

LEGAL NEWSLETTER
YEAR 2011
REPUBLIC OF LITHUANIA

Vilnius, Lithuania

Corporate Law

On April 20, 2011 the Seimas amended the Articles 1, 10 and 14 of the “*Law on Bankruptcy of Enterprises*”. The Law entered into force on May 6, 2011.

This Law shall apply to the extent it does not contradict the Lithuanian “*Law on Financial Collateral Arrangements*” and the “*Law on Settlement Finality in Payment and Securities Settlement Systems*”.

The State Gazette, “Valstybės žinios”, 2011. No. 50.

On April 20, 2011 the Seimas amended the Articles 1 and 9 of the “*Law on Restructuring of Enterprises*”. The Law entered into force on May 6, 2011.

This Law shall apply to the extent it does not contradict the Lithuanian “*Law on Financial Collateral Arrangements*” and the “*Law on Settlement Finality in Payment and Securities Settlement Systems*”.

The State Gazette, “Valstybės žinios”, 2011. No. 50.

On June 15, 2011 the Seimas passed a new Lithuanian “*Law on European Cooperative Societies*”. The Law came into force on August 18, 2011.

This Law regulates the formation, management, conversion and transfer of the registered office of the legal persons whose legal form is a European cooperative society.

The Law implements and ensures the application of EU Council Regulation (EC) No 1435/2003 of July 22, 2003 on the Statute for a European Cooperative Society.

It is noteworthy, that the European cooperative societies which have their registered office in the Republic of Lithuania shall be governed *mutatis mutandis* by the legal provisions of the Republic of Lithuania regulating cooperative societies (cooperatives) and public limited-liability companies to the extent that the Regulation permits and the Regulation, this Law and other legal acts regulating European cooperative societies do not provide otherwise.

The State Gazette, “Valstybės žinios”, 2011. No. 73.

On June 22, 2011 the Seimas amended and supplemented the Articles 1, 14, 46, and 57 of the Lithuanian “*Law on Companies*”. The Law came into force on July 14, 2011.

The Article 1 of the Law was supplemented with Part 2, which provided that the specifics of regulation of companies treated under the Law on Securities Market as accountable issuers shall be established by the Law on Securities Market.

The Part 7 of the Article 14 of the Law was repealed.

The amendments to the Part 6 of the Article 57 are due with respect to the shareholders' right of pre-emption to acquire the shares or convertible debentures issued by the company.

The State Gazette, “Valstybės žinios”, 2011. No. 131.

Civil Procedure Law

On June 22, 2011 the Seimas amended the Part 3, of the Article 663 of the Lithuanian “*Civil Procedure Code*”. The Law came into force on July 14, 2011.

The amendments to the Law provide that to execute from debtor's owned dwelling is possible, however only in the instances than the debt to be recovered is higher than 7,000 Litas.

The State Gazette, “Valstybės žinios”, 2011. No. 77.

Constitutional Law

The Constitutional Court of the Republic of Lithuania on November 13, 2011 made a Ruling on “*Conformity with the Constitution of the Republic of Lithuania of Certain Provisions of Legal Acts, regulating citizenship of the Republic of Lithuania*”.

The Constitutional Court ruled that twenty three provisions of the Law on Citizenship and of the Law on Implementation of the Law on Citizenship contradict the Lithuanian Constitution.

The Court stated that provisions establishing that citizens of Republic of Lithuania are inter alia those persons who are the citizens of any other state, as well as those provisions that do not establish requirement to renounce citizenship of other state when exercising one's right to citizenship of the Republic of Lithuania (or seeking to recover citizenship) contradict Article 12, Paragraph 2 of the Lithuanian Constitution.

The State Gazette, “Valstybės žinios”, 2011. No. 123.

Construction Law

On April 25, 2011, the Seimas amended the Article 125 of the “*Constitution of the Republic of Lithuania*”. The changes to the Law came into force on May 25, 2011.

Seimas adopted these amendments to the said Article of the Lithuanian Constitution in relation to legal status of the Chairman of the Board of the Bank of Lithuania as well as the grounds of his dismissal.

