

Enterprise Registry entries announced in Latvijas Vestnesis: proposed changes 3/9/21



Associate, PwC Legal
Karina Daugaviete

Favourable rules effective from 2021 have cancelled certain fees that businesses had to pay when making various entries on the commercial register maintained by the Enterprise Registry ("ER"). In other words, when registering traders or any changes to particulars already entered on the commercial register, ER customers are no longer charged for an official announcement in *Latvijas Vestnesis*, the government gazette.

Rules

Before 2021 a fee was payable to Latvijas Vestnesis for gazetting just about any ER-related registration. For example, when incorporating a private limited company EUR 27.03 was payable for an announcement in addition to stamp duty; setting up a foreign trader's branch was subject to EUR 18.50; and EUR 9.25 was charged for gazetting any board or shareholder changes.

The ER is required under the Commerce Act and the Enterprise Registry Act to gazette particulars the ER decides to enter on the ER journal. Third parties can then rely on any gazetted entries as official sources.

Minimising announcement fees promotes an environment favourable to business.

Proposals

Parliament is to debate proposals for amending the Commerce Act to change the way particulars entered on the commercial register are gazetted (so far in Latvijas Vestnesis). The ER website www.info.ur.gov.lv is to take over this function from 1 August 2021.

The public nature of the commercial register with the announcement of particulars largely serves as a tool for protecting third-party rights and interests. Section 12 of the Commerce Act lays down four public principles for the commercial register, three of which relate to cases where its public nature protects third parties:

1. Entries on the commercial register are valid against third parties from the date of announcement, with the exception of any legal steps a third party might take within 15 days after the announcement, subject to proving they did not and could not know that information.
2. If particulars to be entered on the commercial register have not been entered, or have been entered but not announced, the person in whose interests the entry was to be made cannot use those particulars against a third party unless the third party knew that information.
3. If particulars have been entered or announced incorrectly, a third party can rely on the announced information with respect to the person in whose interests the entry was to be made, unless the third party knew that the announced information does not reflect the true legal position or the particulars entered on the commercial register.

If the proposed amendments are passed, then entries will be posted only on the ER website, without being gazetted in Latvijas Vestnesis, although EU legislation permits this. The aim is to minimise government spending by avoiding the same information being published twice. Similarly, any entries gazetted in Latvijas Vestnesis before 1 August 2021 will not be posted on the ER website.

The cancellation of announcement fees in fact marks an interim period before the announcement function is fully transferred to the ER.