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

17 October 2019 [shall come into force on 19 November 2019].

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

The *Saeima*1 has adopted and

and the President has proclaimed the following law:

**On Statements by Commercial Companies Engaged in Mining or Logging of Primary Forests on Payments to Administration Institutions**

**Section 1. Terms Used in the Law**

The following terms are used in the Law:

1) **commercial company engaged in mining** – a commercial company engaged in exploration, search, discovery, development, and extraction of mineral resources, also oil, natural gas, and other minerals, according to the statistical classification of economic activities laid down in Annex I, Section B, Chapters 05, 06, 07, and 08 of Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (Text with EEA relevance) [hereinafter – Regulation (EC) No 1893/2006];

2) **commercial company engaged in logging of primary forest –** a commercial company engaged in logging of primary forests according to the statistical classification of economic activities laid down in Annex I, Section A, Chapter 02, Group 02.2 of Regulation (EC) No 1893/2006;

3) **parent undertaking of the group of companies (group**) – a commercial company controlling one or several other commercial companies – subsidiary undertakings of this group of companies (group);

4) **subsidiary undertaking of the group of companies (group)**– a commercial company controlled by the parent undertaking of the group of companies (group). Any subsidiary undertaking of a subsidiary undertaking of the group of companies (group) shall be regarded a subsidiary undertaking of the group of companies (group) as well;

5)**group of companies (group)**– the parent undertaking of the group of companies (group) and all of its subsidiaries;

6) **payment** – a payment in cash or in kind made to an administration institution in relation to economic activities in mining or logging of primary forests, and conforming to at least one of the following types of payments:

a) fee for the right to manufacture a specific quantity of product [for example, the maximum permitted quantity of the relevant natural resources as specified in the permit (licence) for the use of natural resources],

b) enterprise income tax or another tax payable in the relevant European Union Member State or third country, imposed on the income, profit or produce of a commercial company, other than a tax imposed on consumption [e.g. value added tax (in the European Union), sales tax (in the United States of America) or another tax collected at the moment of purchase], or personal income tax,

c) compensation to the landowner for the right to use the field for mining natural resources (for example, as a percentage of the revenue from mineral resources),

d) dividends,

e) payment (for example, State fee) related to the obtaining of a permit (licence) for the use of natural resources, discovery of a deposit of mineral resources, or for reaching a certain mining threshold for the relevant natural resources,

f) licence fee, lease payment or other type of payment related to the use of a permit (licence) for the use of natural resources or a concession,

g) payments for improvements to the infrastructure of the natural resources mining field;

7)**administration institution** – an institution within the meaning of the State Administration Structure Law of the Republic of Latvia or any State, regional or local level administration institution in another European Union Member State or a third country, including a department, agency or commercial company controlled by such institution;

8) **project** – economic activity related to mining or logging of primary forests, based on one licence or governed by one lease agreement, concession or similar arrangement, resulting in a liability for a commercial company to make a payment to an administration institution. Several such agreements that are significantly interconnected shall also be considered a project;

9) **public-interest commercial company:**

a) a commercial company with transferable securities listed on a regulated market,

b) a credit institution,

c) an insurance company (in the form of a joint-stock company),

d) a reinsurance company (in the form of a joint-stock company);

10) **third country** – a country other than a European Union Member State.

**Section 2. Purpose of the Law**

The purpose of the Law is to ensure the availability of information regarding payments to administration institutions made by large commercial companies or public-interest commercial companies and group of companies (groups) which are registered in the Republic of Latvia and are engaged in mining or logging of primary forests.

**Section 3. Scope of Application of the Law**

The Law prescribes the procedures for drawing up a statement on payments to administration institutions or a consolidated statement on payments to administration institutions, and the obligation for a commercial company registered in the Republic of Latvia (hereinafter – the commercial company) and engaged in mining or logging of primary forests to draw up and submit such statement.

**Section 4. Obligation to Draw up a Statement on Payments to Administration Institutions**

The commercial company engaged in mining or logging of primary forests has an obligation to draw up a statement each reporting year, within the meaning of Section 14 of the law On Accounting, on the payments made to administration institutions if it conforms to at least one of the following conditions:

1) it is a large commercial company within the meaning of Section 5 of the Law on Annual Statements and Consolidated Annual Statements;

2) it is a public-interest commercial company.

