The *Saeima* [1] has adopted and
the President has proclaimed the following law:

Accounting Law

Chapter I
General Provisions

Section 1. Terms Used in the Law

(1) The following terms are used in the Law:

1) **electronic certification** – a confirmation of existence of the economic transaction specified in the source document prepared in electronic form in the accounting information computer system or another information system and accuracy of the information provided therein and which has been performed in the form stipulated by the head of an undertaking and, in accordance with the laws and regulations in the field of electronic identification of natural persons, allows to identify the particular person – the provider of the certification. An electronic certification may be, for example:

a) access control provisions created in a computer system according to which access to a document is possible only after registering with a specific username and password;

b) files attached to a document – annexes with information of specific content;

c) performing of sequential activities in the record-keeping system;

2) **accounting documents** – source documents, accounting registers, inventory lists, annual statements, and accounting organisation documents in electronic or paper form;

3) **chart of accounts** – a classified list of accounts issued by the head of an undertaking for long-term use which is used in the conduct of accounting in a double entry system and in which the name of accounts and the codes assigned thereto (if such have been assigned in the undertaking) are indicated according to the level of detail accepted in the undertaking. Accounts are intended for recording the item value of the property of the undertaking (assets) and their sources (liabilities) which are similar in economic nature and for accounting the changes in the value in accounting registers (balance sheet accounts), and also for recording the value of revenue or expenditure items and their components and for recording the changes in the value in accounting registers (operational accounts);

4) **accounting registers** – an aggregate of documents (chronological and systematic registers, including general ledger or journal-ledger and analytical accounting registers) where the information on economic transactions included in the source documents is accumulated and grouped (classified) according to specific features. Accounting registers may be prepared in electronic or paper form;

5) **accounting organisation documents** – an aggregate of such documents issued by the head of an undertaking which specify the procedures by which, in conformity with the requirements of laws and regulations, accounting registers are kept in the undertaking, source documents are prepared and their handling is organised, inventory is performed, an annual statement and other accounting statements are prepared, and accounting documents are stored. Such aggregate of documents shall also include a chart of accounts, the accounting policy (shall apply to the preparation of financial statements in an undertaking other than a budget institution) or the accounting procedures (shall apply to the preparation of financial statements in a budget institution) and other documents issued by the head of the undertaking which are necessary for for the conduct of accounting of the undertaking;

[1] The Parliament of the Republic of Latvia

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6) **property** – the resources used for the economic activity or implementation of objectives of an undertaking, including money and properties that may be evaluated in monetary terms – movable or immovable tangible properties (for example, plots of land, buildings, vehicles, goods) and intangible properties (for example, concessions, licences, financial instruments, loans, and other claims) which are indicated by the undertaking in the assets of the component of the financial statement – balance sheet (if such is prepared);

7) **economic transaction** – any legal transaction (within the meaning of the Civil Law) and also each fact or event causing changes in the liabilities or condition of property of an undertaking. Changes in the condition of property are changes in the composition or value of property;

8) **day of economic transaction** – any day when changes in the liabilities or condition of property of an undertaking have actually occurred;

9) **structured electronic invoice** – an invoice which has been prepared, sent, and received in structured electronic format allowing to process it automatically and electronically and which conforms to the standard of an electronic invoice stipulated by the Cabinet and to be applied in public procurements;

10) **head of an undertaking**:

a) in a partnership and a European Economic Interest Grouping – all members of such partnership or Grouping or such members of the partnership or Grouping who are authorised to represent the partnership or Grouping;

b) in a capital company, a European commercial company, a cooperative society, and a European cooperative society – the board;

c) in an individual undertaking, farm, or fishing enterprise – the owner of the undertaking or enterprise accordingly;

d) in a foreign merchant branch and non-resident (foreign merchant) permanent representation – the person authorised to represent the foreign merchant (non-resident) in the activities related to the branch or the permanent representation;

e) in an institution which is financed from the State budget or local government budget, in a State or local government agency, another public person and institution, and also an independent institution – the official implementing general administrative management of the relevant institution (in an institution of direct State administration – the head of the institution);

f) in an association, a foundation, a political organisation (party), an alliance of political organisations (parties), a trade union, and an association of trade unions, and also a European political party and a European Political Foundation – the executive body or the administrative body (the board);

g) in a religious organisation and its institution – the management (the management body);

h) an individual merchant and another natural person performing economic activity;

i) in an association of natural persons performing economic activity – all members of such association or such members who are authorised to represent such association;

j) in an undertaking for which insolvency proceedings have been declared – the administrator of insolvency proceedings (hereinafter – the administrator).

(2) The term "budget institution" used in the Law shall conform to the term used in the Law on Budget and Financial Management.

Section 2. Purpose and Scope of Application of the Law

(1) The purpose of the Law is to promote ensuring of truthful and clear overview of the financial position of undertakings.

(2) The Law shall determine general and legal basis of the field of accounting, the rights, obligations, and liabilities of the subjects of the Law, the accounting tasks, the requirements governing the conduct of accounting, the administrative offences in the field of accounting, and the competence in administrative offence proceedings.

Section 3. Subjects of the Law

(1) The Law shall apply to:

1) commercial companies, cooperative societies registered in the Republic of Latvia, foreign merchant branches and non-resident (foreign merchant) permanent representations, associations, foundations, trade unions and their associations, political organisations (parties) and their alliances, religious organisations and their institutions;

2) European Economic Interest Groupings, European cooperative societies, European commercial societies, European political parties, and European Political Foundations registered in the Republic of Latvia;

3) institutions which are financed from the State budget or local government budgets, State or local government agencies, other public persons and institutions, independent institutions;

4) individual merchants, individual undertakings, farm and fishing enterprises, other natural persons performing economic activity and their associations.

(2) The term "undertaking" used in this Law shall mean all subjects of the Law referred to in Paragraph one of this Section.

Section 4. Tasks of Accounting

The tasks of accounting shall be as follows:

1) to ensure the management of an undertaking with accounting information which is necessary for taking the decisions of economic nature;

2) to ensure the users of financial statements with truthful and complete information on the property, liabilities, financial position, operating results, and cash flow of the undertaking;

3) to perform calculation of taxes;

4) to ensure the allocation of revenues and expenditures by accounting periods.

Section 5. Control of Accounting

(1) Control of accounting are measures taken to control the accuracy and credibility of financial accounting, the preservation of the property of the undertaking and the accuracy of tax calculation, and also to ascertain whether the information provided by accounting is truthful, comparable, timely, significant, comprehensible, and complete.

(2) The accounting control system of an undertaking is an aggregate of control measures stipulated by the head of the undertaking by implementation of which the fulfilment of the tasks of accounting is ensured.

(3) The types of accounting control measures shall be determined by the Cabinet.

