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

4 February 2021 [shall come into force on 10 February 2021];

8 March 2022 [shall come into force on 11 March 2022].

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

Republic of Latvia

Cabinet

Regulation No. 173

Adopted 27 March 2018

**Regulations Regarding the Population Groups at Risk of Social Exclusion Risk and Procedures for Granting, Registration and Supervision of the Status of a Social Enterprise**

*Issued pursuant to*

*Section 3, Section 5, Paragraph six, Section 7, Paragraph four and Section 10, Paragraph three of the Social Enterprise Law*

**I. General Provision**

1. This Regulation prescribes:

1.1. the population groups at risk of social exclusion;

1.2. the documents to be submitted for the acquisition of the status of a social enterprise, procedures for their submission and granting the status of a social enterprise;

1.3. the procedures for keeping, updating and using the Register of Social Enterprises (hereinafter – the Register), and also the content of the data of the Register;

1.4. the procedures for the supervision of a social enterprise, performance indicators, and criteria for its assessment;

1.5. the content of the form of the activity report for the previous year of a social enterprise (hereinafter – the activity report) and procedures for its filling and submission;

1.6. the requirements for employing paid employees.

[*8 March 2022*]

**II. Population Groups at Risk of Social Exclusion**

2. The following population groups at risk of social exclusion (hereinafter – the target groups):

2.1. persons with disability;

2.2. persons with mental disabilities;

2.3. persons for whom the conformity with the status of the needy family (person) has been determined;

2.4. unemployed persons who have dependent persons, unemployed persons older than 54 years of age and long-term unemployed persons;

2.5. ethnic minority the Roma;

2.6. prisoners or persons released from the place of imprisonment;

2.7. persons with problems of addiction to alcohol, narcotic, psychotropic or toxic substances, gambling or computer games;

2.8. persons whose place of residence is declared in a night shelter;

2.9. victims of human trafficking;

2.10. persons to whom the status of a refugee, alternative status or the status of a stateless person has been granted in the Republic of Latvia;

2.11. orphans and children left without parental care at the age from 15 years, and also adult persons conforming to this group until reaching 24 years of age;

2.12. parents or a guardian caring for a child with disabilities;

2.13. persons caring for a child after attaining legal age, a grandchild, brother, half-brother, sister, half-sister, parent, grandparent, or spouse if the person under their care is a person who has Group I disability or a person with mental disabilities who has Group II disability.

[*4 February 2021*]

**III. Granting the Status of a Social Enterprise**

3. A limited liability company (SIA) which wishes to obtain the status of a social enterprise (hereinafter – the submitter) shall submit an application to the Ministry of Welfare (hereinafter – the Ministry) for granting the status of the social enterprise (hereinafter – the application). The following information shall be indicated in the application:

3.1. the firm name;

3.2. the registration number;

3.3. the legal address;

3.4. the contact details (telephone number, electronic mail address);

3.5. the website (if any is created for the submitter);

3.6. type of the principal activity and ancillary activity in conformity with the Statistical Classification of Economic Activities in the European Community NACE Revision 2;

3.7. the social objective and at least two tasks which will be implemented in the current year and have been defined for the achievement of the social objective. In accordance with the defined objective, the following shall be specified:

3.7.1. the target group and a description of the specific nature of the employment if the social objective is to promote employment of the target group;

3.7.2. the social group affected by important social issues (hereinafter – the social group) and a description of the social issue if the social objective is to improve its quality of life by providing services or manufacturing specialised goods;

3.7.3. at least one indicator which is going to be used to measure the activity results and the value of this indicator to be achieved in the current year, and also a description of an important social problem if activities which are important to society as a whole and create a long-term positive social impact are planned;

3.8. [4 February 2021];

3.9. information on the persons of the target group employed by the submitter – the given name, surname, personal identity number and target group (if such persons are employed). If the submitter employs a person from a social group referred to in Sub-paragraph 2.12 of this Regulation, their marriage to or type of relationship to the person in their care shall also be specified;

3.10. the address of the place of activity;

3.11. the amount of arrears of dividends according to the records in accounting registers of the submitter – the balance of the account where information on arrears of dividends as of the day of submitting the application is stored.

