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# LATVIA

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## I. INTRODUCTION

### 1. General Approach to Gambling

In Latvia, the **Gambling and Lotteries Law** regulates all online and offline market sectors except sales promotional services, which are regulated by the **Goods and Services Lottery law (Law on Promotional Lotteries)**. The laws listed below were passed on a **federal level** and are applicable in the whole territory of Latvia.

To organize lotteries and gambling as a form of business in the Republic of Latvia a **special permission (license)** is required that can be conferred only on companies which are registered in the Register of Enterprises of the Republic (Sec. 8 and 63 **Gambling and Lotteries Law**). In accordance with Art. 10 of the **Law on Joint-Stock Companies**, founders of a joint-stock company may also be **foreign citizens, and legal entities registered in foreign countries in accordance with the Law on Foreign Investment in the Republic of Latvia**. Section 2 of this law provides that for the purposes of engaging in entrepreneurial activity, foreign undertakings (companies) may use **permanent representation offices** (branches, divisions) **in Latvia**. In these cases, permanent representation offices (branches, divisions) of foreign undertakings (companies) must be registered as independent tax payers in the Republic of Latvia, and they must also be registered with the Enterprise Register of the Republic of Latvia by submitting the information set out in Annex 4 of this Law. Among other data, a document confirming the address of the permanent representation office opened in the Republic of Latvia as well as special permits (licences) for engaging in particular types of entrepreneurial activity if the company intends for this office to engage in entrepreneurial activity for which such special permit (licence) is required. This is the case for lotteries and gambling activities (Sec. 8 ss 1 and 63 **Gambling and Lotteries Law**). Pursuant to Sec. 8 ss 1 item 2 **Gambling and Lotteries Law** **foreign investment coming from EU Member States is not restricted**.

The law provides for a **state monopoly** in the field of organizing **lotteries on a state scale** (Sec. 60 **Gambling and Lotteries Law**). The state capital company organises **lotteries on a state scale** if its **stock capital is not less than 200 000 Lats** (Sec. 63 ss 1 **Gambling and Lotteries Law**). In fact, only one license for lotteries on a state scale is allocated - to the state owned company *Latvijas Loto*. For **local scale lotteries, capital companies registered in the Latvian Register of Enterprises** must have a stock capital of not less than 10 000 Lats (Sec. 63 ss 2 **Gambling and Lotteries Law**).

No barriers appear to exist in the Goods and Services Lottery Law (Law on Promotional Lotteries), however Art. 3 of this law requires that a **license** for such activities be obtained.

### 2. Definitions

**Civil Code (latCC)** as it is referred to in the Law on Lotteries and Gambling (latLLG):  
*Translation into English by Translation and Terminology Centre, 2001, bold letters by the institute:*

**Art. 2281:**

«A **gambling contract** is a contract by which profit to one party and loss to the other party are made contingent on an unknown future event.»

**Art. 2282:**

«A **wager** is a contract by which the parties agree, with respect to a disputable assertion, that the party whose assertion is shown to be wrong shall perform something for the benefit of the other party or a third person.»

**Art. 2285:**

«**Lottery** is a contract by which the owner of an object obtains the object according to a definite plan, but the participants in the lottery acquire, for a certain price or free of charge, the chance of winning it.»

**Gambling and Lotteries Law, adopted on November 17, 2005,  
entered into force on January 1, 2006:**<sup>481</sup>

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

The following terms are used in this Law:

