

Lithuania

Law on Investments (1999)

Unofficial translation

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The year indicated in brackets after the title of the law refers to the year of publication in the Official Gazette or, when this is not available, the year of adoption of the law.

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Law on Investments

Republic of Lithuania Law on Investments

7 July 1999 No. VIII-1312

(As amended by 2 November 2004 No IX-2527)

Chapter I. General provisions

Article 1. Purpose of the law

- 1) The Law sets forth the terms and conditions of investment in the Republic of Lithuania, the rights of the investors and investment protection measures for all types of investments.
- 2) The specific features of investment into commercial banks, other credit institutions, insurance undertakings and other undertakings engaged in financial activities shall be established by the laws of the Republic of Lithuania which regulate the activities of the above-mentioned undertakings and agencies.

Article 2. Definitions

As used in this Law:

Article 3. Types of investments

1) Types of investments according to the investor's influence over the economic entity:

2) Types of investments according to the investor's registered office (domicile):

3) Types of investments according to the status of the investor:

4) Types of investments according to the object of investment:

Article 4. Methods of investing

Investors may invest in the Republic of Lithuania according to the procedure established by law by using any of the following methods:

Chapter II. Rights of investors and protection of investments

Article 5. Rights of investors

1) Domestic and foreign investors shall be ensured under this and other laws a level playing field for operation. The rights and lawful interests of investors shall be protected under the laws of the Republic of Lithuania.

2) The investor shall have the right to manage, use and dispose of the object of investment in the Republic of Lithuania in compliance with the laws and other legal acts of the Republic of Lithuania.

3) The investor shall have the right, upon paying the taxes in the manner prescribed by the laws of the Republic of Lithuania, to convert into foreign currency and/or transfer abroad without any restrictions the profits (income) held by him by ownership right.

4) A foreign investor may make a monetary contribution into the economic entity's capital under formation both in foreign and in the national currency of Lithuania.

Article 6. Guarantees of investors' rights

1) State and local authorities and officers shall have no right to interfere with the management and use as well as disposal of by the investors of the object of investment according to the procedure

as well as disposal of by the investors of the object of investment according to the procedure established by law. Damage inflicted upon the investor by unlawful actions of state or local authorities and their officers shall be compensated according to the procedure established by the laws of the Republic of Lithuania.

2) Disputes relating to infringement of the rights and lawful interests of the investor/investors shall be settled according to the procedure established by the laws of the Republic of Lithuania. Disputes between the foreign investor/investors and the Republic of Lithuania relating to infringement of their rights and lawful interests (investment disputes) shall be considered, upon agreement between the parties, by the courts of the Republic of Lithuania, international arbitration bodies or other institutions.

3) Investment disputes shall also be settled with due regard being had to the provisions of international treaties. In case of investment disputes the foreign investor/investors shall have the right to apply directly to the International Centre for Settlement of Investment Disputes.

Article 7. Protection of investment in the event of expropriation

1) Expropriation of the object of investment shall be allowed only in the cases specified and according to the procedure set forth in the laws of the Republic of Lithuania and only for public needs, paying the investor/investors just compensation in the manner prescribed by the Government.

2) The amount of compensation for the object of investment taken shall be determined in accordance with the procedure established by the Law of the Republic of Lithuania on the Principles of Property and Business Assessment and other legal acts and must correspond to the market value of the said object prior to the expropriation or prior to public declaration thereof, whichever happens earlier (hereinafter - the date of assessment). Compensation shall be paid in the national currency of Lithuania within 3 months of the day of expropriation of the object of investment. Included in the sum of compensation shall be the sum of interest amounting to the arithmetical weighted average of the annual interest rate of the last calendar quarter auctions of Government securities with maturities of up to one year, within the period from the moment of expropriation of the object of investment to the day of payment of the compensation (hereinafter - period of delay).

3) Upon the request of a foreign investor, compensation shall be paid in any currency for which London Inter Bank Offered Rate (LIBOR) is quoted. The sum of compensation shall be converted according to the official exchange rate of the litas against the foreign currency announced by the Bank of Lithuania on the day of assessment. The sum of compensation shall include the sum of interest amounting to the London Inter Bank Offered Rate (LIBOR) quoted for the appropriate currency on the day of receipt of compensation, calculated for the period the duration whereof is the closest to the period of delay. Compensation may be transferred abroad without any restrictions.