After these made amendments will enter into force the Bank of Lithuania will also lose its exclusively right to issue of currency in the Republic of Lithuania.

The State Gazette, “Valstybės žinios”, 2011. No. 48.

On October 17, 2011, the Seimas amended Articles 4.103 of the “*Lithuanian Civil Code*”. The changes to the Law will come into force on October 31, 2011.

These amendments were adopted by Seimas to stop the illegal constructions, and to strengthen its consequences.

The State Gazette, “Valstybės žinios”, 2011. No. 116.

On October 17, 2011, the Seimas amended the “*Law on Construction*”. The changes to the Law will come into effect on October 10, 2010.

As well as the amendments to the Article 4.103 of the Lithuanian Civil Code, these amendments to the Law were adopted by Seimas to stop the illegal constructions.

The provisions of the Law excluded a possibility for builder to legalize illegal completed construction or construction in its progress.

The law also extended the scope of the concept of illegal construction, defining the illegal construction not only a construction without granted permit, but also a construction with a permit, but breaching the design solutions of the structure (as it was indicated in the construction permit).

The State Gazette, “Valstybės žinios”, 2011. No. 116.

Health Care Law

On May 5, 2011, the Seimas amended Articles 19, and 26 of the “*Law on Tobacco Control*” of the Republic of Lithuania. The changes to the Law will come into force on January 1, 2011.

The amendments to the Law prohibited smoking tobacco products in the restaurants, cafes, bars, other public catering facilities, clubs, discos, except the specially established cigar and pipe clubs.

The Law also provides the sanctions for legal persons in the range of 1,000 to 5,000 Litas for

violation of the said norm.

The State Gazette, “Valstybės žinios”, 2011. No. 61.

Immigration Law

On December 21, 2010 the Minister of Internal Affairs of the Republic of Lithuania by the Order No 1V-445 approved the “*Rules Regarding Issuance of Permits for Permanent Residence to the Foreigners to Live in the Republic of Lithuania and Regarding the Assessment of the Fictitious Marriages*”, which came into force on January 15, 2006.

The Rules set forth the procedure of examination of aliens’ application regarding the issuance of the permanent permit to reside in the Republic of Lithuania, provide the conditions for granting the permit for permanent residence in Lithuania.

These Rules also provide the instructions for the State officials regarding assessment of fictitious marriages, and establish the grounds for a marriage to be recognized as fictitious.

If the foreigner’s application regarding obtaining the permit for permanent residence in Lithuania is rejected, the repeated application may be submitted by the foreigner not earlier than after one year.

The State Gazette, “Valstybės žinios”, 2011. No. 5.

Insurance Law

On July 19, 2011, the Seimas amended and supplemented the “*Law on Insurance*”. The changes to the Law came into force on August 8, 2011.

The amendments relate mostly to implementation of the EU Directive 2004/113/EC, also to regulation of reinsurance intermediaries, the rights of the injured, and evaluation of insurance risks.

The law indicates that reinsurance intermediaries, wishing to engage in reinsurance activities, must first of all register with the State authority, the Insurance Supervisory Commission, must have effective civil liability insurance, to carry a good qualification and reputation.

The State Gazette, “Valstybės žinios”, 2011. No. 87.

Land Law

On March 30, 2011 the Seimas amended the Article 41 of the “*Law on Land*” of the Republic of Lithuania. The changes to the Law came into force on April 15, 2011.

The Article 41 of the of the Republic of Lithuania was changed due to its inconsistency with EU Founding Agreement, as only legal persons were entitled to prepare the land planning documents.

The made amendments to the Law, provide that natural persons are also allowed to prepare land-planning documents if they obtained a license regarding the preparation of the land planning documents.

The license may be granted to natural person who has a higher education degree, and satisfies the qualification requirements approved by the Lithuanian Government.

The State Gazette, “Valstybės žinios”, 2011. No. 42.

On March 30, 2011, the Seimas amended the Article 16 of the “*Law on Reform of the Land*” of the Republic of Lithuania. The changes to the Law came into force on April 15, 2011.

The made amendments provide that natural persons and legal persons if they meet the requirements set by Lithuanian Government.

The State Gazette, “Valstybės žinios”, 2011. No. 42.

