immovable property is transferred to a local government, or a public institution shall, from the State budget funds if the relevant immovable property is transferred to the State, transfer the financial means to a deposit account of a sworn bailiff in the amount of the valuation of the immovable property in accordance with the procedures laid down by the Cabinet.

(11) A permission of the Cabinet shall not be required for the sale of the immovable property which has been recognised as the property without heirs in accordance with Section 416 of the Civil Law and in respect of which claims of creditors have been submitted but the auction of which has been recognised as not having taken place and a request to organise a second auction has not been submitted to a sworn bailiff in accordance with the procedures laid down in laws and regulations, or the auction has been recognised as not having taken place and a sworn bailiff concludes that it might also be impossible to sell the immovable property at the second auction or the sale costs might exceed the amount of money obtained from the sale. The decision to sell such immovable property shall be taken by an institution in the possession of which it has been transferred in accordance with the laws and regulations regarding the procedures by which a sworn bailiff ensures management, security, valuation, alienation of the property without heirs, satisfaction of claims of creditors, distribution of revenues from sale, including coverage of expenses and remuneration for office of the sworn bailiff and sworn notary, or transfer thereof to the State budget, and also determines the amount of the deposit. This Paragraph of the Section shall not apply to the immovable property referred to in Section 8, Paragraphs two, three, four, and 4.1 of the law On Land Ownership Rights of the State and Local Governments and Corroboration Thereof in the Land Registers.

[*22 June 2005; 21 June 2007; 30 October 2008; 21 October 2010; 13 June 2013; 20 June 2019 /* *Amendment to Paragraph two and the new wording of Paragraph four, and also amendment regarding the supplementation of the Section with Paragraphs 3.1, 3.2, 3.3, 4.1, and eleven shall come into force on 1 November 2019.* *See Paragraph 19 of Transitional Provisions*]

**Section 6.** (1) The permission to alienate the State movable property which is possessed or held by a ministry, an institution or a capital company under the subordination, supervision or authority thereof shall be granted by the relevant minister. The relevant ministry shall grant the permission to alienate the State movable property in accordance with the procedures and in the cases laid down by the Cabinet by taking into account the type and value of the property. If a public institution is not under the subordination, supervision or authority of any ministry, the permission to alienate immovable property shall be granted by the head of the institution. The permission to alienate the movable property obtained in the course or as a result of the implementation of projects financed from resources of the European Union Instrument for Structural Policies for Pre-Accession from the final beneficiary of the project that is not an authority under the subordination or supervision of a public person or the institution thereof shall be granted by the relevant minister in accordance with the procedures laid down by the Cabinet.

(11) Movable property which has been recognised as the property without heirs in accordance with Section 416 of the Civil Law and in respect of which claims of creditors have been submitted shall be alienated by a sworn bailiff in accordance with the procedures laid down by the Cabinet.

(2) The permission to alienate movable property of a derived public person shall be granted by the decision-making body of the relevant derived public person or an authority appointed by it.

(3) The decision to alienate shall indicate the type of alienation.

[*30 October 2008; 21 October 2010; 13 June 2013*]

**Section 7.** If the type of alienation specified in the decision to alienate property of a public person has not been successful, an authority (official) that has granted the permission for alienation may determine another type of alienation.

[*21 October 2010*]

**Section 8.** (1) Valuation of the State immovable property intended for alienation shall be organised by the State joint stock company State Real Estate, except for the cases referred to in Paragraphs 1.1, 1.2, and 1.3 of this Section.

(11) Valuation of the immovable property to be exchanged shall be organised by a ministry, a public institution, an agency, or a State capital company that possesses the State immovable property to be exchanged.

(12) Valuation of the State immovable property to be invested in the fixed capital of a State capital company shall be organised by the State capital company in the fixed capital of which the State immovable property is invested.

(13) Valuation of the immovable property referred to in Section 5, Paragraphs 3.1, 3.2, and eleven of this Law shall be organised by the authority which manages the relevant immovable property.

(2) Valuation of the immovable property of a derived public person intended for alienation shall be organised in accordance with the procedures laid down by the decision-making body of the relevant derived public person.

(3) The composition of the committee evaluating the immovable property and the notional price of the property shall be approved by an authority (official) that organises valuation of the immovable property in accordance with Paragraphs one and two of this Section.

(4) Valuation of the movable property intended for alienation shall be organised by a public person, the institution or capital company thereof that possesses or holds the relevant property.

(5) The composition of the committee evaluating the movable property and the notional price of the property shall be approved by an authority (official) that is entitled to authorise the alienation of the relevant property in accordance with the provisions of Section 6 of this Law.

(6) The committee evaluating property shall call on one or more certified valuers to engage in valuation.

(7) The committee evaluating property shall set the notional price according to the value of the property.

[*22 June 2005; 1 December 2005; 8 June 2006; 30 October 2008; 12 June 2009; 21 October 2010; 20 June 2019.* *The new wording of Paragraph 1.3 shall come into force on 1 November 2019.* *See Paragraph 19 of Transitional Provisions*]

**Section 9.** (1) Alienation of the State immovable property shall be organised by the State joint stock company State Real Estate, except for the cases referred to in Paragraphs 1.1, 1.2, and 1.3 of this Section.

(11) Exchange of the State immovable property shall be organised by a ministry, a public institution, an agency, or a State capital company that possesses the State immovable property to be exchanged.

(12) Investment of the State immovable property in the fixed capital of a State capital company shall be organised by the State capital company in the fixed capital of which the State immovable property is invested.

(13) Sale of the immovable property referred to in Section 5, Paragraphs 3.1, 3.2, and eleven of this Law shall be organised by the authority which manages the relevant immovable property.

(2) The authority which organises the alienation of the immovable property of a derived public person shall be determined by the decision-making body of the derived public person.

(3) Alienation of the movable property shall be organised by a public person, the institution or capital company thereof that possesses or holds the relevant property.

[*22 June 2005; 1 December 2005; 8 June 2006; 30 October 2008; 12 June 2009; 21 October 2010; 20 June 2019.* *The new wording of Paragraph 1.3 shall come into force on 1 November 2019.* *See Paragraph 19 of Transitional Provisions*]

**Section 9.1** If the State joint stock company State Real Estate has received a proposal for the alienation of the immovable property belonging to the State, it shall immediately request a public institution that possesses the relevant immovable property to provide the documents necessary for preparing the decision to transfer the immovable property for alienation. The public institution that possesses the relevant immovable property shall, not later than within two weeks after receipt of the request, make the requested documents available to the State joint stock company State Real Estate. The State joint stock company State Real Estate and the public institution that possesses the relevant immovable property may extend the time period for making the documents of immovable property available upon mutual agreement.

[*22 June 2005; 8 July 2011*]

**Chapter II**

**Auctioning**

**Section 10.** (1) Provisions of the auction shall be approved by the authority referred to in Section 9 of this Law. Provisions of the auction of immovable property may only include the conditions provided for in the law and the decision by the Cabinet, the decision-making body of a derived public person or the authority (official) referred to in Section 5 of this Law. Provisions of the auction shall indicate the authority (official) that validates the results of the auction and whereto complaints concerning the activities of the organiser of the auction may be submitted.

