Text consolidated by Valsts valodas centrs (State Language Centre) with amending laws of:

27 July 2001 [shall come into force from 1 January 2002];

22 May 2003 [shall come into force from 20 June 2003];

14 October 2010 [shall come into force from 10 November 2010].

If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima1* has adopted and

the President has proclaimed the following Law:

**The Free Port of Riga Law**

**Chapter I**

**General Provisions**

**Section 1. Terms Used in this Law**

The following terms are used in this Law:

1) **territory of the Free Port** – a part of the territory of the Republic of Latvia, corresponding to the Free Port of Riga borders determined by the Cabinet;

2) [14 October 2010];

3) **licensed capital company** — a capital company, which has entered into a contract with the Free Port Authority of Riga (hereinafter – Port Authority) regarding licensed commercial activity in the territory of the Free Port of Riga and has obtained the permit of the Port Authority for such activity;

4) **free zone regime** – a set of tax relief and special customs control measures, which are to be applied to capital companies whose territories have obtained the status of free zones in the Free Port of Riga, as well as to the Port Authority;

5) **free zone** – a demarcated part of the territory of the Free Port where imported goods in respect of the application of customs duties and trade policy measures, are treated as equivalent to goods which are outside the customs territory of the Republic of Latvia;

6) **territory of a licensed capital company** – a territory, wherein land is used by a licensed capital company on the basis of property rights, a lease agreement or other legal basis;

7) **port clients** – consignees, consignors, their authorised representatives – forwarding agents, ship-owners, their authorised representatives – shipping agents and other persons, who on a legal basis use the services of the Port Authority and licensed capital companies but who do not have their own territory in the Free Port.

*[14 October 2010]*

**Section 2. Purpose of This Law**

This Law determines the principles of operation and management procedures for the Free Port of Riga (hereinafter – the Free Port) in order to promote the participation of Latvia in international trade, attract investments, develop manufacturing and services, as well as create new jobs.

**Section 3. Basic Provisions Regarding Commercial Activity Conducted at the Free Port**

(1) Commercial activity in the territory of the Free Port may be conducted by licensed capital companies, as well as commercial companies, which have entered into a contract with the Port Authority regarding activity in the territory of the Free Port in accordance with Section 7, Paragraph three, Clause 7 of the Law On Ports, and in conformity with the conditions of Section 10, Paragraph three of this Law.

(2) [14 October 2010]

(3) The importation of goods in the territory of a free zone of a licensed capital company existing in the territory of the Free Port and the exportation therefrom may only be carried out through pass points in accordance with the procedures laid down in laws and regulations.

*[14 October 2010]*

**Section 4. Legal Relations in the Territory of the Free Port Pertaining to Land**

(1) State and local government land within the territory of the Free Port may not be sold, gifted or otherwise alienated.

(2) The water area (aquatorium) of the territory of the Free Port is the property of the State.

(3) The land in the Free Port owned by a natural person or legal person may be sold, gifted, exchanged or otherwise alienated in accordance with the procedures laid down in the Law On Ports.

(4) With this Law, a personal servitude on the land owned by natural persons and legal persons which, pursuant to this Law, is occupied by the Free Port, is established for the benefit of the Port Authority. The Port Authority has the right to use the land owned by natural persons and legal persons in its territory for the needs of the port, as well as to lease it to merchants, which operate in the territory of the Free Port. The land leased by the Port Authority may be assigned to sublease only with the permission of the Port Authority.

(5) The user of the servitude may construct such buildings and structures as are necessary for the operation of the port on the land in its territory, as well as allow the construction of such by merchants, to which the land has been leased out, providing in the contract for action with such buildings and structures in the case of termination of the land lease contract.

(6) Upon the cessation of servitude rights, the owner of the land may not request that the land be returned to him or her until he or she has paid compensation for the buildings and structures.

(7) The Port Authority shall pay the taxes and cover the expenses relating to the maintenance of the land referred to in Paragraph four of this Section, whereas the other burdens resting upon the land shall be attached to and fulfilled by the owner of the land.

(8) The user of the land shall pay compensation for the servitude to its owner in accordance with their contract, however, such compensation shall not exceed five per cent annually of the cadastral value of the land.

(9) The Port Authority has the right to unilaterally enter the servitude rights established by this Law into the Land Register.

*[22 May 2003; 14 October 2010]*

**Chapter II**

**Management Organisation of the Free Port**

**Section 5. Management of the Free Port**

(1) Management of the Free Port shall be carried out by the Port Authority, the status of which is determined in the Law On Ports. The competence of the Port Authority is determined by this Law, the Law On Ports, the by-laws of the Free Port Authority of Riga and the Free Port of Riga Regulations, which govern the internal regime of the Free Port.

It shall enjoy the same customs duty relief as licensed capital companies.