Labour Law

On March 27, 2011 the Lithuanian Government adopted the “*Resolution on the Increase of the Minimum Wage*”. The said legal act came into force on March 31, 2011.

The Resolution has set minimum hourly rates at 3,65 Litas and the minimal monthly wage in the amount of 600 Litas for employees working in private companies, establishments and organizations. For politicians, judges, State, military and civil servants the minimum hourly salary rate were set at 2,62 and the minimum monthly salary at 430 Litas.

The State Gazette, “Valstybės žinios”, 2011. No. 35.

On April 24, 2011 the Minister of Social Security and Labour by the Order No A1-118 approved the “*Description of the Conditions and Procedure for issue to Foreigners of the Permits to Work*”, which came into force on April 28, 2011.

The Description applies to the foreigners, who:

- hold no permits to reside permanently in the Republic of Lithuania or to whom the permit to reside temporary in the Republic of Lithuania does not grant any right to work under employment contract and who came in Lithuania to work under employment contract;
- the persons (foreigners) seconded to the Republic of Lithuania to work on temporary basis while their permanent workplace is abroad.

The Description sets forth the conditions of issue, extension of validity, refusal to issue or extension of validity, and cancellation of the permit to foreigners to work in Lithuania, as well as the conditions under which the foreigner is not required to obtain a work permit to work in Lithuania.

The Order is not applied to the nationals of EU Member States and their family members, as well as the nationals of the European Free Trade Association (and their family members) who enjoy the right of free movement of people.

The State Gazette, “Valstybės žinios”, 2011. No. 46.

On June 8, 2011, the Seimas amended and supplemented the “*Lithuanian Labour Code*”. The changes to the Law came into force on July 1, 2011.

The amendments established a new type of purposive vocation – the paternity vocation.

However, the paternity vacations are granted to men from the day the child is born till the date child reaches the age of one month.

During the period of the paternity vocations men have also the right for payable allowance; however such right is granted if the father of the child lives in marriage with child’s mother.

The State Gazette, “Valstybės žinios”, 2011. No. 46.

On June 15, 2011, the Seimas amended the Articles 91 and 92 of the “*Lithuanian Labour Code*”. The changes to the Law came into force on August 1, 2011.

The amendments to the Lithuanian Labour Code provide for a new concept of “unemployed” person and several aspects with respect to sponsorship of persons in the search for work.

The State Gazette, “Valstybės žinios”, 2011. No. 73.

Legalization of the Documents

On October 30, 2011 the Lithuanian Government adopted the Resolution No. 1079 on “*Approval of the Description of the Procedure for Legalization and Approval of the Documents with an Apostille*”, which entered into force on November 5, 2011.

The Description sets forth the manner in which the state official of the Consular Department at the Ministry of Foreign Affairs or an official from the diplomatic or consular mission should effect the approval of a signature on any document and the authentication of the title and seal of signatory person, which is necessary to enable the consideration of the documents of one state by authorities of the another state and the ensuing of legal consequences of such documents in other states.

The State Gazette, “Valstybės žinios”, 2011. No. 118.

Pharmacy Law

On June 22, 2011 the Seimas adopted a new version of the “*Law on Pharmacy*”. The Law

entered into force on July 18, 2011.

The new Law on Pharmacy invalidated the previous Laws on Pharmaceutical Activities and Pharmaceuticals.

The Law implements the EU Directives: 2004/27/EC and 2004/24/EC, which amended the other EU Directive 2001/83/EC.

The Law on Pharmacy regulates pharmaceutical activities, pharmaceutical practice, registration of medical products, licensing, sets forth the principles of clinical analysis of medical preparations under research and pharmacological vigilance, pricing of the compensated medicine and medical consumables, advertising of medical products.

The State Gazette, “Valstybės žinios”, 2011. No. 78.

On November 30, 2011 the Lithuanian Government adopted the Resolution No. 1192 on “Approval of Rules on Licensing of Pharmaceutical Activity, the Description of Requirements to a Qualified Person, Responsible for Production and/or Import, and the Forms of Pharmaceutical Activity Licenses”. The said legal act came into force on December 6, 2011.