(2) An auction shall be organised by the auction commission (hereinafter – the organiser of the auction) established by the authority which organises the alienation of property (Section 9) or a third person entrusted with the organisation of the auction by this authority in accordance with the Public Procurement Law and with whom it has entered into a written contract.

[*30 October 2008; 21 October 2010; 20 June 2019* / *Amendment to Paragraph one shall come into force on 1 November 2019.* *See Paragraph 19 of Transitional Provisions*]

**Section 11.** (1) Advertisements regarding the auction of the immovable property of a public person shall be published in the official gazette *Latvijas Vēstnesis*, on the website of the authority which organises the alienation of immovable property (Section 9), and in a local newspaper published in the territory of a relevant local government, if any. Information regarding the auction shall be displayed in a clearly visible place at the relevant immovable property by indicating the name, address, and telephone number of the organiser of the auction. In organising an electronic auction, advertisements shall also be posted on the website of electronic auctions.

(2) Advertisements regarding the auction of the movable property of a public person shall be published on the website of the authority which organises the alienation of immovable property (Section 9) and in a newspaper published in the territory of the relevant local government, but if the total notional price of the movable property sold exceeds EUR 3500 – also in the official gazette *Latvijas Vēstnesis*. Advertisements regarding the auction of the movable property of local governments shall be published in accordance with the procedures by which binding regulations of the councils of local governments are published.

(3) Concurrently with an advertisement an auction announcement shall be sent to a person whose ownership rights have been corroborated in the Land Register and who has the right of first refusal by indicating that this person may only exercise such rights if it is applied in writing within the time period specified in the advertisement.

(4) If the value of the property of the State or derived public person other than a local government exceeds EUR 3500, the relevant audit commission of the State or derived public person, if such has been established, shall be notified of the auction thereof, but if the value of the property of a local government exceeds EUR 1400, an audit commission of the local government, if such has been established, shall be notified of the auction thereof.

[*22 June 2005; 30 October 2008; 21 October 2010; 8 July 2011; 12 September 2013; 20 June 2019*]

**Section 12.** The advertisement and the announcement shall indicate the following:

1) the name, location, cadastral number, and owner of the property to be auctioned;

2) the name of the organiser of the auction and information stating where and when the provisions of the auction are made available;

3) the place and time of the inspection of the property to be auctioned;

4) the place and time of the registration of applications and the auction but if an electronic auction is organised – the date and time of the commencement and closing of the auction;

5) the notional price of the property to be auctioned, the bid increment, the amount of the security and the procedures for lodging it;

6) the person who has the right of first refusal and the existence of the proposals for alienation made by the persons referred to in Section 4, Paragraph four of this Law, and also the time period within which the respective persons may submit an application;

7) the type of the auction;

8) the procedures for payment;

9) the conditions for further use of the immovable property to be sold, if such have been provided for;

10) if an electronic auction is organised, the website of electronic auctions where information is available regarding auction procedures and conditions under which persons may register for participation in the auction and participate in bidding.

[*20 June 2019*]

**Section 13.** A time period set for an auction may not be shorter than four weeks but for the auction of movable property – not shorter than two weeks from the day the first advertisement is published.

[*13 June 2013*]

**Section 14.** (1) If an application for the exercise of the right of first refusal is received within the announced time period from a person who has the right of first refusal and who has not been referred to in Section 4, Paragraph four of this Law, it may acquire the property of a public person at the highest price bid at the auction. This person shall, within 10 days from the validation of results of the auction, notify the organiser of the auction regarding the exercise of the right of first refusal, enter into a purchase contract and pay the highest price bid, unless the provisions of the auction provide for other procedures for payment.

(2) Alienation of the property referred to in Section 4, Paragraph four of this Law shall be announced in accordance with the procedures laid down in this Law (Section 11) by calling on the relevant persons to submit an application for the purchase of immovable property within a month. If one application has been received from the respective persons within the specified time period, an auction shall not be organised and a purchase contract shall be entered into with this person for the notional price.

(3) If an application for the purchase of immovable property has been submitted within the specified time period by several persons referred to in Section 4, Paragraph four of this Law (except for the cases referred to in Section 44, Paragraph four and Section 45 of this Law), an auction shall be organised between these persons in accordance with the procedures laid down in this Law.

(4) If the persons referred to in Section 4, Paragraph four of this Law have failed to submit the application for the purchase of immovable property within the announced time period (Section 11) or have submitted a refusal, an auction shall be organised (except for the case referred to in Section 44, Paragraphs four and eight of this Law) in accordance with the procedures laid down in this Law. In this case the respective persons are entitled to purchase the immovable property at an auction in accordance with the general procedures and also where auctions are re-organised (including auctions by descending step) or the notional price is lowered in accordance with the procedures laid down in this Law.

[*21 October 2010; 8 July 2011*]

**Section 15.** (1) An auction may be oral, written, combined (oral and written), or electronic.

(2) An auction may be an auction by ascending step or an auction by descending step.

[*20 June 2019*]

**Section 16.** (1) Prior to the auction, participants of the auction shall lodge a security in the amount of 10 per cent of the notional price of the property to be auctioned (Section 8) but in the case of a repeated auction – of the opening price for the auction. The security shall be deemed lodged if the relevant monetary amount has been credited to the bank account specified in the provisions of the auction.

(2) If the authority which organises the alienation of a property cannot obtain information in the public databases regarding the relevant legal person or partnership, it is entitled to request additionally the legal person or partnership to provide a statement of the State register institution regarding the relevant legal person or partnership (the statement shall be valid if issued not earlier than six weeks before the day of the auction).

(3) [20 June 2019]

(4) Documents issued abroad shall be accepted if they are drawn up in accordance with the provisions of international treaties binding upon Latvia.

(5) If immovable property is auctioned, the organiser of the auction shall draw up a list of the persons who have met the preconditions for the auction.

[*8 July 2011; 20 June 2019*]

**Section 17.** (1) Property may not be sold at a price lower than the notional price (Section 8) at an auction by ascending step, except for the cases specified in this Law, or at a price lower than the secret price at an auction by descending step.

(2) Property shall first be offered at an auction by ascending step. Bidding shall start from the notional price of the property (Section 8).

(3) Bidding shall only take place within the increment specified in the provisions of the auction.

[*21 June 2007*]

**Section 18.** (1) Participation is allowed in an auction if an application has been submitted within the time period specified in the advertisement and preconditions for the auction have been met.

(2) Responsible officials of the organiser of the auction as well as other persons who, according to their office duties or individual tasks, are present at the sale of property at the auction (organisation, managing thereof) may not be buyers themselves and also may not buy on behalf of others.

(3) Participants of the auction may not enter into an agreement which may affect results and course of the auction.

**Section 19.** (1) If an oral auction is organised, the participants thereof shall sign the provisions of the auction prior to the commencement of the auction. If a person wishes to exercise its right of first refusal at the auction, it shall be notified together with other provisions of the auction. In opening the auction of movable property, the organiser of the auction shall draw up a list of participants but if immovable property is auctioned, the organiser of the auction shall make certain of the arrival of bidders according to the list drawn up previously.