**Section 5. Exemption from the Obligation to Draw up a Statement on Payments to Administration Institutions**

The commercial company referred to in Section 4 of this Law shall be exempt from the obligation to draw up a statement on the payments made to administration institutions if one of the following conditions is met:

1) it is a subsidiary undertaking of a group of companies (group) the parent undertaking of which is a commercial company registered in the Republic of Latvia or in another European Union Member State, and the payments to administration institutions made by the subsidiary undertaking have been included in the consolidated statement on payments to administration institutions which has been drawn up by the parent undertaking of the subsidiary undertaking in conformity with the requirements of the Member State where the parent undertaking is registered;

2) it is the parent undertaking of the group of companies (group) and has included its payments to administration institutions in the consolidated statement on payments to administration institutions which has been drawn up in conformity with the requirements laid down in this Law.

**Section 6. Contents of the Statement on Payments to Administration Institutions**

(1) The statement on payments to administration institutions shall include each individual payment or interconnected payments made during the reporting year if the payment amount or the total amount of interconnected payments is EUR 100 000 or more.

(2) The statement on payments to administration institutions shall be drawn up in Latvian, with the euro currency as the measure of value, the amounts to be rounded to whole numbers (in EUR). Payments made in a foreign currency shall be recalculated into euro according to the foreign exchange rate for the purposes of accounting which is effective at the beginning of the payment date.

(3) The following information shall be provided in the statement on payments to administration institutions:

1) a breakdown of the total payment amount by administration institution;

2) a breakdown of the total payment amount for each type of payments by administration institution;

3) if payments are related to specific projects:

a) a breakdown of the total payment amount for each type of payments by project,

b) the total payment amount related to each individual project.

(4) As to the payments which are made by a commercial company to an administration institution in order to meet liabilities arising from the commitments of the commercial company as a legal entity (for example, enterprise income tax payments) rather than from specific projects, the commercial company may report these by type of liability without specifying the project whereto the payment is related.

(5) If the payment is made in kind, it shall be valued in monetary terms, and the statement on payments to administration institutions shall include the details of the payment made in kind (quantity, measuring unit), together with the method used for evaluating the payment made in kind.

(6) Upon disclosing information on payments made by a commercial company, apart from the legal form, the contents and nature of the specific payment or relevant economic activity shall also be taken into account. Splitting or aggregating payments and economic activities with the purpose to avoid the preparation of a statement is not permitted.

**Section 7. Obligation to Draw up a Consolidated Statement on Payments to Administration Institutions**

(1) The commercial company referred to in Section 4 of this Law, if it is the parent undertaking of the group of companies (group) and is drawing up its consolidated annual statement in accordance with the procedures laid down in the Law on Annual Statements and Consolidated Annual Statements, the Credit Institution Law, the Financial Instrument Market Law or the Insurance and Reinsurance Law, has an obligation to draw up a consolidated statement on payments to administration institutions.

(2) The parent undertaking of the group of companies (group) is deemed to be engaged in mining or logging of primary forests if any of its subsidiaries is engaged in mining or logging of primary forests.

(3) Only payments arising from economic activities of the parent undertaking of the group of companies (group) or its subsidiary undertakings in mining or logging of primary forests shall be included in the consolidated statement on payments to administration institutions.

(4) Upon drawing up a consolidated statement on payments to administration institutions, the provisions of Section 6 of this Law shall be conformed to.

**Section 8. Exemption from the Obligation to Draw up a Consolidated Statement on Payments to Administration Institutions**

The commercial company referred to in Section 4 of this Law which is the parent undertaking of the group of companies (group) shall be exempt from the obligation to draw up a consolidated statement on payments to administration institutions if:

1) it is the parent undertaking of a small or medium-sized group of companies within the meaning of Section 6 of the Law on Annual Statements and Consolidated Annual Statements;

2) it is a subsidiary undertaking of the group of companies (group) and the parent undertaking thereof is a commercial company registered in the Republic of Latvia or in another European Union Member State, and the payments to administration institutions made by the subsidiary undertaking have been included in the consolidated statement on payments to administration institutions which has been drawn up in conformity with the requirements of the Member State where the parent undertaking of the subsidiary undertaking is registered.

**Section 9. Exemption from Inclusion of a Subsidiary Undertaking of the Group of Companies (Group) in the Consolidated Statement on Payments to Administration Institutions**

(1) A subsidiary undertaking of the group of companies (group) (also if it is a public-interest commercial company) does not need to be included in the consolidated statement on payments to administration institutions if at least one of the following circumstances is applicable:

1) long-term restrictions substantially hinder the ability of the parent undertaking of the group of companies (group) to exercise its rights over the assets and management of this subsidiary undertaking;

2) the necessary information for drawing up the consolidated statement on payments to administration institutions can be obtained only notably beyond the deadline laid down in Section 12 of this Law, and at unreasonable cost;

3) the shares of the subsidiary undertaking of the group of companies (group) are held by the parent undertaking in short term and are designated for sale within the following 12 months after the end of the reporting year.

