

## NEWSLETTER

### **New Regulations for Residency Permits in Latvia**

Amendments to the Immigration Law (the "Law") related to the requirements for obtaining residency permits in Latvia for foreigners will become effective as of **September 1, 2014**.

As of the effective date of the amendments a foreigner will be entitled to receive initial residency permit in Latvia up to **5 (five) years**, *inter alia*, on each of the following grounds:

1) a foreigner has purchased one real estate object having value of at least **EUR 250,000** (previously the respective value amount was set at EUR 142,000 for the region of capital city Riga and EUR 71,500 for the rest of Latvia), provided the following conditions are satisfied:

- the cadastral value of the real estate (namely, value allocated to the property in the State Real Estate Cadastral Register and used as the basis for calculation of the real estate taxes) is no less than **EUR 80,000**; If the recorded cadastral value is less, then a certified real estate valuator shall ascertain that the market value of the real estate is no less than EUR 250,000;
- a foreigner upon request of the residency permit shall pay additional non-refundable onetime fee to the state budget in the amount of **5% (five percent)** of the real estate value (e.g. no less than EUR 12,500);
- real estate is purchased from a legal entity registered in Latvia, the European Union (the "EU") , European Economic Zone country or Switzerland that is a taxpayer in Latvia or from an individual that is a Latvian citizen, Latvian non-citizen (alien), the EU country citizen or a foreigner having valid residency permit in Latvia;
- real estate shall not include agricultural (farming) use land or forest land.

2) a foreigner has made financial investments in a Latvian credit institution (e.g. bank) of no less than **EUR 280,000** in the form of subordinated capital of the credit institution (subordinated loan or subordinated bonds), provided the term of this transaction is not less than 5 years and the investment cannot be subject to early termination, and upon the request of residency permit the investor additionally pays to the state budget non-refundable fee of **EUR 25,000**.

3) a foreigner pursuant to applicable legal regulations related to the issuance of government bonds (securities) has purchased specially designed interest free Latvian government bonds with the nominal value of **EUR 250,000** and upon the request of residency permit the investor additionally pays to the state budget non-refundable fee of **EUR 25,000**.

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