(2) The given name and surname or name of each participant, and also the given name and surname of a representative of the bidder shall be included in the list of participants of the auction. In refusing to bid further, each participant of the auction of immovable property shall countersign its last price bid in the list of participants of the auction.

(3) Bidding of a higher price at the same oral auction may be performed at a specific amount which may not exceed 10 per cent of the notional price and which has been indicated in the provisions of the auction.

**Section 20.** If a written auction is organised, bids shall be submitted in closed envelopes with a note explaining for which auction they are submitted. A submission shall indicate the given name and surname or name of a submitter, address, current account number with a credit institution, the time of submission of the bid and the amount bid, and also confirm consent to the provisions of the auction. Bids not corresponding to these requirements shall be deemed invalid.

**Section 21.** Bids may be submitted for the written auction before a specific day and hour:

1) by sending them by post to the organiser of the auction;

2) by delivering them directly to the organiser of the auction by the time period specified in Paragraph 23 of this Law.

**Section 22.** Bids for the written auction submitted in person or sent by post shall be kept in closed envelopes until the auction.

**Section 23.** At the indicated hour of the written auction the organiser of the auction shall check the post of the specific day and ascertain whether the registered participants have submitted their bids. If bids are not received within 15 minutes, the persons present shall be notified of the fact that acceptance of the bids is completed. After this notification bids are no longer accepted neither submitted in person nor sent by post. The organiser of the auction shall open the bids submitted in closed envelopes in the presence of participants and sign them (if the auction is organised by the auction commission, all members of the commission shall sign). Oral bids are prohibited in a written auction.

**Section 24.** After opening of the envelopes the organiser of the auction shall draw up a list of the prices bid from the submitted bids, reject invalid bids by noting it in the minutes of the auction, and, if there is no doubt, state that the auction is completed, and also name the highest price and the person who has bid it. Minutes shall be taken in respect of this. Security shall be repaid to other participants of the auction within the time period specified in the provisions of the auction.

**Section 25.** If after opening all envelopes it is established that several participants of the auction have bid the same highest price, the organiser of the auction shall continue the auction by accepting written bids from the persons who have bid the same highest price.

**Section 26.** If a combined auction is organised, written bids shall be submitted before the commencement of an oral auction. On the day and at the hour of the auction written bids in closed envelopes shall be placed in an auction room in a visible place on a table where they remain unopened until the end of the oral auction.

**Section 27.** (1) After completion of the oral auction the organiser of the auction shall open the submitted envelopes in the presence of the participants of the auction, read out loud the bids, and sign them (if the auction is organised by the auction commission, all members of the commission shall sign).

(2) After examination of written bids a person who has bid the highest price shall be announced the highest bidder, provided that this price is acceptable (Section 17). If the highest price bid in writing is equal to the highest price bid orally, preference shall be given to the written bid.

**Section 28.** (1) A participant of the auction who has submitted a written bid in a closed envelope in time may only participate in oral bidding if he or she withdraws from the written bid before the opening of the auction.

(2) A participant of the auction who has not withdrawn from the written bid but also participates in the oral auction shall lose the security and his or her bid shall not be taken into account.

**Section 29.** If a combined auction is organised, the relevant provisions of this Law regulating the procedures for the oral and written auctions shall be applied.

**Section 29.1** If an electronic auction is organised, it shall take place on the website of electronic auctions established in accordance with Section 605.1 of the Civil Procedure Law. The electronic auction shall take place in compliance with this Law, the laws and regulations regarding the procedures for performing activities on the website of electronic auctions, and provisions of the auction.

[*20 June 2019*]

**Section 29.2**(1) If an electronic auction of immovable property is organised, a person who wishes to participate in the auction of immovable property shall, within 20 days from the commencement date of the auction indicated in an advertisement regarding auction, lodge a security to the organiser of the auction in the amount indicated in the advertisement regarding auction and using the website of electronic auctions send a request to the organiser of the auction to authorise him or her to participate in the auction. The organiser of the auction shall, within seven days after receipt of an application of the applicant, authorise applicants who have met all preconditions for the auction to participate in the auction. The members authorised for the auction may make bids during the entire course of the auction.

(2) If an electronic auction of movable property is organised, a person who wishes to participate in the auction of movable property shall, within 10 days from the commencement date of the auction of movable property indicated in an advertisement regarding auction, lodge a security to the organiser of the auction in the amount indicated in the advertisement regarding auction and using the website of electronic auctions send a request to the organiser of the auction to authorise him or her to participate in the auction. If the notional price of movable property is EUR 10 000 or more, the time period during which the person lodges a security to the organiser of the auction and sends a request to the organiser of the auction to authorise him or her to participate in the auction shall be 20 days from the commencement date of the auction of movable property indicated in an advertisement regarding auction. The organiser of the auction shall, within seven days after receipt of an application of the applicant, authorise applicants who have met all preconditions for the auction to participate in the auction. The members authorised for the auction may make bids during the entire course of the auction.

[*20 June 2019; 6 May 2021*]

**Section 29.3** (1) An electronic auction shall end in accordance with that specified in Section 587, Paragraphs three and four of the Civil Procedure Law or Section 608, Paragraph four of the Civil Procedure Law.

(2) The organiser of the auction may discontinue the auction if in the course thereof a notification is received from a safety manager of the website of electronic auctions regarding significant technical failures which may affect the result of the auction. A notification regarding discontinuation of the auction shall be published on the website of electronic auctions.

[*20 June 2019; 6 May 2021*]

**Section 30.** (1) The highest amount offered shall be paid for the immovable property bid within two weeks but for the movable property – within a week from the day of the auction, unless the provisions of the auction provide for another time period. The amount of the lodged security (Section 16) shall be included in the amount of the purchase.

(11) Upon selling the immovable property of a public person on an instalment basis, an advance in the amount of 10 per cent of the highest amount offered for the immovable property bid shall be paid within two weeks, unless the provisions of the auction provide for another time period. The amount of the lodged security (Section 16) shall be included in the advance.

(2) If the time period specified for the payment is missed, a bidder shall lose the lodged security (Section 16) but alienation of the property shall be continued in accordance with the procedures laid down in Section 32 of this Law.

[*8 July 2011*]

**Section 30.1** (1) If the provisions of the auction provide for an instalments purchase of immovable property or special conditions for use, a purchase contract shall be entered into with a legal person whose debt of taxes, including duties and mandatory State social insurance contributions, in Latvia does not exceed EUR 150. Payment of taxes shall be verified prior to validating the results of the auction by taking into account the information entered into the information system specified by the Cabinet – the public tax debtors’ database of the State Revenue Service, and also the last data updated in the Administration System of Immovable Property Tax.

(2) A legal person who has bid the highest price but in respect of whom a tax debt has been established in accordance with the procedures laid down in Paragraph one of this Section shall lose the lodged security (Section 16) and the immovable property shall be offered to the buyer who has bid the next highest price.

(3) If in the case referred to in Paragraph two of this Section a tax debt has been established in respect of a buyer – the legal person who has bid the next highest price – in accordance with the procedures laid down in Paragraph one of this Section, this person shall lose the lodged security (Section 16) but alienation of the property shall be continued in accordance with the procedures laid down in Section 32 of this Law.

