

An aerial night view of Vilnius, Lithuania, showing the city's lights and a river. The foreground features a large, light-colored building with a red roof, surrounded by trees and a courtyard. The background shows the city skyline with various buildings and a river winding through it. The sky is a deep blue with some clouds.

STARTING BUSINESS IN LITHUANIA: FIVE MOST IMPORTANT INSIGHTS

LAIMONAS MARKAUSKAS

Chairman of the Board – Finnish-Lithuanian Chamber of
Commerce

Member of the Board – Danish Chamber of Commerce in
Lithuania

Partner, Attorney-at-law – NJORD Law Firm





FINNISH – LITHUANIAN CHAMBER OF COMMERCE

Established - April 2011.

Members - 65

Corporate members - 54

Individual members - 11

Yearly membership fee: 350 EUR company, 100 EUR private.

Warm welcome to become a member!

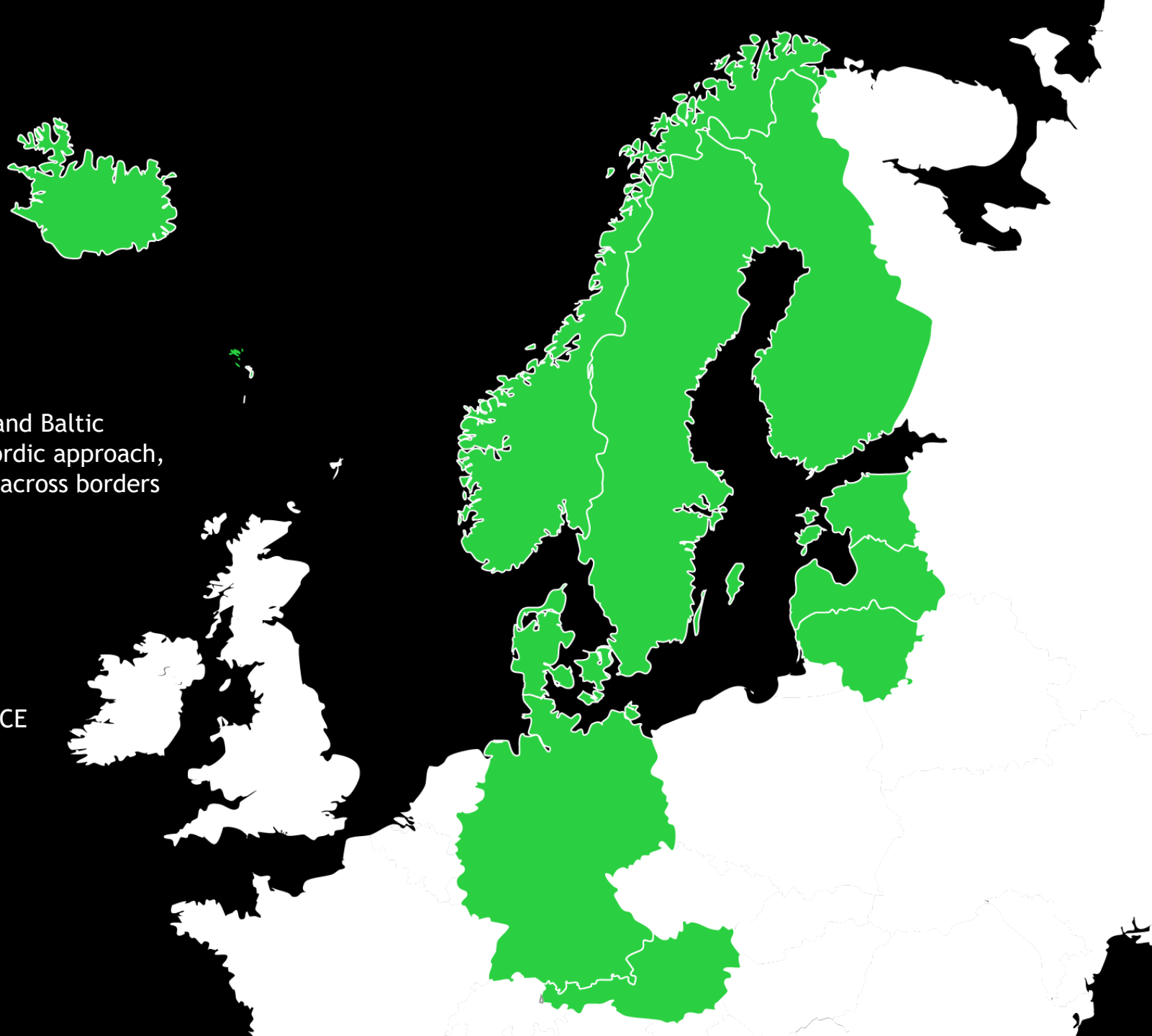
NJORD LAW FIRM

ONE-STOP SHOP

We function as a gateway to the entire Nordic and Baltic region. We have a strong local foundation, a Nordic approach, and experience with large-scale collaborations across borders around the world.

