

New rules for storing documents once new Accounting Act takes effect 3/34/21

From 1 January 2022 the new Accounting Act will replace [the Accounting Act 1992](#) applicable currently. One of the reasons for adopting the new Act was to update the rules on the storage of supporting documents.

The storage requirements in the new Accounting Act apply only to accounting documents, not the archiving of all company documents. Compared to the old Act, the new one states that individuals and entities must not use a company's accounting documents without the consent of its CEO. One of the changes applies to the retention of payroll documents. The old Act stated that payroll supporting documents dated 1 January 1999 or later must be retained for ten years. The new Act additionally states that documents relating to compensation for compulsory absence from work and to compensation for various leave entitlements allocated to years and months must be retained for ten years after the employment relationship is terminated with the company as employer.

The new Act widens the range of locations to store electronic documents, allowing accounting documents in electronic form to be stored in other member states as well as Latvia, subject to meeting the requirements arising from [Regulation \(EU\) 2018/1807 of the European Parliament](#) and of the Council of 14 November 2018 on a framework for the free flow of non-personal data in the European Union.

Compared to the old Act, the new one offers more opportunities to store electronic documents in the EU, allowing companies to use software and store data on servers across the EU.

Cloud solutions are commonly used for keeping online accounting records and storing paperless documents. Anyone reading the new Act might wonder how those clouds will be monitored and how one cloud or another can be located in an e-environment. Nowadays many companies use rented data stores that do not make the global position of the cloud readily visible. This may raise the question of which service providers the company should continue or stop working with.

A cloud is a program/email/store that is supervised by an organisation. The new Act requires an organisation storing accounting data to have its office address and server name registered in the EU.

If accounting documents include personal data, the organisation has to meet requirements arising from [the General Data Protection Regulation](#). In such cases the organisation has to adopt special personal data protection measures to keep personal data secure, for instance, by using available data transfer tools: the EU decision on the adequacy of safeguards, standard contractual clauses, binding corporate rules, derogations, or other tools and additional measures taken on a particular data transfer.

The new Accounting Act is coming into force on 1 January 2022. Multinational enterprises in particular have to follow the wider rules for storing electronic documents in Latvia and other member states, as well as revising their agreements with cloud providers to ensure their servers are registered in the EU.