(4) A legal person who has bid the highest price or the next highest price and in respect of whom a tax debt has been established in accordance with the procedures laid down in Paragraph one of this Section may demonstrate the absence thereof by submitting the following:

1) a printout from the Electronic Declaration System of the State Revenue Service certified by the relevant person or a representative thereof or a statement of the State Revenue Service that the relevant person does not have any tax debts, including the debts of mandatory State social insurance contributions;

2) a copy of the decision by the State Revenue Service or the competent authority of a local government to extend or postpone the deadline for the payment of taxes or other objective evidence on the absence of the tax debt.

[*20 June 2019*]

**Section 31.** (1) If none of the buyers has bid higher than the opening price for the auction or a bidder has not paid the price bid, an auction by ascending step shall be deemed not to have taken place.

(2) If a bidder has failed to pay the price bid within the specified time period, the authority which organises the alienation of immovable property (Section 9) shall inform the buyer who has bid the next highest price.

(3) The buyer who has bid the next highest price has the right to, within two weeks from the day he or she receives a notification, inform the organiser of the auction of the purchase of the immovable property at the highest price he or she has bid.

(4) If the immovable property of a public person is sold on an instalment basis, the buyer, who has bid the next highest price and has informed the organiser of the auction of the purchase of the immovable property at the highest price he or she has bid, shall, within two weeks, pay an advance for the immovable property bid in the amount of 10 per cent of the highest amount he or she has bid, unless the provisions of the auction provide for another time period. The amount of the lodged security (Section 16) shall be included in the advance.

[*21 June 2007; 8 July 2011*]

**Section 32.** (1) If no one has bid higher than then the opening price for the auction at the first auction of immovable property, it shall be possible to:

1) organise a second auction by ascending step at which the authority which organises alienation of immovable property (Section 9) may lower the opening price for the auction but by not more than 20 per cent;

2) organise a new auction by changing the procedures for the payment of the highest price bid;

3) propose revocation of the decision to transfer for alienation.

(2) After a second unsuccessful auction, the authority which organises the alienation of immovable property (9 Section) may:

1) organise a third auction by ascending step by lowering the opening price for the auction by not more than 60 per cent of the notional price;

2) organise a new auction by changing the procedures for the payment of the highest price bid;

3) organise an auction by descending step;

4) propose revocation of the decision to transfer for alienation.

(3) After a third unsuccessful auction, the authority which organises the alienation of immovable property (9 Section) may propose:

1) to carry out re-valuation;

2) another type of alienation provided for in this Law (Sections 3 and 7);

3) revocation of the decision to transfer for alienation.

(4) If the first auction of movable property has been unsuccessful, the authority which organises the sale of property (Section 9) may propose another type of alienation provided for in this Law (Sections 3 and 7).

(5) In case of repeated auctions the price of alienation of land may be lower than the cadastral value of the land.

[*30 October 2008; 13 June 2013*]

**Section 33.** (1) In organising an auction by descending step, the authority which organises the alienation of property (Section 9) shall set the secret price.

(2) Participants of the auction shall be notified of the fact that the secret price has been set.

(3) A closed envelope with the secret price shall be placed in a visible place on a table during the auction.

(4) After the highest price bid the organiser of the auction shall open the envelope with the secret price in the presence of the participants of the auction. If the secret price is higher than the price offered, the persons present shall be notified of this fact. The persons present shall not be notified of the secret price.

[*8 July 2011*]

**Section 34.** (1) The organiser of the auction shall approve the minutes of the auction within seven days after the auction.

(2) The authority which organises the alienation of property (Section 9) shall validate the results of the auction not later than within 30 days after settlement of the payments provided for in Section 30 of this Law.

[*8 July 2011*]

**Section 35.** (1) If an acceptable price is reached at an auction (Sections 17 and 32), validation may only be refused if a deviation has been observed in the organisation of the auction from the auction procedures provided for in this Law or the provisions of the auction or it is established that the bidder is a person who may not enter into transactions or who has not had the right to participate in the auction (Sections 16 and 18).

(2) If the results of the auction of property have not been validated and the price bid at the auction exceeds the notional price of the property together with expenditures of the auction, a new auction of the property shall be organised under the same conditions. Otherwise, another type of alienation of property specified in this Law (Sections 3 and 7) may be chosen but alienation of immovable property shall be continued in accordance with the procedures laid down in Section 32 of this Law.

**Section 36.** (1) A bidder of the property of a public person shall sign a purchase contract within thirty days after validation of the results of an auction. A contract for the purchase of immovable property shall be signed by the Minister for Finance or an authorised person thereof on behalf of the State, by the head of the decision-making body of a derived public person or an authorised person thereof on behalf of the relevant derived public person, but a contract for the purchase of movable property shall be signed by the head of a public person or the institution thereof that possesses or holds the property or an authorised person thereof, or the head of the managing body of a capital company that possesses or holds the property or an authorised person thereof.

(2) If the immovable property of a public person is sold on condition that it will be used for a specific purpose or under other special conditions for alienation, these conditions shall be included in a purchase contract and also sanctions (a contractual penalty, withdrawing from the contract etc.) for the failure to meet them shall be imposed.

(3) Upon selling the immovable property of a public person on an instalment basis, the time period for the payment shall not exceed five years. A buyer shall pay six per cent a year for the deferred payment calculated on the basis of the outstanding part of the purchase price and for late payments specified in the purchase contract – default interest amounting to 0.1% of the delayed amount of payment for each day of delay. These conditions shall be included in the purchase contract. The authority which organises the alienation of the immovable property of a public person may grant the right to the buyer to corroborate the property acquired in the Land Register in its own name if the buyer concurrently corroborates pledge rights in the Land Register in favour of the alienator.

[*30 October 2008; 21 October 2010; 8 July 2011; 29 October 2015*]

**Chapter III**

**Sale at a Free Price, Exchange, or Investment in a Capital Company**

**Section 37.** (1) Property of a public person may be sold at a free price, provided that:

1) according to the accounting records data, the remaining balance sheet value of the movable property is less than EUR 700. In such case the sale price shall not be less than the remaining value;

2) expenditures of an auction exceed the value of the property;

3) the organised auction has been unsuccessful (Section 32, Paragraph four);

4) immovable property is acquired by the person referred to in Section 4, Paragraph four of this Law. In such case the sale price shall be equal to the notional price (Section 8).

(2) The advertisement regarding the auction of the property of a public person shall be published on the website of the authority which organises the alienation of immovable property (Section 9) and in a local newspaper published in the territory of the relevant local government, if any.

(3) [13 June 2013]

(4) Paragraph two of this Section shall be applicable in the cases where, in accordance with the provisions of this Law, the auction of the property of a public person is organised.

(5) If immovable property is sold at a free price to the persons referred to in Section 4, Paragraph four of this Law, the authority which organises the alienation of immovable property (Section 9) shall send them a notification of alienation.

(6) If after receipt of the notification of alienation referred to in Paragraph five of this Section several persons, who have the right of first refusal, apply for the purchase of immovable property within the time period specified in the notification of alienation which may not be shorter than one month from the day the notification of alienation is sent, an auction shall be organised between such persons.