The Lithuanian Government adopted the above-mentioned Order due to new release on July 18, 2011 of the Law on Pharmacy, which essentially changed the requirements for pharmaceutical activities in Republic of Lithuania.

This Order approved the licensing rules of pharmaceutical activities, established responsibilities for production and import, the forms of pharmaceutical activity licenses, and described the requirements for a qualified person.

The licensing rules provide for 5 types of licenses: licenses for pharmacy activity, pharmacy production, wholesale distribution, production pharmacy activity, and management of pharmaceutical waste.

The State Gazette, “Valstybės žinios”, 2011. No. 132

Securities Law

On June 22, 2011, the Seimas amended the “Law on Securities Market” of the Republic of Lithuania. The changes to the Law came into force on July 14, 2011.

The Law was amended in accordance to EU Directive 2004/25/EC that mostly relates to takeover bids (public offer) for the securities of companies.

The Law provides for procedural requirements regarding tender offers and realizations of takeover bids in the market.

One of the novelties is that the Securities Commission, as authorized institution, may remove Company–Issuer’s shares from the official trading list of the stock exchange if the further

existence of the Company-Issuers shares on the market will endanger the other participants in the market.

The State Gazette, “Valstybės žinios”, 2011. No. 77.

Tax Law

On January 12, 2011, the Seimas amended the Article 19 of the “*Law on Value Added Tax*”. The changes to the Law came into force on January 17, 2011.

The Article 19 of the Law was supplemented with Item 10, which indicated that Value Added Tax rate of 5 percent should be also applied to the attendance of culture, sports, and art events to which the provisions of Article 23 of the Law on Value Added Tax shall not be applied.

The State Gazette, “Valstybės žinios”, 2011. No. 6

On October 17, 2011, the Seimas amended the Articles 17 and 21 of the “*Law on Resident Income Tax*”. The changes to the Law came into force on October 19, 2011, with exception to Part 4 of the Article 1, which will come into force on January 1, 2012.

The amendments to the Law adjusted the list of non-taxable income of the resident person.

The State Gazette, “Valstybės žinios”, 2011. No. 111.

On May 25, 2011, the Seimas amended the Articles 6, 8 and 15 of the “*Law on Immovable Property Tax*” of the Republic of Lithuania. The changes to the Law will come into force on January 1, 2012.

The amendment to the Law provides that The tax rate shall range from 0.3 per cent up to 1 per cent of the taxable value of immovable property.

A municipal council shall, by 1 June of the current tax period, establish a specific tax rate which shall be valid in the territory of a relevant municipality from the beginning of the next tax period.

The municipal council may also establish several specific tax rates which shall be differentiated only on the basis one or several of the following criteria: purpose of immovable property, maintenance condition thereof, categories of taxpayers (size or legal form or social situation) or the location of immovable property in the territory of the municipality (according to the priorities set forth in strategic planning and territorial planning documents).

Until August 15, 2011 the local municipalities have to set the tax rates applied to the real property in its certain territories, which will be applied from December 28, 2011.

The State Gazette, “Valstybės žinios”, 2011. No. 65.

On October 24, 2011, the Seimas amended the Article 7 of the “*Law on Immovable Property Tax*” of the Republic of Lithuania. The changes to the Law will come into force on July 1,

2012.

The amendments to the Law provide for tax relief to immovable property belonging to traditional religious communities, societies and centres, and immovable property (or part thereof) of other religious communities, societies and centres used solely for non-commercial activities or for the manufacture of cult articles.

The State Gazette, “Valstybės žinios”, 2011. No. 119.

On December 5, 2011, the Seimas amended the Article 21 of the “*Law on Profit Tax*” of the Republic of Lithuania. The changes to the Law will come into force on December 28, 2006.

The amendments to the Law provide for a new concept of a term “business trip” in relation to EU regulation.

The State Gazette, “Valstybės žinios”, 2011. No. 141.

International Treaties

June 4, 1954 “Convention Concerning Customs Facilities For Touring”, which was ratified by Seimas on October 13, 2005, came into force on March 1, 2011.

The State Gazette, “Valstybės žinios”, 2010. No. 133.

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