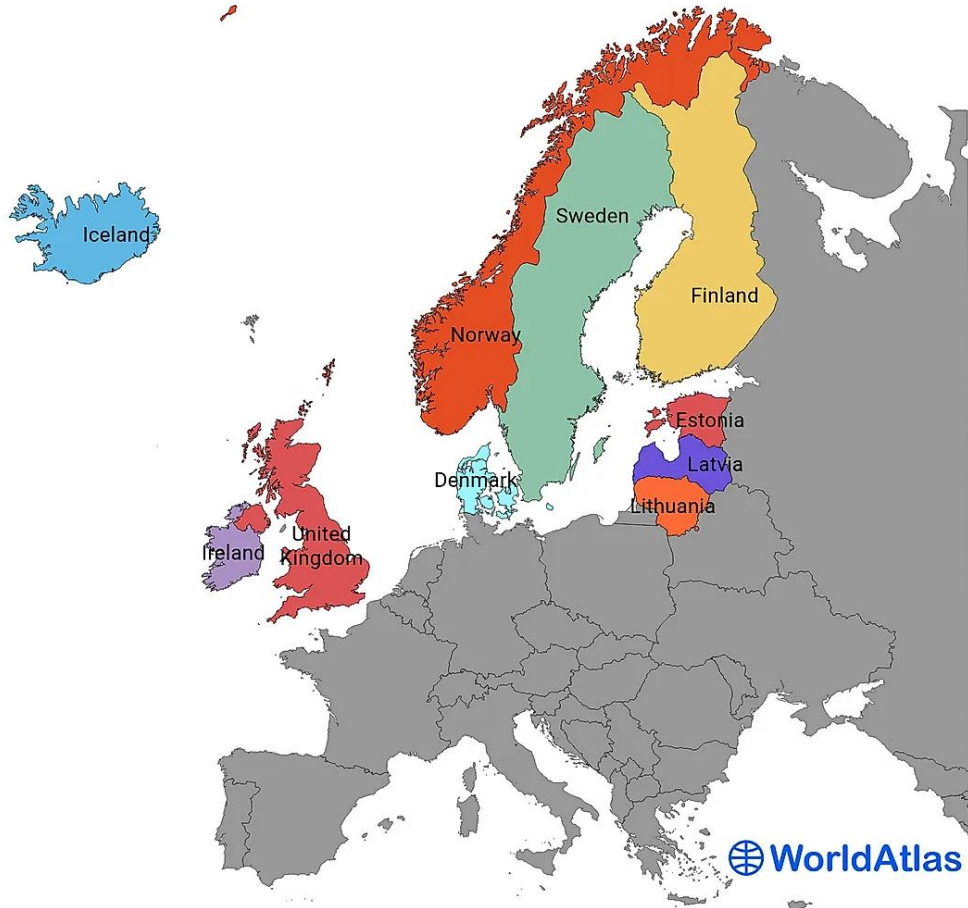
WE SPEAK, THINK AND COOPERATE
in more than 25 languages

WE COMBINE EXPERTISE & PRACTICAL EXPERIENCE
with customized counselling - in plain language



