Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

31 March 2004 [shall come into force on 1 May 2004];

4 November 2004 [shall come into force on 15 November 2004];

22 June 2005 [shall come into force on 1 August 2005];

20 November 2008 [shall come into force on 16 December 2008];

19 November 2009 [shall come into force on 2 December 2009];

9 July 2011 [shall come into force on 21 July 2011];

7 June 2012 [shall come into force on 4 July 2012];

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

16 January 2014 [shall come into force on 17 February 2014];

9 June 2016 [shall come into force on 1 August 2016].

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

the President has proclaimed the following law:

**Law on Procedures for the Coming into Force of the Commercial Law**

**Chapter I**

**General Provisions**

**Section 1. Entering of Merchants in the Commercial Register**

Entering of merchants in the Commercial Register shall take place as of the day of the coming into force of the Commercial Law in conformity with the provisions of the Commercial Law and this Law.

**Section 2. Commercial Register Office**

(1) The Enterprise Register of the Republic of Latvia is the institution that keeps the Commercial Register and in cases specified in this Law makes entries in the Enterprise Register in compliance with the provisions of the law On the Enterprise Register of the Republic of Latvia.

(2) The Enterprise Register, the Commercial Register, the data of these registers and the information included in them shall be the property of the State.

(3) In the registration procedure, the provisions of the law On the Enterprise Register of the Republic of Latvia shall be applied to the matters that are not governed by the provisions of this Law and the provisions of the Commercial Law regarding the Commercial Register.

(4) Until 31 December 2004 the provisions of Section 10, Paragraph three of the Commercial Law shall not be applied and decisions on making an entry in the Commercial Register, refusal to make an entry, or postponement of making an entry shall be taken within 30 days from the day of the receipt of an application.

(5) From 1 January 2010, decisions on making an entry in the Enterprise Register, refusal to make an entry, or postponement of making an entry in respect of undertakings (companies), branches, divisions, or representation offices which are liquidated in accordance with the procedures laid down in Section 19 of this Law shall be taken within 30 days from the day of receipt of the application.

[*19 November 2009*]

**Section 3. Registration of Undertakings (Companies) in the Enterprise Register**

(1) Registration in the Enterprise Register of a newly established undertaking (company) or an undertaking (company) established as a result of reorganisation provided for in Chapter II of the law On Entrepreneurial Activity shall not be permitted as of the day of coming into force of the Commercial Law.

(2) Until adoption of the relevant laws, individual undertakings, farms and fishing undertakings, cooperative societies, and also the entities referred to in Section 27, Paragraph three of this Law shall be registered in the Enterprise Register.

(3) For two months as of the day of coming into force of the Commercial Law, the new entities referred to in Paragraph one of this Section may be registered in the Enterprise Register if a decision on the establishment of such entity has been taken prior to the day of coming into force of the Commercial Law and application for the registration has been submitted not later than one month after the date of coming into force of the Commercial Law.

(4) It shall be permitted to register in the Enterprise Register such reorganisation of existing undertakings (companies) which has been provided for in Chapter II and Section 27 of this Law. Reorganisation of the entities referred to in Paragraph two of this Section shall be registered in the Enterprise Register, except for the cases when the entity that has been established as a result of reorganisation is to be entered in the Commercial Register.

(5) Registration of amendments and other changes in the basic documents of undertakings (companies) by the time periods referred to in Chapter II of this Law shall be performed in conformity with the provisions of the laws governing the registration of the relevant undertakings (companies), in compliance with the relevant exceptions referred to in this Law.

[*31 March 2004*]

**Section 3.1 Registration of Such Undertakings (Companies) in the Enterprise Register which have been Established as Non-profit Organisations**

(1) Starting from 1 May 2004, it shall not be permitted to register in the Enterprise Register a newly established undertaking (company) or an undertaking (company) established as a result of reorganisation which has been established as a non-profit organisation [hereinafter – the non-profit undertaking (company)].

(2) Starting from 1 May 2004, it shall be permitted to register in the Enterprise Register such non-profit undertaking (company) regarding the establishment of which a decision has been taken and in respect of which an application for the registration has been submitted until 30 April 2004. If the decision on refusal to register the non-profit undertaking (company) is taken after 1 May 2004, a time period of 14 days is determined for the elimination of the discovered deficiencies. Repeated submission of the documents for the registration of the non-profit undertaking (company) shall not be permitted after expiry of the time period specified for the elimination of the discovered deficiencies. If the discovered deficiencies have not been eliminated in the repeatedly submitted documents within the specified time period or they have been eliminated only partly, the decision on refusal to register is taken and repeated submission of the documents shall not be permitted.

(3) The registration of amendments to the basic documents of non-profit undertakings (companies) and of other changes until the time period specified in Section 25, Paragraph one of this Law or the registration of amendments to the basic documents of the State or local government non-profit undertakings (companies) and of other changes until the time periods specified in Section 12 of this Law shall take place in accordance with the provisions laid down in the laws governing the registration of the respective non-profit undertakings (companies).

[*31 March 2004*]

**Section 4. Meanings of Terms During Transitional Period**

(1) Within the meaning of the Commercial Law terms that are used in other laws and regulations shall be understood as follows:

1) the term “līgumsabiedrība” [business partnership] shall be understood as “personālsabiedrība” [partnership];

2) the term “līgumsabiedrība ar pilnu atbildību” [full liability business partnership] shall be understood as “pilnsabiedrība” [general partnership];

3) the term “komandītsabiedrība” [limited partnership: the Latvian spelling with a macron over the first “i”] shall be understood as “komanditsabiedrība” [limited partnership: the Latvian spelling without a macron over the first “i”];

4) the term “uzņēmējdarbība” [entrepreneurial activities] shall be understood as “komercdarbība” [commercial activities] if it does not result from the content of the legal norm that the term “uzņēmējdarbība” [entrepreneurial activities] is to be understood as other commercial activities;

5) the term “uzņēmējsabiedrība"” [company] shall be understood as “komercsabiedrība” [commercial company] within the meaning of the Commercial Law, “kooperatīvā sabiedrība” [cooperative society] within the meaning of the Cooperative Societies Law, and also “paju sabiedrība” [cooperative share company] within the meaning of the law On Cooperative Share Companies;

6) the term “statūtsabiedrība” [incorporated company] shall be understood as “kapitālsabiedrība” [capital company] within the meaning of the Commercial Law, “kooperatīvā sabiedrība” [cooperative society] within the meaning of the Cooperative Societies Law, and also “paju sabiedrība” [cooperative share company] within the meaning of the law On Cooperative Share Companies.

(2) If in another regulatory enactment the term “uzņēmums” [undertaking] is used and it derives from the definition of the terms of such enactment or the purpose of the norm that such regulatory enactment (legal norm) refers to the undertaking as a holder of the right, the provisions of the Commercial Law regarding undertakings shall not be applied.

[*31 March 2004*]

**Chapter II**

**Transitional Period for Undertakings (Companies), Branches, Divisions, and Representation Offices Registered in the Enterprise Register**

**Section 5. Entering in the Commercial Register of the Undertakings (Companies), Branches, Divisions, and Representation Offices that are Registered in the Enterprise Register**

(1) The entities referred to in Section 17, Paragraph two of this Law and companies, their branches, divisions, and representation offices that are registered in the Enterprise Register, except for cooperative societies, in accordance with the procedures and time periods specified in this Chapter and on the basis of an application shall be entered in the Commercial Register without changing the numbering assigned by the Enterprise Register of the Republic of Latvia, or shall be liquidated. This provision shall not apply to the entities referred to in Section 17, Paragraph three of this Law.

(11) [7 June 2012]

(2) Decisions on restructuring of a company or amendments to the articles of association that are necessary in order for the company to be applied for entering in the Commercial Register shall be taken at a meeting (general meeting) of the shareholders (stockholders) by a simple majority vote. The meeting (general meeting) shall be convened in accordance with the procedures laid down in the law governing the relevant type of entrepreneurial activity and by the articles of association of the company. A re-convened meeting (general meeting) is entitled to make decisions, without application of the provisions of the law and the articles of association regarding the necessary quorum and qualified majority. Upon amending the articles of association, the scope of rights of the shareholders (stockholders) of the company shall not be changed.

(3) Applications for entering in the Commercial Register shall be signed by natural persons who themselves apply for the entering as individual merchants in the Commercial Register, but on behalf of a company by persons with representation rights (Sections 91, 223, 303 of the Commercial Law), and in such cases the provisions of Section 10, Paragraph two of the Commercial Law shall not be applied.

(4) Each shareholder (stockholder) of a company whose rights have been substantially infringed and whose vote might decide the results of voting may contest the decision referred to in Paragraph two of this Section in court if the provisions of the laws governing the relevant type of entrepreneurial activity regarding convening of meetings (general meetings) of shareholders (stockholders) or the procedures for decision-taking have been violated.

(5) The action referred to in Paragraph four of this Section may be brought to court within one month from the date of taking the decision or, if the procedures for the convening of the meeting have been violated – from the date when the shareholder (stockholder) has become aware or should have become aware of the decision, but not later than within six months of the date of taking the decision.

