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### **On the privatization of state and municipal property objects**

Parliament of Latvia

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The Saeima has adopted and the  
President promulgates the following law:

## On the privatization of state and municipal property objects

This law determines the procedure for the privatization of state and municipal property objects, if it is not determined by other laws, as well as the principles of establishment and operation of the Privatization Agency.

### Part I TERMS AND CONCEPTS USED IN THIS ACT

*(Part name in the wording of the law of 11.06.1997, which enters into force on 01.07.1997)*

**Privatization** - a set of uniform actions, as a result of which the property of the state or municipality to be privatized changes object owner. Privatization methods are mentioned in Article 2 of this law.

**Object of state or local government property** - real estate or a deemed part of real estate, capital company, capital share or other property owned by the state or municipality.

**Privatization subject** - in the sense of this law: a certain natural or legal person who has the right to acquire the state or in the process of privatization of municipal properties.

**Capital** - within the meaning of this law: a set of material and non-material things, for which a price can be determined and which is used in commercial activity.

**Private capital** - capital owned by individuals or legal entities, with the exception of state or municipal capital companies.

**Capital share** - a share or capital share of a capital company.

**Privatization method** - a set of legal actions to be taken to privatize a state or municipal property object.

**Privatization method** - the way in which the privatization method is implemented.

**Privatization proposal of a state-owned object** - in accordance with Article 21 of this Law , a proposal for the privatization of a state-owned object prepared by the subject of privatization.

**Privatization regulations of a state-owned object** - in accordance with Article 23 of this law , the Privatization Agency prepared and approved a set of information and conditions to be imposed on the subject of privatization, as well as the sequence of measures for the privatization of a state-owned object.

**Applicant** - a subject of privatization that has submitted to the Privatization Agency a confirmation that it wishes to do so to privatize the object of state property in accordance with the approved regulations for privatization of the object of state property.

**Privatization project of a municipal property object** - in accordance with Article 40 of this law , a set of information prepared by the subject of privatization and the sequence of measures for the privatization of a municipal property object.

**Sale of a property object at an auction** - in the sense of this law: a privatization technique that provides for concluding a purchase contract with the person (auction participant) who bids the highest price for the object to be sold and undertakes to comply with the regulations set by the Privatization Agency or the municipality.

**Open auction** - an auction in which the number of bidders is not limited.

**Auction with the selection of bidders** - an auction in which the auctioneer sets restrictions on the range of persons who are eligible to become participants in the relevant auction.

**Sale of a property object in a bidding contest** - in the sense of this law: a privatization technique that provides for concluding a purchase contract with a person (participant of the bidding contest) who undertakes to fulfill the regulations set forth by the Privatization Agency or the municipality in the best way.

**Sale of property object with immediate payment** - within the meaning of this law: a privatization technique that provides for concluding a purchase contract with a person who undertakes to pay the entire purchase price within the term provided for in the contract and to comply with the regulations set by the Privatization Agency or the municipality.

**Sale of an object of property on installments** - in the sense of this law: a privatization technique that provides for concluding a purchase contract with a person who undertakes to pay the purchase price in installments and to fulfill the regulations set forth by the Privatization Agency or the municipality in the best way.

**Sale of capital shares** - a privatization technique that results in the sale of a capital share of a state or municipal capital company or a capital share owned by the state or municipality in a capital company with private capital.

**Object of property** - as a result of privatization or in cases provided for by other laws and regulations acquired buildings and structures closely related to the land.

**Former object of state property** - an object of property that initially, before privatization or before other laws and the transfer of property rights to their new owner provided for in the regulatory acts, were state property.

**Former object of municipal property** - an object of property that was originally the property of the municipality, before privatization or before the transfer of property rights to the new owner provided for in other laws and regulations.

**Privatizing institution** - the state joint-stock company "Privatization Agency" or the relevant municipality, which carries out the privatization of state or municipal property objects or plots of land in accordance with this law, as well as the Ministry of Agriculture, which carries out the privatization of agricultural service companies in accordance with the law "On Privatization of Agricultural Service Companies".

**Land plot to be privatized** - a built-up or unbuilt land plot handed over for privatization.

**Built-up plot of land** - a plot of land on which buildings or structures are located.

**Undeveloped plot of land** - a plot of land on which there are no above-ground buildings or structures.

**A plot of land owned by the municipality** - according to the law "On State and Municipal Land Property Rights and Its

confirmation in the land registers" the plot of land mentioned in the third part of Article 3 .

**A plot of land belonging to the state** - according to the law "On state and local government land property rights and its confirmation in the land registers" the plot of land mentioned in the third part of Article 2 .

**Privatization notice** - in accordance with the law on the privatization of state and local government property and the completion of the use of privatization certificates, the institution carrying out the privatization prepares a written offer with conditions for the person who has the right of first refusal to purchase a built-up plot of land.

*(With amendments made by the law of 11.06.1997, 31.01.2002, 23.10.2003 and 22.06.2005 , which enters into force on 01.09.2005)*

## Part II GENERAL TERMS

### Article 1. Scope of the Act

1. This law is applicable:

1) objects of state property, with the exception of those objects of state property that can be privatized in accordance with the Law "On Privatization of Property in Agricultural Service Enterprises" and to which only the exemption provided for in Section 6 , Part four of this Law from all taxes and fees determined by the state and local governments applies;

2) municipal property objects.

2. *(Excluded by the law of 24.10.1996 .)*

3. Privatization of housing stock owned by the state and municipalities is determined by other laws.

4. The procedure by which a plot of land on which the object of state or municipal property to be privatized is located is allocated for use or privatized is regulated by the provisions of Part VII of this Law and other laws.

5. Norms of this law are applicable if state and municipal property privatization and privatization certificate the law on completion of use does not stipulate otherwise.

*(With amendments made by the law of 15.06.1994, 24.10.1996, 11.06.1997 and 22.06.2005 , which enters into force on 01.09.2005)*

### Article 2. Purpose and methods of privatization

1. The purpose of privatization is, by changing the owner of a state or municipal property object, to create a favorable environment for the activity of private capital in the interests of the development of the Latvian economy and to narrow the activities of the state and municipalities as merchants.

2. The following privatization methods are used in the privatization of state and municipal property:

1) sale of state or municipal property object (including capital share) to privatization subjects. This method of privatization will be referred to in law as the sale method;

2) investment of a state or municipal property object in the form of a property investment in a capital company with private capital. This method of privatization will be referred to in the law as the investment method;

3) increasing the share capital of a state or municipal capital company by attracting private capital. This method of privatization will be referred to in the law as the method of attracting private capital;

4) replacement of creditors' debts of state or municipal capital companies with shares or capital shares. This privatization method will be referred to in the law as the debt capitalization method;

5) joining a capital company with private capital to a state or local government capital company, merging a state or local government capital company with a capital company with private capital, state or local government

incorporation of a capital company into a capital company with private capital. This privatization method will be referred to as the reorganization method in the following law;

6) sale of capital shares of a capital company to members of the executive body of this company, if as a result of the operation of the executive body, the capital company does not have debts of taxes and fees set by the state or local government, wages to be paid to the employees of the capital company, and if the property of the capital company is not encumbered with debts at the time of approval of the privatization regulations (privatization project). and other obligations for more than 10 percent of the company's own capital and the capital company is engaged in those types of commercial activity that are mentioned in its statutes. The amount of sale of capital shares may not exceed 25 percent of the share capital of the capital company. This method of privatization will be referred to in the law as the management privatization method.

3. The procedure for privatization to be carried out by the investment method is regulated by the regulations of the Cabinet of Ministers.

4. The procedure for privatization to be carried out by the method of attracting private capital is regulated by the regulations of the Cabinet of Ministers.

5. The procedure for privatization to be carried out using the debt capitalization method is regulated by the regulations of the Cabinet of Ministers.

6. Privatization to be carried out by the reorganization method takes place in accordance with the procedures provided for in Section 27, Part 1 of the Law on the Procedure for the Entry into Force of the Commercial Law .

7. An object of state or municipal property can be privatized:

- 1) in general;
- 2) dividing it into parts and privatizing each part separately;
- 3) separating individual parts from it and privatizing each part separately;
- 4) combining several objects to be privatized or their parts into one object.

8. One and the same object of state or municipal property can be privatized using one or more of the following the privatization methods specified in Art.

9. If the object of state or local government property is privatized using the method referred to in paragraph 6 of the second part of this article, in the text of this paragraph, the words "debts and other obligations" shall be understood as such debts and obligations that have reached the due date and which have not been fulfilled.

*(With amendments made by the law of 24.10.1996, 11.06.1997, 23.10.2003 and 22.06.2005 , which enters into force on 01.09.2005)*

### **Article 3. Procedures and methods of privatization of state and municipal property objects to be carried out by the sale method**

1. Objects of state and local government property, the privatization of which is carried out by the sale method, can be privatized by selling the entire object as a whole, dividing it into parts or separating individual parts from it and selling them separately, as well as by selling movable and immovable property separately.

2. One object of property can be sold by one or more of the privatization methods provided for in this article.

3. An object of property, the privatization of which is carried out by the sale method, can be privatized by the following privatization methods:

- 1) by selling at an auction;
- 2) when selling an offer in a tender;
- 3) selling with immediate payment;
- 4) selling on installments;
- 5) *(excluded by the law of 22.06.2005 )*;

6) by selling capital shares of a state or municipal capital company;

7) by selling capital shares owned by the state or municipality in a capital company with private capital;

8) upon liquidation of a state or municipal capital company.

4. *(Excluded by the law of 22.06.2005 .)*

5. *(Excluded by the law of 22.06.2005 .)*

6. The procedure for selling capital shares owned by the state or local governments in capital companies that have private capital is governed by the provisions of Part V of this Law .

7. *(Excluded by the law of 31.01.2002 .)*

8. The specifics of privatization of jointly owned state or municipal property shall be determined by the provisions of Part V of this Law .

9. Liquidation of a state or municipal capital company takes place in accordance with the procedures established by law.

10. *(Excluded by the law of 22.06.2005 .)*

11. If the state or municipal capital company to be privatized is recognized as bankrupt, then, during the liquidation process when selling the real estate of this capital company, the minimum period for announcing the auction is one month.

12. If the state or municipal capital company to be privatized is declared insolvent, the insolvency process of this capital company takes place in accordance with the law "On Insolvency of Enterprises and Business Companies".

*(With amendments made by 24.10.1996, 11.06.1997, 18.03.1999, 31.01.2002 and 22.06.2005. the law which enters into force on 01.09.2005.)*

#### **Article 4. Privatization subject**

1. The subject of privatization can be a natural or legal person who has the right to acquire movable or immovable property in Latvia. When privatizing an object of state or municipal property, the subject of privatization cannot be the state or municipality, a state or municipality capital company, as well as a capital company whose share capital does not exceed 25 percent of private capital.

2. When liquidating a state or local government capital company and selling the movable and immovable property of this capital company, the buyer of the property can also be the state or local government, a state or local government capital company, as well as a capital company whose share capital does not exceed 25 percent of private capital.

3. If the reorganization method is used in privatization, the subject of privatization may also be a capital company whose share capital does not exceed 25 percent of private capital.

4. If the object to be privatized is a separate property, the buyer of this object can be the state or local government, a state or local government capital company, a capital company whose share capital does not exceed 25 percent of private capital, as well as other state or local government legal entities.

5. If the privatizing institution, in the cases and procedures provided for in this law, decides to privatize an object of state or municipal property as a single object together with the plot of land on which it is located, then the subject of privatization of this object may be the subjects mentioned in Article 62 of this law .

*(With amendments made by the law of 24.10.1996, 11.06.1997, 31.01.2002 and 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 5. The organizer of the privatization of the property**

1. Privatization of a state-owned object is organized and carried out on behalf of the state by the Privatization Agency, the establishment of which the procedure for operation, reorganization and liquidation is determined by this law and the statutes of the Privatization Agency.

2. Privatization of a municipal property object is carried out by the municipal property privatization commission (hereinafter - the privatization commission), which was established and operates in accordance with the law "On State and Municipal Property Privatization Commissions".

#### **Article 6. Means of payment and their use**

1. Payments for property objects can be made:

1) in lats;

2) in privatization certificates.

