

CORPORATE LAW NEWS

Dear Reader,

We are pleased to send you an update on amendments to the Commercial Law related to euro as official currency in Latvia.

You may follow us on Twitter [@RLN_Latvia](#) to read these and other office news.

With kind regards -



Toms Sulmanis
Senior Associate

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Euro is coming!

It is common knowledge that as of 1 January 2014 euro will be introduced in Latvia as the official currency. In our previous newsletter we have already informed you on the requirement to perform denomination of share capital of limited liability companies (LLC) and joint stock companies (JSC) in euros. On 18 October this year amendments to the Commercial Law came into force providing for detailed procedure for performance of denomination and clarifying some issues.

Amount of share capital for LLCs and JSCs

Amendments to the Commercial Law provide that as of 1 January 2014 the minimum share capital for SIAs will be EUR 2 800 and for JSCs – EUR 35 000. The current amounts are slightly higher – respectively EUR 2 845 and EUR 35 571. We remind that the nominal value of SIA's shares must be expressed in whole euros. However, shares of JSCs may also be expressed in cents, provided that the nominal value can be divided by 10 cents without residue.

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Deadline for submission of amendments to the Articles of Association

As indicated in the previous newsletter, the deadline for denomination of share capital in euro currency and submission of respective amendments to the Articles of Association to the Commercial Register is 30 June 2016. However, the transitional provisions of the Commercial Law provide that as of 1 July 2014 any other amendments to the Articles of Association may be registered only simultaneously with amendments related to denomination of share capital in euros.

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Procedure for denomination in euros

Amendments to the Commercial Law have specified the previously unclear issue related to rounding of the nominal value of shares. It is provided that the amount obtained when recalculating the nominal value of shares must be rounded only downwards to the closest amount which may be divided by the minimum nominal value of shares in euros without residue. The balance amount created as a result of the rounding must be distributed proportionally to the shareholders by issuing new shares. The amount that may not be distributed proportionally must be paid out to the shareholders or transferred to the company's reserves. It is also provided that payment of such amounts to the shareholders is not considered as reduction of share capital.

It should be kept in mind that when submitting amendments to the Articles of Association of a SIA to the Commercial Register also the updated shareholders register folio must be submitted in accordance with the performed denomination of the share capital in euros.

In order to make the above process easier, amendments to the Commercial Law provide that decision on amendments to the Articles of Association related to denomination of capital shares in euros shall be adopted by simple majority vote of the shareholders present at the general meeting of shareholders.

It is important to note that a number of formalities have been waived in relation to denomination of share capital in euros, which are applicable to ordinary amendments to the Articles of Association and changes in the shareholders register. First of all, it is provided that signatures on the minutes of general meeting, new wording of the Articles of Association and the shareholders register folio should not be notarized. Second of all, it is provided that the state duty and payment for publication with the official publication *Latvijas Vestnesis* is not applicable.

The following documents must be submitted to the Commercial Register for registration of amendments to the Articles of Association:

- Application form;
- Minutes of the general meeting (or an excerpt from the minutes);
- New wording of the Articles of Association;
- Amendments to the Articles of Association;

- Updated shareholders register folio (only for SIAs).

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Office News

INVITATION: Seminar on recent court practice regarding tax issues

Our Senior Associate [Sandija Novicka](#) will lead [a morning seminar on recent court practice regarding tax issues](#) on Friday, 6 December from 10.00 to 11.30.

The seminar will be conducted in Latvian and is free of charge for our clients. Others are welcome to attend for a registration fee of 25 LVL + VAT.

You may find more information in Latvian [here](#). Register by contacting rln@rln.lv, or registering online [here](#).

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ZAB RAIDLA LEJINS & NORCOUS | K. Valdemara 20, Riga | Tel: +371 67240 689 | www.rln.lv