



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.

Changes in insolvency procedures 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 of 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
- E-process introduction
- 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
- The insolvency procedures can be initiated both by the head of a legal entity and a creditor;
- New Institute - Aid Agreement;
- Ability to terminate bankruptcy procedures and initiate restructuring procedures in an expedited manner

Ministry of Finance [information](#)

Rules for trade in electricity were amended

The rules were amended by implementing the law adopted by the Parliament 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 technologically tested, the supply of electricity will reduce, which could potentially increase electricity prices in the Lithuanian price zone.

“The bankruptcy process will be shorter from approximately 2.3 years to 1.5 years”



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“Electricity prices in the Lithuanian price zone will likely increase”



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A new model for the development of renewable energy was approved

On the 3^d 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 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. 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 Parliament and come into force on 1 May 2019.

More information [here](#)

An important document on the protection of personal data was signed in Strasbourg

Deputy Minister of Justice Irma Gudžiūnaitė signed a protocol in Strasbourg amending the 1981 Convention for the Protection of Individuals with Regard to the Automatic Processing of Personal Data.

Renewed Convention provides for additional safeguards to data subjects when processing their personal data, as well as enhances their rights related to transparency and access to data.

Worth to mention that from the State it requires to appoint of one or more independent bodies responsible for ensuring compliance with the provisions of the Convention.

The Ministry of Justice [information](#)

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“Additional safeguards to data subject are provided in Renewed Convention”



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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 Government approved the proposal; amendments to the draft legislation will be submitted to the Parliament.

According to the Ministry of Economy, there is already no sufficient space in these zones for foreign and Lithuanian investors, which is why it is planned to prepare additional 1079 ha fully developed FEZ and IE areas during the period of 2019-2026.

It is especially lucrative to business because the changes will allow for the faster formation of land, for instance, the procedure for dividing or combining the parcels, which have a common boundary, will be much quicker. These facilitations will contribute to an attraction of new investments in the country's industrial area; also, Lithuania will have the opportunity to attract large-scale production projects.

More information [here](#)

A new rule regarding labor disputes is formulated

2018 June 24 The Supreme Court of Lithuania has formulated a new rule of interpretation of law:

"Article 217 (3) of the Labor Code is to be interpreted as meaning that both the Labor Dispute Commission and the Court, acting in accordance with the competence established by Article 217, are not entitled to award the winning party the right to reimburse the expenses incurred by the labor dispute commission from the second party of the dispute".

This legal norm applies equally to the case where the labor dispute settlement is terminated in labor dispute commission or when the dispute is transferred to the Court.

Supreme Court of Lithuania, information is available [here](#)

"It is planned to prepare new FEZ and IE areas during the period of 2019-2026"



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"Labor disputes should be free of charge"



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