2. Privatization certificates can be used to pay for any object of state or municipal property to be privatized. The extent of the use of privatization certificates is determined by the Privatization Agency or the relevant city council, district council, parish council or county council. If the right of first refusal provided for in Clause 1 of Section 17 or Clause 1 of Section 35 of this Law is used, the subject of privatization has the right to choose one or both of the means of payment provided for in Clause 1 of this Section. If, when privatizing a state or local government capital company, the privatization method mentioned in Clause 8 of Section 3, Part Three of this Law is used and the relevant capital company has been declared insolvent, privatization certificates may not be used as means of payment.

3. Income from the privatization of state and local government property objects, after deducting privatization expenses, making credits in the reserve fund provided for in the Law "On State and Local Government Property Privatization Funds", as well as after deducting expenses determined by the Cabinet of Ministers, shall be credited to state and local government property privatization funds in the Law "On State and municipal property privatization funds" in accordance with the procedures specified, but the revenues obtained by capitalizing the basic debts of the state budget payments shall be included in the relevant budget according to the procedures specified in the Law "On Taxes and Fees".

4. Transactions carried out by the Privatization Agency or the municipality, or - on their behalf - authorized persons, including contracts they conclude with privatization subjects, and other activities related to the privatization of a state or municipal property object and the transfer of property rights to the object to the new owner, exempt from all taxes and fees set by the state and municipalities.

5. When privatizing the specialized state agricultural capital companies, which are covered by the Cabinet of Ministers Regulation No. 259 of August 22, 1995 "Regulations on the compensation of the share of capital retained for state needs in the specialized state agricultural enterprises (enterprises)", the Privatization Agency will use the income earned from these state privatization of property objects, can be used in accordance with the procedure provided for in the mentioned regulations of the Cabinet of Ministers, by paying the calculated compensation for the initially combined property.

6. Privatization certificates are used as means of payment if it is provided for in the privatization regulations (in the privatization project) or in the privatization announcement.

*(With amendments made on 15.06.1994, 24.10.1996, 18.03.1999, 11.11.1999, 23.10.2003 and 22.06.2005 the law, which enters into force on 01.09.2005.)*

## **Part III PRIVATIZATION OF STATE PROPERTY**

### **Chapter 1 Privatization Agency**

#### **Article 7. Legal status of the privatization agency**

1. The privatization agency is a state joint-stock company that operates in accordance with this law, other laws and its statutes. The statutes are approved, as well as amendments are made by the Cabinet of Ministers.

2. *(Excluded by the law of 22.06.2005.)*

3. (Excluded by the law of 22.06.2005 .)

4. (Excluded by the law of 22.06.2005 .)

5. Decisions of the Board of the Privatization Agency and its authorized institutions that harm the interests of a person, this the person can appeal to the court.

6. The decision on the liquidation of the Privatization Agency is taken by the Cabinet of Ministers by issuing an order on it. The liquidation of the privatization agency is carried out by the liquidation commission consisting of three liquidators, who are appointed by the Cabinet of Ministers on the proposal of the Minister of Economy. The Cabinet of Ministers can at any time cancel or suspend the liquidator from the performance of the duties assigned to him.

*(With amendments made by the laws of 24.10.1996, 02.04.1998, 31.01.2002, 23.10.2003 and 22.06.2005 , which enters into force on 01.09.2005.)*

#### **Article 8. Functions, rights and obligations** of the privatization agency

1. The Privatization Agency performs the following functions in accordance with the procedures established by law and in compliance with the rights and obligations established by this law:

- 1) gather proposals and prepare drafts of the Cabinet of Ministers' orders on the transfer of state-owned objects to privatization;
- 2) manages and, within the scope of its competence, handles state property objects transferred to it in accordance with Article 13 of this Law until their complete privatization is completed;
- 3) prepare state property objects for privatization;
- 4) organizes and conducts the assessment of state property objects to be privatized, also in cases where state property is invested in the share capital of a capital company;
- 5) in accordance with the law "On restoration of property rights to companies and other property objects" prepares and submits proposals to the Ministry of Economy for adoption of a decision on the restoration of property rights of former owners to property objects that are in the possession of the Privatization Agency, or their parts, as well as performs other activities in accordance with the said law;
- 6) determines the set of rights and obligations of the object of state property to be privatized to be transferred to the new owner;
- 7) develops and approves the privatization rules of the state-owned object, as well as makes amendments to the approved privatization rules after concluding the purchase contract for the object;
- 8) organizes offers of state-owned objects to be privatized, sale of state-owned objects, investment and attraction of private capital, as well as reorganizes or liquidates state capital companies in the course of their privatization and capitalizes the principal debts of the privatized and privatized state capital companies to be included in the state budget;
- 9) evaluates the offers of potential buyers of state-owned objects, conducts negotiations with them and makes a decision that the object is privatized by a certain applicant or a group of applicants;
- 10) conclude contracts on behalf of the state for the sale of state-owned objects transferred to the Privatization Agency and other legal acts related to the privatization of state-owned objects;
- 11) controls the execution of contracts concluded (including those concluded before the establishment of the Privatization Agency), performs the actions stipulated in laws and contracts to ensure the execution of contracts and may terminate contracts if the subject of privatization does not comply with the terms of the contract;
- 12) ensures the receipt of funds obtained as a result of the privatization of state-owned objects and making relevant settlements with the state and municipal property privatization funds;
- 13) organizes the control over payments with privatization certificates in the privatization of state property and accounting of obtained privatization certificates;



14) controls the implementation of privatization projects of state-owned objects, privatization tender rules, purchase contracts and other related documents and makes decisions on the completion of privatization of specific state-owned objects;

15) makes amendments to privatization projects of state-owned objects, privatization tender rules, purchase contracts and other documents related to them in accordance with the regulations approved in the manner specified in the statutes of the Privatization Agency;

16) carry out privatization of land plots and other related activities in accordance with the provisions provided for in Part VII of this Law;

17) performs the management of state capital transferred for privatization and expropriation, as well as specified in other legal acts, and performs other functions entrusted to it in accordance with laws and decisions of the Cabinet of Ministers.

2. In performing its functions, the Privatization Agency performs the following activities:

1) organize auctions of objects of state property and tenders for object offers;

2) *(excluded by the law of 22.06.2005 )*;

3) carry out the liquidation of those state-owned capital companies in respect of which a decision on liquidation has been made;

4) performs the duties of the administrator of state-owned capital companies in accordance with the procedure specified in the Law "On Insolvency of Enterprises and Business Companies" ;

5) performs other activities related to the privatization of state property;

6) organizes and carries out measures that ensure the efficient use of state capital.

3. The Privatization Agency may transfer the performance of activities mentioned in the first and second parts of this Article to other persons

in accordance with the procedures specified in the regulatory enactments.

4. The privatization agency has the right to:

1) request and receive free of charge any information it needs related to the privatization of property from state and local government institutions, holders of state capital shares, the Central Statistics Office, the state joint-stock company "Valsts nekustamie epāsumi", the Register of Enterprises of the Republic of Latvia and state capital companies;

2) to give the management institutions of state-owned objects to be privatized mandatory tasks regarding the privatization of state-owned objects;

3) *(excluded by the law of 22.06.2005 )*;

4) cancel any lease agreements of the object of state property to be privatized, if they have not been concluded and registered in accordance with the procedures prescribed by law;

5) enter into contracts with experts, capital companies for the evaluation of state property objects and the performance of other activities related to privatization;

6) take over and transfer or sell the receivables and payables of the state capital companies to be privatized or capitalize the payables;

7) *(excluded by the law of 22.06.2005 )*.

5. The privatization agency also has other rights provided for by law.

6. The duty of the privatization agency is:

1) ensure the openness and publicity of the privatization process and its activities;

- 2) ensure the confidentiality of the documents submitted by the subject of privatization to the extent prescribed by law;
- 3) timely crediting of the funds obtained as a result of privatization at its disposal to state and local government property privatization funds in accordance with the Law "On State and Local Government Property Privatization Funds";
- 4) offer privatization subjects who have the right of first refusal to conclude a purchase contract for the object to be privatized.

7. With regard to the documents submitted to the Privatization Agency during the privatization process of a state-owned object in accordance with this law and the regulations on the privatization of a state-owned object, the norms of the law "Procedure for consideration of submissions, complaints and proposals in state and local government institutions" shall not be applied .

*(With amendments made by the laws of 24.10.1996, 11.06.1997, 11.11.1999, 23.10.2003 and 22.06.2005 , which enters into force on 01.09.2005.)*

#### **Article 9. Supervision of activities of the Privatization Agency**

1. The activity of the privatization agency is supervised and the activity of the board is controlled by a council appointed by the Cabinet of Ministers.
2. The members of the Council include those recommended by members of the political organizations (parties) or their associations elected in the Saeima representatives. The deputies of each political organization (party) or their union elected in the Saeima nominate one representative.
3. If a member of the council leaves office or is removed from office before the end of the term of the council, all members of the council the composition does not need to be re-appointed and the other council members continue to fulfill their duties.
4. The holder of shares of the Privatization Agency is the Ministry of Economy.
5. Privatization of state property is supervised by the Minister of Economy, who is also the representative of the Privatization Agency's share holder and the chairman of the Privatization Agency's Council.
6. The chairman of the board of the Privatization Agency is appointed by the Cabinet of Ministers on the proposal of the Minister of Economy.
7. In accordance with the procedures established by law, the activities of the Privatization Agency are also supervised by other state institutions. *(in the wording of the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 10. Restrictions on the rights and responsibilities of employees of the privatization agency**

1. Restrictions on the commercial activity, earning of income, combination of positions and performance of work of the chairman of the board of the privatization agency, other officials of the agency, as well as other restrictions, duties and responsibilities related to them are determined by the law "On prevention of conflict of interest in the activities of public officials".
2. If the employee of the Privatization Agency is not an official, his activity restrictions and responsibility in relation to the objects of state property, the privatization of which he directly organizes or supervises, are determined by the law "On prevention of conflict of interest in the activities of state officials".

*(in the wording of the law of 24.10.1996 with amendments made by the law of 23.10.2003 and 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 11. Privatization Agency funds and operational financing**

1. The revenues of the privatization agency consist of deductions from the funds obtained as a result of privatization of state property, expropriation of state capital shares and state capital management, as well as other revenues. The amount of deductions and their procedure are regulated by the regulations of the Cabinet of Ministers.
2. *(Excluded by the law of 22.06.2005 .)*
3. The privatization agency has a reserve fund specified in the law "On State and Local Government Property Privatization Funds". The funds of the reserve fund can only be used for the organizational security of the process of privatization of state property and the process of expropriation of state capital shares in accordance with the regulations of the Cabinet of Ministers.

4. The privatization agency is not entitled to make donations.

5. In case of liquidation of the privatization agency, the estimate for financing its liquidation expenses shall be approved by the Cabinet of Ministers upon the proposal of the Minister of Economy and amendments thereto. The funds of the reserve fund provided for in the third part of this article can also be used to finance liquidation expenses.

*(With amendments made by the law of 11.11.1999, 31.01.2002, 23.10.2003 and 22.06.2005, which enters into force on 01.09.2005)*

## **11. department**

### **Termination and liquidation of the privatization agency**

*(Chapter in the wording of the law of 31.01.2002, which enters into force on 05.03.2002)*

#### **111. article Restrictions on the liquidators of the Privatization Agency**

1. The liquidator of the Privatization Agency may not be a person who, on the day when the decision on the termination of the Privatization Agency was made, is or has been a member of the board of the Privatization Agency during the last year.

2. The liquidator of the privatization agency may only carry out pedagogical, scientific or other creative work with Privatization agency shareholder meeting permit.

3. With the appointment of the liquidation commission, the powers of the Privatization Agency board members and the chairman of the board expire.

*(With amendments made by the law of 23.10.2003 and 22.06.2005, which enters into force on 01.09.2005)*

#### **211. article Funding estimate for liquidation expenses of the Privatization Agency**

1. The liquidation commission prepares the financing estimate for the liquidation expenses of the privatization agency.

2. The estimate of financing the liquidation expenses of the privatization agency according to the proposal of the Minister of Economy approved and amended by the Cabinet of Ministers.

3. The funds of the reserve fund provided for in the third part of Section 11 of this Law can also be used to finance liquidation expenses.

*(With amendments made by the law of 23.10.2003, which enters into force on 26.11.2003)*

#### **311. article Action of the Liquidation Commission**

1. Liquidation Commission The Privatization Agency is liquidated by the Law "On State and Local Government Capital Shares and capital companies" and in accordance with the procedure established by the Commercial Law, insofar as this law does not provide otherwise.

