

NJORD LATVIA: Company registration (formation) in Latvia (updated 31.08.2023)

You can choose to start business in Latvia in the form of private limited company (abbreviated form in Latvian is "SIA"), private or public stock company (AS), general partnership (PS), limited partnership (KS), sole trader (IK) or branch of a foreign company. The most common form of business is SIA. A Latvian SIA is easy in registration and economy-priced vehicle for trade operations with European vendors and customers, it may be also used as a holding company. Below you can find general information regarding limited companies, the process of company incorporation in Latvia, documents required for incorporation.

1. General information.

1.1. **Types of SIA.** There are two types of limited liability companies (SIA) in Latvia:

(A) **a regular SIA.** For a regular SIA minimum share capital is 2800 EUR.

(B) **a small capital SIA** (or SIA with no minimum capital requirement). For a SIA with small (or reduced) share capital the amount of the share capital is from 1 to 2799 EUR.

1.2. **Founder(s).** A regular SIA may be incorporated by one or more private individuals or legal entities. A small capital SIA may be incorporated by individuals only (not more than five), who are not shareholders in other small capital SIA. After incorporation of a SIA, its founders become the shareholders. There are no restrictions for non-residents to found and own shares in Latvian companies.

1.3. **Board.** Board is an executive body of the company. Board members handle business operations, represent, and manage the SIA. At least one member of the Board shall be appointed by founders. A Board member may be a founder (shareholder) of the SIA or otherwise (not applicable to a small capital SIA, where Board member(-s) can be founder(-s) only). There are no restrictions for non-residents to be appointed in the board. There is no requirement to have at least one local resident in the board.

1.4. **The name of SIA** (firm name). The name of SIA shall not match the name of any entity that has already been registered or applied for registration with the Commercial register of Latvia, and shall not infringe the trademarks, which are in force on the territory of Latvia.

1.5. **Share capital.** The share capital can be paid by cash or property contribution. 100% of the share capital should be paid to the temporary bank/payment institution account before the registration.

1.6. **Legal address.** A SIA shall have a registered address in Latvia that shall be used for official communication. Under certain conditions, NJORD may provide the address at additional cost.

1.7. **Ultimate beneficial owner(s) (UBO).** UBO are private individuals, who either directly or indirectly own or control more than 25% of SIA capital shares. UBO and detailed information on how UBO exercise control in SIA must be disclosed and registered.

1.8. A SIA is registered as a **taxpayer** at the same moment it is registered as a company in the Commercial register of Latvia. You can apply for a value added tax-payer number (VAT number) simultaneously with applying for the registration of SIA.

N.B.: Shareholders of a small capital SIA every year must create a minimum reserve by making a deduction of at least 25 % of the year's net profit, that can be used to: increase the share capital, cover losses of annual report, cover losses of previous financial year.

2. The process of incorporation of SIA.

The process of incorporation can be performed remotely, or founders/board members can visit Latvia to speed up the process. The founders/board members may save time and costs if they opt for use the qualified electronic signatures[1].

2.1. Remote incorporation procedure:

- Since all requested information is received from the client, we draft and email the 1st part of the incorporation documents to the client (1-2 business days).
- Founders sign the 1st part of the incorporation documents and send them back to us.
- We open a temporary account in the bank/payment institution and provide the client with the payment details (1-5 days depending on the bank/payment institution).
- Founders transfer the amount of the share capital to the temporary bank/payment institution account.
- Since the share capital is paid, we email to the client the 2nd part of incorporation documents.
- The client signs the 2nd part of documents (some of them need to be notarized and legalized – we will provide clear instructions) and send back to us.
- Since the documents are received, we translate the documents into Latvian and submit them for registration (1-3 business days depending on the state fees paid, express registration is available).

Overall, the incorporation process may take 15 – 20 days.

2.2. Personal visit to Latvia:

If founders and board members decide to visit Latvia, the process can be reduced for time necessary for sending documents by post and transferring the amount of share capital to the temporary bank account (founders may personally visit the bank and deposit the amount in cash).

Please note the following: by the time these persons arrive to Riga we will ask you to send certain documents which we will translate locally, so that all documents will be ready at the date of arrival.

N.B.: To start bank transactions, board members of the company should personally visit a bank in Latvia once the company is registered in both cases mentioned above. NJORD can assist in opening an operational bank account at additional cost. Payment institutions may have other requirements to activate the payment account.

3. Documents/information required for incorporation of SIA.

For incorporation of a limited liability company (SIA) we need the following information:

- 1) **Data on the founders (if a founder is private individual)**: given name, surname, valid passport number and issue date and authority, personal identity number (if the person has it), residential address.
- 2) **Data on the founders (if a founder is legal person)**: name, registration number in the Company register of the relevant country, legal address; the document certifying that the Company is registered in the Company register and is still functioning (Certificate of good standing); the document certifying that named persons are entitled to sign the documents on behalf of the Company.
- 3) **Representatives of the founders (if a founder is legal person)**: given name, surname, valid passport number and issue date and authority, personal identity number (if the person has it), residential address.
- 4) **Board member(-s) of SIA**: given name, surname; valid passport number and issue date and authority, personal identity number (if the person has it), residential address.
- 5) **Board members rights to represent the company**: if there are more than one member of the board are appointed: information, whether the members of the board will represent SIA jointly or separately.
- 6) **Amount of the share capital of the Company**.
- 7) **Legal address of the Company**.
- 8) **Data on UBO**: given name, surname, valid passport number and issue date and authority, personal identity number (if the person has it), day, month, and year of birth, residential address, citizenship, country of permanent residence, the way they control the legal person, as well as documentation substantiating the control.

N.B.: All official documents issued by the foreign authorities shall be legalized (we will provide clear instructions).

4. Registration costs.

4.1. The state fee

A) For registration of a regular SIA:

-within 3 business days – 75 EUR;

-within 1 business days – 225 EUR.

B) For registration of a small capital SIA:

-within 3 business days – 20 EUR;

-within 1 business days – 60 EUR.

4.2. **Fee for submission of the application in person[2]** – 4 EUR.

4.3. **Notary fees[3]** – according to the notary's invoice (depending on the signatures to be certified, usually 80-250 EUR).

4.4. **Translation fees** – according to the translators office' invoice (depending on the language and volume of the documents to be translated).

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[1] In the meaning of Regulation (EU) No 910/2014 (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_201...)

[2] In case incorporation documents are submitted in paper form.

[3] Can be skipped for those founders/board members who use qualified e-signatures.



DMITRI KOLESNIKOV
ATTORNEY AT LAW,
PARTNER

(+371) 67 313 315

DK@NJORDLAW.LV