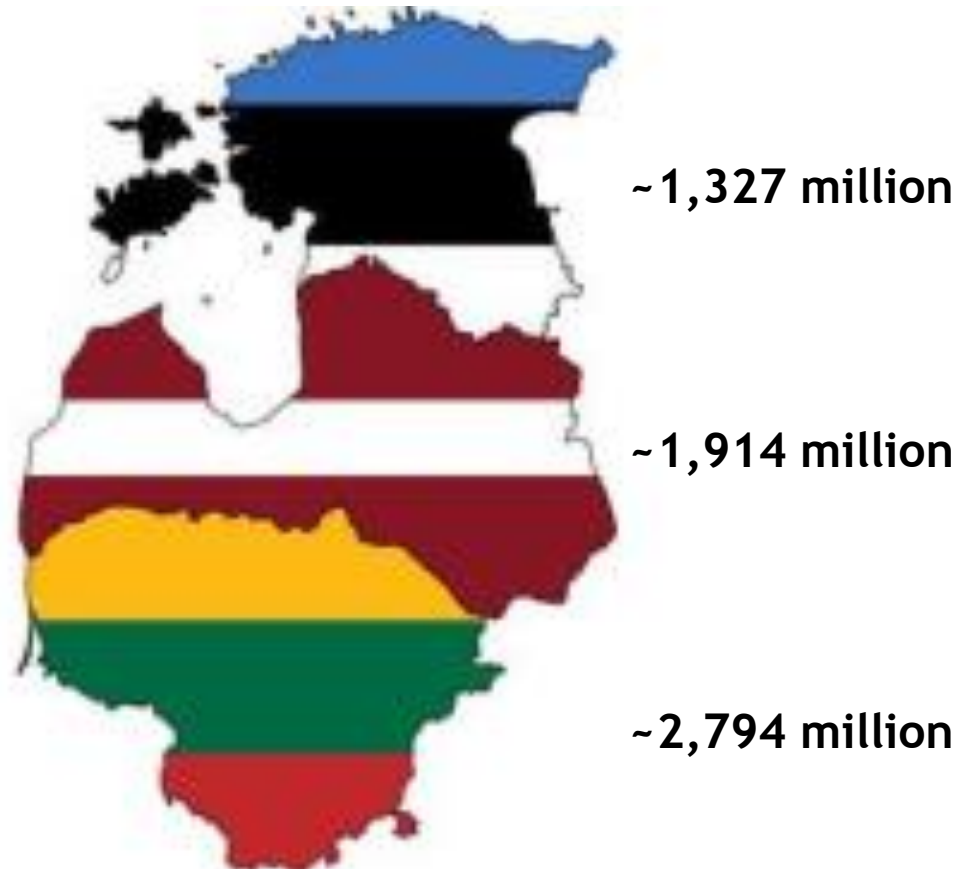
SOME GENERAL INSIGHTS ON LITHUANIA TODAY

LITHUANIA – PART OF THE NORTHERN EUROPE



UN classifies Lithuania as Northern Europe country

LITHUANIA – THE BIGGEST MARKET IN THE BALTICS



Source: Eurostat, 2019 census

LITHUANIA IS ALREADY A HOME FOR SOME FINNISH COMPANIES



~6000 FI
companies



~320 FI companies



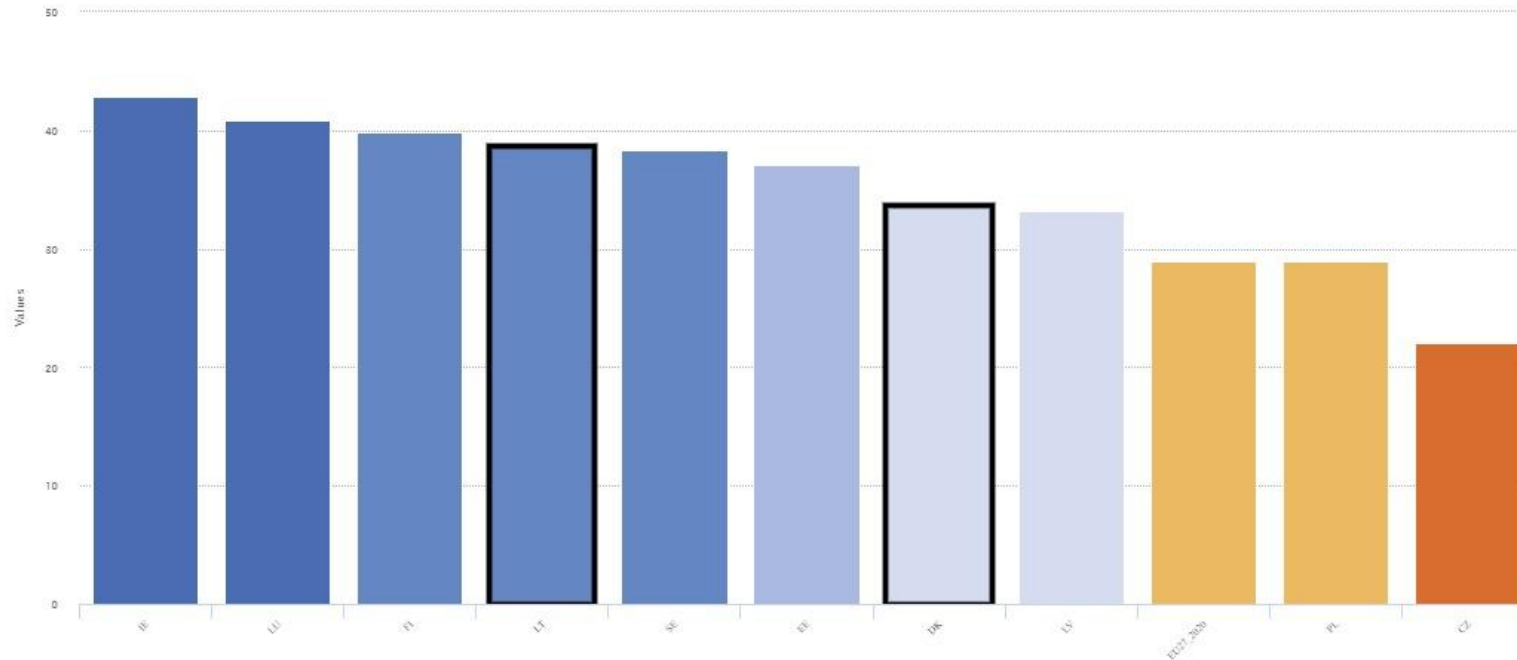
~150 FI companies



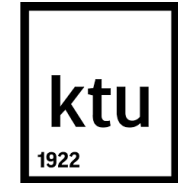
LITHUANIA – EDUCATED PEOPLE

Population by educational attainment level, sex and age (%) – main indicators

Geopolitical entity (reporting) / Time Time frequency:Annual Sex:Total Age class:From 15 to 64 years Unit of measure:Percentage International Standard Classification of Education (ISCED 2011):Tertiary education (levels 5–8). Values for 2020. Bars in red represent not available data..



Population by educational attainment level, sex and age (%) – main indicators
 Source of data: Eurostat (online data code: EDAT_LFSE_02)
 Last update 04/06/2021 00:00
 This graph has been created automatically by ESTAT/EC software according to external user specifications for which ESTAT/EC is not responsible. Graphic included.
 General disclaimer of the EC website: http://ec.europa.eu/gaininfo/legal_notices_en.html



LITHUANIA – FREE ECONOMIC ZONES



- Free Economic Zone
- ⚓ Seaport
