



## Tax&Legal Highlights

### Lithuania

#### Rules for trade in electricity were amended

The rules were amended by implementing the law adopted by the Seimas recognizing the threat of Astravyets nuclear power plant (NPP) under construction in Belarus to the national security of the state, environment and public health. The law sets out the prohibition for electricity from third countries with unsafe NPP to enter the Lithuanian electricity market.

On the 16th of October, amendments to the rules for trade in electricity and the description of the procedure of electricity import and export were approved.

It is stipulated in the new procedure, that from the commencement of technological tests of electricity generation in Astravyets NPP, trade throughput of the interconnections between Lithuania and Belarus will be 0 MW.

The possible consequences of this change- in 2019, once Astravyets NPP is put into operations, it would reduce the supply of electricity, which could potentially increase electricity prices in the Lithuanian price zone.

### **Changes in insolvency proceedings of legal entities**

**The Government approved the draft law that reforms the regulation of the insolvency of legal entities, with an aim to create a favorable and competitive environment for business and investment, to consolidate the legal regulation of legal entities restructuring and bankruptcy, to increase the efficiency insolvency processes and to reduce losses incurred by creditors.**

The most significant amendments:

- Shortening of the bankruptcy process from approximately 2.3 years to 1.5 years, this would help to free up the resources that could be used for business development in the country;
- E-process introduction, which will allow insolvency process data to be transmitted to an electronic database;
- Insolvency process data will be posted on websites of the courts and the Supervisory Authority;
- Establishment of the insolvency administration municipality - the Insolvency Chambers of Lithuania;
- Ability to terminate bankruptcy proceedings and initiate restructuring proceedings in an expedited manner.

### **A new model for the development of renewable energy was approved**

**On the 3d of October, the Government approved the amendments to the Law on Renewable Energy, which establishes a new support model for encouraging power plants to generate energy from RES. This will enable to further development of renewable energy, which is one of the key goals of the national strategy on energy.**

The Ministry of Energy states that the chosen model will ensure fair competition and the lowest price, as well as reduce dependence on imports. The Ministry offers to continue allocating the support through auctions since this approach can ensure the lowest possible price to consumers. Power plants, which use different RES technology for generation of energy, could take part in the auctions.

The most important criterion, which will determine the winners of the new auctions, is the lowest surcharge on electricity market price on the Nordic electricity exchange Nordpool.

Application of these promotion measures is expected to considerably increase the capacity of local electricity generation, which, accordingly, will reduce the country's dependence on electricity import and will enhance energy security. Auctions will be also open for electricity producers from other EU Member States, which have a direct link with Lithuania and have signed bilateral agreements.

It is expected that the new procedure for RES auctions will be approved during the autumn session of the Seimas and will come into force on 1 May 2019.

**It is sought to facilitate the formation and restructuring procedures of land parcels**

**The Ministry of Economy has proposed a simplification to facilitate the formation and restructuring procedures of land parcels in free economic zones (FEZ) and industrial parks (IE) in both urban and rural areas.**

On the 10th of October, the proposal was approved by the Government, amendments to the draft law will be submitted to the Seimas.

According to the Ministry of Economy, there are already not enough space for foreign and Lithuanian investors in these zones, which is why it is planned to prepare additional 1079 ha fully developed FEZ and IE areas during the period of 2019-2026. Restructuring procedures are of the same importance as a proper installation of the infrastructure.

It is especially lucrative to business because the changes will allow for the faster formation of land in mentioned zones, for instance, the procedure for dividing or combining the parcels which have common boundary will be much faster. In all cases, a director of an administration municipality will make decisions, irrespective of FEZ or IE territories.

These facilitations will attract new investments in the country's industrial area.

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