(6) If a merchant to be entered in the Commercial Register is registered in the Enterprise Register, then as of the moment of making such entry the merchant shall be excluded from the Enterprise Register. A relevant entry thereof shall be made in the Enterprise Register.

(7) [16 January 2014]

[*31 March 2004; 20 November 2008; 7 June 2012; 16 January 2014*]

**Section 6. Law Applicable During the Transitional Period**

(1) The laws governing the activities of the relevant type of entrepreneurial activity shall be applied to activities and liquidation of undertakings (companies), branches, divisions, and representation offices registered in the Enterprise Register until their entering in the Commercial Register, unless it has been laid down otherwise in this Law.

(2) The provisions of the Commercial Law shall be applied to the entities of commercial activities that are entered in the Commercial Register.

**Section 7. State Fee for Re-registration**

(1) The State fee for the entering in the Commercial Register of undertakings (companies), branches, divisions, or representation offices that are registered in the Enterprise Register shall be determined by the Cabinet.

(2) The State fee for the entering of amendments in other registers and the issuance of new documents [including special permits (licences)] related to the entering in the Commercial Register of an undertaking (company), branch, division, or representation office which has been registered in the Enterprise Register shall be 50 per cent of the payment for the entering of amendments in the respective register or for the issuance of documents.

(3) The amount of the State fee specified in Paragraph one of this Section may not exceed the administrative expenditures related to the making of the respective entry.

[*31 March 2004*]

**Section 8. Firm Names**

(1) Until 31 December 2003 entering of a firm name in the Commercial Register shall be permitted (Section 26, Paragraph two of the Commercial Law), without application of the provisions of Section 28 of the Commercial Law if the name (firm name) of the relevant undertaking (company) has been registered in the Enterprise Register up to the day of the coming into force of the Commercial Law. Firm names of commercial companies or individual merchants established in accordance with the Commercial Law as coincide with the name (firm name) of an undertaking (company) that has been registered in the Enterprise Register shall not be entered in the Commercial Register.

(2) Upon applying Section 29, Paragraphs three and four of the Commercial Law regarding restrictions on the inclusion in firm names of the word “Latvija” [Latvia] and the names of other administrative territories or populated areas and their translations into foreign languages, rights to the firm name that have been acquired prior to the coming into force of the Commercial Law shall not be infringed.

(3) The Enterprise Register of the Republic of Latvia shall, by 1 April 2002, publish in the official gazette *Latvijas Vēstnesis* the list of such undertakings (companies) which have been registered in the Enterprise Register with an identical name (firm name).

(4) In case if identical firm names are entered in the Commercial Register, the priority right to the firm name shall be determined depending on the moment when such firm name was registered in the Enterprise Register. Rights to the protection of firm names (Section 33 of the Commercial Law) resulting from such priority right arise after entering of merchants in the Commercial Register, insofar as earlier protection of rights in respect of firm names does not derive from the law On Trademarks and Geographical Indications.

(5) The priority right to the firm name may be transferred to other merchants [undertakings (companies)] by entering into a notarised agreement regarding such transfer.

(6) Undertakings (companies) shall lose the priority right to the firm name if they have not submitted, within one year and a half from the day of the coming into force of the Commercial Law, an application for entering in the Commercial Register. If no undertaking (company) with the same firm name has submitted an application for entering in the Commercial Register within the specified time period and such application is submitted by 31 December 2003, the priority right to the firm name shall be determined depending on the moment when such firm name was entered in the Commercial Register.

(7) In cases when a person having the priority right to the firm name cannot be reached at the legal address, the priority right to the firm name may be extinguished by judicial process in accordance with the procedures laid down in the Civil Procedure Law if upon request of a court within three months no person has declared his or her right.

(8) If after 31 December 2003 several merchants with identical firm names are entered in the Commercial Register, the Commercial Register Office shall bring an action in court regarding the change of a firm name against those merchants that do not have the priority right to the firm name (Paragraph four of this Section). In such case the Commercial Register Office shall be released from the payment of court expenditures.

[*31 March 2004*]

**Section 9. Limited Liability Companies and Stock Companies**

(1) Limited liability companies and stock companies registered in the Enterprise Register shall, by 31 December 2004, be applied for entering in the Commercial Register or, according to a decision of the meeting (general meeting) of the shareholders (stockholders), the liquidation of such companies shall be commenced, applying it for registration in the Enterprise Register.

(2) In the application for entering in the Commercial Register the information provided for in Section 8 of the Commercial Law, and also the registration number in the Enterprise Register shall be specified and the decision of the meeting (general meeting) of shareholders (stockholders) on entering of the company in the Commercial Register (Section 5, Paragraph two of this Law) and the necessary documents (Section 9 and Section 187, Paragraph six of the Commercial Law) shall be appended to the application if such documents have not been submitted to the Enterprise Register of the Republic of Latvia or if the documents submitted to the Enterprise Register of the Republic of Latvia do not conform to the provisions of the Commercial Law.

(3) Stock companies are permitted to be restructured into limited liability companies in conformity with the provisions of the Commercial Law and to be applied for entering in the Commercial Register. The provisions of the Commercial Law shall be applied to such reorganisation. Reorganisation in the process of privatisation shall take place in accordance with the provisions of Section 27 of this Law.

(4) Until entering in the Commercial Register, reserve stocks of the board shall be convertible. Such stocks shall be repurchased by the company from the members of the board, if they do not wish to keep the stocks for themselves. Such activities shall be performed without releasing the members of the board from liability and the approval of the annual accounts. In State and local government stock companies reserve stocks of the board shall be repurchased by the company.

(5) Meetings of shareholders of limited liability companies during which amendments to the articles of association are adopted shall perform all necessary activities so that the articles of association and the administrative bodies of the company fully conform to the provisions of the Commercial Law and shall submit an application for the entering of the company in the Commercial Register concurrently with the amendments to the articles of association. Until the entering of a limited liability company in the Commercial Register, amendments to the articles of association of the company shall not be registered in the Enterprise Register. These provisions shall not apply to cases if the relevant meeting of shareholders has taken place before 1 July 2003.

(6) Changes are not registered in the Enterprise Register until entering of a limited liability company in the Commercial Register. Changes are registered in the Enterprise Register if the decision on changes in a limited liability company is taken until 30 April 2004 and an application has been submitted until 15 May 2004.

(7) The provisions of Paragraphs five and six of this Section shall not be applicable to the cases provided for in Section 3.1, Paragraph three, Sections 23 and 24 of this Law.

[*31 March 2004*]

**Section 10. Business Partnerships**

(1) Business partnerships shall be applied for entering in the Commercial Register until 31 December 2004 or, according to a decision of the shareholders, the liquidation of such partnerships shall be commenced, applying it for registration in the Enterprise Register.

(2) In the application for the entering of a business partnership in the Commercial Register the information provided for in Section 8 of the Commercial Law, and also the registration number in the Enterprise Register shall be specified.

(3) After entering of a business partnership in the Commercial Register the following provisions shall be conformed to:

1) if on the day of entering the business partnership in the Commercial Register the period of limitation provided for in Section 13 of the law On Business Partnerships has not expired, the period of limitation, including the time expired, provided for in the Civil Law or other laws shall be applied;

2) the time period provided for in Section 117 of the Commercial Law shall be applied in cases when a shareholder of a business partnership (member of a partnership) withdraws from the business partnership (partnership) after entering of the partnership in the Commercial Register;

3) the provisions of Sections 15 and 16 of the law On Business Partnerships shall be applied to the obligations that have arisen prior to entering of the partnership in the Commercial Register.

**Section 11. Companies with Supplemental Liability**

(1) Companies with supplemental liability shall be restructured into capital companies with supplemental liability until 31 December 2004 and shall be applied for entering in the Commercial Register or, according to a decision of the shareholders, the liquidation of such companies shall be commenced, applying it for registration in the Enterprise Register.

(2) For the entering of companies with supplemental liability in the Commercial Register, the provisions of Section 9, Paragraph two of this Law shall be applied, but for the restructuring, the provisions of the Commercial Law shall be applied.

**Section 12. State and Local Government Undertakings (Incorporated Companies)**

(1) Until 31 October 2004 and according to a decision of the Cabinet, a State undertaking shall be restructured into a State capital company, taking into account the provisions of the law On Restructuring of State and Local Government Undertakings into Incorporated Companies, unless it is provided for otherwise in this Law or the Commercial Law, and shall be applied for entering in the Commercial Register or shall be restructured into an institution of direct administration or a foundation, or the liquidation of such undertaking shall be commenced, applying it for registration in the Enterprise Register.

(2) Until 31 October 2004, a State incorporated company shall be applied for entering in the Commercial Register or shall be restructured into an institution of direct administration or a foundation, or the liquidation of such incorporated company shall be commenced, applying it for registration in the Enterprise Register.

(3) Until 31 October 2004 and according to a decision of the local government council, a local government undertaking shall be restructured into a local government capital company, taking into account the provisions of the law On Restructuring of State and Local Government Undertakings into Incorporated Companies, unless it is provided for otherwise in this Law or the Commercial Law, and shall be applied for entering in the Commercial Register or shall be restructured into a local government institution or a foundation, or shall commence the liquidation of such undertaking, applying it for registration in the Enterprise Register.