2. The liquidation commission elects a chairman from among its members, who organizes the work of the liquidation commission.

3. The liquidation commission makes all decisions collegially. The meetings of the liquidation commission are convened by the chairman of this commission.

4. The liquidation commission has decision-making power if at least two liquidators participate in the meeting, and it makes decisions by a simple majority of votes. If the votes are equally divided, no decision is made. If the liquidator does not agree with the decision of the liquidation commission and votes against it, he is not responsible for the decision made. His dissenting opinion shall be recorded in the minutes of the meeting.

5. The liquidation commission provides an overview of its activities within the deadlines set by the Cabinet of Ministers, and after the completion of the liquidation - also an overview of all activities performed during the liquidation.

*(With amendments made by the law of 22.06.2005, which enters into force on 01.09.2005)*

## Chapter 2. Initiation of privatization of state-owned object

### **Article 12. Proposing the privatization of a state property object and making a decision on the property object transfer to privatization**

1. Any natural or legal person has the right to initiate the privatization of any such state-owned object, to which this law applies.

2. Proposals for the privatization of state-owned objects must be submitted to the Privatization Agency.

3. Only the Privatization Agency gathers proposals and prepares draft orders of the Cabinet of Ministers on transfer of state-owned objects to privatization.

4. The Cabinet of Ministers adopts the decision on the transfer of the state-owned object for privatization. The Cabinet of Ministers can determine common privatization principles for individual groups of property objects, as well as determine the conditions for privatization of individual state property objects.

5. Privatization of infrastructure objects important to the national economy - natural monopolies or shares of state capital the conditions shall formulate the requirements of these conditions.

6. The Cabinet of Ministers can determine or change the conditions for the privatization of a state-owned object, until it is not the regulations for the privatization of the specific state-owned object have been approved.

7. If the requirements of the conditions for the privatization of a state-owned object determined by the Cabinet of Ministers cannot be fulfilled, the Privatization Agency prepares and the minister who supervises the privatization of state property submits to the Cabinet of Ministers a draft legal act on amending the requirements of the conditions of privatization.

*(With amendments made by the law of 11.06.1997 and 02.04.1998 , which enters into force on 30.04.1998)*

### **Article 13. Taking over the object of state property to be privatized**

1. No later than two weeks after the issuance of the Cabinet of Ministers' order on the transfer of the state-owned object for privatization, the state institution in charge of the state-owned object to be privatized shall hand it over and the Privatization Agency shall take possession of it until the privatization of the object is completed. If the Privatization Agency agrees, the deadline for taking over the object can be extended. The head of the state institution in charge of the state-owned object to be privatized is responsible for handing over the state-owned object to the Privatization Agency.

2. The transfer and acceptance of the object of state property is carried out in accordance with the act of transfer and acceptance, which must include:

1) the object's balance sheet of the previous year and the previous quarter of the current year;

2) inventory list of object property;

3) list of obligations and encumbrances of the object;

4) information on the area of land in use and land use right documents;

5) other information and documents required by the Privatization Agency.

*(With amendments made by the law of 15.06.1994, 24.10.1996, 11.06.1997 and 22.06.2005 , which enters into force on 01.09.2005)*

### **Article 14. Initiation of privatization of state property**

1. After the signing of the act of transfer and acceptance of the object of state property, the privatization of this object is considered to have started.

2. Those creditors of the capital company, whose location is known to the Privatization Agency, as well as the banking institutions where the state to be privatized are opened, must be notified of the initiation of the privatization of the state capital company

current accounts of the capital company.

3. Privatization Agency applies the initiation of privatization of a state capital company to the Enterprise Register of the Republic of Latvia. The order of the Cabinet of Ministers on the transfer of the state-owned object to privatization must be attached to the application.

4. The municipality in whose territory the property is located must be informed about the initiation of privatization of a state-owned object.

5. During privatization, the state capital company retains the rights of a legal entity, but these capital companies the word "to be privatized" should be added to the name.

*(With amendments made by the law of 11.06.1997 and 22.06.2005, which enters into force on 01.09.2005)*

#### **Article 15. Management of the object of state property to be privatized**

1. *(Excluded by the law of 22.06.2005.)*

2. The Privatization Agency is the holder of the capital shares of state capital companies to be privatized in accordance with the Law "On State and Local Government Capital Shares and Capital Companies".

3. From the moment when the order of the Cabinet of Ministers has been issued on the transfer of a state-owned object for privatization, the governing body of the object to be privatized can, in the cases specified by law, transfer for use or sell the movable and immovable property on its balance sheet, except for land, invest it in capital companies, as well as enter into contracts for property encumbrance with debts, enter into assignment contracts, undertake other obligations and enter into other transactions only with the permission of the Privatization Agency or in accordance with the procedures established by it.

4. *(Excluded by the law of 22.06.2005.)*

5. The privatization agency does not bear civil liability for the object of state property transferred to its control or possession debts and other obligations.

*(With amendments made by the law of 24.10.1996, 11.06.1997, 23.10.2003 and 22.06.2005, which enters into force on 01.09.2005)*

#### **Article 16. Notice on the transfer of state-owned objects to privatization and state capital companies reorganization method used in privatization**

1. Within two weeks from the day when the order of the Cabinet of Ministers was issued on the transfer of a state-owned object for privatization, the Privatization Agency publishes in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city in whose territory the state-owned object to be privatized is located, a notice about the transfer of this object for privatization. The notice shall state:

1) object name;

2) address of the facility (if structural units of the facility or real estate are located in several places, — addresses of all structural units);

3) the term by which creditors' claims and other claims relating to the capital company to be privatized must be filed;

4) the place where the documents confirming the claims and other claims mentioned in point 3 can be submitted and information about the object to be privatized can be received.

2. If the Privatization Agency makes a decision on the privatization of a state capital company by the reorganization method, the agency publishes in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city in whose territory the capital company with private capital is located, which is added to the state capital company or which is merged with the state capital company, or to which is attached the state capital company, a statement on the use of the reorganization method in the privatization of the state capital company. The notice shall state:

1) the name of the state capital company that is privatized by the reorganization method;

2) capital companies with private capital name, legal address and registration number in Latvia in the Enterprise Register of the Republic;

3) the term by which creditor claims and other claims relating to a capital company with private capital must be filed;

4) the place where the documents confirming the claims and other claims mentioned in point 3 can be submitted and information about the object to be privatized can be received.

3. If the Privatization Agency makes a decision on the privatization of a state capital company by the reorganization method, the agency may publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city in whose territory the capital company with private capital is located, which is added to the state capital company or which is merged with the state capital company, or to which a state capital company is attached, a statement on the use of the reorganization method in the privatization of the state capital company. The notice shall state:

1) the name of the state capital company that is privatized by the reorganization method;

2) capital companies with private capital name, legal address and registration number in Latvia in the Enterprise Register of the Republic;

3) the term by which creditor claims and other claims relating to a capital company with private capital, which was formed by using the reorganization method in the privatization of a state capital company, must be filed;

4) the place where the documents confirming the claims and other claims mentioned in point 3 can be submitted and information about the object to be privatized can be received.

4. The term mentioned in Clause 3 of the first part, Clause 3 of the second part and Clause 3 of the third part of this Article is two months.

5. The beginning of the terms referred to in this Article shall be counted from the date of the notification referred to in the first part of this Article published in the official newspaper "Latvijas Vēstnesis".

*(in the wording of the law of 24.10.1996 with amendments made by the law of 11.06.1997 and 22.06.2005, which enters into force on 01.09.2005)*

#### **Article 17. Privatization subjects' right of first refusal**

1. The right to the first purchase of the object of state property to be privatized and the first purchase of the majority of the shares or parts of the capital company are:

1) to the subject of privatization who owns the plot of land on which the object is located, also to the former owner of this plot of land or his heirs, who have submitted a request for the restoration of land ownership rights in accordance with the procedure prescribed by law, if more than half of the occupied land of the object to be privatized is located on this plot of land territories, except for industrial buildings and structures related to a residential house, such as barns, granaries, garages, cellars and similar buildings and structures, on which the right of first refusal belongs to their current tenants;

2) to the lessee of the object of state property to be privatized, if he leases the entire object to be privatized for more than one year and this lease agreement is registered in accordance with the procedure provided for by law, if the lessee has no rent arrears and if the persons mentioned in clause 1 of the first part of this section have not exercised their right of first refusal ;

3) in the case of privatization of a pharmacy, the right of first refusal for the pharmacy to be privatized is:

a) for the individual company, the founder of which is a pharmacist, who is the only employee in the pharmacy to be privatized,

b) capital companies in which no less than 51 percent of the share capital belongs to persons with pharmaceutical education who work in a pharmacy to be privatized.

2. The persons referred to in the first part of this Article, if they apply within one month from the day when the notice on the initiation of the privatization of the state-owned object was published or sent, obtains the right of first refusal. If the object of state property handed over for privatization is reorganized by dividing it into several objects to be privatized, the Privatization Agency re-announces the application deadline (it cannot be shorter than two weeks), during which the persons mentioned in the first part of this article can apply for the exercise of the right of first refusal.

3. Persons who have the right of first refusal shall realize it in accordance with the procedures specified in Article 25 of this Law .  
(With amendments made by the law of 24.10.1996 and 22.06.2005 , which enters into force on 01.09.2005)

#### **Article 18. Evaluation of the object of state property to be privatized and compliance with creditors' obligations**

1. The object of state property to be privatized shall be evaluated in accordance with the law "On State and Local Government to be Privatized procedures for the assessment of property objects".

2. The evaluation of state property objects to be privatized is organized by the Privatization Agency.

3. Creditors who have not submitted their claim after the expiry of the term mentioned in the fourth part of Section 16 of this Law, including state and local government institutions, which are responsible for the accounting and control of the payment of taxes and fees set by the state and local governments, cannot demand that the object of state property be amended the conditional price of the object to be privatized and the set of rights and obligations to be transferred to the new owner of the object, provided for in the privatization regulations.

4. The privatization agency, when evaluating the object to be privatized and determining its conditional price, as well as determining the set of rights and obligations to be transferred to the new owner of the object, must take into account the debts recorded in the accounting registers of the state capital company to be privatized, regardless of whether creditors have filed their claims or not.

5. After the expiration of the term mentioned in the fourth part of Section 16 of this Law , creditors who have not submitted their claims, including state and local government institutions, which are responsible for the accounting and control of the payment of taxes and fees determined by the state and local governments, cannot direct their creditors' claims and other claims against a capital company with private capital, which was created by privatizing a state capital company by the reorganization method.

(as amended by the Law of 24.10.1996 with amendments made by the Law of 22.06.2005 , which enters into force on 01.09.2005)

#### **Article 19. Restrictions on the privatization of state-owned objects**

1. If the object of state property handed over for privatization includes property, in respect of which the former owner or his heir has submitted an application for its recovery and, in addition, he has not chosen compensation in accordance with the law "On restoration of property rights to enterprises and other objects of property", the Privatization Agency before approving the rules for the privatization of the state-owned object, perform the actions specified in the aforementioned law.

2. If the object of state property handed over for privatization includes a tenement, in respect of which the former owner or his heir has submitted an application for its recovery in accordance with the Law "On the Denationalization of Tenement Properties in the Republic of Latvia" and the Law "On the Return of Tenement Properties to the Legal Owners", the Privatization Agency before the state after approving the rules of privatization of the object of property, actions are taken to separate the said tenement from the object to be privatized and keep it in the possession of the state until a decision is made to return it to the rightful owner.

(With amendments made by the law of 24.10.1996 , which enters into force on 27.11.1996)

#### **Article 20. Information about the object of state property to be privatized**

Any subject of privatization has the right, in accordance with the procedure and to the extent determined by the Privatization Agency, to get acquainted with information describing the asset and liability structure, economic activity, and real estate status of the object transferred to privatization.

## **Chapter 3 Proposals and regulations for the privatization of a state-owned object**

#### **Article 21. Initiation of privatization of a state-owned object and proposals for privatization**

1. The privatization agency shall publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city on the territory of which the object of state property to be privatized is located, an announcement about the initiation of privatization of this object.

The notice shall state:

- 1) the information mentioned in Section 16, Paragraph one , Clauses 1, 2 and 4 of this Law;
- 2) the deadline by which privatization subjects can submit proposals for the privatization of state-owned objects;
- 3) the deadline by which the persons mentioned in Article 17 of this Law can submit an application for the realization of the right of first refusal.