Section 6. General Requirements for the Conduct of Accounting

(1) The conduct of accounting is a cyclic process which includes several consecutive stages of the accounting work upon carrying out of which financial statements or information for the calculation of taxes for the relevant accounting period (month, quarter, or year) are obtained. A complete cycle of accounting shall apply to a reporting year and it shall have the following main stages:

1) opening of accounts;

2) analysis and registration of economic transactions of an undertaking in accounting registers (hereinafter also – the recording);

3) calculation of the balances on accounts;

4) preparation of a report on the turnover of and balances on accounts;

5) recording of corrective and account-closing entries;

6) preparation of financial statements and calculation of taxes.

(2) The conduct of accounting shall be ensured in such a way that a third party competent in the issues of accounting could obtain a truthful and clear overview of the liabilities, property, and financial position of the undertaking on a specific date, the operational results, and the cash flow for a specific time period, and also be able to determine the beginning of each economic transaction and trace its course.

(3) All economic transactions of an undertaking shall be registered in accounting.

(4) The accounting information provided shall be truthful, comparable, timely, significant, comprehensible, and complete.

(5) If the conduct of accounting is ensured electronically, using an accounting computer programme or an accounting information computer system software, accounting documents on the screen of a computer or another electronic device shall be presented in a human-readable format and a possibility of creating derivatives of such documents in paper form (printouts) shall be ensured.

(6) Human-readable format is an electronic form of data presentation which may be used by a natural person as information without any additional processing.

(7) The Cabinet shall determine:

1) the provisions for the development of accounting organisation documents;

2) the requirements for the use of accounting computer programmes or accounting information computer system software.

Section 7. Measure of Value in Accounting

(1) The measure of value to be used in accounting shall be euros.

(2) The foreign exchange rate to be used in accounting is the euro reference rate published by the European Central Bank but if there is no euro reference rate published by the European Central Bank for the particular foreign currency, the currency market rate in relation to the euro published in a periodical of a provider of financial information recognised by the world financial market or on its website shall be used.

(3) If the measure of value used in a source document is a foreign currency, the sums indicated therein in terms of money for records in accounting registers shall be recalculated in euros according to the foreign currency rate to be used in accounting which is in effect at the beginning of the day of economic transaction.

(4) At the end of each reporting year, balances of foreign currency (for example, cash in the cashier's office of an undertaking, non-cash in payment accounts or sight deposit accounts), balances of term deposits of foreign currency and balances of advances, loans, or borrowings expressed in a foreign currency, and also other balances (claims and liabilities) of debtors or creditors which are receivable or payable in a foreign currency, shall be re-calculated in euros according to the foreign currency rate to be used in accounting which is in effect at the end of the last day of the reporting year.

(5) An undertaking which prepares an annual statement in accordance with the laws governing activities of participants of the financial and capital market and the laws and regulations issued on the basis thereof, if there are sufficient grounds, may derogate from the provisions of Paragraph two of this Section and, in the cases referred to in Paragraphs three and four of this Section, use another source of currency market rate for recalculation of a sum expressed in a foreign currency in euros, the source being specified in the accounting organisation documents of such undertaking.

Chapter II
Accounting Registers and Source Documents

Section 8. General Provisions for Keeping Accounting Registers

(1) Entries supported by source documents shall be made in accounting registers.
(2) Entries in accounting registers shall be made in a timely manner, ensuring that they are complete, accurate, and arranged in a systematic manner. Entries the content of which differs from the source document shall not be allowed.
(3) In making entries in accounting registers, it shall be permitted to use codes, abbreviations, individual letters or symbols (hereinafter – the codes). The codes stipulated by the head of an undertaking (for example, the codes specified in the plan of accounts, the codes used for recording of stocks) shall be explained in the accounting organisation documents of the undertaking.
(4) The Cabinet shall determine:

1) the requirements for keeping accounting registers;

2) the procedures by which entries in accounting registers and source documents are corrected or supplemented.

Section 9. Language to be Used in Accounting Registers

(1) Entries in accounting registers shall be made in the Latvian language.
(2) In making entries, also another language may be used in addition to the Latvian language in accounting registers.

Section 10. Keeping of Accounting Registers Using Double and Single Entry Systems

(1) Accounting registers shall be kept in a double entry system insofar as it has not been laid down otherwise in this Law.
(2) A double entry system is an accounting method according to which each economic transaction is registered by entering the same sum in debit and credit of accounts according to the plan of accounts used in an undertaking and the intersectionality of accounts corresponding to the nature of the economic transaction (correspondence of accounts).
(3) By derogation from the requirement laid down in Paragraph one of this Section regarding a double entry system, it shall be permitted to keep accounting registers in a single entry system to:

1) individual merchants and other natural persons performing economic activity, individual undertakings, farm and fishing enterprises if the turnover (revenues) of the persons referred to in this Clause from the economic transactions during the previous reporting year does not exceed EUR 300 000. The procedures by which such persons conduct the accounting in a single entry system shall be determined by the Cabinet;

2) associations, foundations, trade unions and their associations the turnover (revenues) of which from the economic transactions in two previous consecutive reporting years does not exceed EUR 100 000 in the reporting year. The procedures by which such persons conduct the accounting in a single entry system shall be determined by the Cabinet;

3) religious organisations and their institutions the turnover (revenues) of which from the economic transactions in two previous consecutive reporting years does not exceed EUR 100 000 in the reporting year. The procedures by which such persons conduct the accounting in a single entry system shall be determined by the Cabinet.

(4) A single entry system is an accounting method according to which, without using accounts, cash and non-cash revenues, expenditures, and balances, and also changes in the condition of

property are registered insofar as it is necessary for the calculation of taxes or for the control of property and settlements.

Section 11. Source Documents, Their Division and Details and Information to be Included in a Source Document

(1) A source document is a document attesting the existence of an economic transaction of an undertaking and including at least the details referred to in Paragraph five of this Section and information on the economic transaction. The source document may be prepared in electronic or paper form. The source document shall be prepared in a way that, throughout its storage period, the information included therein would not be lost and also it would be possible to create a derivative of such document.
(2) Source documents shall be divided into external source documents and internal source documents.
(3) A source document received in an undertaking the author of which is another participant to the economic transaction and also such document the author of which is the own undertaking shall be considered an external source document if the source document is intended for the issuing (sending) to another participant to the economic transaction. All other source documents shall be considered to be internal source documents of the undertaking.
(4) If there is an external source document for any economic transaction, it shall be given priority in comparison with any internal source document.
(5) At least the following details and information on the economic transaction shall be included in a source document:

1) the title of the document type;

2) the date of the document;

3) the number of the document;

4) information on the undertaking which is a participant to the economic transaction which issued the document in its name (hereinafter – the author of the document):

a) the name of the author of the document (for a commercial company, individual merchant – the firm name), registration number, or registration code of a taxpayer;

b) if the author of the document is such natural person who performs economic activity but is not an individual merchant – the given name and surname, the taxpayer registration code;

5) information which allows unequivocal identification of other participants to the economic transaction if any (indicate the same information which is specified in Clause 4 of this Paragraph in relation to the author of the document);

6) if another participant to the economic transaction is a natural person who does not perform economic activity – the given name and surname. The personal identification number (if such has been granted to a person) shall be indicated upon request of such person or if it arises from other laws and regulations;

7) a description of the economic transaction and the value in monetary terms but in the cases specified in laws and regulations – also other information on the economic transaction (for example, quantity, unit of measurement);

8) for individual types of source documents – also other mandatory details specified in laws and regulations;

9) the signature of the person responsible for the accuracy of information provided in the source document (except for the cases referred to in Paragraphs six, seven, and eight of this Section).