(4) Until 31 October 2004, a local government incorporated company shall be applied for entering in the Commercial Register or shall be restructured into a local government institution or a foundation, or the liquidation of such undertaking shall be commenced, applying it for registration in the Enterprise Register.

(5) In the cases provided for in Paragraphs one and three of this Section, the documents referred to in Section 9, Paragraph two of the law On Restructuring of State and Local Government Undertakings into Incorporated Companies, and also the documents referred to in Section 149, Paragraph three, Clauses 4 (if the company has a council), 5, 6, and 7 of the Commercial Law shall be appended to the application if such documents have not already been submitted to the Enterprise Register of the Republic of Latvia. In the cases provided for in Paragraphs two and four of this Section, the information referred to in Section 9, Paragraph two of this Law shall be specified in the application for entering in the Commercial Register and the documents referred to therein shall be appended thereto. Upon restructuring a State or local government undertaking into a foundation, the information provided for in Section 15 of the Associations and Foundations Law, and also the registration number in the Enterprise Register shall be entered in the application for entering in the Register of Associations and Foundations and the documents referred to in Section 9, Paragraph four of the Law on Procedures for the Coming into Force of the Associations and Foundations Law shall be appended to the application.

(6) Upon restructuring a State or local government undertaking (incorporated company) into a State administration institution, the entire property of the State or local government undertaking (incorporated company) shall be transferred to the State or a local government respectively. The established State administration institution shall be the successor in the rights and obligations of the State or local government undertaking (incorporated company) respectively.

[*31 March 2004*]

**Section 13. Cooperative Share Companies**

(1) Cooperative share companies shall be restructured into commercial companies and applied for entering in the Commercial Register until 31 December 2004 or, according to a decision of the meeting of the shareholders, the liquidation of such companies shall be commenced, applying it for registration in the Enterprise Register.

(2) Restructuring of cooperative share companies shall be performed in accordance with the procedures determined by Sections 337, 339, 340-343, 345-347, Section 348, Paragraphs three and four, Section 349, Paragraph four, Section 350, Paragraph one, the first sentence of Paragraph four, and Paragraphs five and seven, Section 351, Paragraph one, Sections 352, 357, 358, and Section 360, Paragraph one of the Commercial Law.

[*31 March 2004*]

**Section 14. Undertakings of Public and Religious Organisations**

(1) An undertaking of a public or religious organisation shall be restructured into a capital company and applied for entering in the Commercial Register until 31 December 2004 or, according to a decision of the relevant organisation, the liquidation of such undertaking shall be commenced, applying it for registration in the Enterprise Register.

(2) For the restructuring of undertakings of public and religious organisations, the provisions of Section 13, Paragraph two of this Law shall be applied respectively.

**Section 15. Undertakings of Companies**

(1) Undertakings of companies which do not have the status of a legal person shall be excluded from the Enterprise Register.

(2) Undertakings of companies which have the status of a legal person shall be liquidated and, according to a decision of an official of the Commercial Register Office, shall be excluded from the Enterprise Register.

(3) Upon exclusion of the owner of the undertaking of a company from the Enterprise Register, the relevant undertaking shall be excluded concurrently.

[*19 November 2009*]

**Section 16. Branches and Representation Offices**

(1) A branch that is registered in the Enterprise Register shall be applied for entering in the Commercial Register concurrently with the application for entering of the merchant in the Commercial Register or, according to a decision of its owner, shall be closed.

(2) In order to enter a branch in the Commercial Register, an application shall be submitted to the Commercial Register Office in which the information provided for in Section 8 or Section 23 or 25 of the Commercial Law respectively, and also the registration number in the Enterprise Register shall be specified.

(3) If the branch has the status of a legal person, in case of failure to fulfil the provisions referred to in Paragraph one of this Section the branch shall be excluded from the Enterprise Register, but if the branch does not have the status of a legal person, then after 31 December 2004 the branch shall be considered to be non-existent and, according to a decision of an official of the Commercial Register Office, shall be excluded from the Enterprise Register.

(4) Representation offices of undertakings (companies) that are registered in the Enterprise Register shall be applied for entering in the Commercial Register as branches until 31 December 2004 or, according to a decision of their owner, shall be closed. If these activities have not been performed, then after 1 January 2005 the representation office, according to a decision of an official of the Commercial Register Office, shall be excluded from the Enterprise Register.

(5) In order for a representation office of an undertaking (company) that is registered in the Enterprise Register to be applied for entering as a branch in the Commercial Register, an application shall be submitted to the Commercial Register Office in conformity with Section 23 of the Commercial Law, in addition specifying the registration number of the representation office in the Enterprise Register.

(6) The branch of an undertaking (company) that is registered in the Enterprise Register may not be entered in the Commercial Register if its owner is not entered in the Commercial Register.

(7) Upon exclusion of the owner of the branch or representation office from the Enterprise Register, the relevant branch or representation office shall be excluded concurrently.

(8) Permanent representation offices of foreign merchants performing commercial activities shall be applied for entering as branches in the Commercial Register until 31 December 2004 or shall be restructured into capital companies and be applied for entering in the Commercial Register or, according to a decision of their owners, the liquidation of such representation offices shall be commenced, applying it for registration in the Enterprise Register.

(9) In order for a permanent representation office to be applied for entering as a branch in the Commercial Register, an application shall be submitted to the Commercial Register Office in conformity with Section 25 of the Commercial Law, in addition specifying the registration number of such representation office in the Enterprise Register, and the documents referred to in Section 25 of the Commercial Law shall be appended to the application if such documents have not been submitted to the Enterprise Register of the Republic of Latvia.

(10) For the restructuring of permanent representation offices of foreign merchants into capital companies the provisions of Section 13, Paragraph two of this Law shall be applied respectively.

[*19 November 2009*]

**Section 17. Individual (Family) Undertakings, Farms and Fishing Undertakings, and Persons Carrying out Independent Work**

(1) Individual undertakings, farms and fishing undertakings, and also persons carrying out individual work, until the date of coming into force of relevant laws, shall operate in conformity with the law in accordance with which they have been established, taking into account the exceptions specified in this Section.

(2) The owner of such individual undertaking which conforms to the criteria specified in Section 75, Paragraph one of the Commercial Law shall, by 31 December 2004, apply itself for entering as individual merchant in the Commercial Register or shall restructure the individual undertaking into a commercial company, or, according to its own decision, shall commence the liquidation of such undertaking, applying it for registration in the Enterprise Register. In case of failure to fulfil these provisions, the individual undertaking, according to a decision of an official of the Commercial Register Office, shall be excluded from the Enterprise Register.

(3) The provision of Paragraph two of this Section shall not be applied to farms and fishing undertakings, and also to the individual undertakings the principal type of operation of which are craft activities within the meaning of Section 1 of the law On Craft Activities.

(4) Family undertakings shall be restructured into commercial companies until 31 December 2004 or, according to a decision of their owners, the liquidation of such undertakings shall be commenced, applying it for registration in the Enterprise Register. In case of failure to fulfil with these provisions, the family undertaking, according to a decision of an official of the Commercial Register Office, shall be excluded from the Enterprise Register.

(5) The application for the entering in the Commercial Register shall be drawn up in conformity with the provisions of Section 75, Paragraph three of the Commercial Law, in addition specifying the registration number in the Enterprise Register.

(6) The owners of individual undertakings, farms and fishing undertakings may restructure their undertakings into commercial companies or apply themselves as individual merchants also in the case if the relevant undertaking does not conform to the criteria specified in Section 75, Paragraph one of the Commercial Law.

(7) The person that has acquired the status of an individual merchant in accordance with the procedures of this Section or the restructured commercial company shall be a successor in rights and obligations of the undertaking. The person that has acquired the status of an individual merchant or the restructured commercial company shall retain all the preferences and guarantees granted to such undertaking by law or on the basis of law. This provision shall not affect the application of the relevant law or other laws and regulations.

(8) For the restructuring of an individual undertaking, farm and fishing undertaking into a capital company, the provisions of Section 13, Paragraph two of this Law shall be applied respectively.

(9) The same natural person may not concurrently be an individual merchant entered in the Commercial Register and the owner of an individual undertaking, farm or fishing undertaking registered in the Enterprise Register.

(10) Natural persons or owners of individual undertakings whose activities conform to the provisions referred to in Section 45 or 64 of the Commercial Law shall apply themselves for entering in the Commercial Register as individual merchants, without regard to the criteria specified in Section 75, Paragraph one of the Commercial Law, or shall establish a commercial company in accordance with the provisions of the Commercial Law.

[*31 March 2004; 22 June 2005; 19 November 2009*]

**Section 17.1 Determination of the Status of Farms and Fishing Undertakings, Re-registration or Liquidation of an Individual Undertaking, Farm and Fishing Undertaking**

[7 June 2012]

**Section 18. Examination of Applications After Expiry of the Time Period for their Submission**

(1) If the application for entering in the Commercial Register has been submitted within the time period specified in this Chapter, but upon expiry of this time period the Commercial Register Office has not yet examined such application, the provisions regarding termination of activities and exclusion from the Enterprise Register (Section 19) shall be applied as of the next day after a decision on refusal has been taken. If a decision on postponement of making an entry has been taken, the provisions of Paragraph two of this Section shall be applied.