(7) If a person who has the right of first refusal fails to enter into a purchase contract, the Cabinet or the decision-making body of a derived public person may revoke the decision to transfer for alienation or decide to change the type of alienation.

[*22 June 2005; 21 October 2010; 8 July 2011; 13 June 2013; 12 September 2013*]

**Section 38.** (1) Immovable property of a public person may be exchanged for equivalent immovable property which is necessary for ensuring the performance of the functions of a public person.

(2) Immovable property of a public person to be exchanged and equivalent immovable property of another person shall be evaluated in accordance with the procedures laid down in this Law and the notional price thereof shall be set (Section 8).

(3) The difference between the prices of immovable property to be exchanged may not exceed 20 per cent and this difference shall be covered in cash.

(4) If several pieces of immovable property can ensure the performance of the functions of a public person, exchange of immovable property shall be announced in the official gazette *Latvijas Vēstnesis*. Applicants shall be selected by applying the Public Procurement Law.

[*22 June 2005; 18 June 2009; 10 September 2009; 21 October 2010; 20 June 2019*]

**Section 38.1** (1) Movable property of a public person may be exchanged for movable property of a public person or equivalent movable property of a private person which is necessary for ensuring the performance of the functions of a public person or the institution thereof. Exchange of movable property of a public person may be applied without performing auctioning or sale at a free price.

(2) Movable property of a public person to be exchanged and movable property of another person shall be evaluated in accordance with the procedures laid down in this Law and the notional price thereof shall be set (Section 8).

(3) The difference between the prices of movable property to be exchanged may not exceed 20 per cent, except for the cases where the movable property is exchanged by public persons between themselves. The difference of notional prices of the movable property to be exchanged shall be covered in cash.

(4) Exchange of movable property of a public person shall be announced on the website of a public person or the institution thereof. The Cabinet shall lay down the procedures by which a public person or the institution thereof selects an offer for the exchange of a movable property of a public person for a movable property of another person.

[*18 June 2009; 21 October 2010; 8 July 2011*]

**Section 39.** (1) Movable property of a public person may be alienated by transferring it into the ownership of a supplier and performing set-off if this movable property is procured in accordance with the Public Procurement Law. The respective type of alienation may be used without performing auctioning or sale at a free price.

(2) Property to be transferred shall be evaluated and the notional price thereof shall be set in accordance with the provisions of this Law. Set-off shall be performed in the amount of the notional price of the property to be transferred.

(3) A condition for the transfer of movable property into the ownership of a supplier and set-off shall be included in the tender rules.

[*18 June 2009; 21 October 2010*]

**Section 40.** (1) The decision to invest property of a public person in the fixed capital of a newly established capital company shall be taken by the Cabinet or the decision-making body of a derived public person respectively but in the fixed capital of an existing capital company – by the authority (official) specified in Section 5 or 6 of this Law respectively.

(2) Property to be invested in a capital company shall be evaluated in accordance with the procedures laid down in the Commercial Law.

[*30 October 2008; 21 October 2010*]

**Section 41.** (1) A contract for the purchase or exchange of immovable property shall be signed by the Minister for Finance or an authorised person thereof on behalf of the State, by the head of the decision-making body of a derived public person or an authorised person thereof on behalf of the relevant derived public person, but a contract for the purchase or exchange of movable property shall be signed by the head of a public person or the institution thereof that possesses or holds the property or an authorised person thereof, or the head of the managing body of a capital company that possesses or holds the property or an authorised person thereof.

(2) If property of a public person has been sold on an instalment basis or under other special conditions for alienation, the conditions of Section 36, Paragraphs two and three of this Law shall be taken into account upon entering into a contract.

(3) Documents regarding investment of property of a public person in a capital company shall be signed by a representative of the shareholder on behalf of the public person.

[*30 October 2008; 21 October 2010*]

**Chapter IV**

**Transfer of Property of a Public Person without Consideration**

[*21 October 2010*]

**Section 42.** (1) State immovable property may be transferred into ownership of a derived public person without consideration. The Cabinet shall specify in its decision to transfer the State immovable property into ownership of a derived public person without consideration the functions of or the administration task delegated to the derived public person for the performance of which the immovable property is transferred. In corroborating the ownership rights of the derived public person to the immovable property, a note shall be made in the Land Register regarding restrictions of rights specified in the decision by the Cabinet. If the immovable property transferred is no longer used for the performance of the functions or the delegated administration task which has been specified in the decision by the Cabinet to transfer the State immovable property into ownership of the derived public person without consideration, the derived public person shall transfer this property to the State without consideration.

(2) Immovable property of a derived public person may be transferred into ownership of another derived public person or State without consideration. The decision-making body of the derived public person shall specify in its decision to transfer the immovable property of the derived public person without consideration the State administration function, the function of or the administration task delegated to the derived public person for the performance of which the immovable property is transferred. In corroborating the ownership rights of the derived public person or State to the immovable property, a note shall be made in the Land Register regarding restrictions of rights specified in the decision by the derived public person. If the immovable property transferred is no longer used for the performance of the State administration functions, the function of or the administration task delegated to the derived public person which has been specified in the decision by the decision-making body of the derived public person to transfer the immovable property of the derived public person without consideration, the State or the derived public person shall transfer this property without consideration to the derived public person who has transferred this immovable property.

(21) If the State administration function is transferred to a derived public person, the State shall be obliged to, once the function is transferred, transfer into ownership of the derived public person without consideration the immovable property used for ensuring the performance of the function, except for office buildings if so required by the derived public person. If the immovable property transferred is no longer used for ensuring the relevant function, the derived public person shall transfer the immovable property owned by it back to the State without consideration, if so required by the State.

(22) If the function of a derived public person is transferred to the State or another derived public person, the derived public person shall be obliged to, once the function is transferred, transfer into ownership of the State or the relevant derived public person without consideration the immovable property used for ensuring the performance of the function, except for office buildings, if so required by the State or the derived public person. If the immovable property transferred is no longer used for ensuring the relevant function, the derived public person shall transfer the immovable property owned by it back to the other derived public person without consideration, if so required by the other derived public person.

(23) If the immovable property transferred has become unsuitable for the performance of the relevant function or the delegated administration task, a public person may propose that this immovable property is replaced with immovable property of another public person by stating its reasons.

(24) If the immovable property transferred by the State has become unsuitable for the performance of the relevant function or the delegated administration task but the function or the delegated administration task is preserved and the property is not necessary for another public person or the institution thereof, the Cabinet may, following a reasoned proposal of a derived public person, authorise the alienation of such immovable property by an order in accordance with the procedures laid down in this Law. The Cabinet shall specify in its order the authority which organises the valuation and alienation of the specific immovable property. Funds acquired as a result of the alienation of the immovable property of a derived public person shall be credited to the State budget after covering the actual expenditures of alienation and the Cabinet order shall specify in what amount, for what purpose and for the development of which immovable property and associated infrastructure the funds acquired as a result of alienation shall be allocated to the following:

1) the derived public person – in the State budget law of the following year;

2) the responsible ministry for transferring thereof to the relevant State higher education institution that is a derived public person – in accordance with the procedures laid down in the annual State budget law by increasing the appropriation for resources from the grant from the general revenues and expenditures.