(6) An undertaking is entitled to replace the detail “signature” with an electronic certification in an internal source document if it has been prepared in electronic form.

(7) Also such document may be considered an external source document which does not contain the detail "signature" but contains other details specified for the source document in Paragraph five of this Section and information on the economic transaction if:

1) the undertaking issues the document to another participant to the economic transaction (another undertaking or natural person who does not perform economic activity) – the recipient of goods or service – for payment (invoice) and the existence of the economic transaction specified in this document is justified by another external document which has legal force within the meaning of the Law on Legal Force of Documents;

2) the undertaking issues the document to a natural person who does not perform economic activity) – the recipient of goods or service – for payment (invoice) and the existence of the economic transaction referred to in this document is justified by an agreement of the undertaking with the abovementioned natural person.

(8) Also such document referred to in this Paragraph may be considered an external source document which does not contain the detail "signature" but contains other details specified for the source document in Paragraph five of this Section and information on the economic transaction if the existence of the economic transaction referred to in the relevant document according to the procedures stipulated by the head of an undertaking is certified by the responsible person of the recipient of the document (undertaking) regarding performance of the economic transaction and the accuracy of the information provided in the source document:

1) the document which is issued by another undertaking to the undertaking – the recipient of goods or service – for payment (invoice);

2) the document which is issued by another undertaking to the undertaking – the recipient of goods or service – for acceptance of the goods or service;

3) the document which is issued upon request of the undertaking – the payment service user – by the payment service provider (within the meaning of the Law on Payment Services and Electronic Money) for the fact that the payment order of the undertaking – the payment service user – has been executed;

4) a non-certified bank statement of the undertaking – the payment service user – which upon request of the payment service user is issued by the payment service provider (within the meaning of the Law on Payment Services and Electronic Money);

5) a receipt if it has been prepared in accordance with the laws and regulations governing the procedures for the use of electronic devices and equipment for the registration of taxes and other payments.

(9) The undertaking – the preparer of the document – is entitled to certify the external source documents referred to in Paragraph eight, Clauses 1, 3, and 4 of this Section, if it is necessary to certify them, with a qualified electronic stamp issued to the undertaking (within the meaning of Article 3(27) of Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC).

(10) Also a derivative in electronic form of a source document received with the intermediation of electronic data transmission channels and prepared in paper form and a derivative in paper form (printout) of such derivative or source document prepared in electronic form may be considered an external source document, if the existence of the economic transaction referred to in the relevant derivative of the source document is certified, according to the procedures stipulated by the head of an undertaking, by the responsible person of the performance of the economic transaction and the accuracy of the information provided in the source document. The responsible person of the recipient (undertaking) of the derivative of the document is entitled to request, according to the procedures stipulated by the head of the undertaking, that the issuer of the derivative of the source document presents the original of the document if it is necessary to ascertain the accuracy of the derivative of the document or the legal force of the original of the document.

(11) The requirements laid down in Paragraph five of this Section in relation to the details of the source document and information on economic transactions shall be applied insofar as special requirements for the development and drawing up of individual types of source documents (for example, a value added tax invoice, a structured electronic invoice) are not laid down in other laws and regulations.
(12) In order to record the calculated tax, also tax returns specified in laws and regulations may be regarded as an external source document. In order to account the taxes, fees, and other payments attributable to the State budget which are administered by the tax administration and State fee administration (within the meaning of the law On Taxes and Fees), the documents issued by the abovementioned administration (for example, decisions taken in the course of administrative proceedings) may be regarded as an external source document even if such documents do not contain any of the details specified in Paragraph five of this Law or information to be indicated on an economic transaction. The tax administration and the State fee administration, when accounting the taxes, fees, and other payments administered by them, may record information in accounting registers also on the basis of the calculations of the State information system on a specific date made in accordance with laws and regulations.
(13) The procedures for the drawing up of source documents and the requirements for the source documents which are prepared in relation to goods, other material values and services, and also in relation to the use of cash or non-cash advance or the reimbursement of expenditures of employees shall be determined by the Cabinet.

Section 12. Documents of the Supply of Goods

(1) A document of the supply of goods is a document which certifies the fact of the supply and receipt of goods and may be used to determine the origin and belonging of goods at the sites where goods are received and issued.
(2) It shall not be mandatory to include the information on the unit price of goods and the value of the economic transaction in monetary terms in the document of the supply of goods. If the document of the supply of goods does not include the abovementioned information for it to be possible to enter (record) an economic transaction in accounting registers, a source document prepared by the consignor (issuer) of goods shall be required in addition which includes information on the unit price of goods and the value of the economic transaction in monetary terms.
(3) In addition also the number and date of the relevant document of the supply of goods or, if the supply of goods has been performed among units of an undertaking or persons who are responsible for the conservation of specific goods – other information which allows for unequivocal identification of the supply of specific goods, shall be indicated in the source document referred to in Paragraph two of this Section.
(4) The Cabinet shall determine the details and information to be included in the documents of the supply of goods, the procedures for the drawing up, signing, and registration of such documents.

Section 13. Time Period for Recording Source Documents

(1) External and internal source documents on the economic transactions of the undertaking shall be recorded as soon as possible but not later than within 20 days after the end of the month in which the source document was received or issued (sent) and not later than by the date of signing such financial statement which is prepared for such reporting period.
(2) The time period specified in Paragraph one of this Section for the recording of external and internal source documents shall not apply to undertakings which, in accordance with the Micro-enterprise Tax Law have obtained the status of a micro-enterprise taxpayer, to individual merchants and other natural persons performing economic activity, individual undertakings and

farm and fishing enterprises, if the turnover (revenues) of the persons referred to in this Paragraph from economic transactions in the previous reporting year does not exceed EUR 300 000. Such undertakings, insofar as it is not in contradiction with the requirements of the laws and regulations governing the field of taxes that are binding upon them, may record external and internal source documents on the economic transactions of the undertaking in the accounting registers of the undertaking not later than within 15 days after the end of the quarter in which the relevant source document was received or issued (sent), and not later than by the date of signing its financial statement prepared for the current reporting period but when a financial statement is not prepared – accordingly by the date of submission of the micro-enterprise tax declaration or personal income tax declaration which is prepared for such reporting period.

(3) The time period for recording external and internal source documents specified in Paragraph one of this Section shall not apply to the associations, foundations, trade unions and their associations referred to in Section 10, Paragraph three, Clause 2 of this Law and also to the religious organisations and their institutions referred to in Section 10, Paragraph three, Clause 3 of this Law. The abovementioned persons, insofar as it is not in contradiction with the requirements of the laws and regulations governing the field of taxes that are binding upon them, may record external and internal source documents not later than within 15 days after the end of the quarter in which the relevant source document was received or issued (sent), and not later than until the date of signing such components of the annual statement or financial statement which is prepared for the relevant reporting period.