- 1) **Gambling** a game where a natural person upon payment of deposit stake may get a gain fully or partially depending on the winning occurrence or circumstances being previously unknown. Such a game on the automatic slot machine where the only gain being free game on the said automatic slot machine, as well as a game on the automatic slot machine with a gain of property nature (save for gain in cash) value whereof being within 10 lati shall be deemed not to be gambling;
- 2) **Automatic gambling slot machine** electronic, mechanic or electromechanical device having special program or machinery for the purpose of determination of gain volume intended for gambling arrangements;
- 3) **Gambling organizer** capital company incorporated in the Republic of Latvia having received licenses required for gambling arrangements pursuant to the procedure provided by this Law;
- 4) **Bingo** gambling, where a player by guessing accidental combination of numbers from preset combinations of numbers has a possibility to get a gain and where the gain volume is conditional upon the drawn or the guessed combination of numbers and total amount of deposit stakes;
- 5) **Bet** gambling, where interested person deposit stake and strike a bargain about the possibility or impossibility of any event, and amount of the gain depends on the accuracy of the player's forecast, deposited stake, as well as on the index for calculation of the gain, which is fixed by the rules of game;
- 6) **Interactive gambling or lottery** gambling, where the player may take part by using the electronic communication services: the Internet, telephone, television, radio or any other types of electronic communications;
- 7) **Lottery or raffle** (hereinafter referred to as the lottery) is a game having nature of an agreement of chance and where gains acquired by participant thereof are fully or partially occasional ones.
- 8) **Lottery organizer** capital company incorporated in the Republic of Latvia or in special cases also an association or religious organization having received licenses required for lottery arrangement pursuant to the procedure provided by this Law;
- 9) **Dice game** gambling, where the gain is depending on the shaken dice number and the gain factor provided by the rules of game and which is not equipped with special electronic program for the purpose of game control and determination of the gain volume;
- 10) **Game of cards** gambling, where gain is depending on the cards laid (combination thereof) and the gain factor provided by the rules of game and which is not equipped with special electronic program for the purpose of game control and determination of the gain volume.

<sup>481</sup> Translation into English available via the Latvian lotteries and gambling supervisory inspection.

- 11) **Table for the game of cards and dice** table manufactured in an industrial manner having an equipped place for the game manager, places for distribution of players stakes and layer.
- 12) **Gain** allowance paid out by the gambling organizer to the player under the gambling rules in event of winning, as well as allowance or property paid out by the lottery organizer to the player under the lottery rules in event of winning.
- 13) **Roulette (cylindrical game)** gambling, where gain is depending on numbers, symbols or other signs or combination of signs, as well as on the deposit stake and the gain factor stipulated by the game rules and which is not equipped by special electronic program for the purpose of game control and determination of the gain volume;
- 14) **Additional game of games of roulette, cards or dice** game derived directly from gambling rules, which upon compliance with certain conditions shall provide for additional winning possibilities, upon exclusion of the lottery elements.
- 15) **Roulette gaming-table** table manufactured in an industrial manner having an equipped place for the game manager, players places, table layer divided into game fields and mechanically rotating cylinder with red and black numbered fields.
- 16) **Automatic slot machine game** gambling, where participant s winning possibilities and gain volume is determined by the automatic gambling slot machine.
- 17) **Additional automatic slot machine game** possibility upon occurrence of specific conditions to play a game for free but with winning opportunities on exclusion of lottery elements provided by the game rules of automatic gambling slot machines and automatic gambling slot machines connected in a system.
- 17) **Totalizator** gambling, where participants are taking part upon depositing stake and forecasting occurrence, possible or impossible occurrence of one event or several events, or anything that may prove to be true or false and the gain depends on the total amount of the deposit stakes, factor and forecast results. Arrangement of totalizator shall be forbidden as concerns events having already occurred or events known to one or another betting party or to both parties.
- 18) **Game of chance by the telephone** gambling, where results partly or absolutely depends on an accident and where participant thereof responding to a question or in other way participating in the game, using telephone and paying participation fee in accordance with the tariff for additional services being set up by the game organizer.

#### **Section 57. Money or property lotteries**

In the lotteries of money and property, as well as in exclusively money or exclusively property lotteries the participants are taking part through purchase of tickets or other payment of participation fee, and the lottery organizer shall offer as gains money, property, securities, et al.

#### **Section 58. Numerical lotteries**

In numerical lotteries (lotto, toto, keno, sport lotto, numerical lotto) the gain is being get due to guessing lucky numbers, symbols or other signs or combination of signs mentioned in the rules of lottery, and the gain is depending on volume and amount of the deposit stakes.

#### **Section 59. Moment lotteries**

Moment lotteries are lotteries where participants thereto have a possibility to find out their gain immediately after the lottery ticket is purchased.

#### **Section 60. The state scale lottery**

(1) In the Republic of Latvia the monopoly of organizing state scale lotteries is owned by the state. In the state scale lotteries tickets or game cards are distributed exclusively

within the territory of the Republic of Latvia. Lottery gains are identified in the way of public lottery.