[*4 February 2021; 8 March 2022*]

4. The Ministry shall develop the sample form of the application and publish it on its website.

5. The submitter shall append the following documents to the application:

5.1. the decision of the meeting of the shareholders of the submitter to obtain the status of a social enterprise;

5.2. the decision of the meeting of shareholders by which it is decided to allocate the profit only for ensuring the economic activity and achieving the social objective;

5.3. the document which approves the conformity of the person employed by the submitter to the target group if the submitter employs the persons of the target groups referred to in Sub-paragraphs 2.2, 2.7 and 2.9 of this Regulation;

5.4. the document which approves that a representative of the target group or a representative of an association or foundation representing the target group, or an expert in a specific field is involved in the executive body, supervisory body, or advisory body of the submitter if such has been established, and also shall indicate the given name, surname, contact details, and curriculum vitae (CV) of the relevant person.

[*8 March 2022*]

6. In order to verify that the submitter employs the population groups at risk of social exclusion and that its commercial activity corresponds to the requirements which have been determined in the Social Enterprise Law (hereinafter – the Law), the Ministry shall request and receive free of charge data from the following authorities based on the mutual agreement on data exchange:

6.1. from the Office of Citizenship and Migration Affairs – on a person:

6.1.1. given name, surname;

6.1.2. personal identity number;

6.1.3. nationality and its type;

6.1.4. the ethnicity;

6.1.5. the address of the declared, registered or indicated place of residence;

6.1.6. status in the Register of Natural Persons (passive, active);

6.1.7. information on the death of the person (date of death);

6.1.8. information on marriage (marital status, given name, surname, personal identity number, and the status of the spouse in the Register of Natural Persons (passive, active), information on the death of the person (date of death));

6.1.9. relationship to the other person – child, grandchild, parent, brother (half-brother), sister (half-sister), grandparent (given name, surname, personal identity number, status in the Register of Natural Persons (passive, active), information on the death of the person (date of death));

6.2. from the State Medical Commission for the Assessment of Health Condition and Working Ability – on a person’s disability (date when disability is determined, time period and group of disability, and type of functional impairment);

6.3. from the State Employment Agency – on granting the status of the unemployed person and loosing thereof (the decision, date);

6.4. from the State Revenue Service – on the debts of the taxes (duties) and mandatory State social insurance contributions administered by the State Revenue Service, the information on employees (the number of employees, the date of acquiring and losing the status of employees, dependants of employees, remuneration of employees, and the number of hours worked per month);

6.5. from the social service offices of local governments – on recognition a family (person) as in need (the number, date and time period of the decision);

6.6. from the Information Centre of the Ministry of the Interior:

6.6.1. on the recognition of a person to be an orphan or a child left without parental care (the number and date of the decision);

6.6.2. on the administrative penalties imposed on a commercial company;

6.7. from the Prison Administration – on the placement in and release from a prison of a person (the date when the person was placed in the prison and the date when the person was released from the prison).

[*4 February 2021; 8 March 2022*]

7. If in examining the information provided by the submitter the Ministry finds that the necessary information is missing from the application or the indicated information is incomplete, or that the documents referred to in Paragraph 5 of this Regulation have not been appended, or if the Ministry has substantiated doubts on the veracity of the provided information, the Ministry shall, within five working days, inform the submitter in writing of the need to correct the application or to provide additional information by determining a time period for the elimination of deficiencies and provision of information.

8. The Ministry shall, within three working days after receipt of all necessary documents, transfer the application, its Annexes and the information referred to in Paragraph 6 of this Regulation to the Commission of Social Enterprises (hereinafter – the Commission) for the provision of an opinion on conformity of the submitter to the status of a social enterprise.

9. The Ministry shall, within one month after receipt of all necessary documents, assess the conformity of the submitter with the requirements laid down in the Law and by taking into account the opinion provided by the Commission take one of the following decisions:

9.1. the decision to grant the status of a social enterprise by making an entry in the Register;

9.2. the decision to refuse to grant the status of a social enterprise.