Chapter III. Specific features of investment

Article 8. Areas of investment

1) Investments in the Republic of Lithuania shall be permitted in all lawful commercial-economic activities, subject to the restrictions established by this Law and other legal acts of the Republic of Lithuania.

2) Foreign investments shall be prohibited in the activities guaranteeing state security and defence (except for investments by the economic entities meeting the criteria of European and Transatlantic integration which Lithuania has opted for, provided this is approved of by the State Defence Council).

3) When investing in the economic entity under formation, the activities whereof are subject to licensing under the laws regulating the specific sphere of activities, the economic entity must acquire a licence for its activities in accordance with the procedure prescribed by laws and other legal acts.

Article 9. Investment in free economic zones

The specific features of investment in free economic zones shall be regulated by the Law of the Republic of Lithuania on the Fundamentals of Free Economic Zones as well as laws on the setting up of individual free economic zones.

Article 10. Investment by acquiring immovable property

1) Investors in the Republic of Lithuania shall have the right to acquire title to immovable property all types.

2) The procedure and terms and conditions of investment by acquiring title to land by legal persons of the Republic of Lithuania and foreign legal and natural persons shall be established by the Constitutional Law on the Subjects, Procedure, Terms and Conditions and Restrictions of the Acquisition into Ownership of Land Plots provided for in Article 47, Paragraph 2 of the Constitution of the Republic of Lithuania.

3) The investors may take on lease the state-owned land plots according to the procedure set forth in the Civil Code of the Republic of Lithuania.

4) Foreign states shall have the right to acquire title to land according to the procedure and under the terms and conditions established by the Law of the Republic of Lithuania on the Procedure and Conditions of Acquisition and Lease of Land Plots by Foreign State Diplomatic Missions and Consular

Posts.

Article 11. Investment in the exploitation of natural resources

Investment into objects related to the exploitation of natural resources owned by the state by exclusive ownership right shall be permitted under the Law of the Republic of Lithuania on the Underground and other laws.

Chapter IV. State investment policy

Article 12. State investment policy

- 1) The state shall provide favourable conditions for private investments and ensure efficient use of state funds earmarked for investments, seeking economic and social development of the state.
- 2) The state shall support investments in the ways specified in Article 13, where:

3) Taking into account the parameters set by the Government of the Republic of Lithuania or an institution authorised by it, the state may allocate funds, grant loans and give loan guarantees for investments into the restructuring of sectors of the economy, reduction of economic and social differences between separate regions of the country, job creation and mitigation of natural disaster effects.

Article 13. Promotion of investment

- 1) Investment shall be promoted by the following methods:

2) Investment promotions methods shall be applied to the extend this is not in breach of the EU legislation on state aid.

Article 14. Regulation of state investments

Article 14. Regulation of state investments

- 1) The state investment policy shall be formulated in the Republic of Lithuania Government Programme, state-supported programmes, State Investment and Government Borrowing programmes, with due regard being had to the forecasts of the development of the economy and economic-social development of the Republic of Lithuania.
- 2) The State Investment Programme shall be drawn up for an at least 3-year period. The Government of the Republic of Lithuania shall submit the State Investment Programme to the Seimas of the Republic of Lithuania for consideration and approval together with the Draft Law on the Approval of the Financial Indicators of the State Budget and Municipal Budgets of the appropriate year according to the procedure established by laws.
- 3) The Government of the Republic of Lithuania shall establish the procedure for the planning, revision, use, accounting and control of state funds earmarked for state investments.

Article 15. International agreements

- 1) Foreign investments in the Republic of Lithuania and investments abroad by the investors of the Republic of Lithuania shall also be regulated by bilateral and multilateral agreements of the Republic of Lithuania on investment promotion and protection as well as other international agreements.
- 2) If an international agreement ratified by the Seimas of the Republic of Lithuania establishes other terms and conditions of foreign investment in the Republic of Lithuania than those prescribed by this Law, the provisions of the international agreement shall apply.

Chapter V. Final provisions

Article 16. Recognition of the law regulating foreign capital investment as invalid

The Law of the Republic of Lithuania on Foreign Capital Investment in the Republic of Lithuania No I-938 shall be recognised as invalid.