(2) In the state scale lotteries total sum of the value of the lottery tickets in single lottery may not be under 100,000 lati.

(3) Lottery organized within entire territory of the Republic of Latvia shall be deemed to be a state scale lottery.

#### **Section 61. The local scale lotteries**

(1) In the local scale lotteries gains are identified in the way of public lottery, and those have to be organized exclusively within the territory of the appropriate city, district, county or parish. It is forbidden for one organizer to organize local scale lotteries or gambling in a few cities, districts or parishes simultaneously.

(2) In the local scale lotteries the total sum of the value of the lottery tickets shall not exceed 10,000 lati.

#### **Section 62. The local scale single type lotteries**

(1) For the local scale single type lottery gains are identified in the way of public lottery, and those have to be organized during the public event and in the place, where it is being organized.

(2) Tickets for the local scale single type lottery can be distributed only during the appropriate public event and only in the place, where it is being organized, and the total sum of the value of the lottery tickets shall not exceed 500 lati.

(3) The local scale single type lottery gains must not be money.

### **Goods and Services Lottery Law (Law on Promotional Lotteries), adopted on July 8, 2003, in force since Jan. 1, 2004:**

*Translation into English was sent by the Latvian lotteries and gambling supervisory inspection*

#### Article 1. Definitions:

- 1) **Goods Lottery** participants enter the game by purchasing goods without a separate lottery fee;
- 2) **Services Lottery** participants enter the game by signing a contract for
- 8) **Prize Pool** items offered by the license owner as prize in a single goods or services lottery game and evaluated in Lats by accountant services without a separate lottery fee;  
documentation;
- 9) **Game** set of activities resulting in a possibility for a participant to win a prize. Prize winner shall be established on the basis of his ability, knowledge or by chance in part of completely.

### **3. Taxes**

Pursuant to the **Law on Lotteries and Gambling Duties and Taxes**, companies which, in accordance with the law, have received a licence to organise and run lotteries and games of chance, pay a lottery and gambling tax. A state fee of a variable amount is payable for a special licence depending on the type of game (for specific rates see the list in the synthesis report). If games of chance are organized by means of telecommunications, the gaming tax is 10 percent of all bets paid and accepted regardless of the type of game of chance organized. Non-profit organisations and associations, and religious organisations are exempt from the state fee for the issuance of the special licence as well as from the lotteries tax if they organize only single local lotteries as provided by law.

**II. LISTING****A) LEGISLATION ENACTED****a) Federal****1. General**

Law on Lotteries and Gambling Duties and Taxes, L.V.<sup>482</sup> 2.7.1994, Nr. 76 as amended L.V. 12.11.2003, Nr. 159.

Law on Joint-Stock Companies<sup>483</sup>

Law on Foreign Investment in the Republic of Latvia<sup>484</sup>, L.V. 23.2.1993 as amended L.V. 22.8.1996.

**2. Lotteries**

Gambling and Lotteries Law (*Azartspēļu un izlo u likums*), L.V. 7.12.2005, Nr. 195, entered into force mainly on 1.1.2006.

**3. Casino Gaming**

Gambling and Lotteries Law (*Azartspēļu un izlo u likums*), L.V. 7.12.2005, Nr. 195, entered into force mainly on 1.1.2006.

**4. Machine Gambling Outside Casinos**

Gambling and Lotteries Law (*Azartspēļu un izlo u likums*), L.V. 7.12.2005, Nr. 195, entered into force mainly on 1.1.2006.

**5. Betting**

Gambling and Lotteries Law (*Azartspēļu un izlo u likums*), L.V. 7.12.2005, Nr. 195, entered into force mainly on 1.1.2006.

**6. Bingo**

Gambling and Lotteries Law (*Azartspēļu un izlo u likums*), L.V. 7.12.2005, Nr. 195, entered into force mainly on 1.1.2006.

**7. Media Gambling Services**

Gambling and Lotteries Law (*Azartspēļu un izlo u likums*), L.V. 7.12.2005, Nr. 195, entered into force mainly on 1.1.2006.

**8. Sales Promotional Gambling**

Law on Goods and Services Lotteries, L.V. 8.7.2003, Nr. 101 as amended L.V. 14.11.2003, Nr. 161.