(2) The parent undertaking of the group of companies (group) may apply the exemption referred to in Paragraph one of this Law only if it applies the same exemption also for drawing up of its consolidated financial statement.

**Section 10. General Information**

The statement on payments to administration institutions and the consolidated statement on payments to administration institutions shall specify the name of the commercial company (firm name of the merchant) which has drawn up the relevant statement, the type of the abovementioned commercial company and its registered address, as well as the registration number in the Commercial Register.

**Section 11. Signatories**

The statement on payments to administration institutions and the consolidated statement on payments to administration institutions shall be signed by the management of the commercial company which has drawn up the relevant statement:

1) for a partnership – by all the members of this partnership or the members having special authorisation to represent the partnership;

2) for a capital company – by the board.

**Section 12. Submission and Publishing**

(1) A commercial company shall submit electronically the statement on payments to administration institutions and the consolidated statement on payments to administration institutions to the State Revenue Service not later than seven months after the end of the reporting period, concurrently with the annual statement or consolidated annual statement, and the State Revenue Service shall transfer the statement electronically to the Enterprise Register of the Republic of Latvia (hereinafter – the Enterprise Register) not later than within five working days in accordance with the procedures laid down in the laws and regulations regarding the co-operation between institutions and providing the information electronically, as well as shall ensure and certify the veracity of such information by signing the statement or certifying its derivative with a secure electronic signature and a time stamp.

(2) The Enterprise Register shall ensure that the received statements on payments to administration institutions and consolidated statements on payments to administration institutions are available to the public. The Enterprise Register, after having received the abovementioned statement, shall add it electronically to the registration file of the commercial company, and not later than within five working days shall publish information, free of charge, in the official gazette *Latvijas Vēstnesis* that the statement on payments to administration institutions or consolidated statement on payments to administration institutions is available at the Enterprise Register.

**Section 13. Obligations of Management**

(1) The management of the commercial company referred to Section 4 or 7 of this Law has an obligation to ensure that the statement on payments to administration institutions or consolidated statement on payments to administration institutions are drawn up and submitted in accordance with the requirements of this Law, and that the statement is drawn up taking into account all the information at the disposal of the management of the commercial company regarding payments made by the commercial company to administration institutions.

(2) [17 October 2019]

[*17 October 2019 /* *The new wording of the title of the Section and the amendment regarding the deletion of Paragraph two shall come into force on 1 July 2020.* *See Paragraph 2 of Transitional Provisions*]

**Section 14. Permission to Submit an Equivalent Document**

Instead of a statement on payments to administration institutions or a consolidated statement on payments to administration institutions, the commercial company referred to Sections 4 and 7 of this Law has the right to draw up and to submit an alternative document that conforms to the information disclosure requirements of a third country, provided that the European Commission has recognised the information disclosure requirements of this third country in respect of payments to administration institutions to be equal to those set forth for the European Union Member States. This alternative document, if applicable, shall be submitted and published in accordance with the procedures laid down in Section 12 of this Law.

**Section 15. Administrative Liability for the Failure to Submit a Statement on Payments to Administration Institutions or a Consolidated Statement on Payments to Administration Institutions**

For the failure to submit the statement on payments to administration institutions or a consolidated statement on payments to administration institutions referred to in Section 4 or 7 of this Law or the equivalent document referred to in Section 14 of this Law, a warning or a fine of up to eighty-six units of fine shall be imposed.

[*17 October 2019 /* *Section shall come into force on 1 July 2020.* *See Paragraph 2 of Transitional Provisions*]

**Section 16. Competence in Administrative Offence Proceedings**

Administrative offence proceedings for the offences referred to in Section 15 of this Law shall be conducted by the State Revenue Service.

[*17 October 2019 /* *Section shall come into force on 1 July 2020.* *See Paragraph 2 of Transitional Provisions*]

**Transitional Provisions**

[*17 October 2019*]

1. The provisions of this Law shall be applied for the reporting year starting on 1 January 2016 or on another date in the calendar year 2016.

[*17 October 2019*]

2. Amendments to Section 13 of this Law regarding the new wording of the title thereof and the deletion of Paragraph two, and also Sections 15 and 16 of this Law shall come into force concurrently with the Law on Administrative Liability.

[*17 October 2019*]

**Informative Reference to a European Union Directive**

The Law comprises legal norms arising from Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (Text with EEA relevance).

The Law shall come into force on 1 January 2016.

The Law has been adopted by the *Saeima* on 5 November 2015.

President R. Vējonis

Rīga, 24 November 2015