(25) Immovable property of a public person which has been transferred without consideration for the performance of functions or delegated administration task may only be used for the performance of additional economic activities insofar as this economic activity is necessary and related to the performance of the function or delegated administration task, and also in compliance with the conditions resulting from the European Union law in the field of the control of aid for commercial activity.

(26) State or local government immovable property may be transferred without consideration into the ownership of the State or local government respectively in order to be used as a type of consideration compensation in accordance with the laws and regulations regarding the alienation of the immovable property necessary for public needs, provided that the relevant public persons have agreed upon this. The decision by the Cabinet or a local government council to transfer immovable property into the ownership without consideration shall state that the immovable property is transferred in order to be used as a type of consideration compensation for the implementation of a specific project. In corroborating the ownership rights to the immovable property, a note shall be made in the Land Register regarding restrictions of rights specified in the decision by the Cabinet or the local government council. If the immovable property transferred is not used as a type of consideration compensation during the implementation of the project, it shall be immediately transferred to the State or local government without consideration.

(27) In the cases referred to in this Section, institutions of a public person or of a derived public person shall be released from the payment of the processing fee for the corroboration of the ownership rights in the Land Register.

(3) Movable property of a public person may be transferred without consideration into the ownership of the State, derived public persons, and also other bodies governed by public law, public benefit organisations, or social enterprises. If the movable property of a public person which has been transferred without consideration is used for the performance of economic activities, conditions for the aid for commercial activity shall be complied with.

(4) Movable property of a public person may be given as a gift and donated in accordance with the procedures and in the cases laid down in other laws and Cabinet regulations.

[*21 October 2010; 8 July 2011; 13 June 2013; 29 October 2015; 16 June 2016; 1 February 2018; 7 December 2017*]

**Section 42.1** (1) Immovable property under jurisdiction of the State or local government may be transferred into the ownership without consideration by following the restrictions laid down in the laws and regulations regarding the handling of the immovable property under jurisdiction and the provisions of Section 42 of this Law if the immovable property under jurisdiction of the State or local government is registered in the Land Register on behalf of the State or local government concurrently with the corroboration of the ownership rights of the acquirer to the relevant property.

(2) The decision by the Cabinet or a local government council to transfer immovable property shall authorise the acquirer of the immovable property to sign a request for corroboration regarding the registration of the immovable property in the Land Register, and also perform any other activities necessary for registering the relevant property in the Land Register. In such case the institution shall be released from the payment of the processing fee which is related to the registration of the immovable property and the corroboration of ownership rights in the Land Register.

(3) All activities related to the registration of the immovable property under jurisdiction of the State or local government in the Land Register shall be performed by the acquirer from its own budget resources, except for the case where these public persons have agreed otherwise.

[*1 February 2018*]

**Section 43.** In the cases referred to in Sections 42 and 42.1 of this Law, the decision to transfer property of a public person into the ownership without consideration shall be taken by the authorities (officials) referred to in Sections 5 and 6 of this Law.

[*1 December 2005; 21 October 2010; 1 February 2018*]

**Section 43.1** (1) The State movable property may be transferred into the ownership of foreign governments and international organisations without consideration. In such case the decision to transfer movable property shall be taken by the Cabinet on a case-by-case basis.

(2) The Cabinet shall lay down the procedures for transferring the State movable property into the ownership of foreign governments and international organisations without consideration.

[*1 December 2005; 22 March 2007; 29 October 2015* / *Amendment regarding the exclusion of the words “into the ownership of public profit organisations” in Paragraph one shall come into force on 1 March 2016*. *See Paragraph 18 of Transitional Provisions*]

**Chapter V**

**Special Provisions for the Alienation of Individual Immovable Property**

**Section 44.** (1) Persons who may be bodies governed by land ownership rights in accordance with the law may acquire ownership of the land of a public person.

(2) The restriction referred to in Paragraph one of this Section shall also be applicable in the cases where built-up land is alienated.

(3) A land parcel owned by a public person, if in respect thereof an application has been submitted for the restoration of ownership rights, and also a land parcel on which a nationalised building property or another nationalised object is located, if in respect thereof an application has been submitted for the restoration of ownership rights, may not be alienated until deciding on the application but if proceedings have been initiated – until the day a court ruling has entered into effect.

(4) A land parcel owned by a public person on which building (structures) owned by another person (joint owners) are located may only be sold to the owner of the building (structure) registered in the Land Register (all joint owners in proportion to their shares of the joint property).

(5) If the person referred to in Paragraph four of this Section cannot exercise or fails to exercise his or her right of first refusal to a built-up land parcel, this person has the land lease right to this land parcel and shall be obliged to pay a lease payment for it. The respective land parcel shall not be alienated to other persons, except for the case where a public person transfers a built-up land parcel to another public person without consideration for the performance of the State administration functions. If the person referred to in Section 4, Paragraph four, Clause 9 of this Law cannot exercise or fails to exercise his or her right of first refusal to a non-residential building (structure) of a public person and a land parcel on which also the building (structure) owned by this person is located, he or she has the land lease right and shall be obliged to pay a lease payment for the land parcel specified for the lease needs which is functionally related to the building (structure) owned by him or her. The respective non-residential building (structure) of a public person and the land parcel shall not be alienated to other persons, except for the case where a public person transfers immovable property to another public person without consideration for the performance of the State administration functions. The Cabinet shall lay down the procedures for calculating the lease payment for a built-up land parcel. The lease payment for the land parcel shall be based on the cadastral value of the land parcel.

(6) [21 June 2007]

(7) A land parcel owned by a public person and leased to the person referred to in Section 4, Paragraph four, Clause 8 of this Law may not be alienated to other persons during validity of a lease contract.

(8) An inter-area of land in respect of which it is impossible to ensure a connection to a common use street (road) or an inter-area of land which is necessary to ensure a connection to a common use street (road) may be alienated in accordance with the procedures laid down in this Law to the following persons:

1) the land owner or all joint owners to whose land the relevant inter-area of land is adjacent;

2) the owner or all joint owners of a building (structure) registered in the Land Register if they also wish to purchase a land parcel on which the building (structure) owned by them is located and if the relevant inter-area of land is adjacent to this land.

[*22 June 2005; 21 June 2007; 21 October 2010; 8 July 2011; 13 June 2013; 29 October 2015*]

**Section 44.1** (1) The State joint stock company State Real Estate or the decision-making body of a derived public person shall, within a month after approval of the notional price, send a notification of alienation to the person who has the right of first refusal to a built-up land parcel. The notification shall indicate the following:

1) the address and cadastre designation of the land parcel;

2) the total area of the land parcel;

3) the price of the land parcel;

4) the means of payment;

5) the conditions for the payment for the land parcel purchase;

6) the documents and information to be submitted to an authority facilitating alienation in order to enter into a purchase contract for the land parcel.

(2) The State joint stock company State Real Estate or the decision-making body of a derived public person shall, within four months after the day the notification is received, ask the person who has the right of first refusal in the notification of alienation to:

1) provide a reply indicating the preferable deadline for payment regarding settlements for the land parcel;

2) pay the entire purchase price or in the case of an instalments purchase contract – an advance payment in the amount of 10 per cent of the purchase price.