*[14 October 2010]*

**Section 6. Board of the Port**

(1) The Board of the Port shall be the highest decision-making institution of the Port Authority. Its members shall be appointed to and released from their positions in accordance with the procedures laid down in Section 8 of the Law On Ports.

(2) The administrative staff of the Port Authority shall be managed by a Chief Executive Officer who is appointed to and released from his or her position by the Board of the Port after co-ordination with the Minister for Transport.

**Chapter III**

**Customs Regime in the Free Port**

**Section 7. Importation of Goods into Free Zones of a Licensed Capital Company and Exportation from Them**

Importation of goods into the territory of the Free Port of a licensed capital company within the territory of the Free Port and exportation from them shall take place in accordance with the requirements of customs legal acts of the European Union regarding importation of goods into the territory of free zones and exportation from them.

*[14 October 2010]*

**Section 8. Registration of Goods in the Free Port**

Licensed capital companies shall ensure the registration of the goods imported and produced within their territory and of the goods exported from it.

*[14 October 2010]*

**Section 9. Natural Persons Subject to the Control of Customs**

Natural persons upon crossing the border of the territory of a free zone are subject to customs control.

*[14 October 2010]*

**Chapter IV**

**Commercial Activity in the Free Port**

*[14 October 2010]*

**Section 10. Regulations Regarding Commercial Activities Conducted in the Free Port**

(1) The loading, supply, storage, processing of goods (freight) and other services, and the production of goods under a free zone regime shall be carried out by capital companies, which have been registered in the Republic of Latvia, have entered into a contract regarding licensed commercial activity under a free zone regime and have obtained a permit of the Port Authority for carrying out such activities.

(2) The Port Authority shall establish a register of licensed capital companies.

(3) Merchants, which do not have the status of a licensed capital company, may, within the territory of the Free Port, conduct commercial activity without the reliefs specified for licensed capital companies and subject to the control of the Port Authority within the scope of the competence thereof. The abovementioned merchants and licensed capital companies, which do not apply the free zone regime, do not have the right to conduct commercial activity in the territories of free zones, except the provision of services to a licensed capital company, which applies the free zone regime, or to the Port Authority.

(4) [22 May 2003]

*[27 July 2001; 22 May 2003; 14 October 2010]*

**Section 11. Conditions for the Application of the Free Port Regime**

(1) A free zone regime shall apply only to such capital companies, the territory of which in the Free Port is demarcated by one or more adequately organised pass points and by security guards who ensure that the movement of goods and persons to and from the territory of the licensed company complies with customs requirements. Each licensed capital company shall ensure the security of its territory.

(2) Licensed capital companies may not conduct commercial activity outside the territory of the Free Port, except the activities indicated in Paragraph three of this Section.

(3) The following shall not be considered as commercial activity outside the territory of a licensed capital company:

1) the location of the administrative body or a representation of the capital company outside the demarcated territory;

2) the negotiation of transactions and contracting outside the demarcated territory;

3) other activities which do not have goods-money transaction characteristics;

4) the transit of goods through the demarcated territory.

*[14 October 2010]*

**Section 12. Procedures for Entering into a Contract Regarding Licensed Commercial Activity in the Free Port and for Issuing Permits**

(1) A capital company, which has already been established or will be established in the future (the applicant is the founder) in the Free Port, is entitled to apply for the entering into a contract and for the obtaining of a permit, if:

1) the profile of activities and the development prospects of the capital company conform to the development programme of the Free Port, which has been approved by the Board of the Port;

2) the founders, shareholders, members of the board of directors and members of the council of the capital company (if a council has been established in the capital company) comply with the following conditions:

a) good reputation,

b) stable financial situation,

c) experience in the field of commercial activity (such information need not be requested from local governments and the State as the founders and shareholders).

(2) Contracts regarding commercial activity in the Free Port may be entered into regarding specific types of activity. Contracts may be entered into regarding several types of activity.

(3) A capital company, which applies for entering into a contract and receipt of a permit, shall submit the following documents to the Board of the Port for examination:

1) an application;

2) a copy of the registration certificate issued by the Enterprise Register, certified by the capital company;

3) a copy of the articles of association, certified by the capital company;

4) the annual accounts for the last two years approved by sworn auditors (auditors) (or – with the consent of the Board of the Port – a true copy of abridged accounts);

5) an operational programme, including an investment programme;

6) a statement issued by the State Revenue Service regarding conformity of the territory of the capital company for introduction of the free zone regime, if the capital company wishes to enter into a contract regarding licensed commercial activity under free zone regime.

(4) The Board of the Port shall take a decision to enter into a contract with an applicant within three months after receipt of the documents referred to in Paragraph three of this Section. The application of an applicant shall be rejected, if the applicant does not comply with the conditions referred to in Paragraph one of this Section.

(5) The Board of the Port may take a decision to enter into a contract with a capital company, which has not been established yet, on the basis of draft memorandum of establishment and operational programme, concurrently issuing a temporary permit. The decision to enter into a contract shall be in effect for six months. If, during this time period, the capital company is not founded, the decision shall cease to be in effect.