<sup>482</sup> Latvijas Vestnesis = Latvian Official Gazette

<sup>483</sup> [http://www.fktk.lv/downloads/news\\_en/On\\_Joint\\_Stock\\_Companies.pdf](http://www.fktk.lv/downloads/news_en/On_Joint_Stock_Companies.pdf) Translation provided by the Latvian Financial and Capital Market Commission

<sup>484</sup> <http://www.ttc.lv/New/lv/tulkojumi/E0123.doc>

**9.    Charity Gambling**

no specific legislation has been figured out nor was it indicated by the stakeholders contacted in Latvia.

**b)   Provincial**

no legislation on provincial level existing.

**B) DRAFT LEGISLATION**

**a) Federal**

1.-9. no specific projects.

**b) Provincial**

no specific projects.



**C) SELF-REGULATION**

No specific instruments foreseen.

**D) JURISPRUDENCE**

No specific case law has been figured out nor was it indicated by the stakeholders contacted.

### III. BARRIERS

#### a) Panorama

##### 1. General

A **special permission (license)** is required to organize lotteries and gambling as a form of business in the Republic of Latvia which permission can be conferred only to companies which are registered in the Register of Enterprises of the Republic (Sec. 8 and 63 **Gambling and Lotteries Law**). In accordance with Art. 10 of the **Law on Joint-Stock Companies**<sup>485</sup> founders of a joint-stock company may also be **foreign citizens and legal entities registered in foreign countries in accordance with the Law on Foreign Investment in the Republic of Latvia**<sup>486</sup>. Section 2 of this law provides that for the purposes of engaging in entrepreneurial activity, foreign undertakings (companies) may use **permanent representation offices** (branches, divisions) **in Latvia**. In these cases permanent representation offices (branches, divisions) of foreign undertakings (companies) must be registered as independent tax payers in the Republic of Latvia, and they must also be registered with the Enterprise Register of the Republic of Latvia by submitting the information set forth in Annex 4 of this Law. Among other data, a document confirming the address of the permanent representation office opened in the Republic of Latvia as well as special permits (licences) for engaging in particular types of entrepreneurial activity are required if the company intends the office to engage in entrepreneurial activity for which such special permit (licence) is required. This is the case for lotteries and gambling activities (Sec. 8 ss 1 and 63 Gambling and Lotteries Law). Pursuant to Sec. 8 ss 1 item 2 Gambling and Lotteries Law **foreign investment coming from EU Member States is not restricted**.

According to Sections 10, 64 and 82 ss 2 item 2 of the Gambling and Lotteries Law the special permission (license) for organising lotteries and gambling is issued by the Lotteries and Gambling Supervisory Inspection under the supervision of the Ministry of Finance. The gambling license is issued for an unlimited period of time and shall be reregistered each year (Sec. 10 ss 2 Gambling and Lotteries Law).

Section 53 ss 5 of the Gambling and Lotteries Law provides that programmes and equipment used for organizing **interactive games** should be placed in the territory; **only in the case of force majeure may programmes and equipment that are outside of the territory of Latvia be used**.

##### 2. Lotteries

**A state monopoly of organizing state scale lotteries** exists in Latvia under Section 60 of the Gambling and Lotteries Law.

##### 3. Casino Gaming

See III. a) 1.

<sup>485</sup> [http://www.fktk.lv/downloads/news\\_en/On\\_Joint\\_Stock\\_Companies.pdf](http://www.fktk.lv/downloads/news_en/On_Joint_Stock_Companies.pdf)

<sup>486</sup> <http://www.ttc.lv/New/lv/tulkojumi/E0123.doc>

**4. Machine Gambling Outside Casinos**

According to point 6 of the transitional provisions of the Gambling and Lotteries Law outside casinos and gambling halls **not more than five automatic gambling slot machines** may be installed and operated. Pursuant to point 7 of the transitional provisions of the Gambling and Lotteries Law **as from 1 January 2006 no licenses** for installation and operation of automatic gambling slot machines outside casinos and gambling halls are issued. Pursuant to point 8 of the transitional provisions of the Gambling and Lotteries Law **as from 1 January 2007** installation and operation of automatic gambling slot machines outside casinos and gambling halls shall be **prohibited**.