2. The period referred to in Clause 2 of the first part of this Article shall not be shorter than two weeks. The privatization agency has the right to extend or renew this deadline.

3. The term referred to in Clause 3 of the first part of this Article is one month.

4. Any subject of privatization may submit a proposal for privatization of any object of state property transferred to privatization (hereinafter - privatization proposal) within the term specified in the announcement published by the Privatization Agency.

5. The privatization proposal shall include the following information:

- 1) object name;
- 2) facility address;
- 3) structural units of the object, which the privatization subject wants to privatize;
- 4) whether the subject of privatization wants to privatize the land occupied by the object;
- 5) proposed privatization method, method and possible course of privatization;
- 6) payment methods, methods and procedure;
- 7) operation of the facility or its use after privatization;
- 8) name, surname, citizenship and passport data, address, telephone, telex or fax number of the subject of privatization - natural person; the name, legal address, name, surname, telephone, telex or fax number of the subject of privatization - legal entity. If the subject of privatization is a legal entity, a copy of the registration certificate of this legal entity must be attached to the privatization proposal;
- 9) information requested by the Privatization Agency in its notification.

6. The privatization agency has the right to hold international tenders for the privatization of state-owned objects, the regulations of which provide for the restrictions on the submission of certificates referred to in the third part of Section 24 of this Law. *(in the wording of the law of 24.10.1996 , which enters into force on 27.11.1996)*

## **Article 22. Compilation of privatization proposals and development of rules for the privatization of state-owned objects**

1. The Privatization Agency registers submitted privatization proposals and sends confirmation to those submitting them for receiving proposals.

2. The Privatization Agency develops the regulations for the privatization of the specific state-owned object, observing the conditions of privatization of the state-owned object determined by the Cabinet of Ministers in accordance with Article 12 of this Law , the assessment of the state of the state-owned object and expert opinions on its future use. The Privatization Agency can take into account the submitted privatization proposals or provide for privatization methods and techniques not mentioned in these proposals, if they do not contradict the conditions for the privatization of a state-owned object determined by the Cabinet of Ministers.

*(With amendments made by the law of 02.04.1998 , which enters into force on 30.04.1998)*

## **Article 23. Privatization regulations of state -owned object**



1. The following information shall be included in the regulations for the privatization of a state-owned object:

- 1) object name;
- 2) information about the location of the object;
- 3) a brief description of the object;
- 4) information on the property rights status of the object;
- 5) information about the persons who lease the object or its part and the terms of these lease agreements;
- 6) conditional price of the object;
- 7) method of object privatization;
- 8) distribution of share capital of a joint-stock company by types and categories of shares and by buyer groups;
- 9) procedure for carrying out privatization measures of the facility;
- 10) conditions and procedures for realization of the right of first refusal of privatization subjects;
- 11) the procedure for realization of capital shares and the share of capital to be transferred to the special budget for state pensions determined by the Cabinet of Ministers, which is not less than 10 percent;
- 12) the intended procedure and criteria for the selection of applicants;
- 13) intended payment procedure;
- 14) the set of rights and obligations to be transferred to the new object owner;
- 15) conditions of land use (ownership) rights;
- 16) labor employment conditions;
- 17) investment conditions;
- 18) environmental protection conditions;
- 19) other terms and guarantees necessary for the privatization of the facility.

2. Copies of documents certifying property rights of the object must be attached to the privatization regulations.

3. If the Privatization Agency has chosen an auction with the selection of applicants as the method of privatization, state property the object's privatization rules are also the rules for the selection of auction bidders.

4. If the Privatization Agency has chosen tendering as the privatization method, state property the object's privatization rules are also the rules for the bid tender of the object to be privatized.

5. When approving the rules of privatization of a state capital company, the Privatization Agency must invite a representative of the trade union of the employees of the capital company to be privatized, but if there is no trade union in the capital company to be privatized, a representative of the employees of the capital company to be privatized.

*(With amendments made by the law of 24.10.1996, 02.04.1998 and 22.06.2005, which enters into force on 01.09.2005)*

#### **Article 24. Information on the approved regulations for the privatization of state property**

1. Not later than within a week after the approval of the rules for the privatization of a state-owned object, the Privatization Agency:

1) publish a notice on the approval of these regulations in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city in whose territory the object of state property to be privatized is located;

2) send by registered letter the approved privatization rules of the state-owned object to privatization subjects who have submitted privatization proposals within the deadline set by the Privatization Agency, as well as to the trade union organization of employees of the state-owned object to be privatized, but if there is no trade union organization in the state-owned object to be privatized, to the employees of the object to be privatized.

2. In the notification on the approval of the rules for the privatization of a state-owned object and in the letter, the Privatization Agency shall indicate the deadline in which the subject of privatization must submit a certificate that it wishes to privatize the object in accordance with the approved rules for the privatization of the state-owned object.

3. The subject of privatization has the right to familiarize himself with the approved regulations for the privatization of a state-owned facility and submit a certificate to privatize the facility in accordance with these regulations in accordance with the procedures established by the Privatization Agency.

*(With amendments made by the law of 24.10.1996, which enters into force on 27.11.1996)*

## **Chapter 4**

### **Determination of the buyer of the state property object**

#### **Article 25. Realization of the right of first refusal of privatization subjects**

1. No later than a week after the approval of the rules for the privatization of a state-owned object, the Privatization Agency offers persons who have the right of first refusal (Article 17) to conclude a purchase contract for the object to be privatized in accordance with the approved rules for the privatization of a state-owned object, by sending these rules to them in a registered letter.

2. Persons who have the right of first refusal must give a response within one month from the moment of receiving the registered letter. If the person who has the right of first refusal does not respond within the specified period, his right of first refusal expires and the Privatization Agency performs the actions specified in Article 26 of this Law.

#### **Article 26. Determination of the buyer of the object of state property**

1. Depending on the number of applicants, the Privatization Agency performs one of the following actions:

1) to determine the buyer of the object of state property, an auction or tender competition is announced, if several applicants have applied for the privatization of the object;

2) conclude a purchase contract or other legal act on the privatization of the object in accordance with the approved regulations for the privatization of the state-owned object with the only applicant, if only one applicant has applied, except for the case where an auction is determined as the method of privatization of the state-owned object.

2. The privatization agency extends or renews the applicant's application deadline or approves new privatization regulations, if no applicant applied for the property object within the specified deadline after the privatization regulations were announced.

*(With amendments made by the law of 24.10.1996, which enters into force on 27.11.1996)*

#### **Article 27. Criteria for selecting a buyer of a state-owned object**

The winner of the bidding competition is determined and auctioned by the selection of applicants, applicants are selected in accordance with the following evaluation criteria:

1) the proposed labor employment conditions;

2) proposed investment amounts and conditions;

3) compliance with environmental protection conditions;

- 4) compliance with other conditions included in the approved state property object privatization regulations.

#### **Article 28. Sale of state-owned object at auction**

1. An auction with selection of applicants or an open auction can be organized to determine the buyer of the object of state property.
2. In the auction with the selection of applicants, the applicant must submit the future use (business) of the object to be privatized the plan, which is reviewed and approved by the Privatization Agency.
3. The auction can be oral, written or mixed, that is, oral and written.
4. The procedure for the auction is determined by the Privatization Agency in accordance with the current regulatory enactments.

#### **Article 29. Sale of a state-owned object in a tender**

1. In the bidding competition, the applicant must submit the future use (business) plan of the object to be privatized and the draft purchase contract in accordance with the requirements of the bidding competition organizer.
2. The Privatization Agency shall determine the procedure for organizing the bidding competition in accordance with the existing regulations regulatory enactments.
3. The decision of the tender commission is final and cannot be appealed or reviewed.

#### **Article 30. Notice on the completion of the privatization of the state-owned object**

1. No later than one month after the entry into force of the contract for the purchase of a state-owned object, the Privatization Agency shall publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city in whose territory the privatized object is located, information about to whom and under what conditions this object was privatized.
2. Privatization is considered completed when the entity that acquired the object to be privatized has settled all obligations that it had to fulfill in accordance with the object's privatization regulations and the purchase agreement. The board of the privatization agency makes a decision on the completion of the object's privatization and notifies the organizer of the state property privatization fund and the relevant municipality.

*(With amendments made by the law of 24.10.1996 and 22.06.2005 , which enters into force on 01.09.2005)*

## **Part IV PRIVATIZATION OF MUNICIPAL PROPERTY**

### **Chapter 1 Initiation of privatization of municipal property**

#### **Article 31. Proposing the privatization of a municipal property object and making a decision on the object transfer to privatization**

1. Any natural or legal person has the right to initiate the privatization of any municipal property object, to which this law applies.
2. Proposals for the privatization of municipal property objects must be submitted to the relevant municipality.
3. The municipality collects proposals and makes a decision on transferring the object of municipal property to privatization. The decision is taken by the relevant city council, district council, parish council or county council. The aforementioned decision can determine the basic principles of privatization of the municipal property object.

*(With amendments made by the laws of 15.06.1994, 24.10.1996 and 23.10.2003 , which enter into force on 26.11.2003)*

### **Article 32. Commencement of privatization of municipal property**

1. After the city council, district council, parish council or county council has made a decision on transfer of a municipal property object for privatization, the privatization of this object is considered to have started.

2. Those creditors of the capital company, whose location is known to the municipality, as well as banking institutions where current accounts of the municipal capital company to be privatized have been opened, must be notified about the initiation of the privatization of the municipal capital company.

3. The municipality shall apply to the Company of the Republic of Latvia for the initiation of privatization of the municipal capital company in the register. The application must be accompanied by a decision on the transfer of the municipal property object to privatization.

4. During privatization, the municipal capital company retains the rights of a legal entity, but these the word "to be privatized" must be added to the name of the capital company.

*(With amendments made by the laws of 15.06.1994, 23.10.2003 and 22.06.2005, which enter into force on 01.09.2005)*

### **Article 33. Management of the object of municipal property to be privatized**

From the moment when a decision is made on the transfer of the object of municipal property for privatization, the governing body of the object to be privatized can, in the cases specified by law, transfer to use or sell the movable and immovable property on its balance sheet, invest it in capital companies, as well as enter into agreements on encumbering the property with debts, enter into cession agreements, undertake other obligations and enter into other transactions only with the permission of the municipality or according to the procedures established by it.

*(With amendments made by the laws of 15.06.1994, 24.10.1996 and 22.06.2005, which enter into force on 01.09.2005)*

### **Article 34. Notice on transfer of municipal property object to privatization**

1. No later than two weeks after the adoption of a decision on the transfer of the object of municipal property for privatization, the municipality shall publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city in whose territory the object of municipal property to be privatized is located, a notice on the transfer of this object for privatization, which indicates :

1) object name;

2) object address (if the object's structural units or real estate are located in several places - the addresses of all structural units);

3) the deadline by which privatization subjects can submit privatization projects of municipal property;

4) the term by which the persons referred to in Article 35 of this Law may submit an application for the realization of the right of first refusal;

5) the place where the documents mentioned in clauses 3 and 4 of the first part of this section are to be submitted and information about the object can be received;

6) the term by which creditors' claims and other claims against the capital company to be privatized must be filed.

2. The period mentioned in Clause 3 of the first part of this Article shall not be shorter than two weeks. City council, district council, parish council or county council has the right to extend or renew this term.

3. The term referred to in Clause 4 of the first part of this Article is one month.

4. The term referred to in clause 6 of the first part of this Article is two months.

5. The beginning of the terms referred to in this Article shall be counted from the date of the notification referred to in the first part of this Article published in the official newspaper "Latvijas Vēstnesis".

*(With amendments made by the law of 15.06.1994, 24.10.1996, 23.10.2003 and 22.06.2005, which enters into force on 01.09.2005)*

#### **Article 35. Privatization subjects' right of first refusal**

1. The right to first purchase of the object of municipal property to be privatized and a share or part of a capital company the majority of first purchases are:

1) to the subject of privatization who owns the plot of land on which the object is located, also to the former owner of this plot of land or his heirs, who have submitted a request for the restoration of land ownership rights in accordance with the procedure prescribed by law, if more than half of the occupied land of the object to be privatized is located on this plot of land territories, except for industrial buildings and structures related to a residential house, such as barns, granaries, garages, cellars and similar buildings and structures, on which the right of first refusal belongs to their current tenants;

2) to the lessee of the object of municipal property to be privatized, if he leases the entire object to be privatized for more than one year and this lease agreement is registered in accordance with the procedure provided for by law, if the lessee has no rent arrears and if the persons mentioned in clause 1 of the first part of this section have not exercised their right of first refusal .

