



Tax and Legal Newsletter

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Audit and consulting company Deloitte Lithuania and Professional Partnership of Advocates Deloitte Legal, are glad to introduce you with Tax and Legal Newsletter. In this edition, you will be presented with the latest tax and legal news prepared by our Tax and Legal experts.

The Bank of Lithuania launches its regulatory sandbox

FinTech companies as of 15 October 2018 are able to test their innovative products in a live environment 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 will 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 would be able to communicate 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 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. 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.

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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 guidelines are available [here](#).

State Data Protection Inspectorate carried out the first inspections

State Data Protection Inspectorate carried out the first inspections on marketing activities of the major companies, operating in food, household products stores and pharmaceuticals sectors and presented the summary of the results. It should be noted that in all inspected companies violation of data processing was identified. Thus, State Data Inspectorate provided instructions to eliminate identified violations.

The summary of results is available [here](#).

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 labour 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 head of the company.

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 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 is applied if it is proved that the head of the company acted carelessly in making such decision.

More information is available [here](#).

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