(3) If the person who has the right of first refusal provides a reply and asks to enter into a purchase contract after the time period referred to in Paragraph two of this Section, the State joint stock company State Real Property or the decision-making body of a derived public person shall only organise the valuation of the relevant land parcel after the person who has the right of first refusal has made an advance payment in the amount of 10 per cent of the purchase price indicated in the previous notification of alienation. After approval of the notional price the State joint stock company State Real Property or the decision-making body of a derived public person shall send a new notification of alienation to the person who has the right of first refusal.

(4) If the person who has the right of first refusal fails to enter into a purchase contract after receipt of the repeated notification of alienation, expenditures for the valuation of the land parcel shall be deducted from the advance payment made.

(5) Upon selling a built-up land parcel of a public person on an instalment basis, a time period for the payment shall not exceed five years. A buyer shall pay six per cent a year for the deferred payment calculated on the basis of the outstanding part of the purchase price and for late payments specified in the purchase contract – default interest amounting to 0.1% of the delayed amount of payment for each day of delay. These conditions shall be included in the purchase contract. The authority which organises the alienation of the immovable property of a public person may grant the right to the buyer to corroborate the property acquired in the Land Register in its own name if the buyer concurrently corroborates pledge rights in the Land Register in favour of the alienator.

(6) If the owner of a building (structure) alienates the building (structure) during validity of the instalments purchase contract referred to in Paragraph five of this Law, a contract for novation of the respective instalments purchase contract shall be entered into with the new owner thereof. Failure to enter into the novation of the respective instalments purchase contract and also other cases of termination of the contract provided for in the instalments purchase contract shall lead to the consequences specified in the contract for the case where the seller exercises the right to withdraw from the contract unilaterally. If the contract does not prescribe a contractual penalty, the buyer shall pay a contractual penalty in the amount of the advance payment made. After deduction of the contractual penalty referred to in this Paragraph of the Section, the fee for the deferred payment until the day of termination of the contract calculated in accordance with the procedures laid down in Paragraph five of this Section, the default interest for late payments specified in the purchase contract, and a contractual penalty for other violations of the terms and conditions of the contract, if such have been prescribed in the contract, the seller shall transfer to the account indicated by the buyer the remaining amount of the part of the purchase price paid by the buyer of the land parcel not later than within three months after termination of the contract.

[*21 June 2007; 30 October 2008; 21 October 2010; 8 July 2011; 29 October 2015*]

**Section 45.** (1) For the purpose of providing assistance in solving apartment matters in the cases specified in the law On Assistance in Solving Apartment Matters, it shall be offered to transfer a State residential house or residential property into the ownership of a local government in the administrative territory of which the relevant State residential house or residential property is located. If a local government council takes the decision to take over a State residential house or residential property into the ownership of the local government, it shall be transferred into the ownership of the local government without consideration in accordance with the provisions of Section 42 or 42.1 of this Law. If the relevant local government council has failed to take the decision within a month or refuses to take over a State residential house or residential property into its ownership, it shall be alienated in accordance with the procedures laid down in this Law.

(2) A local government shall not be offered to transfer into its ownership a State residential house, residential property or undivided shares thereof if the Cabinet has taken the decision to auction them in accordance with this Law.

(3) Upon alienating a single-apartment house or residential property owned by the State or local government in respect of the use of which a tenancy agreement has been entered into in accordance with the procedures laid down in the law On Residential Tenancy, it shall first in writing be offered for sale to a tenant and his or her family members.

(4) A tenant or his or her family members may purchase the rented single-apartment house or residential property if:

1) the tenant and his or her family members have entered into a notarised agreement on who of them will acquire the rented single-apartment house or residential property;

2) no claim has been brought before a court regarding termination of the tenancy agreement.

(5) If the tenant or his or her family members fail to notify the exercise of the right of first refusal within a month from the day the offer is received, the rented single-apartment house or residential property shall be alienated in accordance with the procedures laid down in this Law by taking into account the following:

1) the single-apartment house which is entirely located on a land parcel owned by another person is first offered for sale to this land owner (owners);

2) the residential property is first offered for sale to other apartment owners of the residential house if the community of apartment owners has taken the decision to establish the right of first refusal of the apartment owners in accordance with the procedures laid down in the Law on Residential Property and a note has been made in the Land Register regarding existence of the right of first refusal.

(6) Land owner (owners) and apartment owners may exercise their right of first refusal within a month from the day the offer is received.

[*8 June 2006; 30 October 2008; 21 October 2010; 8 July 2011; 29 October 2015; 1 February 2018*]

**Section 46.**

[8 June 2006]

**Section 46.1** (1) Joint property shall be divided in an apartment house which is joint property of a public person and another person by auctioning, on the basis of a Cabinet order or the decision by the decision-making body of the relevant derived public person.

(2) The State joint stock company State Real Estate shall organise the auction of the undivided share of the joint property owned by the State. An authority designated by the decision-making body of a derived public person shall organise the auction of the undivided share of the joint property owned by the derived public person.

(3) In the case of the division of joint property, the following persons have the right of first refusal to the undivided share of joint property:

1) the joint owner;

2) the land owner who owns a land parcel on which an apartment building is located, unless the person referred to in Clause 1 of this Paragraph has exercised his or her right of first refusal.

(4) The persons referred to in Paragraph three of this Section shall acquire the right of first refusal, provided that they apply within a month from the day when an auction announcement has been published.

(5) After a third unsuccessful auction, the State joint stock company State Real Estate or the decision-making body of a derived public person may develop a project for the division of joint property into residential properties or actual shares. The project for the division of joint property shall be sent to the joint owner for consideration and an advertisement shall be published in the official gazette *Latvijas Vēstnesis* regarding the project for the division of joint property.

(6) If the joint owner agrees to the offered project for the division of joint property and a contract for the division of joint property in residential properties or actual shares is entered into, a public person shall alienate the residential properties owned in accordance with the procedures laid down in this Law.

(7) If the joint owner does not agree to the offered project for the division of joint property or has failed to provide a reply within two months from the day when the advertisement has been published in the official gazette *Latvijas Vēstnesis*, the State joint stock company State Real Estate or the decision-making body of a derived public person that has offered the project for the division of joint property may propose re-valuation and organise a repeated auction of the undivided share of joint property owned by the public person.

[*8 July 2011; 20 June 2019*]

**Chapter VI**

**Final Provisions**

**Section 47.** Funds acquired as a result of the alienation of the property of a public person shall be credited to the budget of the relevant public person after covering the expenditures of alienation. The amount of the expenditures of alienation shall be determined in accordance with the procedures laid down by the Cabinet.

[*22 June 2005; 21 October 2010*]

**Section 48.** Upon alienating movable property or aggregation of property containing movable property, a deed of transfer of property shall be drawn up.

**Transitional Provisions**

1. The law On the Procedures for the Alienation of State and Local Government Property (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1995, No. 11; 1996, No. 23; 2001, No. 1) is repealed.

2. Until the moment when, in accordance with the Law on the Completion of the Privatisation of the State and Local Government Property and the Use of Privatisation Certificates, property compensation certificates may be used as means of payment for the alienation of the immovable property owned by the State or local government:

1) the State fee for corroboration of ownership rights to the immovable property shall not be collected if privatisation certificates have been fully or partly used as means of payment in a transaction on the basis of which the immovable property has been acquired;

2) in alienating land together with buildings (structures), the price of land shall be determined separately.