2. The persons referred to in the first part of this Article, if they apply within a month from the day when the notice on the initiation of privatization of the municipal property object is published, acquire the right of first refusal. If the object of municipal property handed over for privatization is reorganized by dividing it into several objects to be privatized, the municipality re-announces the application period (it must not be shorter than two weeks), during which the persons mentioned in the first part of this article can apply for the exercise of the right of first refusal.

3. Persons who have pre-emptive rights shall exercise them in accordance with the procedures specified in Article 42 of this Law .

*(With amendments made by the law of 24.10.1996 and 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 36. Evaluation of the object of municipal property to be privatized and compliance with creditors' obligations**

1. The object of municipal property to be privatized shall be evaluated in accordance with the law "On the subject to be privatized by the state and evaluation procedures of municipal property objects".

2. Creditors who have not submitted their claims after the expiry of the term mentioned in the fourth part of Section 34 of this Law, including state and local government institutions, which are responsible for the accounting and control of the payment of taxes and fees set by the state and local governments, cannot demand that the object of municipal property be amended the conditional price of the object to be privatized determined in the privatization project and the set of rights and obligations to be transferred to the new owner of the object.

3. The Privatization Commission, when evaluating the object to be privatized and determining its conditional price, as well as determining the set of rights and obligations to be transferred to the new owner of the object, must take into account the debts recorded in the accounting registers of the capital company of the municipality to be privatized, regardless of whether creditors have filed their claims or not.

*(as amended by the Law of 24.10.1996 with amendments made by the Law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 37. Restrictions on the privatization of municipal property objects**

1. If the object of municipal property handed over for privatization contains property, in respect of which the former owner or his heir has submitted an application for its recovery and, in addition, he has not chosen compensation in accordance with the law "On restoration of property rights to enterprises and other objects of property", the municipality before the approval of the privatization project of the object of municipal property shall be carried out by the activities specified in the aforementioned law.

2. If the object of municipal property handed over for privatization includes tenement property, in respect of which the former owner or his heir has submitted an application for its recovery in accordance with the Law "On the Denationalization of Tenement Properties in the Republic of Latvia" and the Law "On the Return of Tenement Properties to the Legal Owners", the municipality before the municipal property approval of the object's privatization project, actions are taken to separate the said tenement from the object to be privatized and keep it in the possession of the municipality until a decision is made to return it to the rightful owner.

#### **Article 38. Information about the object of municipal property to be privatized**

Any subject of privatization has the right, in accordance with the procedure and to the extent determined by the municipality, to get acquainted with the information that characterizes the asset and liability structure, economic activity, as well as the real estate status of the property transferred to privatization.

## Chapter 2 Privatization project of the municipal property object

### Article 39. Preparation of the privatization project of the municipal property object

1. Any subject of privatization may prepare and submit the privatization project of any object of municipal property transferred for privatization (hereinafter - the privatization project). The members of the privatization commission of the object in question may not be the authors of the privatization project.

2. The privatization project must be submitted to the municipality within the deadline specified in the notification on the transfer of the municipal property object for privatization.

### Article 40. Content of the privatization project of the municipal property object

1. The privatization project of a municipal property object shall include the following information:

- 1) name of the municipality;
- 2) object name;
- 3) facility address;
- 4) information about the former owners of the object, their property before nationalization, the amount of this property recorded in the post-war fixed assets inventory acts, except information about the owners of shares, shares and shares;
- 5) information about natural and legal persons who rent the object or its part;
- 6) privatization method or methods and techniques;
- 7) information on possible buyers (participants or lessees of the capital company);
- 8) conditional price, intended means of payment, their proportions, payment procedures and regulations;
- 9) future economic activity plan, including anticipated changes in the number of employees, and investment program;
- 10) list of transferable and additional obligations (loans, unemployment benefits, etc.);
- 11) conditions of land use (ownership) rights;
- 12) procedure for carrying out privatization measures.

2. *(Excluded by the law of 22.06.2005 .)*

3. The information mentioned in clauses 4, 5, 10 and 11 of the first part and clause 1 of the second part of this Article is prepared, as well as documents certifying property rights of the object and land are attached to the privatization project by the municipal property privatization commission.

4. If the privatization project envisages an auction or tender competition as a method of privatization, the privatization commission shall add the rules of the auction or bid competition to the privatization project.

*(With amendments made by the law of 24.10.1996, 02.04.1998 and 22.06.2005, which enters into force on 01.09.2005)*

### Article 41. Approval of the privatization project of the municipal property object

1. Submitted projects for the privatization of municipal property must be considered by the city council, district council, parish council or county council no later than one month after the deadline for submitting projects,

with the participation of the subject of privatization and representatives of the object to be privatized, as well as the representative of the trade union of the employees of this object or an authorized representative of the employees, or the employees, and a decision must be made on the approval of one submitted privatization project or a new deadline for submitting privatization projects must be set, or the privatization commission must be instructed to develop its own object privatization project .

2. Within two weeks after the approval of the privatization project, the municipality shall submit the decision on the approval of this privatization project, the transcripts (copies) of the privatization project and the documents certifying the legality of the municipality's activity in the privatization of the object and reflecting the facts mentioned in the privatization project to the Ministry of Economy.

3. The privatization project can be approved with conditions. If these conditions are not met within a certain period, the project approval becomes invalid.

4. The municipal institution shall publish a notification on the approval of the privatization project of the municipal property object in the newspaper of the district or city in whose territory the object to be privatized is located, within two weeks after the day of the adoption of the relevant decision, and perform other actions specified in the laws and regulations of the Cabinet of Ministers on separate privatization methods and techniques.

5. The decision of the city council, district council, parish council or county council on the approval of the privatization project can be suspended by the Minister of Economy within one month from the date of receipt of the decision, if the privatization project does not meet the requirements of regulatory acts.

6. Decisions of the city council, district council, parish council and county council, as well as the Minister of Economy privatization orders can be appealed to the court.

*(in the wording of the law of 15.06.1994 with amendments made by the law of 24.10.1996 and 23.10.2003 , which enters into force on 26.11.2003)*

## **Chapter 3**

### **Determination of the buyer of the object of municipal property**

#### **Article 42. Realization of the right of first refusal of privatization subjects**

1. Privatization subjects who have the right of first refusal (Article 35) can freely choose — to submit or not to submit the privatization project of the municipal property object.

2. No later than a week after the day of approval of the privatization project of the municipal property object, the municipality offers privatization subjects who have the right of first refusal to conclude a purchase contract for the object to be privatized under the same conditions as provided for in the approved privatization project of the municipal property object.

3. Privatization subjects who have the right of first refusal must give an answer within two weeks. If privatization entities that have the right of first refusal do not respond within the specified period, their right of first refusal expires.

*(With amendments made by the law of 24.10.1996 , which enters into force on 27.11.1996)*

#### **Article 43. Notice on the completion of the privatization of the municipal property object**

1. No later than one month after the entry into force of the contract for the purchase of the object of municipal property, the municipality shall publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city in whose territory the privatized object is located, information about to whom and under what conditions this object was privatized, and sends the mentioned information to the Ministry of Economy.

2. Privatization is considered completed when the subject of privatization, which acquired the object to be privatized, has settled all obligations that it had to fulfill according to the object's privatization project and the purchase agreement, and the city council, district council, parish council or county council has accepted decision on completion of object privatization.

*(With amendments made by the laws of 24.10.1996, 23.10.2003 and 22.06.2005 , which enter into force on 01.09.2005)*

## CHARACTERISTICS OF THE PRIVATIZATION OF INDIVIDUAL STATE AND MUNICIPAL OBJECTS

### Article 44. Privatization of state and municipal capital shares

1. *(Excluded by the law of 22.06.2005 .)*

2. *(Excluded by the law of 22.06.2005 .)*

3. *(Excluded by the law of 22.06.2005 .)*

4. The procedure by which the Privatization Agency or the municipality carries out the sale of capital shares belonging to state or municipal capital companies shall be determined by the regulations of the Cabinet of Ministers.

5. The provisions of Article 47 of this Law shall not be applied when selling shares of state capital .

6. In the case of privatization of shares owned by the state or municipality, the initial public offer is not applied provisions of Article 47 of this Law .

*(With amendments made by the law of 11.06.1997 and 22.06.2005 , which enters into force on 01.09.2005)*

**Article 45. Privatization of individual state real estate** *(Excluded by the law of 24.10.1996 , which enters into force on 27.11.1996)*

### Article 46. Privatization of jointly owned state or municipal property

When privatizing jointly owned state or municipal property, the provisions of the Civil Law must be followed .

## Part VI WARRANTIES IN THE PRIVATIZATION PROCESS, PROPERTY AND LIABILITIES OF THE OBJECT OF PROPERTY

### Chapter 1 Compliance with warranty and conditions of sale

#### Article 47. Solvency guarantee and legality of operation of the subject of privatization

1. The subject of privatization cannot privatize an object of property if he, in accordance with this law, the Privatization Agency or has not submitted the following documents to the municipality:

1) merchant or other legal entity:

a) a copy (copy) of the registration certificate,

b) a certified copy (copy) of the articles of association (agreement),

c) a document issued by a competent institution stating that this legal entity has paid the taxes provided for by law,

d) a foreign person - a statement from the bank serving him;

2) a natural person performing individual work — a certificate issued by the State Revenue Service on the legality of obtaining funds.



2. The documents referred to in the first part of this Article, as well as the sworn auditor's opinion on the solvency of the subject of privatization, may be requested to be submitted by the Privatization Agency or the Privatization Commission at any stage of privatization and, if necessary, repeatedly.

3. Privatization agency or municipality in the regulations of privatization of state property or municipalities in the privatization project of the property object, the submission of documents not mentioned in the first part of this article may be provided.

4. The documents mentioned in the first part of this Article may not be required if separate movable property is sold.

5. An object of state or municipal property cannot be privatized by a subject of privatization who has not fulfilled all obligations regarding the object to be privatized or regarding other privatized objects of state or municipal property of the same subject.

*(With amendments made by the law of 24.10.1996 and 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 48. Provision of guarantees**

The guarantees and conditions mentioned in this chapter, with the exception of the guarantees mentioned in Article 47 , are provided, when the buyer of the object to be privatized and the Privatization Agency or the municipality conclude an agreement on guarantees.

#### **Article 49. Labor utilization guarantees**

1. The new owner of the privatized object is responsible for observing the labor employment guarantees that he undertook under the contract.

2. If the new owner of the privatized object intentionally or due to negligence fails to fulfill the obligations he undertook in accordance with the first part of this article, he must pay the amount of money to the Employment Fund for each dismissed employee, the amount and payment procedure of which is determined by the Cabinet of Ministers.

#### **Article 50. Investment guarantees**

The new owner of the privatized facility is responsible for meeting the investment obligations that he undertook in accordance with the contract.

#### **Article 51. Seller's right of repurchase and preemption**

1. The privatization agency or the municipality has the right of repurchase regarding the privatized object, if the buyer does not use it for the purposes specified in the contract and in accordance with the specified procedures.

2. Privatization agency or municipality shall keep the obligations specified in the contract until the subject of privatization fulfills them right of first refusal in relation to the privatized object, if the subject of privatization resells the relevant object.

3. Privatization agency or municipality realizes its buyback and preemption rights in accordance with the procedures specified in the Civil Law .

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 52. Other guarantees in the privatization process**

1. Privatization agency or municipality, approving the terms of object privatization (privatization project), may determine other conditions to be fulfilled by the new owner of the privatized object.

2. Privatization agency or municipality, in case the subject of privatization fulfills the privatization regulations (privatization project) and has paid more than half of the purchase price of the object specified in the object purchase agreement, including more than half of the part payable in lats, or has carried out all the privatization regulations (privatization project ) planned investments, or has increased the number of employees in the capital company by one and a half times compared to the number provided for in the privatization regulations (privatization project), is entitled to determine that privatization certificates are used as a means of payment for the remaining part of the purchase price or that the payment term specified in the privatization regulations (privatization project) is extended (if the subject of privatization has given its consent).

3. The change in the proportion of means of payment referred to in the second part of this Article is not applicable if:

1) the subject of privatization acquired state or municipal property by using the right of first refusal;

2) the privatized object of state or municipal property is real estate.

