



Corporate Establishment

Lithuania

Due to easily management structure, limited liability of shareholders and low requirements to the share capital the local and foreign investors usually select **a private company of a limited liability (UAB) or a branch of a foreign company** as a business vehicle in Lithuania. Other possible establishment forms could be a public limited liability company (AB), which shares could be publicly traded, a small enterprise (MB), which is usually selected for a family business, a partnership, etc.

The authorized capital of UAB shall be at least **LTL 10,000** (approx. EUR 3,000). No limitations as to the maximum amount of the authorized capital are established. The shares of UAB cannot be publicly traded. UAB may have up to **249 shareholders**, it is also possible for 1 person to hold all shares of UAB. UAB is liable for its obligations only to the extent of its assets. The shareholders of UAB are not liable for the obligations of UAB, except for the obligation to pay the emission price for the subscribed shares of UAB.

The branch is a division of a foreign company. Differently from the representative office of a foreign company the branch may engage in business activities.

The main steps for establishment of UAB or the branch would be the following:

- drafting of the incorporation documents;
- opening of the bank account & arranging payment of the authorized capital (this step is not applicable in case of the branch);
- verification of the incorporation documents at the Notary public;
- submission of the incorporation documents for registration to the Commercial Register.

For the purpose of establishment of UAB the founder (legal person) shall have the following documents:

- an extract from the Commercial Register of the state where the founder is registered confirmed with an Apostille or duly legalized. The extract shall include the title of the founder, its registration code, the seat address as well as list the person(s) having signature right on behalf of the founder;
- a copy of its Articles of Association.

In case the founder is a **natural person**, he is required to bring to Lithuania only his **passport**.

For the purpose of establishment of **the branch of a foreign company** the founder shall have the following documents:

- the same extract from the Commercial Register as in case of establishment of UAB confirmed with an Apostille or duly legalized;
- a copy of its Articles of Association confirmed with an Apostille or duly legalized;
- a copy of the annual financial statements of the founder of the last financial year confirmed with an Apostille or duly legalized (in case according to the laws applicable to the founder the consolidated annual financial statements shall be prepared – it is required a copy of the annual consolidated financial statements).

The registration of UAB usually takes approx. 1 week after receipt of the required documents from the founder and the authorized capital is duly paid. The same establishment term is applicable in case of the branch.

Requirements for the CEO & Board members in Lithuania

Following the laws there are **no special education requirements** for the CEO and members of the Board, except for the requirement that CEO and members of the Board shall be **natural persons**.

In case CEO is a citizen of an EU/EFTA member state, he is entitled to be and work in Lithuania **for a period up to 3 months**. A citizen of an EU/EFTA member state **is not required** to receive any **residence or work permit**. However, if he intends to reside and work for a longer period, he is obliged

to receive a **Certificate Confirming the Right of Temporary Residence in Lithuania**. The procedure for receipt of the certificate is rather short and simple.

Nationals of third countries willing to reside and work in Lithuania **shall receive a work permit and a residence permit**. There are several exceptions when the **work permit is not required** (e.g., for the founder and the Managing director of a company in Lithuania, etc.). However, in such cases the receipt of the residence permit is obligatory and the procedure takes from **2 to 4 months**.

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