Section 14. Special Provisions for the Accounting of Cash

(1) The cash contribution received in the cashier's office of an undertaking (hereinafter – the cash revenues) and the cash disbursements from the cashier's office of an undertaking (hereinafter – the cash expenditures) shall be registered in the cash book. The cash book shall be arranged for each day on which there had been cash revenues or expenditures, indicating the cash balance at the beginning of the day, the sums total of the cash revenues and the cash expenditures, and the cash balance at the end of the day.

(2) If the average cash revenues of a working day of the previous calendar month of an undertaking do not exceed EUR 500, the undertaking may arrange the cash book once a week – on the last working day of the week. The average cash revenues of a working day shall be calculated by adding up the cash revenues received on the working days of the previous calendar month on which there had been cash revenues and dividing the sum total acquired by the number of working days of the abovementioned calendar month. Any calendar day on which the undertaking performs its activity shall be considered a working day.

(3) A cash book need not be arranged by:

1) individual undertakings, farm and fishing enterprises, individual merchants, and other natural persons performing economic activity and conducting the accounting in a single entry system if the abovementioned persons are registering the cash revenues and the cash expenditures in the recording journal of revenues and expenditures of economic activity or in the recording register of revenues;

2) undertakings which are registering the cash revenues, using electronic devices and equipment for the registration of taxes and other payments, and, according to the procedures stipulated by the head of an undertaking, pay the cash received during a working day into an account of the undertaking opened with a payment service provider (within the meaning of the Law on Payment Services and Electronic Money);

3) associations, foundations, trade unions and their associations, and also religious organisations and their institutions if the abovementioned persons conduct the accounting in a single entry system and register the cash revenues and the cash expenditures in the cash flow recording journal.

(4) The requirements for the source documents of the cash revenues and the cash expenditures and for arranging a cash book shall be determined by the Cabinet.

Chapter III
Inventory

Section 15. Purpose of Inventory

(1) The purpose of inventory is the examination of the actual state of the property of an undertaking and the liabilities of an undertaking on a specific date and the coordination of the accounting data with the results of inventory.
(2) Inventory shall be performed, applying the procedures laid down in laws and regulations and the accounting organisation documents.
(3) The methods of inventory, the procedures for the performance of inventory, the procedures for the documentation of results and recording of differences detected during inventory shall be determined by the Cabinet.

Section 16. Provisions for Inventory

(1) Inventory shall be performed in the following cases:
1) in commencing the activity of an undertaking;
2) in concluding each reporting year (hereinafter – the closing inventory of the reporting year);
3) in terminating the activity of an undertaking;
4) in reorganising an undertaking, insofar as it has not been laid down otherwise by laws;
5) in declaring insolvency proceedings;
6) if, on the basis of the decision of the merchant, the activity of an undertaking is suspended or renewed;
7) in other cases if it arises from other laws and regulations or the accounting organisation documents of the relevant undertaking.
(2) The results of the inventory shall be reflected in lists of inventory.
(3) An individual enterprise, a farm and fishing enterprise, and also an individual merchant and another natural person performing economic activity shall apply the provisions of this Chapter to the property provided for or used for the performance of economic activity.

Section 17. Additional Provision Regarding the Closing Inventory of the Reporting Year

The closing inventory of the reporting year may be performed within three months before the final day of the reporting year or within a month after it, recalculating the balances established on the day of the inventory in accordance with the accounting data on the last day of the reporting year. The results of inventory shall be recorded in accounting registers until the date of signing the annual statement.

Chapter IV
Annual Statement and Other Statements

Section 18. Annual Statement

(1) An annual statement the structure, volume, and content, and also the procedures for drafting, examining, and submitting of which are laid down by the Law on the Annual Financial Statements and Consolidated Financial Statements, the laws governing the activity of the

financial and capital market participants and the laws and regulations issued on the basis thereof, the laws governing the activity of the independent or autonomous State institution, or the laws and regulations adopted in accordance with the Law on Budget and Financial Management shall be prepared for each reporting year. The suspension of activity of a commercial company on the basis of a decision of the merchant shall not exempt the commercial company from preparing the annual statement.

(2) The provisions of Paragraph one of this Section shall not apply to:

1) associations, foundations, trade unions and their associations, political organisations (parties) and alliances thereof, and also religious organisations and their institutions. The Cabinet shall determine the structure, volume, content, and the procedures for drafting, examining, and submitting the annual statement for such persons;

2) undertakings with regard to which insolvency proceedings have been declared in accordance with the Insolvency Law but in relation to which no decision has been taken yet by the administrator on continuing the economic activity of the debtor in the full or limited extent. Such undertakings, while the insolvency proceedings of the undertaking continue, shall prepare the financial statement referred to in Section 22, Paragraph three of this Law for each reporting year.

(3) The provisions of Paragraph one of this Section in relation to foreign merchant branches and non-resident (foreign merchant) permanent representations shall be applicable insofar as it arises from the requirements for the preparation of financial statements laid down in the laws governing the relevant type of economic activity and taxes.

Section 19. Report on Economic Activity

(1) A report on economic activity is a report for the time period that is shorter than a year and a commercial company or cooperative company shall prepare it for the purpose of decision-making in the cases provided for in the Commercial Law or the Cooperative Societies Law accordingly. The report on economic activity shall be prepared in accordance with the provisions for the preparation of an annual statement provided for the relevant undertaking in laws and regulations and applying the procedures for the preparation of an interim period statement.

(2) Prior to taking of the decision to suspend the activity of a commercial company on the basis of the decision of a merchant, a report on economic activity shall be prepared in the cases specified in the Commercial Law. The report on economic activity referred to in this Paragraph shall be prepared, examined, and submitted in accordance with the provisions for the preparation, examination, and submission of an annual statement provided for the relevant undertaking in laws and regulations. In addition, the report on economic activity referred to in this Paragraph shall provide detailed information on the losses caused by reduction in the value of the property due to the suspension of the activity of the commercial company, indicating the basis for calculating the amount of losses and the impact of such losses on the evaluation of the component items of the financial statement.

Section 20. Closing Financial Statement in Case of Reorganisation of an Undertaking

(1) Unless it has been laid down otherwise in laws and regulations, in order to exclude from the relevant register an undertaking reorganised (acquired or divided) through merging or divestiture, a closing financial statement of the undertaking to be acquired or divided through divestiture shall be prepared accordingly. It shall be prepared, examined, and submitted in accordance with the provisions for the preparation, examination, and submission of an annual statement provided for the relevant undertaking in laws and regulations.

(2) In addition, the closing financial statement referred to in Paragraph one of this Section shall provide detailed information on the losses caused by reduction in the value of the property due

to the reorganisation of the undertaking, indicating the basis for calculating the amount of losses and the impact of such losses on the evaluation of the component items of the financial statement.
(3) The requirement of Paragraph two of this Section regarding the provision of detailed information on the losses shall not apply to the closing financial statement which is prepared in case of reorganisation of a budget institution or a State or local government agency.

