

NJORD Latvia: Branches and representative offices of foreign companies in Latvia will be compulsory closed if they fail to disclose their beneficial owners by 01.01.2021

According to the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing (the «AML Law») branches and representative offices of foreign companies registered in the Latvian Commercial Register must submit information on their beneficial owners by 01.01.2021. The same requirement applies to the foreign companies registered as taxpayers with the State Revenue Service of Latvia due to carrying out business in Latvia.

As reported by the representative of the Latvian Commercial Register by 30.10.2020 only 48 from 667 branches and only 13 from 1057 representative offices disclosed their beneficial owners^[1].

According to the AML Law an ultimate beneficial owner is a natural person, who owns more than 25% of the shares or voting rights in a company directly or indirectly or who controls the company directly or indirectly. Since any branch or a representative office is considered as a part of the “mother” company, the beneficial owner in a branch/representative office as a rule is the same person who is a beneficial owner in the “mother” company.

In order to fulfil the requirements of the Law the branch or a representative office should submit:

- notification on the beneficial owner;
- documents supporting the chain of control up until the beneficial owner (extracts from the registers of foreign countries, shareholders registers, etc.);
- notarized copy of the beneficial owner’s passport or other document that certifies the accuracy of the person’s identification information.

Those, who will fail to comply with provisions of the AML Law, will be excluded from the Latvian Commercial Register or from the Latvian Taxpayers Register

If you have any questions or you need additional advice concerning the above information, please contact the partner of NJORD Law Firm Riga office, Attorney-at-law Dmitri Kolesnikov (ph. +371 67 313 315, dk@njordlaw.lv).

[1] <https://rus.delfi.lv/biznes/bnews/filialy-i-predstavitelstva-inostranny...>



DMITRI KOLESNIKOV
ATTORNEY AT LAW,
PARTNER

(+371) 67 313 315
DK@NJORDLAW.LV