*(With amendments made by the law of 24.10.1996 and 22.06.2005, which enters into force on 01.09.2005)*

## **Chapter 2**

### **Property and liabilities of the object to be privatized**

#### **Article 53. Assets and liabilities of the object to be privatized**

1. The property of the object to be privatized is transferred to the new owner of the object with a deed of transfer and acceptance.

2. The transfer of archive funds owned by the object to be privatized to the new owner shall be coordinated with the Latvian to the state supervisory authorities of the national archives fund in accordance with the procedures specified in the Law "On Archives".

The privatization agency or the municipality must cover the expenses incurred by the state supervisory authorities of the Latvian National Archives Fund, taking over the archive funds of the object to be privatized and preserving the documents to be stored for a certain period of time.

3. Obligations of the object to be privatized to the extent determined by the Privatization Agency or the municipality in accordance with the purchase agreement and the act of transfer and acceptance are taken over by the new owner of the object, and he must fulfill them in accordance with the law and the contract.

4. If the object is privatized by dividing it, dividing it into separate parts or selling individual real estate, the assets, liabilities and other liabilities of the object must be divided between the buyers of the object and/or the state or municipality. It can be formalized in the deed of property division.

5. *(Excluded by the law of 22.06.2005.)*

6. Privatization agency can transfer non-privatized objects of the social sphere in accordance with the procedures established by the Cabinet of Ministers to the municipality of the relevant administrative territory.

*(With amendments made by the law of 24.10.1996 and 22.06.2005, which enters into force on 01.09.2005)*

#### **Article 54. Object handover and acceptance act**

In the deed of transfer and acceptance of the object, all property to be transferred to the buyer and obligations to be taken over are listed at the time of signing the deed.

#### **Article 55. Transfer of property without compensation**

Assets that remain unsold after the reorganization or liquidation of a state-owned object and whose privatization is deemed impossible by the Privatization Agency are transferred to state or local government institutions for use for state defense, culture, education or any other purpose.

#### **Article 56. State property manager after object privatization**

1. If, in the course of the privatization of a state-owned object, some of its immovable property is kept in state ownership, its manager is a state institution determined by the Cabinet of Ministers, except for the cases mentioned in Article 55 of this Law.

2. If, after the transformation of a state-owned object into a capital company, a share of the state's capital remains in its composition, its holder is the Privatization Agency or other relevant state institutions. The holder of the state capital shares, which are intended to be privatized in accordance with the regulations of the privatization of the state-owned object, is the Privatization Agency in the law

"On state and local government capital shares and capital companies" in accordance with the established procedures.

*(With amendments made by the law of 24.10.1996 and 22.06.2005, which enters into force on 01.09.2005)*

#### **Article 57. Land plot use and right of first refusal**

1. *(Excluded by the law of 11.06.1997 .)*

2. For the maintenance of the property object, the new owner of the privatized object has the right to lease land in relation to the land plot on which the privatized property object is located.

3. The owner of the plot of land is obliged to conclude a lease agreement with the new owner of the privatized object. Arguments the terms of the lease are reviewed by the court.

4. The land plot rent is determined by the new owner of the privatized object in agreement with the land plot owner and observing the maximum level of the land rent determined by the Cabinet of Ministers.

5. If the owner of the land plot, who has concluded a lease agreement with the owner of the privatized object, sells the leased property land plots, the owner of the privatized property object has the right of first refusal.

6. *(Excluded by the law of 11.06.1997 .)*

7. *(Excluded by the law of 11.06.1997 .)*

*(With amendments made by the law of 24.10.1996, 11.06.1997 and 22.06.2005 , which enters into force on 01.09.2005)*

## **Part VII PRIVATIZATION OF A PLOT OF LAND**

*(Part 11.06.1997 in the wording of the law, which enters into force on 01.07.1997.)*

### **Chapter 1 General conditions of land privatization**

#### **Article 58. Basic conditions for land privatization**

1. Urban land privatization procedure , right of first refusal, privatization subjects and others related to it issues are determined by the law "On land reform in the cities of the Republic of Latvia".

2. Subjects of transactions to be carried out with land in rural areas, procedure for consideration of transactions in municipalities and others with it related issues are determined by the law "On Land Privatization in Rural Areas".

3. When privatizing plots of land in cities with rural territory, the conditions of the law "On land reform in the cities of the Republic of Latvia" are applied to plots of land located in the territory of the urban part, while the provisions of the law "On land privatization " are applied to plots of land located in the territory of the rural part in rural areas" conditions.

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 59. Institutions that carry out privatization of land plots**

1. All activities related to the privatization of a state-owned or consented plot of land to the new owner of its existing property object, if this property object was originally state property, are carried out by the Privatization Agency, unless otherwise stipulated by other laws.

2. All activities related to the privatization of a plot of land owned by or agreed to by the municipality to the new owner of its existing property object, if this object of property was originally the property of the municipality, shall be carried out by the municipality that owns the relevant plot of land.

3. All activities related to the privatization of the land plot together with the state or municipality to be privatized property object, executed by the institution carrying out the privatization.

4. Privatization of undeveloped land owned by the state or agreed to the state after the completion of the land reform in cities and rural areas is carried out by the Privatization Agency, while privatization of undeveloped land owned or agreed to by the municipality in cities and rural areas is carried out by the relevant municipality.

5. The privatization agency also carries out the privatization of the plots of land owned by the state or agreed to, which are not mentioned herein in the first, third and fourth parts of the article, unless otherwise stipulated in other laws.

#### **Article 60. Types of land plot privatization**

1. A plot of land can be privatized:

1) as a built-up plot of land together with the object of state or municipal property to be privatized, which is located on this plot of land (hereinafter - the plot of land together with the object to be privatized);

2) as a built-up plot of land, if the object of property located on this plot of land was acquired in accordance with the procedure provided for in this law or other laws and regulations (hereinafter - a separate built-up plot of land);

3) as an undeveloped plot of land.

2. If the land plot is privatized together with the object to be privatized, they form a community of things as a single object to be privatized object of state or municipal property.

3. If a land plot is privatized as a separate built-up land plot for the owner of an already privatized state or municipal property object, this land plot together with the privatized state or municipal property object forms a community of property.

#### **Article 61. Privatization methods and techniques used in land plot privatization**

1. When privatizing a plot of land together with the object to be privatized, 2 of this law shall be used. and those mentioned in Article 3 methods and techniques of privatization.

2. When privatizing a plot of land as a separate built-up plot of land or as an undeveloped plot of land, usable selling or investing method.

3. When privatizing various plots of land mentioned in the second part of this article, on which one property object is located, may use one of the privatization methods specified in the second part of this article or both of these methods.

4. A separate developed plot of land or an undeveloped plot of land, the privatization of which is carried out using sale method, can be privatized with the following privatization techniques:

1) by selling at an auction;

2) *(excluded by the law of 22.06.2005 )*;

3) selling with immediate payment;

4) selling on installments.

5. If one property object is located on several land plots, these land plots can be privatized together or separately.

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 62. Land plot privatization subjects**

1. A separate built-up plot of land in the city can be privatized by entities mentioned in Article 20 of the Law "On Land Reform in the Cities of the Republic of Latvia" , subject to the restrictions mentioned in Article 21 of the same law .

2. A plot of land together with an object to be privatized or an undeveloped plot of land in a city can be privatized by entities mentioned in Article 20 of the Law "On Land Reform in the Cities of the Republic of Latvia" , observing the provisions mentioned in Article 21 of the same law

restrictions, if the mentioned subjects meet the conditions of Section 4 of this Law and have fulfilled the requirements of Section 47 of this Law .

3. A separate built-up plot of land in a rural area can be privatized by entities mentioned in the Law "On Land privatization in rural areas" in Article 28, observing the restrictions mentioned in Article 29 of the same law .

4. A plot of land together with an object to be privatized or an undeveloped plot of land in a rural area can be privatized by subjects mentioned in Article 28 of the Law "On Privatization of Land in Rural Areas" , observing the restrictions mentioned in Article 29 of the same law , if the mentioned subjects meet the conditions of Article 4 of this law and have fulfilled the requirements of Article 47 of this law .

#### **Article 63. Means of payment**

1. Payments for the land to be privatized must be made:

1) in lats;

2) in property compensation certificates.

2. *(Excluded by the law of 22.06.2005 .)*

3. Payments for the privatized plot of land in lats shall be credited to the relevant state or municipal property in privatization funds.

4. If the land is registered in the name of the state in accordance with the third part of Section 2 of the Law "On state and local government land ownership rights and their registration in land registers" , the payments made in lats for the privatized plot of land shall be credited to the relevant state or local government property privatization funds in accordance with the law "On state and municipal property privatization funds" as payments for the object of municipal property.

5. If the land is registered in the name of the municipality in accordance with the third part of Article 3 of the Law "On State and Local Government Land Property Rights and Their Confirmation in Land Registers" , the payments made in lats for the privatized plot of land shall be credited to the relevant state or municipal property privatization funds in accordance with the Law "On state and municipal property privatization funds" as payments for state property.

6. Persons who have received property compensation certificates as compensation are entitled, when settling for the privatized land, to use all the property compensation certificates in their possession, which were granted to them as compensation for the unrecovered property.

7. When privatizing land in cities, Article 31 of the Law "On Land Reform in Cities of the Republic of Latvia" must also be observed the conditions of the seventh part on the choice of means of payment.

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 64. Right of first refusal**

1. The owner of the property located on this plot has the right to pre-emption of a built-up plot of land to be privatized.

2. Persons who have the right of first refusal shall realize it in accordance with the procedures specified in Article 85 of this Law .

## **Chapter 2 Commencement of land plot privatization**

#### **Article 65. Initiation of land plot privatization**

1. Privatization of a built-up plot of land, which is carried out by the Privatization Agency in accordance with Article 59 of this Law or municipality, can be proposed by the owner of this property object.

2. Privatization of an undeveloped plot of land belonging to the state shall be initiated in accordance with the procedures specified in Article 12 of this Law , but Privatization of an undeveloped plot of land belonging to the municipality is initiated in accordance with the procedure specified in Article 31 of this Law .

3. Proposals for the privatization of the land plot, the privatization of which is carried out by the Privatization Agency, must be submitted to the Privatization Agency, while proposals for the privatization of the land plot, the privatization of which is carried out by the municipality, must be submitted to the relevant municipality.

4. If the draft order of the Cabinet of Ministers on the transfer of a land plot for privatization includes a land plot in the possession of a municipality that agrees with the state, the institution carrying out the privatization, when submitting the draft order to the State Chancellery, informs the relevant municipality about it.

5. If the draft decision of the municipality on the transfer of a plot of land for privatization includes a plot of land in the possession of a state institution that agrees with the municipality, the municipality shall inform the relevant state institution about it no later than two weeks before the adoption of the relevant decision.

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 66. Land plot transfer for privatization**

1. In order to be able to privatize a plot of land belonging to the state or consenting to it, the Cabinet of Ministers shall issue an order on it, except for the cases provided for in the third and fourth parts of this article. The order of the Cabinet of Ministers does not have to be issued if the specific plot of land is registered in the land register in the name of the state, but this plot of land agrees with the municipality.

2. In order to be able to privatize a plot of land owned or agreed to by the municipality, the relevant municipality shall make a decision on it. The decision of the municipality is not necessary if the specific plot of land is registered in the land register in the name of the municipality, but this plot of land belongs to the state.

3. A plot of land owned by or agreed to by the state, if it is located in a city, can be privatized without a separate order of the Cabinet of Ministers or an indication of the transfer of the plot of land for privatization, if the object of state property has been transferred for privatization after January 17, 1997.

4. A plot of land owned by or agreed to by the state, if it is located in a rural area, can be privatized without a separate order of the Cabinet of Ministers or an indication of the transfer of the plot of land for privatization, if the object of state property has been transferred for privatization after July 1, 1997.

5. A municipality that has made a decision to privatize a state institution that agrees with the municipality is owned or managed existing plot of land, this decision is sent to the state institution that has the possession or control of this plot of land.

*(With amendments made by the law of 02.04.1998 , which enters into force on 30.04.1998)*

#### **Article 67. Taking over the plot of land to be privatized**

1. No later than two weeks after the Cabinet of Ministers' order is issued on the transfer of a plot of land owned by the state or registered in the land register for privatization, the state institution or municipality in possession of the plot of land to be privatized shall transfer it and the institution carrying out the privatization shall take possession of it until the plot of land is for the completion of privatization. If the institution carrying out the privatization agrees, the deadline for taking over the plot of land can be extended.