Section 21. Closing Financial Statement in Case of Terminating the Activity of an Undertaking

(1) In terminating the activity of an undertaking (also in case of insolvency proceedings when the activity of the undertaking is terminated), such closing financial statement of the activity of the undertaking shall be prepared which consists only of the balance sheet and the profit or loss account or another report on the results of economic activity (for example, a revenue and expenditure account) which is provided for in the laws and regulations governing the preparation of an annual statement of the relevant undertaking or in the laws governing the activity of participants to the financial and capital market and the laws and regulations issued on the basis thereof.
(2) Unless it has been laid down otherwise in laws and regulations, the closing financial statement of the activity of the undertaking referred to in Paragraph one of this Section shall be prepared, applying the procedures by which such undertaking prepares a financial statement which does not conform to the principle for the continuation of the activity.
(3) The procedures by which the property and liabilities of an undertaking are evaluated in accounting and indicated in financial statements, if the activity of an undertaking or its unit is terminated, shall be determined by the Cabinet.

Section 22. Balance Sheet of a Debtor and Financial Statement in Case of Insolvency of a Legal Person

(1) The balance sheet of a debtor shall be prepared for an undertaking for which insolvency proceedings of a legal person have been initiated in accordance with the Insolvency Law. In preparing the balance sheet of a debtor in case of initiating insolvency proceedings of a credit institution, the norms of the Credit Institution Law shall be applied.
(2) The administrator shall prepare the balance sheet of a debtor which, in accordance with the Insolvency Law, must be prepared immediately after declaration of insolvency proceedings of a legal person, applying all the same requirements which apply to the balance sheet for the annual accounts of such undertaking.
(3) The undertaking referred to in Paragraph one of this Section in relation to which the administrator has not taken the decision on continuing the economic activity of a debtor in the full or limited extent for the reporting year in which insolvency proceedings of a legal person were declared and also for each subsequent reporting year in which such insolvency proceedings continue shall prepare a financial statement which consists only of the balance sheet and the profit or loss account or another report on the results of the economic activity (for example, the revenue and expenditure account). Such financial statement shall be submitted to the State Revenue Service.
(4) The financial statement referred to in Paragraph three of this Section shall be prepared, applying the procedures by which a financial statement is prepared by an undertaking that does not conform to the principle for the continuation of the activity and in compliance with the laws and regulations issued on the basis of Section 21, Paragraph three of this Law regarding the evaluation of the property and liabilities of an undertaking in accounting and indication in financial statements if the activity of the undertaking or its unit is terminated.

Section 23. Special Provisions for Performers of Economic Activity who are Payers of Personal Income Tax for Income from Economic Activity or who have Chosen to Pay the Micro-enterprise Tax

(1) The provisions of Sections 18, 19, 20, 21, and 22 of this Law shall not apply to individual merchants, farm and fishing enterprises, individual merchants, and other natural persons who perform economic activity and are payers of personal income tax for the income from the economic activity or have chosen to pay the micro-enterprise tax. Such undertakings shall register revenues, expenditures, and economic transactions in a simple or double entry system insofar as it is necessary for the calculation of taxes in order to be able to prepare tax returns, informative declarations, or other necessary documents in accordance with the requirements laid down by the particular tax law or in the laws and regulations adopted according to it.
(2) The undertakings referred to in Paragraph one of this Section which conduct the accounting in a simple entry system shall apply the procedures provided for in the Cabinet regulations referred to in Section 10, Paragraph three, Clause 1 of this Law.
(3) The undertakings referred to in Paragraph one of this Section which conduct the accounting in a double entry system and are payers of personal income tax for the income from the economic activity shall also prepare the balance sheet and the revenue and expenditure account the content and the procedures for the preparation and submission of which shall be determined by the Cabinet.

Section 24. Beginning, End, and Duration of the Reporting Year

(1) The reporting year shall cover 12 months and it shall usually coincide with the calendar year. A different beginning and end for the reporting year may be only if such is determined by the articles of association, by-law, or constitution of the relevant undertaking or by a partnership agreement.
(2) The reporting year may be changed. A change of the reporting year shall be justified and relevant explanations therefor shall be provided in the appendix to the annual statement.
(3) The first reporting year of a newly established undertaking may cover a shorter or a longer time period, but not longer than 18 months.
(4) If the beginning of the reporting year of an existing undertaking is changed, the reporting year shall not exceed 12 months.
(5) The reporting year in which the undertaking is reorganised or terminates its activities and also the reporting year in which its beginning has been changed may be shorter than 12 months.

Section 25. Special Provisions for the Reporting Year or Economic Year for Individual Types of Undertakings

The provisions of Section 24 of this Law shall not apply to an undertaking the duration, beginning, and end of the reporting year or economic year of which is determined by relevant laws.

Section 26. Special Provisions for the Reporting Year of an Association, a Foundation, a Trade Union and an Association of Trade Unions, a Religious Organisation and Its Institution, and also a Political Organisation (Party) and an Alliance of Political Organisations (Parties)

The provisions of Section 24 of this Law shall not apply to an association, a foundation, a trade union and an association of trade unions, a religious organisation and its institution, and also a political organisation (party) and an alliance of political organisations. The reporting year of each such person shall cover 12 months and coincide with the calendar year. The reporting

year in which the undertaking commences activity, terminates activity, or is reorganised may be less than 12 months in duration but it shall end not later than on 31 December of the calendar year.

Chapter V
Storage of Accounting Documents

Section 27. General Provisions for the Storage of Accounting Documents

(1) Accounting documents in paper form shall be stored in the territory of the Republic of Latvia. Accounting documents in electronic form shall be stored in the territory of the Republic of Latvia or another European Union Member State in accordance with the requirements laid down in 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.
(2) An undertaking shall systematically arrange and store accounting documents in the archives of the undertaking according to the procedures stipulated by the head of the undertaking.
(3) Accounting documents shall, until transfer thereof for storage in the archives of an undertaking, be systematised (grouped, collected) and stored according to the procedures stipulated by the head of the undertaking at one or several storage points.
(4) Natural and legal persons may use accounting documents of an undertaking only with the permission of the head of the undertaking. Such documents may be removed from the undertaking only in the cases and in accordance with the procedures laid down by law.
(5) If an undertaking is being reorganised or its activity is terminated, the liquidation commission (liquidator) or the head of the undertaking shall determine the procedures for the subsequent storage of the documents of the undertaking after coordination with the National Archives of Latvia.

Section 28. Storage Period of Accounting Documents

The minimum storage period of accounting documents shall be as follows:

1) for annual statements – until the undertaking is reorganised or its activity is terminated, insofar as it is not laid down otherwise in other laws and regulations;

2) for inventory lists, accounting registers, and accounting organisation documents – 10 years;

3) for source documents regarding the remuneration calculated for employees, payment for the period of the leave granted, or reimbursement of the annual paid leave not used, compensation for forced absence from work, etc. with division according to years and months dating not earlier than 1 January 1999 – 75 years;

4) for the source documents referred to in Clause 3 of this Section dating 1 January 1999 or later if they include information on the following calculated for employees:

a) remuneration, compensation for forced absence from work, etc. with division according to years and months – 10 years;

b) payment for the period of the leave granted and reimbursement of the annual paid leave not used with division according to years and months – 10 years from the day when employment relationship with the particular undertaking as an employee has been terminated;

5) for other source documents – until the date they are necessary to ensure compliance with the requirements for the traceability of an economic transaction specified in Section 6, Paragraph two of this Law, but not less than five years.

