

LLC in Latvia Translation Office



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VUAS

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Social Enterprise Law

Social Enterprise Law

Section 1. Purpose of the Law

The purpose of the Law is to facilitate improvement in the quality of life of the society and to foster employment of population groups at risk of social exclusion (hereinafter - the target group), creating an economic activity environment favourable to social enterprises.

Section 2. Concept of a Social Enterprise

(1) A social enterprise is a limited liability company which in accordance with the procedures laid down in this Law has been granted the status of a social enterprise and which conducts an economic activity that creates a positive social impact (e.g., provision of social services, formation of an inclusive civil society, promotion of education, support for science, protection and preservation of the environment, animal protection, or ensuring of cultural diversity).

(2) The status of a social enterprise may be acquired by a limited liability company where one or several public persons jointly do not have the majority of votes, if the objective defined in the articles of association of the social enterprise is employment of the target groups.

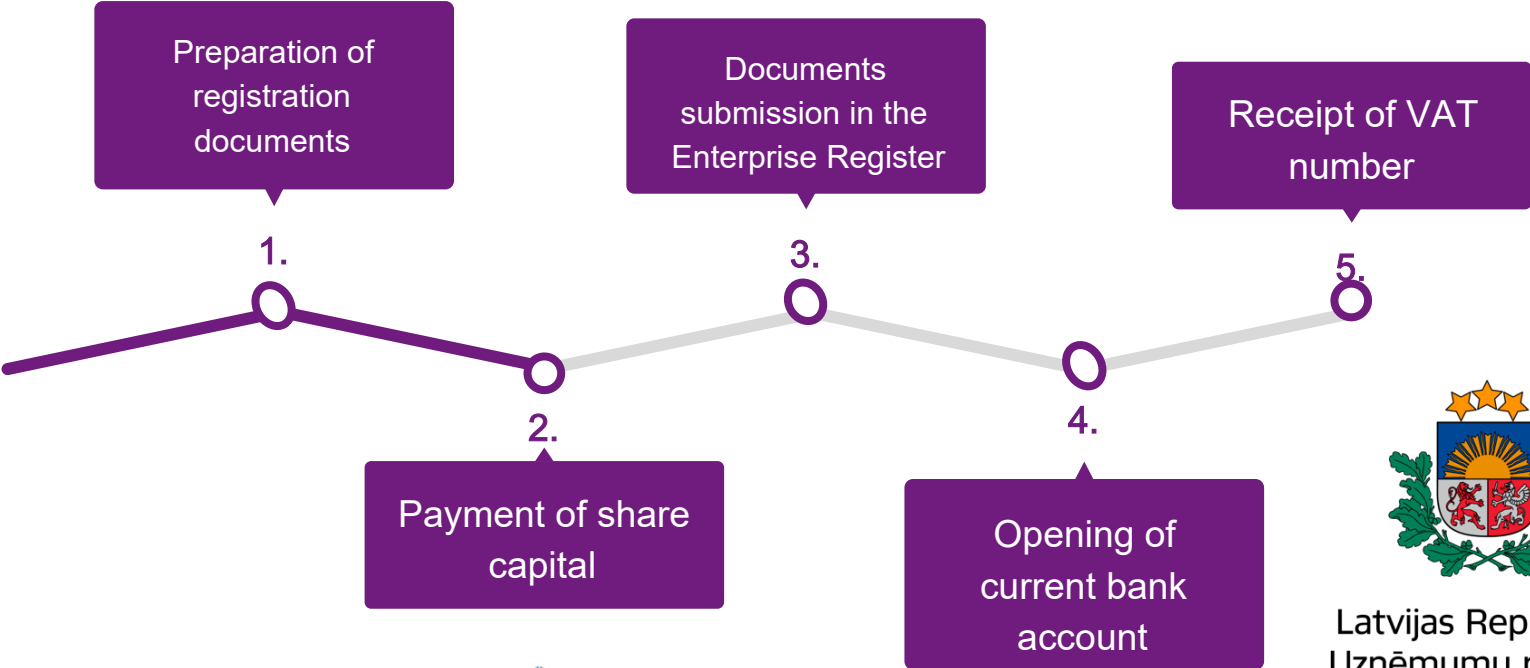
Section 3. Determination of the Target Groups

The target groups shall be determined by the Cabinet by analysing the socio-economic condition of the State and its impact on certain groups of persons.