(6) A contract regarding commercial activity shall be entered into for a term that is not less than five years.

(7) A contract on licensed commercial activity is the grounds for issuing a permit for conducting commercial activity in the Free Port. The permit shall be issued for the term of the contract after the readiness of the capital company for operations in the Free Port has been verified. The Port Authority shall ensure the registration of permits.

*[14 October 2010]*

**Section 13. Procedures for Terminating a Contract Regarding Commercial Activity in the Free Port before the Expiration of its Term and for Cancelling a Permit**

(1) A contract regarding licensed commercial activity in the Free Port may be terminated before the expiration of its term by a decision of the Board of the Port, if it is determined that the licensed capital company violates laws, other laws and regulations or the contract that has been entered into.

(2) Concurrently with a decision on the early termination of a contract, the Board of the Port shall take a decision to cancel the permit and shall specify the date by which the decision is to be executed. The term of execution of the abovementioned decisions may not be less than 60 days. The Free Port Authority shall, within five working days, notify the State Revenue Service regarding the decisions taken by the Board of the Port to cancel the permit.

(3) A capital company, for which a permit for licensed commercial activity in the Free Port has been cancelled, is entitled to conduct commercial activity according to general provisions, unless due to the nature of violations it is prohibited from commercial activity in accordance with the procedures laid down in law.

(4) The Board of the Port shall invite the capital company to provide a written explanation prior to taking of the decisions referred to in Paragraphs one and two of this Section. The time period for submitting the explanation, which may not be less than two weeks, shall be indicated in the invitation. Non-submission of an explanation shall not be an obstacle for taking of the decision.

*[14 October 2010]*

**Section 14. Procedures for Appealing the Decisions Taken by the Board of the Port to Issue a Permit, to Cancel a Permit, to Enter into a Contract, and on Early Termination of a Contract and for Settling Disputes**

(1) The decisions taken by the Board of the Port in accordance with Sections 12 and 13 of the Law to issue a permit, to cancel a permit, to enter into a contract and on early termination of a contract for the operation of a capital company under free zone regime may be appealed to a court in accordance with the procedures laid down in the Administrative Procedure Law.

(2) Appeal of the decisions taken by the Board of the Port shall not suspend execution of such decisions.

(3) Disputes on entering into a contract with commercial companies regarding operation in the territory of the Free Port in accordance with Section 7, Paragraph three, Clause 7 of the Law On Ports and on early termination of such contract shall be examined in accordance with the procedures laid down in the Civil Procedure Law.

*[14 October 2010]*

**Section 15. Duty-free Shops**

[27 July 2001]

**Section 16. Issue of a Certificate of Origin of Goods**

The Port Authority, in accordance with the procedures stipulated by the Cabinet, is entitled to issue a certificate of general form (non-preferential), which certifies the manufacture or processing of goods in a licensed capital company, as well as a certificate, which certifies the fact that the goods transported through the territory of a licensed capital company located in the Free Port have not been processed in this territory.

*[14 October 2010]*

**Section 17. Payment of Tax Regime**

[27 July 2001]

**Section 18. Liquidation of the Free Port**

The *Saeima* shall decide on the liquidation of the Free Port by adopting a special law.

**Transitional Provisions**

1. With the coming into force of this Law the Riga Commercial Free Port Law is repealed (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1996, No.23).

2. To ensure the operation of this Law in all the territory of the Free Port and the continuity of operations of the undertakings and companies located in the territory of the Riga Commercial Free Port, to settle the financial relations between the Port Authority, the State joint stock company *Rīgas tirdzniecības osta* [Riga Trade Port] and the subjects of economic activities of the Riga Commercial Free Port, as well as to adopt decisions on property and other questions, the Cabinet shall, within one month from the date of the coming into force of this Law:

1) establish and approve the reorganisation commission of the State joint stock company *Rigas tirdzniecības osta*;

2) determine the procedures as to how the State joint stock company *Rigas tirdzniecības osta* is to transfer to the Port Authority berths, surface and underground communications systems and other objects of property in its possession, including immovable property together with all the encumbrances associated with it, as well as the credit liabilities guaranteed by the State, and other rights and obligations;

3) determine the status of further actions of the State joint stock company *Rigas tirdzniecības osta*.

3. The Port Authority shall, within six months from the date of the coming into force of this Law, take over the administration of the Riga Commercial Free Port and berths, surface and underground communications systems and other objects of property in its possession, including immovable property together with all the encumbrances against it, as well as credit liabilities guaranteed by the State and other rights and obligations, and renew contracts with licensed capital companies which operate in the Riga Commercial Free Port.

*[14 October 2010]*

4. [27 July 2001]

This Law has been adopted by the *Saeima* on 9 March 2000.

President V. Vīķe-Freiberga

Riga, 28 March 2000