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The *Saeima*¹ has adopted
and the President has proclaimed the following Law:

On Inventory of Trees and Round Timber in Transactions

Chapter I General Provisions

Section 1.

The following terms are used in this Law:

- 1) **round timber** – barked or unbarked logs the length of which exceeds one metre and the diameter at the smaller end – three centimetres;
- 2) **amount** – the volume of trees or round timber in cubic metres;
- 3) **transactions** – operations with trees and round timber that establish, amend or terminate legal relations. This term shall also be applicable to the acquisition or use of round timber if such timber is intended to be used after treatment or processing for the performance of transactions;
- 4) **origin** – information in a document certifying a transaction regarding the location of tree felling and the previous owner or legal possessor of trees or regarding the previous owner of round timber;
- 5) **trees** – trees regarding which a felling certification has been received;
- 6) **temporary storage location** – one or several felling areas of one calendar year in one property or legal possession, and the place of stowage of the round timber obtained therein, as well as the place of stowage of such round timber for the acquisition of which a tree felling certification is not required;
- 7) **permanent storage location** – an area in which round timber intended for the performance of economic activities is stored and which is not a temporary storage location;
- 8) **individual consumption** – the acquisition of round timber from trees that are in a property or legal possession and the use thereof for the needs of an owner, not performing transactions with such timber or the products obtained therefrom; and
- 9) **admissible deviation** - the maximum amount of round timber by which the actual amount may differ from the inventoried amount, taking into account the precision of measurement.

Section 2.

The purpose of this Law is to implement single inventory procedures for trees and round timber in transactions in all stages of the circulation of trees and round timber, as well as to promote fair competition and the collection of taxes.

¹ The Parliament of the Republic of Latvia

Section 3.

(1) This Law applies to natural persons and legal persons who have obtained trees or round timber in a property or legal possession or who perform storage, treatment and processing of round timber.

(2) Persons who perform transactions with trees or round timber shall determine the amount of trees and round timber and perform inventory in accordance with the procedures prescribed in Chapter III of this Law.

(3) If trees or round timber are intended for individual consumption, such trees or round timber shall be inventoried in accordance with the procedures prescribed in Chapter IV of this Law.

Chapter II Determination of the Amount of Trees and Round Timber

Section 4.

The amount of trees shall be determined in accordance with the inventory data indicated in the State Forest Register or using methods that ensure precision of measuring with a permissible error of up to 10 per cent.

Section 5.

(1) The amount of round timber shall be determined by measuring such round timber in accordance with the Latvian National Standard of round timber measurement.

(2) The Cabinet shall determine the mandatory application of Latvian national standards.

Section 6.

(1) If one of the parties involved in a transaction does not agree with the results of the measurement of trees or round timber, an organisation accredited in the field of the measurement of trees or round timber (hereinafter – accredited organisation) shall be invited for the determination of the amount.

(2) Accredited organisations shall enter into a professional activity risk (civil liability) insurance contract (hereinafter – civil liability contract).

(3) The Cabinet shall determine the accreditation requirements for organisations that operate in the field of round timber measurement, as well as the minimum sum for which such organisations may enter into a civil liability contract.

Chapter III Procedures for the Inventory of Trees and Round Timber in Transactions

Section 7.

The amount of trees and round timber specified in accordance with the requirements of Sections 4 and 5 of this Law shall be reflected in transaction documents.

Section 8.

- (1) Inventory of trees or round timber in transactions in temporary or permanent storage locations shall be performed in such a way so as to be able to determine the origin and amount of trees and round timber, as well as to trace the progress of transactions.
- (2) If the amount of trees indicated in a tree felling certification and the amount of round timber obtained after the felling of such trees (not performing a transaction) differs by more than the admissible deviation, then the actual amount shall be the amount of round timber obtained in the felling area.
- (3) The admissible deviation shall be 10 per cent from the inventoried amount of round timber.

Section 9.

- (1) If a person that is not an owner or legal possessor of a forest obtains trees in a property, such person shall be liable for the amount of round timber actually obtained in the relevant felling area.
- (2) An owner or legal possessor of a forest shall attach information regarding the amount of sold trees and round timber to an economic activities report. The report shall be submitted to the State Forestry Service in accordance with the procedures specified by the Law on Forests.

Section 10.

The Cabinet shall regulate the procedures for the inventory of trees and round timber, documents certifying inventory and transactions, as well as documents certifying individual consumption and the procedures for the registration and provisions for storage thereof.

Chapter IV

Procedures for the Inventory of Round Timber Used for Individual Consumption

Section 11.

- (1) If round timber is used for individual consumption, the amount thereof shall be determined by using methods that ensure the precision of measurement with a permissible error of up to 10 per cent.
- (2) An owner or legal possessor of a forest shall perform inventory of round timber obtained for individual consumption, indicating the amount of round timber actually obtained, the species of trees, the place of acquisition and the purpose of the use thereof.
- (3) An owner or legal possessor of a forest shall attach data regarding the amount of round timber used for individual consumption to an economic activities report. The report shall be submitted to the State Forest Service in accordance with the procedures specified by the Law on Forests.

Chapter V
Liability for Violations of the Law, Compensation of Losses, Supervision and Control

Section 12.

(1) Persons guilty of violations of this Law shall be subject to the liability specified by regulatory enactments.

(2) A fine shall be paid if it is determined in a temporary or permanent storage location in accordance with the procedures specified by regulatory enactments that the actual amount of trees or round timber is less than the inventoried amount and the difference exceeds the admissible deviation. The difference for which the fine shall be paid shall be calculated by subtracting the sum of the actual amount and the admissible deviation from the inventoried amount. The rate of the fine shall be 0.1 of the minimum monthly wage per each cubic metre of the calculated difference. The fine shall be transferred to the State budget.

(3) If it is determined in a temporary or permanent storage location in accordance with the procedures specified by regulatory enactments that the actual amount of round timber is larger than the inventoried amount and the difference exceeds the admissible deviation, the timber complying with such difference shall be removed. The difference shall be calculated by subtracting the sum of the inventoried amount and the admissible deviation from the actual amount. Round timber shall be regarded as perishable property.

Section 13.

The State Revenue Service shall ensure the supervision and control of compliance with the procedures specified by the Law in accordance with the competence thereof in co-operation with the State Forestry Service and other State institutions.

Transitional Provision

The Cabinet shall issue the regulations referred to in Paragraphs 5, 6 and 10 of this Law by 1 July 2005.

This Law shall come into force on 1 July 2005.

This Law has been adopted by the *Saeima* on 16 December 2004.

President

V. Vīķe-Freiberga

Rīga, 28 December 2004