Section 29. Conversion of an Accounting Document in Paper Form into Electronic Form for Storage in the Electronic Environment

(1) An undertaking has the right to convert an accounting document in paper form (hereinafter – the original document) into electronic form for storage in the electronic environment.
(2) The document converted into electronic form for storage in the electronic environment shall have the same legal force as the original document and the undertaking has the right to destroy the original document only if the undertaking complies with the following provisions for the storage of a document converted into electronic form for storage in the electronic environment:

1) the portrayal and conformity of the content of the original document are ensured throughout the data storage period specified in Section 28 of this Law;

2) the content is provided in human-readable format on the screen of a computer or another electronic device and, where necessary, creation of its derivatives in paper format is ensured;

3) the converted document is protected against unauthorised alterations or destruction;

4) the conversion process and also the process for the destruction of the original document are documented in accordance with the procedures stipulated by the head of an undertaking.

Chapter VI
Division of Competence in the Field of Accounting

Section 30. Competence of the Ministry of Finance in the Field of Accounting

(1) The Ministry of Finance shall develop the State policy in the field of accounting and coordinate the implementation thereof.
(2) The Ministry of Finance shall:

1) develop draft laws and regulations in the field of accounting;

2) implement international cooperation in the field of accounting and ensure representation of Latvia in the meetings organised by the European Union authorities and other international organisations in accounting issues, also to participate in the assessment of draft legal acts developed by the European Union authorities governing the field of accounting;

3) assess the draft laws and regulations prepared by other ministries in relation to accounting issues and, if necessary, provide recommendations for the improvement thereof.

Section 31. Obligations of the Head of an Undertaking in the Field of Accounting

(1) The head of an undertaking has the obligation to organise the conduct of accounting, the performance of inventory, the storage of accounting documents, and the preparation of the relevant reports in the undertaking in accordance with the requirements of this Law and the laws and regulations issued according to it.
(2) The head of an undertaking has an obligation to ensure:

1) the development, issuing of accounting organisation documents and the conformity with the procedures specified therein in the undertaking;

2) the development, introduction, maintenance, and improvement of an accounting control system in the undertaking;

3) the determination of the general security provisions for the accounting information computer systems and the mandatory technical and organisational requirements for accounting data protection in the undertaking if the conduct of accounting is ensured, using an accounting computer programme or accounting information computer system software, insofar as it has not been laid down otherwise in other laws and regulations, and also to ensure control of the conformity with the abovementioned provisions and requirements in the undertaking;

4) the conservation of all originals of accounting documents or documents converted into electronic form for storage in the electronic environment and their availability to performers of audits, tax administration, law enforcement authorities, courts, and also other authorities in the cases provided for in laws and regulations in accordance with that referred to in the Trade Secret Protection Law in relation to a trade secret in accounting.

(3) The requirement laid down in Paragraph two, Clause 1 of this Section shall not apply to the head of the undertaking referred to in Section 10, Paragraph three of this Law if the relevant undertaking conducts the accounting in a simple entry system. The abovementioned undertakings shall be released from the development and issuing of accounting organisation documents.

(4) The requirements laid down in Paragraph two, Clauses 2 and 3 of this Section shall not apply to the head of the undertaking referred to in Section 35 of this Law who is entitled to conduct the accounting himself or herself. The abovementioned undertakings shall be released from the development, introduction, and maintenance of an accounting control system, and also from the determination of the general security provisions for the accounting information computer systems and the mandatory technical and organisational requirements for accounting data protection.

Section 32. Rights of the Head of an Undertaking in the Field of Accounting

The head of an undertaking is entitled:

1) in conformity with the provisions of Section 11 of this Law regarding details of the document to be included in the source document and information on the economic transaction, to select the form (electronic or paper form), content of a source document and the procedures for the drawing up or preparation thereof, except for the case when the form, content of the relevant source document and the procedures for the drawing up or preparation thereof are governed by a particular law or regulation;

2) to select the type, content, number of accounting registers and the procedures for the preparation thereof (electronic or paper form), taking into account the structure of the particular undertaking, the nature of the economic activity, and the amount of the information to be processed, except for the case when the type, content of the relevant accounting register and the procedures for the preparation thereof are governed by a particular law or regulation;

3) to select an accounting computer programme or accounting information computer system software, taking into account the functional, technical, and data security requirements preferable or necessary for the activity of the particular undertaking, except for the case when the use of the particular computer programme or the requirements to be brought forward for it are governed by a particular law or regulation.

Section 33. Responsibility and Obligation of the Head of an Undertaking to Reimburse Losses

(1) The head of an undertaking shall be responsible for:

1) conduct of accounting in accordance with the requirements of this Law;

2) the conservation and protection of the originals, copies, or data images of accounting documents against destruction or losing until their transfer to the archives of the undertaking, and also the conservation of accounting documents in the archives of the undertaking and their availability to performers of audits, tax administration, law enforcement authorities, courts, and also other authorities in the cases provided for in laws and regulations in accordance with that specified in the Trade Secret Protection Law in relation to a trade secret in accounting.

(2) The head of an undertaking shall be liable for the losses that have been incurred by the undertaking, the State (local government), or third party as a result of violation of the provisions of this Law due to his or her fault. Natural and legal persons who have incurred such losses are

entitled to claim compensation therefor in accordance with the procedures laid down in laws and regulations.

Chapter VII
Person Entitled to Conduct the Accounting

Section 34. Accountant and Outsourced Accountant

(1) The conduct of accounting in an undertaking shall be performed by an accountant or outsourced accountant with whom the head of the undertaking has entered into a relevant written agreement which stipulates the obligations, rights, and liability of such person.
(2) Within the meaning of this Law:

1) an accountant is a natural person who, on the basis of a written agreement with the undertaking (except for a work-performance contract), prepares annual statements, consolidated annual statements, and other financial statements specified in laws and regulations in the undertaking in accordance with the requirements of the relevant laws and regulations and also is competent to perform other obligations of the conduct of accounting specified in this Law and whose competence in the abovementioned accounting issues is certified by a relevant education document (diploma or certificate), and also such natural person whose competence in the accounting issues referred to in this Clause is certified by experience or a corresponding certificate certifying knowledge in the field of accounting;

2) an outsourced accountant is a person who, on the basis of a written contract with the undertaking (except for a work-performance contract), pledges to provide or provides accounting services to the customer and conforms to the following conditions:

a) if the outsourced accountant is a natural person, he or she has obtained at least first level vocational higher education (college education) within the meaning of the Vocational Education Law or academic higher education (at least bachelor's degree) in the field of accounting, economy, management, or finances and he or she has at least three-year experience in the field of accounting;

b) if the outsourced accountant is a merchant, the requirements for education and experience referred to in Sub-clause "a" of this Clause shall apply to a member of the board of the commercial company or an individual merchant, or a participant in the merchant who is responsible for the provision of the outsourced accounting service (hereinafter – the responsible outsourced accountant);

3) such natural person shall not be considered an accountant who only performs the obligation of a recording and accounting employee under management of an accountant or independently in accordance with the basic tasks conforming to the profession and the basic requirements for qualification (for example, calculation of wages or prime cost, recording of material values, preparation of invoices, preparation of inventory lists, entering of the data of source documents, arrangement of the archives, conduct of single entry accounting) specified in the laws and regulations regarding classification of professions or other obligations related to the conduct of accounting (for example, scanning of invoices, conversion into human-readable and machine-readable format (in XML format) or sending, arranging of documents for storage);

4) such natural or legal person shall not be considered an outsourced accountant who only performs the obligations referred to in Clause 3 of this Paragraph.

