

How validity of ID documents affects entities subject to AML/CTPF Act 1/38/22



PwC Legal senior manager
Maris Butans

Amendments to the Proof of Identity Act that came into force on 1 September 2022 will also affect entities that are subject to the Anti Money Laundering and Counter Terrorism and Proliferation Financing Act (“AML/CTPFA subjects”). If you want to keep your client relationships then you should evaluate how the amendments will affect them, and you should adopt solutions that will allow you to legally continue those relationships.

What the amendments are about

The transitional provisions of the Proof of Identity Act have been amended to make a number of changes. For example, a passport is currently a mandatory ID document for a Latvian citizen, and the person may choose an ID card as additional proof of identity. The lawmaker had previously ruled that from 1 January 2023 an ID card would be a mandatory ID document for any Latvian citizen aged 15 or older. The deadline from which an ID card will become a mandatory ID document has been extended by the amendments to 1 May 2023. An exception to this extended deadline will apply only to persons that have duly provided details of their foreign residence, as they will be allowed to take out an ID card by 31 December 2024.

Yet it's important for AML/CTPFA subjects to be aware of another amendment to the Proof of Identity Act. Clause 9 of the transitional provisions states that where an ID document issued to a Latvian citizen, a Latvian non-citizen or a stateless person in Latvia has expired after 1 March 2020, this is considered a valid ID document for proving its holder's identity in person in Latvia up to 30 April 2023 unless it has become invalid for other reasons.

Will there be any practical problems?

AML/CTPFA subjects should revise their internal control systems to ensure a procedure is adopted that will allow the identification of individuals holding an expired ID document.

Clause 9 of the transitional provisions makes it clear that such an expired ID document can be used as proof of identity in person only. So AML/CTPFA subjects have to adopt a procedure that meets this requirement. This might be difficult if there are many individuals whose identity must be verified in person. In such cases, AML/CTPFA subjects may adopt a remote identification procedure if they have not done so already.

Any AML/CTPFA subjects that have set up, for instance, automated IT systems generating automatic warnings about the expiry date of an ID document should revise their system algorithms to avoid having to terminate a client relationship that could legally continue once identification in person is adopted.

It's even more important to remember that the expiry date of an ID document is just one of the aspects that AML/CTPFA subjects need to check, because in any case they should check that the document is not invalid for other reasons. Since AML/CTPFA subjects are currently required to check the expiry date of an

ID document on the Register of Invalid Documents, it's worth noting that after 2005 this register no longer carries any expired documents. So, if a particular ID document still appears on the register as an invalid document, this means the clause 9 condition is met and the document is considered invalid "for other reasons" and cannot therefore be used for identifying the person.

We are happy to help if you have any questions about the most efficient ways to identify people.