2. No later than two weeks after receiving the municipal decision referred to in Section 66, Paragraph five of this Law, regarding the privatization of a plot of land owned or agreed to by the municipality, the state institution in possession of the plot of land registered in the land register to be privatized shall transfer it and the relevant municipality shall take it over in possession until the privatization of the plot of land is completed. If the municipality agrees to it, the deadline for taking over the plot of land can be extended.

3. Land plot acquisition is carried out in accordance with the act of transfer and acceptance, which must include:

- 1) land registry act;
- 2) plot boundary plan;
- 3) plot situation plan (if any);
- 4) documents on land plot use rights and defined easements (if any);

- 5) Statement of the Latvian State Historical Archive on land ownership until July 21, 1940 (if any);
- 6) land lease agreements (if any);
- 7) land plot mortgage agreements, other land plot encumbrances (if any);
- 8) certificate of land (property) tax payment;
- 9) statement that the lessee has paid the rent by the time of transfer of the plot of land;
- 10) other documents relating to the plot of land to be privatized.

4. If a plot of land is transferred for privatization together with the object to be privatized and a single deed of transfer and acceptance is drawn up for the object of state property and the plot of land, in addition to the documents and information mentioned in Section 13 of this Law, the document and information mentioned in the third part of this Article must be included in the act.

5. If the land plot is not registered in the land register, the institution that has the documents on the relevant land plot, hand them over to the institution carrying out the privatization within the term mentioned in the first and second parts of this article.

#### **Article 68. Notice on transfer of the plot of land for privatization**

1. After an order has been issued or a decision has been taken regarding the transfer of a plot of land for privatization in accordance with the procedures laid down by law, the institution carrying out the privatization shall, within two weeks, publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city on the territory of which the plot of land to be privatized is located, a notice about the transfer of this plot of land for privatization. The notice shall state:

- 1) land plot address (if the property object is located in several places, — addresses of all land plots) and cadastre number;
- 2) the term by which claims relating to the plot of land to be privatized must be submitted;
- 3) the place where the documents certifying the claims mentioned in point 1 must be submitted;
- 4) a place where interested persons can familiarize themselves with the land plot documentation, including the land plot boundary plan.

2. If the plot of land is transferred for privatization together with the object to be privatized, in the notification mentioned in the first part of this article the specified information shall be included in the notification specified in the first part of Section 16 and the first part of Section 34 of this law.

3. If an undeveloped plot of land or a plot of land not confirmed in the land register is transferred for privatization by order of the Cabinet of Ministers or a decision of the municipality, the notice provided for in the first and second part of this article is published within two weeks after the confirmation of this plot in the land register.

4. The term referred to in Clause 2 of the first part of this Article is one month, and the beginning of this term is counted from the day, when the notice referred to in the first part of this article is published in the official newspaper "Latvijas Vēstnesis". *(in the wording of the law of 22.06.2005, which enters into force on 01.09.2005)*

#### **Article 69. Management of the plot of land to be privatized**

1. From the day when an order is issued or a decision is made regarding the transfer of a plot of land for privatization in accordance with the procedures laid down by law, only the institution carrying out the privatization of the plot of land is entitled to enter into leases and other types of contracts, conduct any transactions with the plot of land to be privatized or encumber it in any way. If such actions have been performed by other persons during this time period, such agreements and transactions (including encumbrances) are invalid from the moment of their conclusion.

2. If a plot of land together with the object to be privatized or a separate built-up plot of land has been transferred for privatization and the owner of the object of property located on it has not concluded a land plot lease agreement, then the owner of this object is obliged to conclude a land lease agreement with the institution carrying out the privatization from the moment this plot of land is transferred. to the institution carrying out the privatization.

3. Privatization agency is not civilly liable for encumbrances and other obligations pertaining to it of the land plot transferred into possession, if the obligations arose before the transfer of the land plot for privatization.

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 70. Consolidation of land plot property rights in the land register**

1. Privatization can be done only on the land plot, to which the property rights of the state or municipality are confirmed in the land register.
2. If the property rights of the plot of land are not confirmed in the land register before transfer to privatization, privatization before privatization, the implementing institution records it in the land register in the name of the state or municipality, respectively.
3. If, in accordance with the law "On state and local government land ownership rights and their confirmation in the land registers", the plot of land belongs to the state, but is recorded in the land register in the name of the municipality, the institution carrying out the privatization shall confirm it in the land register in the name of the state in the person of the institution carrying out the privatization.
4. If, in accordance with the law "On state and local government land ownership rights and their confirmation in the land registers", the land parcel belongs to the municipality, but is registered in the name of the state in the land register, the municipality shall confirm it in the land register in the name of the municipality before privatization.
5. If a plot of land owned by the state is registered in the land register in the name of the state, but not in the person of the institution carrying out the privatization, then the record of the establishment of the property rights of the plot in the name of the institution in the name of the institution carrying out the privatization does not need to be made. All activities related to the privatization of such a plot of land are performed by the institution conducting the privatization.

#### **Article 71. Land plot price**

1. A plot of land in the city territory is privatized for a price not less than the cadastral value of the land.
2. The price of the specific plot of land for which it is privatized is determined by the institution carrying out the privatization.
3. When selling an object owned by the state or municipalities, the value of which also includes the value of the land of the state or municipalities, the price of the land and means of payment for the land must be indicated separately in the sale price of the said object (except for cases when the price of the land is included in the price of the object's capital share).
4. After the expiration of the term mentioned in Section 68 , Paragraph five of this Law, persons who have not submitted their claims cannot demand that the regulations of land plot privatization and the set of obligations to be transferred to the new land plot owner be amended.

#### **Article 72. Restrictions on land plot privatization**

1. The following cannot be privatized in accordance with the procedures set out in this law:

- 1) a plot of land, in respect of which an application for restoration of property rights has been submitted within the terms provided for in the Law "On Land Reform in Cities of the Republic of Latvia" or in the Law "On Privatization of Land in Rural Areas" , if the municipality in whose territory this plot of land is located has not made a relevant decision on property restoration of rights, or a plot of land that has been granted to a citizen of the Republic of Latvia for permanent use;
- 2) a plot of land, in respect of which an application for the restoration of property rights has been submitted in the cases mentioned in Clause 1 of the first part of this section, if the decision of the municipality on the refusal to restore the property rights has been appealed to the court and the legal proceedings have not yet been terminated;
- 3) a plot of land on which nationalized real estate is located, in respect of which, in accordance with the law "On restoration of property rights to companies and other property objects" an application for restoration of property rights has been submitted within the deadlines provided for, if the issue of denationalization of this property has not been decided;
- 4) undeveloped plots of land of the state forest fund, which were the land of the Forest Department of the Ministry of Agriculture as of July 21, 1940.



2. A plot of land cannot be privatized by persons who, in accordance with Article 62 of this Law , cannot be owners of a plot of land subject of privatization.

#### **Article 73. Information about the plot of land to be privatized**

1. The owner of the property object is entitled in accordance with the procedures established by the Privatization Agency or the relevant municipality get acquainted with the information about the plot of land on which the object that he acquired in his possession is located.

2. Any subject of privatization has the right to get acquainted with information about an undeveloped plot of land to be privatized or a plot of land to be privatized together with the object to be privatized, in accordance with the procedure established by the Privatization Agency or the relevant municipality.

## **Chapter 3 Privatization proposals, regulations and determination of the buyer of an undeveloped plot of land**

**Article 74. Proposals for the privatization of an undeveloped plot of land** *(Excluded by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 75. Coordination of the objectives of the use of the undeveloped plot of land with the municipality**

1. The privatization agency submits an application to the city council, parish council or county council in the territory of which the relevant land plot is located, indicating the intended purpose of land use and asking for the purposes for which this land plot may be used in the future.

2. The aforementioned submission shall be considered in accordance with the procedures and deadlines specified in Article 22 of the Law "On Land Reform in Cities of the Republic of Latvia" or Article 30 of the Law "On Land Privatization in Rural Areas" .

3. Consent must be drawn up in the form of a certificate, and it must be signed by city councils, parish councils or county councils chairman. The notice shall also indicate the purpose or purposes of using the plot of land to be privatized.

*(With amendments made by the law of 23.10.2003 , which enters into force on 26.11.2003)*

#### **Article 76. Development of regulations for the privatization of an undeveloped plot of land**

Taking into account the location of the undeveloped plot of land and the possible purposes of future use, The privatization agency or the municipality develops the privatization regulations for the specific plot of land. *(22.06.2005 in the wording of the law, which enters into force 01.09.2005)*

#### **Article 77. Rules for the privatization of an undeveloped plot of land**

1. The regulations for the privatization of an undeveloped plot of land shall include the following information:

- 1) land plot address;
- 2) plot boundary plan and cadastral number;
- 3) the total area of the land plot;
- 4) for what purposes the plot of land can be used;
- 5) land plot ownership until July 21, 1940;
- 6) confirmation of ownership rights of the land plot in the land register;

- 7) information about the persons who lease or use the plot of land or its part, and the terms of these leases or other contracts;
- 8) submitted claims regarding the plot of land to be privatized;
- 9) the method and technique used in the privatization of the land plot;
- 10) cadastral value of the land plot;
- 11) land plot price;
- 12) means of payment and their proportions;
- 13) payment terms;
- 14) payment procedure;
- 15) the procedure for carrying out privatization measures after the approval of the privatization rules;
- 16) documents that must be submitted to the subject of privatization in order to be recognized as an applicant for the privatization of a plot of land;
- 17) order of cancellation of the purchase contract;
- 18) transferable rights and obligations;
- 19) land plot use conditions;
- 20) other conditions to be fulfilled by the buyer;
- 21) acquisition and transfer of property rights;
- 22) Right of pre-emption and repurchase of the privatization agency or municipality.

2. Privatization agency or municipality has the right to include other information in the land plot privatization regulations.

3. Copies of documents certifying the ownership rights of the plot of land must be attached to the privatization regulations.

4. *(Excluded by the law of 22.06.2005 .)*

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 78. Information on the approved regulations for the privatization of an undeveloped plot of land**

1. Not later than within two weeks after the approval of the rules for the privatization of an undeveloped plot of land Privatization agency or municipality:

1) publish a notice on the approval of these regulations in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city in the territory of which the plot of land to be privatized is located;

2) *(excluded by the law of 22.06.2005 ).*

2. The notice on the approval of the land plot privatization regulations shall specify the term in which the subject of privatization must submit a certificate that he wishes to privatize the land plot in accordance with the approved land plot privatization regulations.

3. Any subject of privatization has the right to familiarize himself with the approved land plot privatization regulations and, in accordance with the procedure established by the Privatization Agency or the municipality, submit a certificate that he agrees to privatize the land plot in accordance with these regulations.

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 79. Determining the buyer of an undeveloped plot of land**

1. Privatization agency or municipality examines the documents submitted by the subjects of privatization and, if these persons are not subject to the restrictions mentioned in Article 21 of the Law "On Land Reform in Cities of the Republic of Latvia" or Article 29 of the Law "On Land Privatization in Rural Areas" , make a decision on the recognition of the person or non-recognition as a privatization applicant.

2. Depending on the number of applicants and the method of land plot privatization provided for in the privatization regulations or privatization technique The Privatization Agency or the local government subsequently performs one of the following actions:

1) if several applicants have applied for the privatization of the land plot - an auction is announced to determine the buyer of the land plot;

2) if one privatization subject has applied for the land plot auction or one privatization subject has been recognized as an applicant, then a contract for the privatization of the land plot is concluded with him in accordance with the approved regulations for the privatization of the undeveloped land plot.

3. The privatization agency or the municipality extends or renews the applicant's application deadline or approves new privatization regulations, if no privatization subject has applied for the plot of land within the specified deadline or no privatization subject has been recognized as an applicant.

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 80. Sale of undeveloped plot of land by auction**

1. An open auction is organized to determine the buyer of an undeveloped plot of land.

2. *(Excluded by the law of 22.06.2005 .)*

3. The auction may take place orally, in writing, or it may be of a mixed type, that is, take place orally and in writing. Any type of auction must be public.

4. The procedure for the auction is determined by the Privatization Agency or the municipality, approving the auction rules or regulations.