10. The Ministry shall, within three working days after taking the decision referred to in Paragraph 9 of this Regulation, inform the submitter thereof in writing.

11. The decision referred to in Paragraph 10 of this Regulation may be contested within one month by submitting the relevant complaint to the State Secretary of the Ministry. The decision of the State Secretary of the Ministry may be appealed to the District Administrative Court.

**IV. Keeping of the Register and Data to be Included in the Register**

12. The Register shall include information on the submitters and accumulate information regarding those limited liability companies to which the status of a social enterprise has been granted, withdrawn or revoked shall be accumulated.

13. The following data shall be included in the Register:

13.1. the information on a limited liability company:

13.1.1. the firm name;

13.1.2. the registration number;

13.1.3. the legal address;

13.1.4. the contact details (telephone number, electronic mail address);

13.1.5. addresses of a website and social network profiles if such have been created for the submitter;

13.1.6. the address of the place of activity;

13.1.7. the type of the principal activity and ancillary activity in conformity with the Statistical Classification of Economic Activities in the European Community NACE Revision 2;

13.1.8. the information on the conformity of the member of the executive board or supervisory board with the target group or status of an expert or on the advisory body in which the representative of the target group or expert is involved;

13.1.9. the social objective and way of achieving it;

13.1.10. the target group;

13.1.11. the annual statement;

13.1.12. the additional information;

13.2. the information on the persons of target groups employed by the limited liability company:

13.2.1. the given name, surname;

13.2.2. the personal identity number;

13.2.3. the date of acquiring the status of the employee;

13.2.4. the date when the status of the employee was lost;

13.2.5. the conformity with the target group:

13.2.5.1. the target group which the employed person complies with;

13.2.5.2. the date from which the employed person complies with the target group;

13.3. the information on the decisions taken:

13.3.1. the type;

13.3.2. the number;

13.3.3. the date of decision;

13.3.4. the date of coming into effect;

13.4. the activity report;

13.5. the information on participation in the Activity 9.1.1.3 “Support to Social Entrepreneurship” of the specific objective 9.1.1 “Enhance integration of the disadvantaged unemployed persons in the labour market” of the operational programme “Growth and Employment” (hereinafter – the Activity) and the financial aid granted within the framework of the measure.

[*4 February 2021; 8 March 2022*]

14. Information on granting the status of a social enterprise, removal or cancellation thereof shall be included in the Register within one working day after taking the relevant decision.

15. The Register shall be maintained in the State Information System “State Social Policy Monitoring Information System” under the supervision of the Ministry.

16. The Ministry shall publish the list of social enterprises on its website. The list shall indicate the information referred to in Sub-paragraphs 13.1.1, 13.1.2, 13.1.3, 13.1.4, 13.1.5, 13.1.6, 13.1.7, 13.1.9, 13.1.10, 13.3 and 13.5 of this Regulation.

**V. Supervision of a Social Enterprise**

17. If the information referred to in Sub-paragraphs 13.1.4, 13.1.5, 13.1.6, 13.1.7, 13.1.8, 13.1.9, 13.1.10, and 13.2 of this Regulation has changed, a social enterprise shall, within 10 working days after making the relevant changes, inform the Ministry in writing of the changes. The Ministry shall, within five working days, examine the received information and make changes in the Register.

[*8 March 2022*]

18. A social enterprise shall, each year starting from the next year after granting the status of a social enterprise, submit the activity report to the Ministry (in paper form and electronically). If the aforementioned document is submitted electronically and it is prepared in conformity with the laws and regulations regarding drawing up of electronic documents, it does not need to be submitted in paper form.