(2) If the time period specified in this Chapter for the submission of applications for entering in the Commercial Register expires before the time period specified in the decision of an official of the Commercial Register Office on postponement of making an entry in order to eliminate deficiencies, the provisions regarding termination of activities and exclusion from the Enterprise Register (Section 19) shall be applied as of the next day after:

1) the time period specified in the decision has expired if within such time period the corrected documents have not been submitted;

2) the decision on refusal has been taken if the submitted documents repeatedly do not conform to the provisions of the Law.

(3) In the cases referred to in Paragraph two of this Section a repeat decision on postponement of making an entry is not permitted.

(4) The provisions of Paragraphs one, two, and three of this Section shall be also applicable to the application for entering a State or local government non-profit undertaking (incorporated company) in the Register of Associations and Foundations which has been submitted within the time period specified in Section 12 of this Law and to the application for entering a non-profit undertaking (incorporated company) in the Register of Associations and Foundations which has been submitted within the time period specified in Section 25 of this Law if the respective time period has expired but the application has not been examined yet.

[*31 March 2004*]

**Section 19. Termination of Activities of Undertakings (Companies), Branches, Divisions, and Representation Offices, and their Exclusion from the Enterprise Register**

(1) If an undertaking (company), branch, division, or representation office has not been applied for entering in the Commercial Register in conformity with the provisions of this Chapter and the decision on liquidation of such undertaking (company), branch, division, or representation office has not been taken, it shall be liquidated in accordance with the procedures laid down in this Section.

(2) As of the next day after expiry of the relevant time period referred to in this Chapter, the undertaking (company), branch, division, or representation office shall be deemed to have terminated its activities and the Commercial Register Office shall make a relevant entry in the Enterprise Register. The Commercial Register Office shall publish the list of such entities in the official gazette *Latvijas Vēstnesis*, indicating:

1) the registration number and name (firm name);

2) that within three months of the date of the publication a notification regarding claims shall be made (Paragraph three of this Section).

(3) Within three months from the day of the publication, all the creditors of the relevant undertaking (company), branch, division, or representation office and the tax administration may notify the Commercial Register Office of their material claims against the undertaking (company), branch, division, or representation office.

(4) If within the time period referred to in Paragraph three of this Section the Commercial Register Office has not received any notifications regarding claims and no commercial pledges are registered in the register of commercial pledges, the undertaking (company), branch, division, or representation office shall be excluded from the Enterprise Register according to a decision of an official of the Commercial Register Office.

(5) The property left after exclusion of the undertaking (company), branch, division, or representation office from the Enterprise Register in accordance with the procedures laid down in Paragraph four or eleven of this Section shall be comparable to property without heirs in conformity with the provisions of Section 417 of the Civil Law.

(6) If within the time period referred to in Paragraph three of this Section the Commercial Register Office has received a notification regarding claims, the undertaking (company), branch, division, or representation office is not entitled to perform entrepreneurial activity as of the next day after expiry of such time period. In such case the continuation of the activity shall be deemed to be entrepreneurial activity without registration and the persons at fault for the violation of these provisions shall be held liable as prescribed by law.

(7) If within the time period referred to in Paragraph three of this Section the Commercial Register Office has received a notification from creditors or the tax administration regarding claims, the undertaking (company) shall commence the liquidation of the undertaking (company), branch, division, or representation office in conformity with the laws and regulations in accordance with which they have been established and shall ensure that the liquidator of the undertaking (company) is appointed not later than by 1 January 2010. If the liquidation has been commenced and the liquidator has been appointed in accordance with the procedures laid down in this Section, the costs of liquidation shall be covered from the funds of the undertaking (company), branch, division, or representation office subject to liquidation.

(8) If until 1 January 2010 the Commercial Register Office has not received the application for appointing of a liquidator in accordance with the provisions laid down in Paragraph seven of this Section, the administrative bodies of the undertaking (company) shall lose the rights specified in law and the articles of association and the owner of the undertaking or the shareholder (stockholder) of the company shall lose the right to alienate (also to make a gift) the capital shares (stocks) of the undertakings or company in the ownership thereof.

(9) If until 1 January 2010 the Commercial Register Office has not received the application for appointing of a liquidator in accordance with the provisions laid down in Paragraph seven of this Section, the undertaking (company), branch, division, or representation office shall be liquidated and the claims of creditors shall be settled in accordance with the procedures laid down in Sections 19.1, 19.2, 19.3, 19.4, 19.5, 19.6, 19.7, 19.8, and 19.9 of this Law.

(10) The liquidation proceedings commenced in accordance with Paragraph seven of this Section shall be completed by 31 December 2011, applying the proceedings for registration in the Enterprise Register.

(11) If until 1 January 2012 the Commercial Register Office has not received the application for completion of the liquidation proceedings referred to in Paragraph seven of this Section and exclusion of the undertaking (company), branch, division, or representation office from the Enterprise Register, the undertaking (company), branch, division, or representation office shall be excluded from the Enterprise Register by a decision of an official of the Commercial Register Office. This condition is not applied if insolvency of the undertaking (company) has been declared.

(12) The Commercial Register Office shall inform the holders of the following public registers and movable property registers of the exclusion of the undertaking (company), branch, division, or representation office from the Enterprise Register in the case referred to in Paragraph eleven of this Section, Section 19.3, Paragraph six, Section 19.9, Paragraph two, and Section 23, Paragraph five:

1) the Land Register;

2) the Ship Register;

3) the State Register of Vehicles and Their Drivers;

4) the State Information System for the Tractor-type Machinery and Drivers Thereof;

5) the information system of *valsts aģentūra “Lauksaimniecības datu centrs”* [State agency Agricultural Data Centre].

(13) The liquidator appointed in accordance with the procedures laid down in this Section shall be liable for the losses incurred through his or her fault.

[*31 March 2004; 19 November 2009*]

**Section 19.1 Application of the Owner of an Undertaking or a Shareholder (Stockholder) of a Company for Appointing of a Liquidator**

(1) After expiry of the time period specified in Section 19, Paragraph eight of this Law, the Commercial Register Office shall publish in the official gazette *Latvijas Vēstnesis* the list of such undertakings (companies), branches, divisions, and representation offices regarding which the notifications regarding claims from creditors have been received in accordance with the procedures laid down in Section 19 of this Law and regarding which the application for appointing of a liquidator of the undertaking (company) has not been submitted. The following shall be indicated in the publication:

1) the registration number and name (firm) of the undertaking (company), branch, division, or representation office;

2) the fact that, within a month from the day of the publication, the owner of the undertaking or the shareholder (stockholder) of the company may submit to the Commercial Register Office the application for appointing of a liquidator.

(2) Within a month from the day of the publication, the owner of the undertaking or the shareholder (stockholder) of the company may submit to the Commercial Register Office the application for appointing of a liquidator. The given name, surname, personal identity number, and place of residence of the liquidator shall be indicated in the application. A sample of the signature of the liquidator which has been certified notarially or by an official of the Commercial Register Office shall be appended to the application.

(3) The Commercial Register Office shall make an entry on the appointing of a liquidator only on the basis of the first application submitted.

(4) The owner of the undertaking or the shareholder (stockholder) of the company who has submitted the application referred to in Paragraph three of this Section shall cover the costs of liquidation.

(5) The liquidation of the undertaking (company), branch, division, or representation office shall be carried out in accordance with the procedures laid down in Section 19.5, 19.6, 19.7, 19.8, and 19.9 of this Law.

[*19 November 2009*]

**Section 19.2 Changing of the Liquidator Appointed by the Owner of an Undertaking or a Shareholder (Stockholder) of a Company**

(1) The liquidator appointed in accordance with the procedures laid down in Section 19.1 of this Law may be removed, appointing a new liquidator by:

1) the owner of the undertaking or the shareholder (stockholder) of the company who has submitted the application referred to in Section 19.1, Paragraph three of this Law;

2) a decision of all shareholders (stockholders).

(2) If the liquidator is removed by a decision of all shareholders (stockholders), the costs of liquidation shall be covered by all shareholders (stockholders) upon mutual agreement.

(3) A decision of all shareholders (stockholders) to remove the liquidator shall be submitted by the new liquidator to the Commercial Register Office within three days from the day when the decision was taken.

[*19 November 2009*]

**Section 19.3 Application of a Creditor for Appointing of a Liquidator**

(1) After expiry of the time period specified in Section 19.1, Paragraph two of this Law, the Commercial Register Office shall publish in the official gazette *Latvijas Vēstnesis* the list of such undertakings (companies), branches, divisions, and representation offices regarding which the application for appointing of a liquidator has not been submitted by the owner of the undertaking or the shareholder (stockholder) of the company in accordance with the procedures laid down in Section 19.1 of this Law. The following shall be indicated in the publication:

1) the registration number and name (firm) of the undertaking (company), branch, division, or representation office;

2) the fact that within a month from the day of the publication creditors may submit to the Commercial Register Office the application for appointing of a liquidator.