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Setting up LLC in Latvia



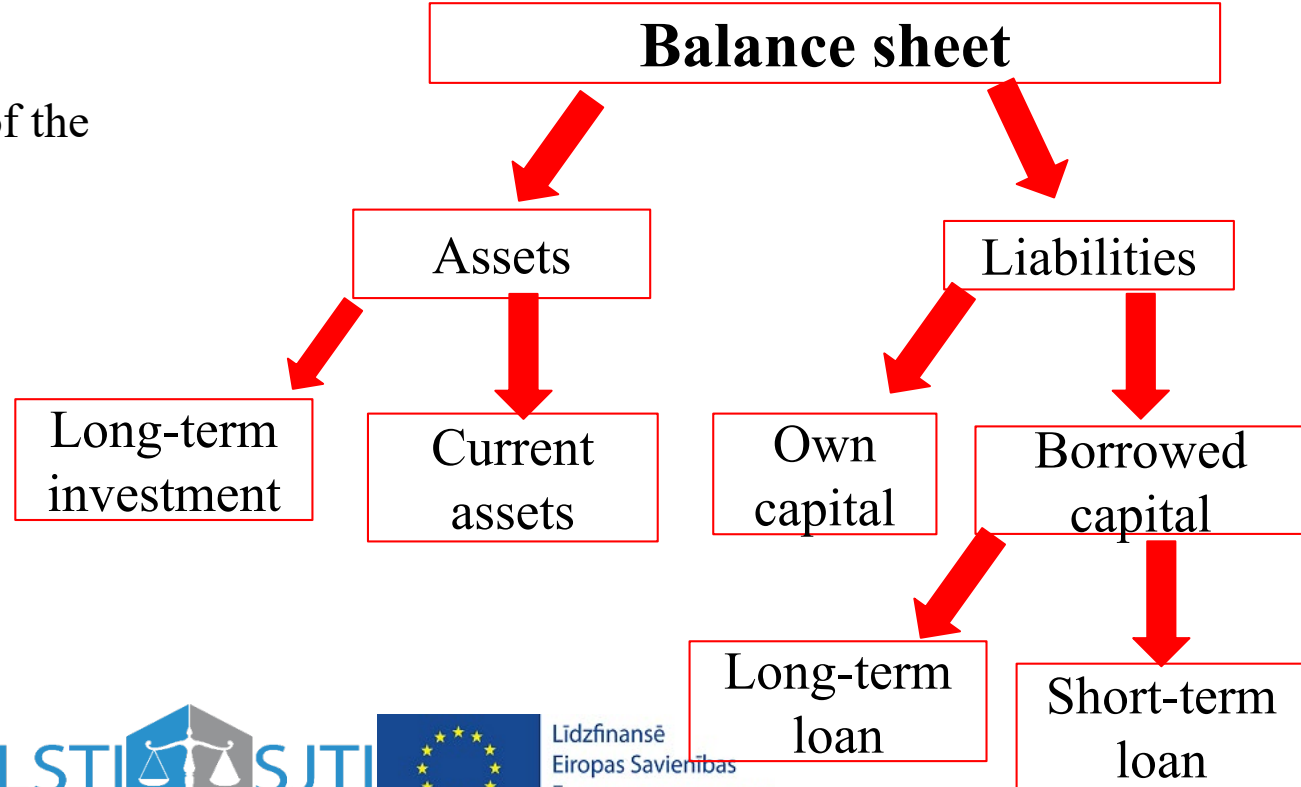
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Trade Register, Taxation System, Balance Sheet

- Trade Register =
Enterprise Register of the
Republic of Latvia
- 14 types of taxes



Required documents

- 12 documents need to be submitted to Enterprise Register
- Application form KR4, Memorandum of Association, Articles of Association, Bank statement or other document on the payment of the equity, Appraisal report, Folio of the shareholders' register, consent of each member of the council to hold the office, consent of each member of the board to hold the office, Announcement of the board regarding legal address, consent of the real property owner to the registration of legal address of the company, a receipt or its copy, or a printout of the payment order from an online bank or the information on the payment of the state fee, a receipt or its copy, or a printout of the payment order from an online bank or the information on the publication in the official gazette "Latvijas Vēstnesis"
- Passport copies



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Board of Directors/Participants

- A member of a LLC (SIA) is a person entered in the shareholders' register and holding one or more shares in the company.
- Board of directors is the executive body of a company that manages and represents the LLC (SIA)
- The board may consist of one or more members
- All members of the board have representation rights

Board of Directors - Council

- **The council** is a supervisory body of the board, that is monitoring their activities
- It is not mandatory for a LLC (SIA)
- It may be composed of 3 to 20 members.
- A member of the council may not become a member of the board,
- The chair and deputy chair is elected amongst members of the council (elected for an indefinite period of time)

Shares and Civil Liability

- In LLC shares may not be publicly traded
- The shareholders of an LLC have the right to freely sell their shares at a negotiated price.
- The parties have the legal obligation to negotiate in good faith.
- The provisions of this Law shall be interpreted firstly in accordance with their direct meaning.
- The judge shall decide the matter in accordance with a sense of justice and the general principles of law.

Advantages of LLC in Latvia

- Responsibility can be shared
- In the case of bankruptcy no one is risking with personal property
- VAT can be returned
- Easy to manage
- LLC needs only 1 EUR for fixed capital



SIA

Conclusions

- LLC - the most popular business in Latvia
- Process is long and difficult
- LLC has the most advantages

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References

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Paldies!
Thank you!
Merci!



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