(3) An outsourced accountant shall ensure conformity with the requirements of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing.
(4) conduct of accounting of trade unions and their associations, associations and foundations may be performed by a voluntary performer of work with whom the management body has entered into a written agreement in which the obligations, rights, and liability of such person are specified.

Section 35. Head of an Undertaking Entitled to Conduct the Accounting Himself or Herself

By derogation from the requirements of Section 34 of this Law, the head of an undertaking is entitled to conduct the accounting himself or herself if he or she is:

1) an owner of an individual enterprise, farm or fishing enterprise;

2) a natural person performing economic activity;

3) an individual merchant;

4) the sole member of the board of a capital company who is the sole participant in the capital company;

5) the head of a religious organisation or its institution if accounting in the religious organisation or its institution is conducted in a single entry system;

6) a member of the executive body or management body (the board) of an association, foundation;

7) an administrator who, in fulfilling the requirements of the Insolvency Law, organises recording of accounting of a debtor during insolvency proceedings of a legal person.

Section 36. Person who is not Considered an Outsourced Accountant

If an institution which is financed from the State budget or local government budgets, and a State or local government agency provides accounting services to another institution financed from the State budget or local government budgets, and State or local government agency, it shall not be considered an outsourced accountant.

Section 37. Person who is Prohibited to be an Outsourced Accountant

Such natural person who has been punished for committing an intentional criminal offence in national economy or in the service of State authorities or for committing such crime which is related to terrorism and who has not been exonerated or whose criminal record has not been extinguished or set aside, or such natural person for whom the licence of an outsourced accountant has been cancelled for the violations of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing or the Law on International Sanctions and National Sanctions of the Republic of Latvia is prohibited from being an outsourced accountant. Such natural person may not hold leading offices or be the beneficial owner (within the meaning of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing) for an outsourced accountant.

Section 38. Licensing of an Outsourced Accountant

(1) The activity of an outsourced accountant shall be permitted if he or she has a valid licence of an outsourced accountant.

(2) The issuing of a licence of an outsourced accountant, the extending (hereinafter – re-registration), suspension, cancellation of its term of validity, and the supervision of outsourced accountants shall be performed by the State Revenue Service. The licence of an outsourced accountant shall be issued for a period of five years.

(3) A State fee in the amount of EUR 100 shall be paid for the issuing or re-registration of the licence of an outsourced accountant. The State fee shall be paid before submitting the relevant documents by transferring it into the State budget. If after receipt of all the necessary documents the State Revenue Service detects a non-conformity with the licensing requirements and it is not eliminated, the State fee shall not be repaid. Payments into the State budget shall be made,

using the intermediation of such payment service provider which has the right to provide payment services within the meaning of the Law on Payment Services and Electronic Money.

(4) A person who wishes to commence the provision of outsourced accounting services or to re-register a licence shall submit a relevant submission to the State Revenue Service, indicating or attaching the following information and documents:

1) a submission indicating the following information:

a) a merchant – the given name, surname, personal identity number of the responsible outsourced accountant, the name (firm name) and registration number or taxpayer registration code of the merchant;

b) a natural person performing economic activity – the given name, surname, taxpayer registration code;

2) the following documents shall be attached to the submission:

a) a copy of the civil liability insurance policy;

b) documentation of policies and procedures for the internal control system established in accordance with the laws and regulations in the field of the prevention of money laundering and terrorism and proliferation financing;

c) copies of documents certifying professional qualification;

d) a certification regarding professional experience.

(5) The State Revenue Service shall suspend the licence and make a note thereon in the register in the following cases:

1) on the basis of a submission of the responsible outsourced accountant;

2) there is no valid civil liability insurance policy;

3) economic activity has been suspended;

4) the sole responsible outsourced accountant of the merchant has deceased;

5) an accounting programme without a licence is used for the conduct of accounting;

6) the information referred to in Section 39, Paragraph three of this Law has not been submitted;

7) the responsible outsourced accountant has terminated employment relationship with the outsourced accounting service provider and the outsourced accounting service provider does not have another outsourced accountant registered with the State Revenue Service.

(6) The State Revenue Service shall cancel the licence and exclude the outsourced accountant from the register in the following cases:

1) the outsourced accountant does not conform to the requirements laid down in Section 34, Paragraph three, Section 37, and Section 38, Paragraph four of this Law or also intentionally provides false information on the conformity with the requirements laid down for an outsourced accountant;

2) the outsourced accountant systematically does not cooperate with the State Revenue Service and does not provide the requested information;

3) the responsible outsourced accountant is included in the list of risk persons within the meaning of Section 1, Clause 31 of the law On Taxes and Fees;

4) the legal address or address of the unit of the merchant of the outsourced accountant or the address of the declared place of residence of the natural person who performs economic activity conforms to the risk address within the meaning of Section 1, Clause 30 of the law On Taxes and Fees;

5) within a year, it is repeatedly detected that the State Revenue Service has not been notified of suspicious transactions which conform to the signs indicated in Section 22.[2], Paragraph three of the law On Taxes and Fees;

6) the outsourced accounting service provider, in performing economic activity, does not fulfil the obligations specified in Section 15, Paragraph one of the law On Taxes and Fees, evades taxes, or such circumstances have been detected which give evidence that the relevant outsourced accounting service provider is involved in the performance of such activities that are directed towards tax evasion;

7) the outsourced accountant has been excluded from the Commercial Register or the taxpayer register;

8) the outsourced accountant – natural person – has deceased (if the outsourced accountant is a natural person who performed economic activity);

9) on the basis of a submission of the outsourced accountant;

10) within a year since suspending the licence, its operation has not been renewed.

Section 39. Register of Outsourced Accountants

(1) Outsourced accountants are recorded in a publicly available Register of Outsourced Accountants (hereinafter – the Register) which is maintained by the State Revenue Service on its website.

(2) The information specified in Paragraph three of this Section shall be indicated in the Register. The information shall be updated at least every five working days. The personal identity number of natural persons is not made public in the public part of the Register.