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

#### **Article 81. Notice of the completion of the privatization of an undeveloped plot of land**

1. No later than one month after the entry into force of the contract for the purchase of an undeveloped plot of land or the registration of the newly established capital company or the investment made in an existing company in the Register of Enterprises, the Privatization Agency or municipality shall publish in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city where the privatized object is located, information about to whom and under what conditions this plot of land was privatized. The municipality sends the mentioned information to the Ministry of Economy.

2. Privatization is considered completed when the entity that acquired the undeveloped plot of land to be privatized has settled all obligations that it had to fulfill in accordance with the terms of privatization of the plot of land and the purchase agreement. The board of the privatization agency or the municipality makes a decision on the completion of the privatization of the land plot. The privatization agency notifies its decision to the organizer of the state property privatization fund and the relevant municipality. The municipality shall notify the organizer of the state property privatization fund of its decision.

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

## **Chapter**

### **4 Privatization regulations of a separate built-up plot of land and determination of the buyer**

#### **Article 82. Coordination of the goals of the use of a separate built-up plot of land with the municipality**

1. The privatization agency submits an application to the city council, parish council or county council in whose territory the land plot in question is located, indicating the expected purpose of land use and asking to indicate for what purposes this land plot may be used in the future, if the person entitled to the pre-emption of the land plot is " About

the subject mentioned in the second part of Article 20 of "land reform in the cities of the Republic of Latvia" or the subject mentioned in the second part of Article 28 of the law "On Land Privatization in Rural Areas" .

2. The aforementioned submission shall be considered in accordance with the procedures and deadlines specified in Article 22 of the Law "On Land Reform in Cities of the Republic of Latvia" or Article 30 of the Law "On Land Privatization in Rural Areas" .

3. Consent must be drawn up in the form of a certificate, and it must be signed by city councils, parish councils or county councils chairman. The notice shall also indicate the purpose or purposes of using the plot of land to be privatized.

*(With amendments made by the law of 23.10.2003 , which enters into force on 26.11.2003)*

#### **Article 83. Development of regulations for the privatization of a separate built-up plot of land**

Taking into account the location of a separate built-up plot of land, the possible goals of further use and the proposals expressed in writing by the owner of the property subject to pre-emption, the Privatization Agency or the municipality develops the regulations for the privatization of the given plot of land.

#### **Article 84. Rules for the privatization of a separate built-up plot of land**

1. The regulations for the privatization of a separate built-up plot of land shall include the following information:

- 1) land plot address;
- 2) plot boundary plan and cadastral number;
- 3) the total area of the land plot;
- 4) for what purposes the plot of land can be used;
- 5) land plot ownership until July 21, 1940;
- 6) confirmation of ownership rights of the land plot in the land register;
- 7) information about the persons who lease or use the plot of land or its part, and the terms of these leases or other contracts;
- 8) submitted claims regarding the plot of land to be privatized;
- 9) information about the property object located on the plot of land;
- 10) information about the owner of the property object;
- 11) information on the confirmation of buildings and structures of the property object in the land register;
- 12) the method and technique used in the privatization of the land plot;
- 13) cadastral value of the land plot;
- 14) land plot price;
- 15) means of payment and their proportions;
- 16) payment terms;
- 17) payment procedure;
- 18) right of pre-emption of a plot of land and the procedure for its use;
- 19) the procedure for carrying out privatization measures after the approval of the privatization rules;
- 20) procedure for canceling the purchase contract;

- 21) transferable rights and obligations;
- 22) land plot use conditions;
- 23) other conditions to be fulfilled by the buyer;
- 24) acquisition and transfer of property rights;
- 25) Right of pre-emption and repurchase of the privatization agency or municipality.

2. Copies of documents certifying ownership of the land plot must be attached to the privatization regulations.

#### **Article 85. Realization of the right of first refusal**

1. No later than two weeks after the approval of the rules for the privatization of a separate built-up plot of land, the Privatization Agency or the municipality offers the owner of the property object located on this plot of land to conclude a purchase contract for the plot of land to be privatized in accordance with the approved rules for the privatization of the plot of land, by sending these rules to the mentioned person in a registered letter or handing them over to that person or their authorized representative against a signature.

2. The owner of the property object mentioned in the first part of this Article must give an answer within a month after receiving the land plot privatization regulations by submitting the documents and information required by the land plot privatization regulations to the Privatization Agency or the municipality.

3. If the person who has the right of first refusal submits the documents referred to in the second part of this article within the deadline specified in the second part of this article and this person is not covered by article 21 of the law "On land reform in the cities of the Republic of Latvia" or article 29 of the law " On land privatization in rural areas" . the restrictions mentioned in the article, the Privatization Agency or the municipality shall conclude a contract for the purchase of the plot of land to be privatized with it.

4. If a person who has the right of pre-emption referred to in the first part of this Article cannot use it or does not use it, he has the right to lease land to the same plot of land to which he has the right of pre-emption, and the said plot of land is not privatized or expropriated to other persons.

5. If the person who has the right of first refusal referred to in the first paragraph of this Article cannot use it or does not use it, he has a land lease agreement must be concluded with the institution carrying out the privatization in accordance with the requirements of laws and regulations.

#### **Article 86. Notice on the completion of the privatization of a separate built-up plot of land**

1. No later than within a month after the entry into force of the purchase contract for a separate built-up plot of land or the registration of the newly established capital company or the investment made in an existing company in the Register of Enterprises Privatization agency or municipality publishes in the official newspaper "Latvijas Vēstnesis" and in the newspaper of the district or city in whose territory the privatized object is located, information about to whom and under what conditions this plot of land was privatized.

2. Privatization is considered completed when the entity that acquired the plot of land to be privatized has settled all obligations that it had to fulfill in accordance with the regulations of privatization of the plot of land and the purchase agreement regarding the privatized plot of land and the object of state or municipal property as a community of things. The board of the privatization agency or the municipality makes a decision on the completion of the privatization of the land plot. The privatization agency notifies its decision to the organizer of the state property privatization fund and the relevant municipality. The municipality shall notify the organizer of the state property privatization fund of its decision.

*(With amendments made by the law of 22.06.2005 , which enters into force on 01.09.2005)*

## **Chapter 5**

### **Commencement of privatization of the plot of land to be privatized together with the object to be privatized, privatization proposals, regulations and determination of the buyer**

**Article 87. Adopting a decision on the privatization of a built-up plot of land together with the object of state or municipal property to be privatized, which is located on this plot of land**

1. The decision on the privatization of a built-up land plot together with the object of state property to be privatized, which is located on of this land plot, is accepted by the institution carrying out the privatization.

2. The decision on the privatization of a built-up plot of land together with the object of municipal property to be privatized, which located on this plot of land, the municipality shall accept, if the decision referred to in Article 66 of this Law has been adopted .

**Article 88. Together with the object to be privatized, the initiation of privatization of the plot of land to be privatized and privatization proposals**

1. When publishing the notice provided for in the first part of Section 21 of this Law on the initiation of privatization of a state-owned object, in addition to the information mentioned in the first part of Section 21 , the notice must also indicate the information specified in the first part of Section 68 of this Law.

2. In addition to the information specified in the fifth part of Section 21 of this Law, the privatization proposal must also include the information of this Law The information mentioned in Section 74, Part Two, Clause 4, Clause 5, Clause "c" and Clause 6, Clause "d".

**Article 89. Together with the object to be privatized, the rules of privatization of the plot of land to be privatized and privatization project**

1. In addition to the information specified in the first part of Section 23 of this Law, together with the object of state property to be privatized, the regulations for the privatization of the plot of land to be privatized must also include the information specified in the first part of Section 77 of this Law.

2. In addition to the information specified in the first part of Section 40 of this Law, together with the object of municipal property to be privatized, the privatization project of the plot of land to be privatized must also include the information specified in Section 77 , Part One, Clauses 1-15 of this Law.

3. In addition to the information specified in the third part of Section 40 of this Law, the municipal property privatization commission also prepares the information specified in Section 77, Part One, Clauses 4, 7— 8 and 10— 12 of this Law.

**Article 90. Along with the object to be privatized, realization of the right of first refusal of the plot of land to be privatized and determination of the buyer**

1. When realizing the right of first refusal of the land plot to be privatized together with the object of state property to be privatized and determining its buyer, in addition to the conditions of Sections 25-29 of this Law, the conditions mentioned in the second and fourth parts of Section 62 of this Law must also be observed .

2. When realizing the right of first refusal of the privatized land plot together with the object of municipal property to be privatized and determining its buyer, in addition to the conditions of Sections 35, 39 - 43 of this Law, the conditions mentioned in the second and fourth parts of Section 62 of this Law must also be observed .

**Transitional provisions**

*(in the wording of the law of 24.10.1996 , which enters into force on 27.11.1996)*

1. Until April 18, 1996, the state property privatization commissions established in accordance with the Law "On the Privatization of Dairy Processing Enterprises", the Law "On the Privatization of Meat Processing Enterprises" and the Law "On the Privatization of State (Municipal) Enterprises of Bread Production" operate as long as, until they are liquidated by order of the Ministry of Agriculture and their privatized state property objects are privatized or handed over to the Privatization Agency. The Privatization Agency supervises the activities of state property privatization commissions and concludes employment contracts with the members of the privatization commission.

2. To recognize the following laws as having lost their force as of January 1, 1997:

1) "On the privatization of milk processing companies";

2) "On the privatization of meat processing companies";

3) "On the privatization of state (municipal) enterprises producing bread".

3. With the entry into force of this law, the following issued in accordance with Article 81 of the Satversme shall lose their force :

1) Regulations of the Cabinet of Ministers No. 7 "Amendments to the Law "On Privatization of State and Municipal Property Objects"" (Reporter of the Saeima and Cabinet of Ministers of the Republic of Latvia, 1996, no. 4);

2) Regulations of the Cabinet of Ministers No. 135 "Amendments to the Law "On the Privatization of State and Municipal Property Objects"" (Report of the Saeima of the Republic of Latvia and Cabinet of Ministers, 1996, No. 11);

3) Regulations of the Cabinet of Ministers No. 298 "Amendments to the Law "On Privatization of State and Municipal Property Objects"" (Report of the Saeima of the Republic of Latvia and Cabinet of Ministers, 1996, No. 19).

4. *(Excluded by the law of 22.06.2005 , which enters into force on 01.09.2005)*

5. *(Excluded by the law of 22.06.2005 , which enters into force on 01.09.2005)*

6. *(Excluded by the law of 22.06.2005 , which enters into force on 01.09.2005)*

7. *(Excluded by the law of 22.06.2005 , which enters into force on 01.09.2005)*

8. *(Excluded by the law of 22.06.2005 , which enters into force on 01.09.2005)*

9. The restriction specified in the third part of Section 52 of this Law (regarding the cases where the change of the proportion of means of payment is not applicable) does not apply to such a subject of privatization which, until December 31, 2005, has fulfilled the means of payment specified in the second part of Section 52 of this Law has submitted the conditions for changing the proportion and the application for changing the proportion of means of payment to the privatization institution within the deadline for submitting privatization proposals specified in Section 5, Part One of the Law on Privatization of State and Local Government Property and Completion of the Use of Privatization Certificates .

*(in the wording of the law of 22.06.2005 , which enters into force on 01.09.2005)*

10. The provisions of the second part of Section 52 of this Law are applicable if the subject of privatization has fulfilled the stipulated conditions for changing the proportion of means of payment and has submitted an application for the change of the proportion of means of payment to the institution carrying out the privatization in the first paragraph of Section 5 of the Law on Privatization of State and Local Government Property and Completion of the Use of Privatization Certificates within the deadline for submission of privatization proposals specified in Part

*(in the wording of the law of 22.06.2005 , which enters into force on 01.09.2005)*

11. The functions of the Privatization Agency, which regulate the management of the object of state property to be privatized, defined in this law , are also applied to those state-owned enterprises and those companies that have been transferred to privatization, but in accordance with the provisions of the Law on the Procedure for the Entry into Force of the Commercial Law, have not been transformed into capital companies. The Privatization Agency, in relation to the taken over object of state property, performs the functions specified for the ministries in the Law "On State Enterprise", as well as the functions of the employer in relation to the director of the state enterprise.

*(in the wording of the law of 22.06.2005 , which enters into force on 01.09.2005)*

The law was adopted by the Saeima on February 17, 1994

State President G. ULMANIS

in Riga on March 3, 1994

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