



## Tax&Legal Highlights

### Lithuania

#### The Bank of Lithuania launches its regulatory sandbox

**FinTech companies as of 15 October 2018 will be able to test their innovative products in a live environment under the guidance and supervision of the central bank of Lithuania by submitting an application to enter the Bank of Lithuania regulatory sandbox.**

The Bank of Lithuania developed an innovation-friendly space and it seeks to pave the way for faster and easier access to new financial solutions. Ideas generated in the sandbox could quickly move beyond its limits and increase competition in the financial market and this would bring identifiable benefits to consumers, such as more convenient, safer and cheaper financial services.

The regulatory sandbox is open to both existing authorised financial institutions and market newcomers. Selection of eligible participants will be based on certain criteria, the innovativeness of products or solutions and their benefits to society being the most important among them.

The regulatory sandbox of the Bank of Lithuania would be especially useful in cases when regulation of innovations is insufficient or unclear. Strong cooperation between innovators and the regulator could help understand the

impact of financial innovation on consumers, identify emerging risks, determine potential regulatory shortcomings and eliminate or reduce any possible negative effects.

### **Lithuania seeks to be among the first ones in the world to legalise virtual office**

**The Ministry of Economy made a proposal to legalise the virtual office, which means enabling the establishment of companies that do not have a physical address of their premises so that they could be able to do communication with public authorities and other entities in virtual space. Following the adoption of this decision, Lithuania would become among the first ones in the world to legalise the virtual office.**

Currently, in the process of establishing a business, the office is identified based on the address of the premises. For this reason business founders who possess no immovable property and who wish to set up a business need to contact persons who have premises and obtain their consent to register a business (for a fee or free of charge). In some cases, such a requirement handicaps the process of setting up a business. In the case of a virtual office, only the given address of an online delivery box is required to be indicated in the National Electronic Delivery Information System.

The choice of a virtual location would also facilitate communication with public authorities and other bodies. Communication is often ineffective now because corporate governance bodies are often unavailable at their registered office. In addition, the administrative and financial burden resulting from the use of brokering services or from the sending of documents by registered post to the company's home address would be reduced. The legalisation of a virtual office could help address these problems by enabling the communication of public authorities, businesses and individuals by electronic means.

### **State Data Protection Inspectorate contributes to the implementation of the personal data protection reform in Lithuania**

The State Data Protection Inspectorate, contributing to the implementation of the personal data protection reform in Lithuania, prepared and published Guidelines for small and medium-sized business, which would help to apply new legal regulation of personal data protection in practice.

### **The unlawful decision of the head of the company does not in all cases constitute his/her material liability**

**The Supreme Court of Lithuania adopted a decision on the interpretation and applicability of the substantive law governing the conditions for the material liability of the head of the company.**

The judges have established that the material liability of the head of the company arises when:

- the parties involved in labor relations at the time of the violation of law;
- the occurrence of damage is related to work activity;
- all of the following conditions are established: unlawful act, damages, the causal link between the unlawful act and the occurrence of damage; fault of the infringer.

The head of a legal entity is not materially liable for the sole reason that the court found his/her decision to dismiss the employee as unlawful because the

## Tax&Legal Highlights

degree of his/her fault is too low to create a precondition for material liability. Thus, the unlawfulness of such decision does not in principle means that the head of the company is guilty of consequences of it. Therefore, the material liability of the head of the company for the unlawful dismissal of the employee will apply only if it is proved that the head of the company acted carelessly in making such decision.

### Contacts Details

#### **Gintautas Bartkus**

**Partner, Advocate**

**Deloitte Legal**

Tel: + 370 5 255 3000

Email: [gbartkus@deloittece.com](mailto:gbartkus@deloittece.com)

#### **Kristine Jarve**

**Partner**

**Tax**

Tel: + 370 5 255 3000

Email: [kjarve@deloittece.com](mailto:kjarve@deloittece.com)

#### **Tomas Davidonis**

**Legal Partner, Advocate**

**Deloitte Legal**

Tel: +370 5 255 3000

Email: [tdavidonis@deloittece.com](mailto:tdavidonis@deloittece.com)

#### **Lina Minkė**

**Senior Manager**

**Tax**

Tel: + 370 5 255 3000

Email: [lminke@deloittece.com](mailto:lminke@deloittece.com)

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

Deloitte Central Europe is a regional organization of entities organized under the umbrella of Deloitte Central Europe Holdings Limited, the member firm in Central Europe of Deloitte Touche Tohmatsu Limited. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities.

The subsidiaries and affiliates of Deloitte Central Europe Holdings Limited are among the region's leading professional services firms, providing services through nearly 6,000 people in 44 offices in 18 countries.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2018. For information, contact Deloitte Central Europe