**5. Betting**

See III. a) 1.

**6. Bingo**

See III. a) 1.

**7. Media Gambling Services**

See III. a) 1.

**8. Sales Promotional Gambling**

The Goods and Services Lottery Law (Law on Promotional Lotteries) poses no barriers, however Art. 3 of this law requires that a **license** be obtained for such activities.

**9. Charity Gambling**

Given that no legislation has been figured out no barriers to indicate.

## b) Table

## A) LEGISLATION ENACTED

Applicable Laws and specifically relevant provisions	Barriers to the Free Movement of Gambling Services	Justifications for Continuation of Barriers
<p><b>Section 8. Gambling and Lotteries Law Requirements for the gambling organizer</b>  (1) The license to organize gambling (hereinafter referred to as the license) may be received by the gambling organizer corresponding to the following criteria:</p> <ol style="list-style-type: none"> <li>1. amount of the paid stock capital (statutory fund) thereof is not less than 1,000,000 lati</li> <li>2. interest of foreign members or stockholders in the capital company stock capital shall not exceed 49 percent. The said requirements shall concern no investors from the European Union Member States, as well as events when different provisions for foreign investments are prescribed by international treaties ratified by the Saeima (Parliament).</li> </ol> <p><b>Section 63. Gambling and Lotteries Law Rights to organize lotteries</b>  (1) State scale lotteries are organized by the state capital company the paid-up capital whereof being not less than 200,000 lati.  (2) The local scale lotteries are organized by the capital companies incorporated with the Register of the Enterprises of the Republic of Latvia the paid-up capital whereof being not less than 10,000 lati is.</p>		<p>The limited information that is currently available to us about Latvian law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>

<p><b>Section 2 of the Law on Foreign Investment in the Republic of Latvia:</b>                  This law provides that foreign undertakings (companies) may use <b>permanent representation offices</b> (branches, divisions) in <b>Latvia</b> for the purposes of engaging in entrepreneurial activity. In these cases, permanent representation offices (branches, divisions) of foreign undertakings (companies) must be registered as independent tax payers in the Republic of Latvia, and they must also be registered with the Enterprise Register of the Republic of Latvia.</p>	<p>Permanent representation offices in Latvia</p>	
<p><b>Section 60 Gambling and Lotteries Law:</b>                  In the Republic of Latvia the monopoly of organizing state scale lotteries is owned by the state.</p>	<p>State monopoly for state scale lotteries</p>	<p>Refer above, this point.</p>
<p><b>Section 53 ss 5 Gambling and Lotteries Law:</b>                  The program used for organization of the interactive games and the equipment ensuring operation thereof should be located in the territory of the Republic of Latvia. In the case of force majeure it is allowed to use reserve programs and equipment ensuring operation thereof, which are located outside of the territory of the Republic of Latvia, previously informing the Lotteries and Gambling Supervisory Inspection thereon.</p>	<p>There exists a <b>territorial restriction</b> concerning the placement of programs and equipment for interactive games. Only in exceptional cases is the use of programs and equipment abroad permitted.</p>	<p>Refer above, this point.</p>

<p>According to point 6 of the <b>transitional provisions of the Gambling and Lotteries Law</b> outside casinos and gambling halls <b>not more than five automatic gambling slot machines</b> may be installed and operated. Pursuant to point 7 of the transitional provisions of the Gambling and Lotteries Law <b>as from 1 January 2006 no licenses</b> for installation and operation of automatic gambling slot machines outside casinos and gambling halls are issued. Pursuant to point 8 of the transitional provisions of the Gambling and Lotteries Law <b>as from 1 January 2007</b> installation and operation of automatic gambling slot machines outside casinos and gambling halls shall be <b>prohibited</b>.</p>	<p><b>Restriction</b> to five gambling machines outside casinos</p> <p><b>No licenses</b> for gambling machines outside casinos</p> <p><b>Prohibition</b> of gambling machines outside of casinos</p>	<p>Refer above, this point.</p>
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**B) DRAFT LEGISLATION**

No entry (on the basis of information currently available)



**C) SELF-REGULATION**

No entry (on the basis of information currently available)

**D) JURISPRUDENCE**

No entry (on the basis of information currently available)