(2) Creditors of the undertaking (company), branch, division, or representation office who notified the Commercial Register Office of the claims thereof in accordance with the provisions laid down in Section 19, Paragraph three of this Law may submit the application for appointing of a liquidator to the Commercial Register Office within a month from the day of the publication. The given name, surname, personal identity number, and place of residence shall be indicated in the application. A sample of the signature of the liquidator which has been certified notarially or by an official of the Commercial Register Office shall be appended to the application.

(3) The Commercial Register Office shall make an entry on the appointing of a liquidator only on the basis of the first application submitted.

(4) The creditor who submitted the application referred to in Paragraph three of this Section shall cover the costs of liquidation.

(5) The liquidation of the undertaking (company), branch, division, or representation office shall be carried out in accordance with the procedures laid down in Section 19.5, 19.6, 19.7, 19.8, and 19.9 of this Law.

(6) If within the time period referred to in Paragraph two of this Section the Commercial Register Office has not received any applications for appointing of a liquidator, the undertaking (company), branch, division, or representation office shall be excluded from the Enterprise Register according to a decision of an official of the Commercial Register Office.

(7) The property left after exclusion of the undertaking (company), branch, division, or representation office from the Enterprise Register in accordance with the procedures laid down in Paragraph six of this Section shall be comparable to property without heirs in conformity with the provisions of Section 417 of the Civil Law.

[*19 November 2009*]

**Section 19.4 Changing of the Liquidator Appointed by a Creditor**

(1) The liquidator appointed in accordance with the procedures laid down in Section 19.3 of this Law may be removed, appointing a new liquidator by:

1) the creditor who has submitted the application referred to in Section 19.3, Paragraph three of this Law;

2) a decision of such creditors who, in accordance with Section 19, Paragraph three of this Law, have notified the Commercial Register Office regarding their claims.

(2) If the liquidator is removed by a decision of creditors, the costs of liquidation shall be covered by creditors upon mutual agreement.

(3) The decision of creditors to remove the liquidator shall be submitted by the new liquidator to the Commercial Register Office within three days from the day when the decision was taken.

[*19 November 2009*]

**Section 19.5 Rights, Obligations, and Liability of a Liquidator**

(1) A natural person with the capacity to act may be a liquidator.

(2) A liquidator shall carry out the following activities:

1) ascertain and evaluate the property of the undertaking (company), branch, division, or representation office;

2) ascertain and inspect the claims of such creditors who, in accordance with Section 19, Paragraph three of this Law, have notified the Commercial Register Office regarding their claims;

3) sell the property of the undertaking (company), branch, division, or representation office, including the right to claim;

4) settle the claims of creditors;

5) carry out other activities specified in this Law.

(3) If the undertaking (company), branch, division, or representation office has no property, the amount of remuneration of the liquidator may not exceed five minimum monthly salaries.

(4) If the undertaking (company), branch, division, or representation office has property, the amount of remuneration of the liquidator may not exceed the following rates:

1) if the funds obtained as a result of recovery or the sale of property do not exceed 15 000 lats – ten minimum monthly salaries;

2) if the funds obtained as a result of recovery or the sale of property exceed 15 000 lats – ten minimum monthly salaries plus five per cent of the funds obtained as a result of recovery or the sale of property which exceed 15 000 lats, but not more than 100 000 lats;

3) if the funds obtained as a result of recovery or the sale of property exceed 100 000 lats – ten minimum monthly salaries plus five per cent of the funds obtained as a result of recovery or the sale of property which exceed 15 000 lats, but not more than 100 000 lats, plus three per cent of the funds obtained as a result of recovery or the sale of property which exceed 100 000 lats, but not more than 1 000 000 lats, plus one per cent of the funds obtained as a result of recovery or the sale of property which exceed 1 000 000 lats.

(5) A liquidator shall be liable for any losses incurred through his or her own fault.

(6) During liquidation the word “in liquidation” shall be added to the name of the undertaking (company), branch, division, or representation office.

[*19 November 2009*]

**Section 19.6 Ascertaining and Evaluation of the Property of an Undertaking (Company), Branch, Division, or Representation Office**

(1) The property of an undertaking (company), branch, division, or representation office shall be ascertained and evaluated by a liquidator within three months from the appointing thereof.

(2) If the undertaking (company), branch, division, or representation office has no property, the liquidator shall submit to the Commercial Register Office the application for exclusion of the undertaking from the Enterprise Register. The liquidator shall certify in the application that the undertaking (company), branch, division, or representation office has no property.

[*19 November 2009*]

**Section 19.7 Informing of Creditors and Upholding of the Claims of Creditors**

(1) If the undertaking (company), branch, division, or representation office has property, the liquidator shall send a notification regarding the commencement of liquidation to the creditors of the undertaking (company), branch, division, or representation office who notified the Commercial Register Office of their claims in accordance with the provisions laid down in Section 19, Paragraph three of this Law. In the notification creditors shall be invited to notify the liquidator of upholding their claims within a month from the day of sending the notification.

(2) Creditors shall notify the liquidator within the specified time period that they uphold their claims against the undertaking (company), branch, division, or representation office and shall submit documents supporting the claims.

(3) After expiry of the time period specified in Paragraph one of this Section, the liquidator shall prepare the liquidation initial financial account.

(4) If the creditor has not notified the Commercial Register Office regarding its claims in accordance with the provisions laid down in Section 19, Paragraph three of this Law or has not notified the liquidator regarding upholding its claims in accordance with Paragraph two of this Section, it shall be considered that the creditor has waived the right to claim against the undertaking (company).

[*19 November 2009*]

**Section 19.8 Procedures for Settling the Costs of Liquidation and the Claims of Creditors**

(1) After sale of the property of the undertaking (company), branch, division, or representation office, the liquidator shall prepare a plan for settling the claims of creditors in which the utilisation of the funds for covering the costs of liquidation shall also be indicated. The plan for settling the claims of creditors shall be sent to creditors who have notified regarding upholding their claims in accordance with the procedures laid down in Section 19.7 of this Law.

(2) First, the costs of liquidation covered by the creditor shall be entirely reimbursed from the funds of the undertaking (company), branch, division, or representation office. If it is not possible to reimburse the costs of liquidation from the property of the undertaking (company), branch, division, or representation office, the creditor shall have the right to claim against the owner of the undertaking or shareholders (stockholders) of the company in relation to covering the costs of liquidation.

(3) Shareholders (stockholders) shall be solidarily liable for covering the costs of liquidation. A shareholder (stockholder) who has settled the claim of a creditor in the case referred to in Paragraph two of this Section may request remuneration from other shareholders (stockholders) according to their participation in the undertaking (company), branch, division, or representation office.

(4) If the property of the undertaking (company), branch, division, or representation office is insufficient to settle all justified claims of creditors, the relevant claims shall be settled in proportion to the amount due to each creditor.

(5) A creditor may, within a month from the day when the plan for settling the claims of creditors has been sent to creditors, contest the plan to a court by bringing an action against the liquidator, concurrently informing the liquidator of the action brought. The action shall be brought to the court according to the legal address of the undertaking (company), branch, division, or representation office.

(6) If the plan for settling the claims of creditors has not been contested to a court in accordance with the procedures laid down in Paragraph five of this Section, the liquidator shall divide the property of the undertaking (company), branch, division, or representation office among creditors according to the prepared plan for settling the claims of creditors.

(7) If the creditor has brought an action to a court in accordance with the provisions laid down in Paragraph five of this Section, the liquidator shall deposit the funds of the undertaking (company), branch, division, or representation office at the court according to the legal address of the undertaking (company), branch, division, or representation office. The deposited funds shall be disbursed to creditors after completing the initiated legal proceedings.

(8) After settling the claims of creditors or depositing the funds intended for them, the liquidator shall prepare the liquidation closing financial account and submit the application for completion of the liquidation to the Commercial Register Office.

(9) The liquidation closing financial account and the plan for settling the claims of creditors shall be appended to the application referred to in Paragraph eight of this Section. In the application the liquidator shall certify that the claims of creditors have been settled in whole or in part, or the funds of the undertaking (company), branch, division, or representation office have been deposited at a court.

(10) After settling the claims provided for in Paragraph six of this Section, the property left after exclusion of the undertaking (company), branch, division, or representation office from the Enterprise Register shall be:

1) comparable to property without heirs in conformity with the provisions of Section 417 of the Civil Law if liquidation proceedings were commenced in accordance with the procedures laid down in Section 19.3 of this Law;

2) divided among the shareholders (stockholders) of the company in proportion to the shares (stocks) in their ownership or transferred to the owner of the undertaking if liquidation proceedings were commenced in accordance with the procedures laid down in Section 19.1 of this Law.

[*19 November 2009*]

**Section 19.9 Completion of the Liquidation**

(1) The liquidation proceedings commenced in accordance with Sections 19.1 and 19.3 of this Law shall be completed by 31 December 2011, applying the proceedings for registration in the Enterprise Register.

(2) If until 1 January 2012 the Commercial Register Office has not received the application for completion of the liquidation of the undertaking (company), branch, division, or representation office and exclusion of the undertaking (company), branch, division, or representation office from the Enterprise Register, the undertaking (company), branch, division, or representation office shall be excluded from the Enterprise Register by a decision of an official of the Commercial Register Office.