[*22 June 2005*]

2.1 Section 45 of this Law shall be applicable starting from 1 January 2006, except for the cases referred to in the law On Privatisation of State and Local Government Residential Houses.

[*22 June 2005; 8 June 2006*]

3. [1 February 2018]

4. Until adoption of the relevant Cabinet regulations but not later than six months after coming into force of this Law, Cabinet Regulation No. 325 of 7 November 1995, Regulations Regarding Application of the Law On the Procedures for the Alienation of State and Local Government Property, insofar as it is not in contradiction with this Law.

5. [21 October 2010]

6. [22 June 2005]

7. Section 2, Paragraph two, Clause 3 of this Law which stipulates that the Law shall not be applicable to the exchange of State or local government land parcels if a State or local government land parcel is used as a compensation shall come into force on 1 January 2007.

[*1 December 2005*]

8. The Cabinet shall, by 1 December 2008, develop and submit to the *Saeima* a draft law regarding amendments to this Law in order to govern the transfer of immovable property into the possession of State higher education institutions – derived public persons – without consideration and also to govern the conditions for further use of such property and the handling thereof. The Cabinet shall, by 1 December 2008, develop and submit to the *Saeima* also other draft laws related to the matters to be governed.

[*22 March 2007; 30 October 2008*]

9. The Cabinet shall, by 1 December 2008, develop and submit to the *Saeima* a draft law regarding the alienation of the property of a public person (also a State higher education institution – a derived public person) and also other draft laws related to the alienation of the property of a public person.

[*22 March 2007; 30 October 2008*]

10. Amendment which provides for the replacement of the words “council (board)” with the word “council” shall come into force on 1 July 2009.

[*30 October 2008*]

11. Until the moment when the Law on the Completion of the Privatisation of the State and Local Government Property and the Use of Privatisation Certificates is repealed, the notional price of a built-up land parcel to be alienated may not be lower than the lowest of the following values: the cadastral value of the relevant land parcel or the cadastral value of the relevant land parcel as at 31 December 2007.

[*30 October 2008; 8 July 2011*]

12. Until the moment when the Law on the Completion of the Privatisation of the State and Local Government Property and the Use of Privatisation Certificates is repealed, the notional price of a non-built-up land parcel to be alienated may not be lower than the lowest of the following values: the cadastral value of the relevant land parcel or the cadastral value of the land as at 31 December 2007.

[*30 October 2008; 8 July 2011*]

13. During the period from 1 August 2011 to 31 December 2012, the following procedures for making payments are laid down:

1) payments made by the buyer of the immovable property for the relevant immovable property shall be first directed by the authority which performs alienation to the proportionate discharge of the principal amount of the purchase price and the interest payment for the deferred payments (instalments);

2) discharge of the principal amount of the purchase price and the interest payment for the deferred payments shall not release the buyer of the immovable property from the penalty payments calculated in accordance with the procedures laid down in the instalments purchase contract;

3) if the buyer of the immovable property fails to make payments provided for in the instalments purchase contract for discharge of the principal amount and the interest payment for the deferred payments, the authority which performs alienation shall calculate the penalty provided for in the instalments purchase contract;

4) after discharge of the principal amount of the purchase price of the immovable property and the interest payment for the deferred payments, further payments made by this buyer of the immovable property shall be directed to the discharge of the penalty calculated in accordance with the procedures laid down in the instalments purchase contract by applying the procedures referred to in Sub-paragraph 3 of this Paragraph.

[*8 July 2011*]

14. During a period from 1 August 2011 to 31 December 2012, the authority which performs alienation may, upon request of the buyer of the immovable property, defer the payment of the principal amount of the purchase price specified in the instalments purchase contract for this immovable property and of the penalty for a period requested by the buyer of the immovable property but for no longer than one year if the buyer submits a document issued by a competent authority regarding the fact that he or she has paid the taxes specified by law and is also able to demonstrate his or her solvency.

[*8 July 2011*]

15. Property which has been recognised as the property without heirs under jurisdiction of the State (including the immovable property registered in the Land Register in the name of the State) before 30 June 2013 and in respect of which claims of creditors have been submitted shall be alienated and claims of creditors shall be satisfied in accordance with the procedures laid down by Cabinet regulations that have been issued in accordance with Section 73, Paragraph three of the Law on Bailiffs. Section 5, Paragraphs eight, nine, and ten of this Law shall not be applicable to this property.

[*13 June 2013*]

16. An authority into the possession of which the property referred to in Paragraph 15 of these Transitional Provisions has been transferred without consideration under a statement regarding valuation of property and the State Revenue Service, if the relevant property has not been transferred into possession, shall transfer this property, by a deed of acceptance and delivery, into possession, security and sale to a sworn bailiff of a regional court to which he or she is assigned and in the territory of which the relevant property is located in accordance with the provisions of Section 71 of the Law on Bailiffs. The deed of acceptance and delivery shall be accompanied by court rulings and notarial deeds regarding termination of an inheritance case, and documents containing information regarding the quantity of property and claims of creditors. If a creditor has brought a claim before a court, the property referred to in Paragraph 15 of these Transitional Provisions shall be transferred to a sworn bailiff for management, security and sale within a month from the day when a court ruling has entered into effect in the relevant case.

[*13 June 2013*]

17. A sworn bailiff shall, in accordance with the procedures laid down by the Cabinet, compensate the possessor of immovable property who has acquired the property without heirs under jurisdiction of the State – immovable property – before 30 June 2013 for the expenditures (the immovable property tax paid, public utility expenses, and payments related to the registration of property in the Land Register in the name of the State) from the funds acquired as a result of the alienation of the immovable property. The possessor of the immovable property shall not be responsible for the reduction of the property or value thereof.

[*13 June 2013*]

18. Amendments to Section 42, Paragraph three and Section 43.1, Paragraph one of this Law (regarding the transfer of movable property into the ownership of a public benefit organisation) shall come into force on 1 March 2016.

[*29 October 2015*]

19. Amendments to Section 4 of this Law regarding the supplementation of Paragraph three with the second sentence, amendments to Section 5, Paragraph two of this Law and the new wording of Paragraph four, and also the amendment regarding the supplementation of Section 5 with Paragraphs 3.1, 3.2, 3.3, 4.1, and eleven, amendments to Section 8 regarding the new wording of Paragraph 1.3, amendments to Section 9 regarding the new wording of Paragraph 1.3, amendments to Section 10, Paragraph one (in relation to the valuation and sale of immovable property which has been transferred for privatisation or recognised as the property without heirs or ownerless property, and the valuation and sale of an inter-area of land or of State immovable property the cadastral value of which is below EUR 5000) shall come into force on 1 November 2019.

[*20 June 2019*]

20. The Cabinet shall issue the regulations referred to in Section 4, second sentence of Paragraph three of this Law by 31 October 2019.

[*20 June 2019*]

The Law has been adopted by the *Saeima* on 31 October 2002.

President V. Vīķe-Freiberga

Rīga, 19 November 2002