19. A social enterprise shall include the following information in the activity report:

19.1. general information:

19.1.1. the reporting year;

19.1.2. the firm name;

19.1.3. the registration number;

19.1.4. the date of acquiring the status of a social enterprise;

19.1.5. the contact details;

19.1.6. the address where the activities are implemented;

19.1.7. the type and field of activity within the framework of the social objective laid down in the articles of association;

19.2. the performance indicators of the objectives to be reached:

19.2.1. the social objective laid down in the articles of association and performance of the tasks defined for its reaching;

19.2.2. the target group;

19.2.3. the information on the number of persons of the target group employed by the submitter – given name, surname, personal identity number, target group, and number;

19.2.4. the amount of the persons of the social group which in the reporting period used the result of economic activity of the enterprise (for example, service, product);

19.2.4.1 the achievement of the performance indicators referred to in Sub-paragraph 3.7.3 of this Regulation in the reporting year and an explanation of the performance in terms of the social impact created;

19.2.5. the number of volunteers and their work duties;

19.2.6. the qualitative indicators of the social impact of a social enterprise;

19.2.7. mechanisms for the inspection of social impact (activities and methods used in order to supervise and measure the social impact of the enterprise);

19.2.8. the implemented and started projects, measures and other activities;

19.2.9. the factors hindering the activity of the social enterprise;

19.2.10. the factors facilitating the activity of the social enterprise;

19.3. the financial indicators:

19.3.1. the net turnover;

19.3.2. [4 February 2021];

19.3.3. the growth of the net turnover compared to the previous year if the social enterprise has implemented the business project using the financial support granted within the scope of the activity;

19.3.4. profit at the beginning of the reporting year (if any) and use thereof for social objectives and ensuring the economic activity;

19.3.5.profit or loss of the reporting year;

19.3.6. [4 February 2021];

19.3.7. expenses not included in the base taxable with the enterprise income tax for:

19.3.7.1. ensuring of recreational and social inclusion measures to the employees of the social enterprise belonging to the target group;

19.3.7.2. integration of persons belonging to the target group in the labour market and improvement of the quality of life;

19.3.7.3. purchase of such assets that serve for the purpose of attaining the objectives defined in the articles of association of the social enterprise;

19.3.7.4. ensuring of social integration measures to persons belonging to the target group;

19.3.7.5. donations to a public benefit organisation for such purposes that conform to the objectives defined in the articles of association of the social enterprise, if by the end of the reporting year the recipient of the donation has submitted information to the donor on the use of the donation;

19.4. the planned activity of the social enterprise in the next calendar year:

19.4.1.the tasks defined for reaching the social objective (at least two). If the social objective of the social enterprise is to perform activities important to society as a whole which create a long-term positive social impact, a description of an important social issue and at least one indicator which is going to be used to measure the activity results and the value of this indicator to be achieved shall also be specified;

19.4.2. the planned projects, measures and other activities.

[*4 February 2021*]

20. The Ministry shall develop the sample form of the activity report and publish it on its website.

21. The Ministry shall, within two months after receipt of the activity report, examine the information provided in the activity report and documents appended thereto, and also acquire such information that is used additionally to the information provided for in the activity report in order to assess the conformity of the social enterprise with the status of a social enterprise and performance indicators:

21.1. the annual statement of the social enterprise;

21.2. the information on the payment of taxes (duties) of the social enterprise and mandatory State social insurance obligations;

21.3. the information on the number of persons employed in the social enterprise and their remuneration, the employed target group persons and their conformity with the relevant target group;

21.4. the conformity of actual activity with the objectives laid down in the articles of association of the social enterprise.

[*4 February 2021*]

22. The following performance indicators are laid down for the assessment of the activity of a social enterprise:

22.1. with regard to social enterprises the social objective of which is employment of target groups:

22.1.1. the employment indicator of the target group in the activity reporting period – at least 50 % of all employed persons if the enterprise has up to 10 employees or at least 30 % of all the employees, which is at least five employees of the target group, if the enterprise has 10 or more employees. Employees of the target group shall be counted in the employment indicator of only one enterprise. The employment indicator shall be calculated from the sixth calendar month following the month when the status of a social enterprise was granted;

22.1.2. the person of the target group is employed at the workplace which is established anew or in which at least four months before the day when the person of the target group has started the work the person who is not the person of the target group has not been employed;

22.1.3. the person referred to in Sub-paragraphs 2.1, 2.2, 2.12, and 2.13 of this Regulation is employed in the reporting period on average for a time period which is not less than 10 % of a full-time work;

22.1.4. the person referred to in Sub-paragraphs 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, and 2.11 of this Regulation is employed in the reporting period on average for a time period which is not less than 25 % of a full-time work;

22.2. with regard to social enterprises the social objective of which is improvement of the quality of life for a social group – not less than 30 % of all provided services or produced goods are provided to the social group;

22.3. at least 50 % of the tasks indicated in the application or activity report and defined for reaching the social objective.