(3) The property left after exclusion of the undertaking (company), branch, division, or representation office from the Enterprise Register in accordance with the procedures laid down in Paragraph two of this Section shall be comparable to property without heirs in conformity with the provisions of Section 417 of the Civil Law.

[*19 November 2009*]

**Chapter III**

**Special Provisions**

**Section 20. Liability Matters of Capital Companies**

(1) If an undertaking (company), branch, division, or representation office registered in the Enterprise Register is entered in the Commercial Register as a capital company, then as of the day of its entering in the Commercial Register, upon applying the provisions of Chapter 4, Division 11 of the Commercial Law, also the provisions of this Section shall be complied with.

(2) The provisions of Section 164 of the Commercial Law shall be applied to transactions of property acquisition if such transactions are concluded after entering of the company in the Commercial Register and if two years have not elapsed since the date of registration of such company in the Enterprise Register.

(3) If on the day of entering of the company in the Commercial Register the period of limitation specified in the Civil Law or other laws has not expired, but the Commercial Law specifies:

1) a longer period – the period of limitation specified in the Commercial Law, including the time expired, shall be applied;

2) a shorter period – the period of limitation specified in the Commercial Law shall be applied which shall be counted from the day of entering of the company in the Commercial Register. If in conformity with such calculation the period of limitation is longer than the existing period of limitation, it shall expire on the day when it should have expired in accordance with the Civil Law or other laws and regulations.

**Section 21. Minimum Amount of Equity Capital for Specific Capital Companies**

(1) The minimum amount of equity capital to be paid before establishment shall be as follows:

1) for life insurance stock companies – 1 000 000 lats, for other insurance companies – 500 000 lats;

2) for exchange stock companies – 100 000 lats;

3) [8 July 2011].

(2) The minimum amount of equity capital to be paid within the time period of five years after the date of establishment of the stock company shall be as follows:

1) for life insurance stock companies – 2 000 000 lats, for other insurance companies – 1 000 000 lats;

2) for exchange stock companies – 250 000 lats;

3) [8 July 2011].

(3) [9 June 2016]

[*8 July 2011; 19 September 2013; 9 June 2016*]

**Section 22. Cooperative Societies**

(1) Cooperative societies may be restructured into capital companies. The provisions of Section 13, Paragraph two of this Law shall be applied in such case.

(2) The general meeting of the members of a cooperative society (meeting of authorised persons), when taking a decision on reorganisation, shall also approve the articles of association of the relevant capital company (the acquiring company). The articles of association shall be signed by the executive board of the acquiring company.

(3) If it is provided for in the articles of association of the cooperative company that a decision on reorganisation shall be taken by the meeting of authorised persons, such decision shall replace the decision of the general meeting of the members. In such case members of the cooperative society are entitled to notify the cooperative society in writing that they do not agree to reorganisation within one month after the publication provided for in Section 345, Paragraph two of the Commercial Law. In such case members of the cooperative society shall acquire the rights provided for in Section 353 of the Commercial Law.

[*31 March 2004*]

**Section 23. Uncompleted Liquidation Proceedings**

(1) Liquidation proceedings of undertakings (companies), branches, divisions, and representation offices that have been commenced and have applied to the Enterprise Register until the day of coming into force of the Commercial Law shall be completed by 31 December 2004, applying it for registration in the Enterprise Register.

(2) The liquidation proceedings commenced in accordance with Chapter II of this Law on the basis of a decision of the meeting (general meeting) of the shareholders (stockholders) or a decision of the owner shall be completed by 31 December 2005, applying it for registration in the Enterprise Register. The liquidation proceedings commenced by the holders of the right referred to Paragraph 7 of Transitional Provisions of this Law shall be completed until 1 March 2006, applying the proceedings for registration in the Enterprise Register.

(3) Such provisions of the laws and articles of association shall be applied to the liquidation procedures referred to in Paragraphs one and two of this Section which were in force on the day when the decision on liquidation was taken.

(4) If liquidation proceedings have not been completed within the time periods referred to in Paragraphs one and two of this Section, then as of the next day after expiry of the time period such undertakings (companies), branches, divisions, or representation offices do not have the right to perform economic activities and shall be held liable for violations of these provisions as specified in law for performing economic activities without registration.

(5) If until 1 January 2012 the Commercial Register Office has not received the application for completion of the liquidation proceedings referred to in Paragraphs one and two of this Section and exclusion of the undertaking (company), branch, division, or representation office from the Enterprise Register, the undertaking (company), branch, division, or representation office shall be excluded from the Enterprise Register by a decision of an official of the Commercial Register Office.

(6) The property left after exclusion of the undertaking (company), branch, division, or representation office from the Enterprise Register in accordance with the procedures laid down in Paragraph five of this Section shall be comparable to property without heirs in conformity with the provisions of Section 417 of the Civil Law.

[*4 November 2004; 19 November 2009*]

**Section 24. Commenced Insolvency Proceedings**

(1) An undertaking (company) registered in the Enterprise Register and declared insolvent until 31 December 2004 or for the holders of the right referred to Paragraph 7 of Transitional Provisions of this Law until 1 September 2005, is entitled to operate during the entire period of insolvency proceedings until completion of the bankruptcy proceedings in conformity with the law in accordance with which it has been established, except for the case provided for in Paragraph two of this Section.

(2) Insolvency proceedings of the undertaking (company) referred to in Paragraph one of this Section may be terminated otherwise than by completion of the bankruptcy proceedings only if the relevant undertaking (company) has been entered in the Commercial Register. If, for entering in the Commercial Register, it is necessary to restructure the relevant undertaking (company) into a type of a merchant provided for in the Commercial Law, the provisions of the Commercial Law shall be applied for such restructuring.

[*31 March 2004; 4 November 2004*]

**Section 25. Restructuring of Such Undertakings (Companies) which have been Established as Non-profit Organisations**

(1) Unless it is laid down otherwise in other laws, a non-profit undertaking (company) registered in the Enterprise Register accordingly by a decision of the owner or the meeting (general meeting) of shareholders (stockholders) shall be, by 31 December 2004, restructured into an association or foundation and applied for entering in the Register of Associations and Foundations or shall be restructured into a capital company and applied for entering in the Commercial Register, or accordingly by a decision of the owner or the meeting (general meeting) of shareholders (stockholders) the liquidation of the non-profit undertaking (company) shall be commenced, applying it for registration in the Enterprise Register.

(2) The time period and procedures by which the decision on restructuring State and local government undertakings (companies) which have been established as non-profit organisations is taken, and also the documents to be submitted to the Enterprise Register of the Republic of Latvia shall be determined in Section 12 of this Law.

(3) A cooperative society which has been established as a non-profit organisation shall make amendments to the articles of association for cancelling the status of a non-profit organisation or shall take the decision on restructuring the cooperative society into any of the entities referred to in Paragraph one of this Section, applying it for registration in the Enterprise Register until 31 August 2005.

(4) A single-owner non-profit undertaking, and also a non-profit company with one shareholder (stockholder) may not be restructured into an association.

(5) The activity of a non-profit undertaking (company) registered in the Enterprise Register until entering thereof in the Register of Associations and Foundations or in the Commercial Register, or the liquidation thereof shall be subject to the application of the laws governing the activity of non-profit undertakings (companies) unless it is laid down otherwise in this Law.

(6) Entering in the Commercial Register of a non-profit undertaking (company) registered in the Enterprise Register shall be governed by the provisions of this Law regarding the entering of undertakings (companies), branches, divisions, and representation offices in the Commercial Register.

(7) Granting of the status of a non-profit organisation to the merchants entered in the Commercial Register is not permitted.

[*31 March 2004*]

**Section 25.1 Entering in the Register of Associations and Foundations of Non-profit Undertakings (Companies) Registered in the Enterprise Register**

(1) The decision on restructuring a non-profit undertaking (company) and the articles of association thereof which are necessary for applying such non-profit undertaking (company) for entering in the Register of Associations and Foundations shall be taken by the owner of the undertaking or by the meeting (general meeting) of shareholders (stockholders) accordingly by a simple majority vote. The meeting (general meeting) shall be convened in accordance with the procedures laid down in the law governing the relevant type of the non-profit company and the articles of association of the relevant non-profit company. A re-convened meeting (general meeting) is entitled to take the decision on restructuring a non-profit company into an association or foundation without applying the provisions of the law and the articles of association regarding the necessary quorum. If the company has several shareholders (stockholders), the decision on restructuring the non-profit company into an association shall be taken at the meeting (also the re-convened meeting) by not less than two shareholders (stockholders).

(2) The application for entering in the Register of Associations and Foundations shall be submitted by 31 December 2004 and shall be signed by the officials of the association or foundation who have representation rights. The information provided for in Section 15 of the Associations and Foundations Law, and also the registration number in the Enterprise Register shall be indicated in the application for entering in the Register of Associations and Foundations.

(3) The following shall be appended to the application:

1) the decision of the owner or the meeting (general meeting) of shareholders (stockholders) on entering a non-profit undertaking (company) in the Register of Associations and Foundations;

2) the complete text of the articles of association in the new wording.