(3) The following information on the outsourced accountant shall be recorded in the Register:

1) the name (firm name), registration number, or taxpayer registration code of the merchant and the given name and surname of the responsible outsourced accountant, but for a natural person performing economic activity – the given name and surname, taxpayer registration code;

2) the number of the licence;

3) the date and basis of the issuance, suspension of operation of the licence or the cancellation of the licence;

4) information on professional indemnity insurance of the accountant.

(4) If any of the information referred to in Paragraph three, Clauses 1 and 4 of this Section changes, the outsourced accountant shall, within two weeks, submit a relevant notification to the State Revenue Service.

Section 40. Civil Liability Insurance of an Outsourced Accountant

(1) An outsourced accountant has an obligation to insure his or her civil liability for the losses caused as a result of professional activity or failure to act.

(2) The minimum liability limit for the professional civil liability insurance of an outsourced accountant shall not be less than:

1) EUR 3000 if net turnover (revenues) of at least one customer from economic activity in the previous reporting year does not exceed or is equivalent to EUR 300 000;

2) EUR 5000 if net turnover (revenues) of at least one customer from economic activity in the previous reporting year exceeds EUR 300 000.

Chapter VIII
Administrative Offences in the Field of Accounting and Competence in the Administrative Offence Proceedings

Section 41. Failure to Comply with the Procedures for Recording Cash

For failure to comply with the procedures for recording cash, a warning or a fine of up to seventy units of fine shall be imposed.

Section 42. Failure to Comply with the Provisions for the Conduct of Accounting, Failure to Submit an Annual Statement and Consolidated Annual Statement

For failure to comply with the provisions for the conduct of accounting, failure to submit an annual statement and consolidated annual statement to the State Revenue Service or the Corruption Prevention and Combating Bureau within the specified time periods or for the submission of an annual statement and consolidated annual statement not conforming to laws and regulations, a warning or a fine of up to four hundred units of fine shall be imposed.

Section 43. Failure to Comply with the Procedures for the Registration and Use of Source Documents

(1) For failure to comply with the procedures for drawing up, registration, and use of source documents, a warning or a fine of up to eighty-six units of fine shall be imposed.
(2) For failure to comply with the procedures for drawing up, registration, and use of source documents regarding transactions or activities involving excisable goods, a warning or a fine of up to four hundred units of fine shall be imposed.

Section 44. Failure to Comply with the Procedures for the Use and Registration of the Documents of the Supply of Goods

(1) For failure to comply with the procedures for drawing up, registration, and use of the documents of the supply of goods, a warning or a fine of up to eighty-six units of fine shall be imposed.
(2) For failure to comply with the procedures for drawing up, registering, and using such documents of the supply of goods which refer to transactions or activities involving excisable goods, a warning or a fine of up to four hundred units of fine shall be imposed.

Section 45. Competence in the Administrative Offence Proceedings

(1) Administrative offence proceedings for the offences referred to in Sections 41, 42, 43, and 44 of this Law shall be conducted by the State Revenue Service.
(2) Administrative offence proceedings for the offences referred to in Section 42 of this Law if such offences have been committed by a political organisation (party) or an alliance of political organisations (parties) shall be conducted by the Corruption Prevention and Combating Bureau.

Transitional Provisions

1. With the coming into force of this Law, the law On Accounting (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1992, No. 44/45; *Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1995, No. 3, 23; 1996, No. 24; 1999, No. 15; 2000, No. 10; 2003, No. 12; 2004, No. 6; 2006, No. 10; 2009, No. 9; *Latvijas Vēstnesis*, 2010, No. 102, 166, 2011, No. 65, 184; 2013, No. 87, 194, 250; 2016, No. 197, 241; 2017, No. 231, 236; 2019, No. 224; 2021, 37) is repealed.

2. The Cabinet shall, by 1 July 2022, issue the regulations referred to in Section 5, Paragraph three, Section 6, Paragraph seven, Section 8, Paragraph four, Section 10, Paragraph three, Section 11, Paragraph thirteen, Section 12, Paragraph four, Section 14, Paragraph four, Section 15, Paragraph three, Section 18, Paragraph two, Clause 1, Section 21, Paragraph three, and Section 23, Paragraph three of this Law. Until the day of coming into force of the abovementioned regulations, but not later than until 1 July 2022, the following Cabinet regulations shall apply, insofar as they are not in contradiction with this Law:

1) Cabinet Regulation No. 583 of 21 October 2003, Evaluation of the Property of the Undertaking, also Claims and Liabilities in Accounting and Reflection Thereof in Financial Statements when Terminating the Activity of the Undertaking or the Structural Unit Thereof;

2) Cabinet Regulation No. 584 of 21 October 2003, Regulations Regarding Recording of Cash Operations;

3) Cabinet Regulation No. 585 of 21 October 2003, Regulations Regarding the Conduct and Organisation of Accounting;

4) Cabinet Regulation No. 591 of 13 July 2004, Regulations Regarding Annual Statements of Political Organisations (Parties) and Their Alliances;

5) Cabinet Regulation No. 808 of 3 October 2006, Regulations Regarding the Annual Statements of Associations, Foundations, and Trade Unions;

6) Cabinet Regulation No. 928 of 14 November 2006, Regulations Regarding the Annual Statements of Religious Organisations;

7) Cabinet Regulation No. 188 of 20 March 2007, Procedures for the Conduct of Accounting in a Simple Entry System by Individual Merchants, Individual Undertakings, Farm and Fishing Enterprises, Other Natural Persons Performing Economic Activity;

8) Cabinet Regulation No. 301 of 8 May 2007, Regulations Regarding the Annual Statements of Individual Merchants.

3. Outsourced accountants are entitled to continue the provision of accounting services without a licence not longer than until 1 July 2023. If an outsourced accountant (natural person) or the responsible outsourced accountant does not have education corresponding to the requirements laid down in Section 34, Paragraph two, Clause 2, Sub-clause "a" of this Law but has corresponding experience in the field of accounting, his or her actual education may be recognised, until 1 July 2025, as corresponding education for the responsible outsourced accountant if he or she has commenced or continues studies corresponding to the abovementioned requirements for education and, each year by 15 October, submits a statement issued by the higher education institution to the State Revenue Service regarding successful continuation of the studies. If an outsourced accountant (natural person) or the responsible outsourced accountant has been granted a State old-age pension (also before the due time) or he or she has reached the age which gives the right to receive a State old-age pension, or six years or less have remained until reaching the age and he or she has corresponding education in the field of accounting, in such case, without applying the requirements for education laid down by law, he or she may receive the licence of an outsourced accountant the term of validity of which is five years, but not longer than 1 July 2027.

4. Section 40, Paragraph two of this Law shall come into force on 1 January 2023.

5. Until the day when Section 40, Paragraph two of this Law comes into force, the minimum liability limit for the professional civil liability insurance of an outsourced accountant shall not be less than EUR 3000.

Informative Reference to European Union Directives

The Law contains legal norms arising from:

1) Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law;

2) Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.

The Law shall come into force on 1 January 2022.

The Law has been adopted by the *Saeima* on 10 June 2021.

President E. Levits

Rīga, 28 June 2021