[*4 February 2021; 8 March 2022 / Sub-paragraphs 22.1.3 and 22.1.4 shall come into force on 1 July 2022. See Paragraph 35*]

23. In evaluating the performance indicator referred to in Sub-paragraph 22.1.1 of this Regulation, the conformity of the employed person of the target group to the target group shall remain for the entire period while he or she is employed in a social enterprise.

24. The Ministry shall send the information referred to in Paragraph 21 of this Regulation to the Commission for the provision of the opinion on the conformity of the social enterprise with the criteria laid down in the Law and performance indicators of the enterprise referred to in Paragraph 22 of this Regulation.

25. The Ministry shall, within 10 working days, assess the conformity of the social enterprise with the requirements referred to in the Law and this Regulation on the basis of the activity report, additionally acquired information and opinion provided by the Commission and take one of the following decision by making the relevant entry in the Register:

25.1. the decision on the conformity of the activity of the social enterprise with the requirements laid down in the Law;

25.2. the decision to remove the status of the social enterprise;

25.3. the decision to extend the time period for the assessment of the activity of the social enterprise.

26. The Ministry shall take the decision referred to in Sub-paragraph 25.3 of this Regulation if in conformity with the opinion of the Commission additional documents or data are necessary for the assessment of the activity of the social enterprise or if insignificant violations of laws and regulations have been found in the activity of the social enterprise. The Ministry shall inform the social enterprise in writing by determining a time period for the provision of additional documents or data, or provide a warning of violations of laws and regulations by determining a time period for the elimination of deficiencies.

27. If starting from the year following the receipt of the status of a social enterprise a social enterprise submits to the Ministry the application to cancel the status of a social enterprise, but the activity report has not been submitted, the social enterprise shall, concurrently with the abovementioned application, provide the information referred to in Sub-paragraphs 19.2 and 19.3 of this Regulation for the previous year. The information for the previous year does not have to be submitted if the social enterprise has not used the support provided for in the Social Enterprise Law.

[*4 February 2021*]

28. If the Ministry becomes informed of a possible non-conformity of the activity of a social enterprise with the nature of social entrepreneurship, the Ministry shall transfer the relevant information to the Commission for additional assessment and provision of opinion, where necessary, by requesting additional information from the social enterprise.

29. In the case referred to in Paragraph 28 of this Regulation, the Ministry shall make an entry in the Register by taking into account the opinion of the Commission on the result of the additional assessment of the social enterprise and take one of the decisions referred to in Paragraph 25 of this Regulation.

30. The Ministry shall, within three working days after taking the decision referred to in Paragraph 25 of this Regulation, inform the submitter thereof in writing.

31. The decision referred to in Sub-paragraph 25.2 of this Regulation may be contested within one month by submitting the relevant application to the State Secretary of the Ministry. The decision of the State Secretary of the Ministry may be appealed to the District Administrative Court.

**VI. Closing Provisions**

32. Until completing the implementation of the Activity, in addition to the data referred to in Paragraph 13 of this Regulation the data on associations and foundations intended to be processed in accordance with the laws and regulations governing the implementation of the Activity shall be included in the Register.

33. The data referred to in Paragraph 13 of this Regulation shall be processed in the Information System “State Social Policy Monitoring Information System” after commencement of the relevant functionality activity. Until that the Ministry has the right to receive the information referred to in Paragraph 6 of this Regulation within five working days after the request has been submitted.

34. This Regulation shall come into force on 1 April 2018.

35. Sub-paragraphs 22.1.3 and 22.1.4 of this Regulation shall come into force on 1 July 2022.

[*8 March 2022*]

Prime Minister, acting for the Minister for Health Māris Kučinskis

Minister for Welfare Jānis Reirs