(4) Upon restructuring a single-owner non-profit undertaking into a foundation, the owner shall become the founder of the foundation along with entering the relevant foundation in the Register of Associations and Foundations. If a non-profit company is restructured into a foundation, all shareholders (stockholders) of the company shall become the founders of the foundation along with entering the relevant foundation in the Register of Associations and Foundations.

(5) If a non-profit company is restructured into an association, all shareholders (stockholders) of the company shall become the members of the association along with entering the relevant association in the Register of Associations and Foundations. The persons who established the non-profit company shall be considered as the founders of such association but if the non-profit status was not obtained along with the establishment thereof, the shareholders (stockholders) who voted for granting the non-profit status to such company shall be considered as the founders of such association.

(6) The equity capital and capital shares (stocks) of the non-profit company to be restructured shall be extinguished along with entering in the Register of Associations and Foundations. The company may not repurchase capital shares (stocks) from shareholders (stockholders) and shareholders (stockholders) shall not receive remuneration for the extinguished capital shares (stocks).

(7) The entity entered in the Register of Associations and Foundations shall be the successor in rights and obligations of the relevant restructured non-profit undertaking (company).

(8) If an association or foundation to be entered in the Register of Associations and Foundations is re-registered from the Enterprise Register, the relevant entity shall be excluded from the Enterprise Register as of the moment of making such entry. A relevant entry thereon shall be made in the Enterprise Register.

[*31 March 2004*]

**Section 25.2 Acquisition of Non-profit Undertakings (Companies)**

(1) A non-profit undertaking (company) the single owner of which is a public organisation or an association of public organisations subject to re-registration laid down in laws and regulations may be acquired by a public organisation or an association of public organisations without restructuring thereof and by entering the relevant public organisation in the Register of Associations and Foundations. Acquisition shall be accordingly subject to the provisions laid down in the Associations and Foundations Law regarding reorganisation by way of acquisition, and also the provisions of Section 25.1, Paragraph six of this Law.

(2) Upon acquisition in the cases referred to in Paragraph one of this Section, the reserve fund of the non-profit undertaking (company) shall be transferred to the acquiring association or foundation.

[*31 March 2004*]

**Section 25.3 Termination of Activities of Non-profit Undertakings (Companies) Registered in the Enterprise Register and Exclusion Thereof from the Enterprise Register**

(1) If a non-profit undertaking (company) has not been applied for entering in the Register of Associations and Foundations and the liquidation thereof has not been applied for entering in the Enterprise Register of the Republic of Latvia within the time periods specified in Section 12 and Section 25, Paragraph one of this Law, it shall be liquidated in accordance with the provisions laid down in Sections 19, 19.1, 19.2, 19.3, 19.4, 19.5, 19.6, 19.7, 19.8, and 19.9 of this Law.

(2) The property left after settling the claims of creditors shall not be transferred to the owner of the undertaking or the shareholders (stockholders) of the company.

[*31 March 2004; 19 November 2009*]

**Section 25.4 Reserve Fund of Non-profit Undertakings (Companies)**

(1) If a non-profit undertaking (company) is entered in the Commercial Register as a capital company, the reserve fund (the excess of income over expenditures) accrued during the activity of the non-profit undertaking (company) shall be transferred into the equity capital of the capital company by proportionally increasing the current value of capital shares (stocks) or by creating a special reserve in the respective amount. It is prohibited, during activity of a capital company, to pay out to the shareholders (shareholders) of the capital company the reserve fund (the excess of income over expenditures) which has been accrued during activity of the non-profit undertaking (company) and has been transferred into the equity capital or a special reserve. The income tax shall be imposed in accordance with the procedures laid down in laws on the amounts paid out to the shareholders (stockholders) of the capital company in the event of the liquidation or reorganisation thereof from the equity capital or special reserve which have been transferred there as the accrued reserve fund (the excess of income over expenditures) of the non-profit undertaking (company), and also the income from the alienation of the capital shares (stocks) from alienating from the owners of capital shares (stocks) the transformed capital shares (stocks) of the capital company in their ownership the value of which has been increased by transferring the reserve fund (the excess of income over expenditures) accrued during activity of the non-profit undertaking (company) into the equity capital of the capital company.

(2) If a non-profit undertaking (company) is restructured into an association or foundation, the reserve fund created as a result of the activity of the non-profit undertaking (company) shall be transferred to the association or foundation.

(3) The income earned as a result of the activity of a non-profit organisation which exceeds expenditures and which has been obtained by the shareholders (stockholders) of the non-profit organisation by violating the provisions laid down in the law On Non-profit Organisations shall be transferred into the revenue of the State basic budget.

[*31 March 2004*]

**Section 26. Lease and Lease with Option to Purchase of State and Local Government Undertakings**

(1) After coming into force of the Commercial Law, entering into new contracts of lease and lease with an option to the purchase of the State and local government undertakings is not permitted.

(2) If the time period of the contract of lease or lease with an option to the purchase of the State and local government undertakings expires before 31 December 2004, extension of the time period of the contract is not permitted.

(3) If the time period of the contract of lease or lease with an option to the purchase of the State or local government undertakings expires before 1 April 2002, extension of the time period of the contract is permitted for a time period not longer than until 31 December 2004. After this date extension of the time period of the contract is not permitted.

(4) If the time period of a lease contract or lease contract with an option to the purchase of the State or local government undertakings in conformity with the provisions of the contract expires after 31 December 2004, the contract shall terminate on 31 December 2004 or it shall be renewed into a contract of property lease or lease with an option to purchase in conformity with the provisions of the Civil Law.

**Section 27. Privatisation of Objects of State and Local Government Property**

(1) If objects of the State or local government property are privatised using the reorganisation method referred to in Section 2, Paragraph two, Clause 5 of the law On Privatisation of Objects of State and Local Government Property, then:

1) in such a privatisation process only limited liability companies, stock companies, and companies with supplemental liability may be involved;

2) reorganisation shall be performed in accordance with the provisions of the Commercial Law;

3) the companies involved in such privatisation process shall be entered in the Commercial Register prior to taking the decision on reorganisation referred to in Section 343 of the Commercial Law.

(2) If objects of the State or local government property are privatised using the privatisation method referred to in Section 3, Paragraph three, Clause 5 of the law On Privatisation of Objects of State and Local Government Property, then:

1) the State or local government undertakings may be restructured only into limited liability companies or stock companies which act in accordance with the provisions of the Commercial Law;

2) restructuring of the State or local government undertakings shall take place in accordance with the procedures provided for in Chapter 2 of the law On Restructuring of State and Local Government Undertakings into Incorporated Companies.

(3) If the privatisation regulations of a State undertaking or the privatisation project of a local government undertaking in which it is provided for that an incorporated company shall be privatised using the method referred to in Paragraph two of this Section are approved until the date of coming into force of the Commercial Law, such privatisation may be carried out by applying the provisions of such laws as were in force on the day of approval of the privatisation regulations or the privatisation project if the company that is established as a result of privatisation is registered in the Enterprise Register by 1 October 2003.

(4) If the State capital share has been transferred for privatisation prior to the coming into force of the Commercial Law and reorganisation of a limited liability company into a stock company is provided for in the conditions of the privatisation of such object which are governed by the Cabinet in accordance with Section 12 of the law On Privatisation of Objects of State and Local Government Property, such reorganisation shall take place in conformity with the requirements of the law On Entrepreneurial Activity and the law On Limited Liability Companies.

(5) If the contract according to which a State or local government undertaking intended for privatisation was sold is terminated, the activities of such undertaking shall not be renewed, but on its basis a capital company shall be established.

**Section 28. Retaining of Relief for Undertakings with Foreign Investments**

(1) Undertakings with foreign investments which are entitled to use tax relief in conformity with the law On Foreign Investments in the Republic of Latvia shall continue to use such relief in conformity with the provisions that were in force until the day of coming into force of the Commercial Law.

(2) The maximum period for the use of the relief referred to in Paragraph one of this Section shall be 31 December 2005.

**Transitional Provisions**

1. The following are repealed on 1 January 2005:

1) [4 November 2004];

2) the law On Business Partnerships (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1991, No. 11/12; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No. 22);

3) [4 November 2004];

4) [4 November 2004];

5) the law On Foreign Investments in the Republic of Latvia (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1991, No. 46; 1993, No. 10/11; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1994, No. 13; 1995, No. 9; 1996, No. 19);

6) [4 November 2004];

7) the law On the Administration of Shares of the State and Local Government Capital in Companies (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No. 16; 1997, No. 3, 22; 1996, No. 15; 2001, No. 1);

8) the law On Cooperative Share Companies (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No. 22; 2000, No. 10);

9) [4 November 2004];

10) [4 November 2004];

11) the law On Lease and Lease with an Option to Purchase of State and Local Government Undertakings (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1993, No. 8/9; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No. 21);

12) the law On Privatisation of Agricultural Undertakings and Collective Fisheries (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1991, No. 31/32; 1992, No. 39/40/41; 1993, No. 5/6; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No. 1, 22; 1998, No. 1);

13) the 5 March 1992 decision of the Presidium of the Supreme Council of the Republic of Latvia On the Approval of State Capital Share in Specialised Agricultural Undertakings (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992, No. 13);

14) the 12 August 1992 decision of the Presidium of the Supreme Council On Specific Privatisation Nature of Collective Fisheries (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992, No. 35);

15) the 7 May 1992 decision of the Presidium of the Supreme Council On the Application of Section 19 of the Republic of Latvia Law of 21 June 1991 On Privatisation of Agricultural Undertakings and Collective Fisheries (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992, No. 22);

16) the 9 January 1992 decision of the Presidium of the Supreme Council On the Application of Specific Sections of the Republic of Latvia Law of 21 June 1991 On Privatisation of Agricultural Undertakings and Collective Fisheries (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992, No. 6);

17) the 3 December 1991 decision of the Presidium of the Supreme Council On Approval of the List of Specialised State Agricultural Undertakings Temporarily not Under Privatisation (not published);

18) the 24 October 1991 decision of the Presidium of the Supreme Council On Approval of the List of Specialised State Agricultural Undertakings and Specific Privatisation Nature of Such Undertakings (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1991, No. 45);

19) the 26 September 1991 decision of the Presidium of the Supreme Council On the Application of Specific Sections of the Republic of Latvia Law of 21 June 1991 On Privatisation of Agricultural Undertakings and Collective Fisheries (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1991, No. 41);

20) the 9 May 1991 decision of the Presidium of the Supreme Council On the Approval of the List of Selection, Experimental, Scientific Research, Educational and Individual Specialised State Farms (not published);

21) the 11 February 1993 decision of the Presidium of the Supreme Council On the Application of Specific Sections of the Republic of Latvia Law of 21 June 1991 On Privatisation of Agricultural Undertakings and Collective Fisheries (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1993, No. 8);

22) the 9 June 1993 decision of the Presidium of the Supreme Council On Amendments to the 9 May 1991 Decision of the Presidium of the Supreme Council of the Republic of Latvia On Approval of the List of Selection, Experimental, Scientific Research, Educational and Individual Specialised State Farms (*Latvijas Vēstnesis*, 1993, No. 45);

23) the 12 December 1991 decision of the Presidium of the Supreme Council On Privatisation Commission of Agricultural Undertakings (not published);

24) the 17 December 1991 decision of the Supreme Council On the Procedures by which Credits of Privatised Agricultural Undertakings and Collective Fisheries are Extinguished from the Budget of the Republic of Latvia (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992, No. 4).

[*4 November 2004*]

1.1 The law On Local Government Undertakings (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1991, No. 17/18; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1994, No. 3; 1996, No. 22) is repealed on 1 September 2005.

[*22 June 2005*]

1.2 The following are repealed on 19 May 2006:

1) the law On Entrepreneurial Activity (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1990, No. 42; 1991, No. 27/28; 1992, No. 22/23; 1993, Nos. 3/4, 12/13, 18/19, 20/21, 22/23; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1994, Nos. 6, 14; 1995, Nos. 10, 24; 1996, No. 21; 1997, No. 13; 1998, No. 1; 2000, Nos. 10, 13; 2003, No. 11);

2) the law On Limited Liability Companies (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1991, Nos. 9/10, 23/24; 1992, No. 22/23; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1995, No. 3; 1996, No. 21; 1997, No. 13; 2000, No. 10; 2001, No. 14);

3) the law On Joint Stock Companies (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1993, No. 24/25; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1994, No. 17; 1995, Nos. 3, 20; 1996, No. 21; 1997, No. 13; 1998, No. 7; 1999, No. 18; 2000, Nos. 2, 10, 13; 2001, No. 14; 2002, No. 22);

4) the law On Non-profit Organisations (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992, No. 6/7; 1993, No. 20/21; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No. 1; 1997, No. 15; 2003, No. 23);

5) the law On State Undertakings (*Latvijas Republikas Augstākās Padomes un Valdības Ziņotājs*, 1992, No. 29/31; 1993, No. 22/23; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1994, No. 17; 1996, Nos. 1, 13; 2001, No. 14; 2002, No. 9);

6) [22 June 2005];

7) the law On Restructuring of State and Local Government Undertakings into Incorporated Companies (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No. 16; 2000, No. 2; 2002, No. 23).

[*4 November 2004; 22 June 2005*]

2. The following Cabinet regulations issued in accordance with Section 32 of the law On Entrepreneurial Activity shall be in force until 31 December 2004 if new Cabinet regulations have not been adopted in lieu of them:

1) Cabinet Regulation No. 312 of 31 October 1995, Regulations On Distribution and Public Demonstration of Films (*Latvijas Vēstnesis*, 1995, No. 172; 1996, No. 330);

2) Cabinet Regulation No. 261 of 16 July 1996, Procedures Regarding Purchase, Sale and Export of Ferrous and Non-ferrous Metal Waste and Scrap (*Latvijas Vēstnesis*, 1996, No. 123; 1998, No. 265);

3) Cabinet Regulation No. 444 of 3 December 1996, Regulations Regarding Calculation of Licence Fees for Energy Supply Undertakings (Companies) (*Latvijas Vēstnesis*, 1996, No. 211; 1998, No. 265/266);

4) Cabinet Regulation No. 348 of 7 October 1997, Regulations Regarding Licensing of Certain Types of Entrepreneurial Activities (*Latvijas Vēstnesis*, 1997, Nos. 260/262, 334/335; 1998, Nos. 58/59, 147/149, 289/290, 367/368; 1999, Nos. 1, 64/65, 75/78, 167/168, 198/199; 2000, Nos. 109/110, 180/181, 307/309).

3. The Ministry of Justice shall, by 1 February 2002, develop and publish in the official gazette *Latvijas Vēstnesis* models of the articles of association of capital companies to be used for the preparation of the articles of association of merchants for the registration in the Commercial Register.

4. The Cabinet shall, by 1 September 2005, submit a draft law to the *Saeima* which lays down the future status of individual undertakings, farms and fishing undertakings and shall, by 1 September 2004, develop and submit drafts on the necessary amendments to other laws.

[*31 March 2004; 22 June 2005*]

5. The Cabinet shall, by 31 May 2004, develop and submit to the *Saeima* the necessary amendments to the law On Enterprise Income Tax and the law On Personal Income Tax which lay down the procedures for the payment of the tax provided for in Section 25.4, Paragraph one of this Law.

[*31 March 2004*]

6. Until adoption of the relevant laws and regulations, *valsts bezpeļņas sabiedrība ar ierobežotu atbildību “Latvijas Radio”* [State non-profit limited liability company Latvijas Radio] and *valsts bezpeļņas sabiedrība ar ierobežotu atbildību “Latvijas Televīzija”* [State non-profit limited liability company *Latvijas Televīzija*] shall operate in conformity with the laws in accordance with which they operated until 31 December 2004.

[*31 March 2004*]

7. Cultural authorities and educational institutions which operate as State or local government non-profit organisations, and also local government scientific authorities which operate as local government non-profit organisations shall be restructured or their liquidation shall be commenced (the application shall be submitted to the Enterprise Register) not later than by 1 September 2005 on the basis of the decision taken by the Cabinet or the relevant local government council and in conformity with the relevant laws and regulations. Such cultural authorities, educational institutions, and local government scientific authorities until their restructuring or liquidation and making a relevant entry in the Enterprise Register shall continue to operate in accordance with the laws governing the entrepreneurial activity thereof on the basis of which they operated until 15 November 2004.

[*22 June 2005*]

8. State scientific authorities which operate as State or local government non-profit organisations shall be restructured or their liquidation shall be commenced (the application shall be submitted to the Enterprise Register) not later than by 18 May 2006 on the basis of the decision taken by the Cabinet or the Senate of a higher education institution and in conformity with the relevant laws and regulations. Such State scientific authorities until their restructuring or liquidation and making a relevant entry in the Enterprise Register shall continue to operate in accordance with the laws governing the entrepreneurial activity thereof on the basis of which they operated until 1 August 2005.

[*22 June 2005*]

9. The Commercial Register Office shall, by 1 April 2010, inform the holders of public registers and movable property registers referred to in Section 19, Paragraph twelve of this Law of the undertakings (companies), branches, divisions, and representation offices which, in accordance with the procedures laid down in Section 19, Paragraph four of this Law, are excluded from the Enterprise Register until 1 January 2010.

[*19 November 2009*]

10. A capital company which is the provider of the consumer credit service shall, until submission of the request for a special permit (licence) in accordance with the Consumer Rights Protection Law, but not later than by 1 November 2011, ensure the conformity of the equity capital with the requirements laid down in Section 21, Paragraph three of this Law.

[*8 July 2011*]

11. The Cabinet shall, by 1 May 2014, develop and submit to the *Saeima* a draft law on the consumer credits in which the minimum paid-up amount of the equity capital of capital companies which provide the consumer credit service shall be determined.

[*8 July 2011*]

The Law shall come into force on 1 January 2002.

The Law has been adopted by the *Saeima* on 20 December 2001.

Acting for the President, the Chairperson of the *Saeima*, J. Straume

Rīga, 28 December 2001