- ✈ Airports
- ▬ Major roads
- ▬ Railways
- ▬ Regional boundaries
- Catchment area

**FIVE MOST
LEGAL INFRACTIONS**

**FIRST: TAKE DUE CARE TO
TO THE CORP. TO
STRUCTURE THE
BUSINESS IN**

MOST COMMON STRUCTURE: PRIVATE LIMITED COMPANY (UAB)

SHAREHOLDERS

BOARD

CEO

Not necessary, ...but recommendable
Depends on the a size and activities of the
company

CEO is the Queen or the King!
If and how to limit the CEO?
Double signature?
Approval of certain CEO decisions by the
Board?

BUSINESS WITH LOCAL PARTNER: 50/50 IS A BAD IDEA



In case of 50/50 shareholding it is hard to solve major disagreements / disputes

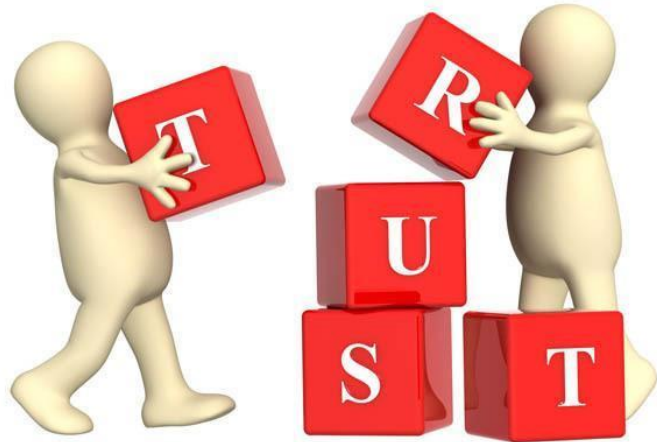


Shareholders agreement - it is possible to establish how disputes are solved and agree on other important matters

BUT In many cases solving problems in reality does not go in a way established in the agreement

**SECOND: YOU CAN'T HAVE YOUR
BUSINESS ON BOTH SIDES
NEVER FORGET THE OTHER SIDE**

TRUST IS IMPORTANT, BUT...



Trust is always necessary in business relations.

Generally you can trust your business partners in Lithuania.

PAY DUE ATTENTION TO BUSINESS AGREEMENTS



Agreements are written not for the good times, but for the **BAD** times.

It might be easy to agree almost on everything during **good** times.
It is impossible to agree almost on anything during **bad** times.

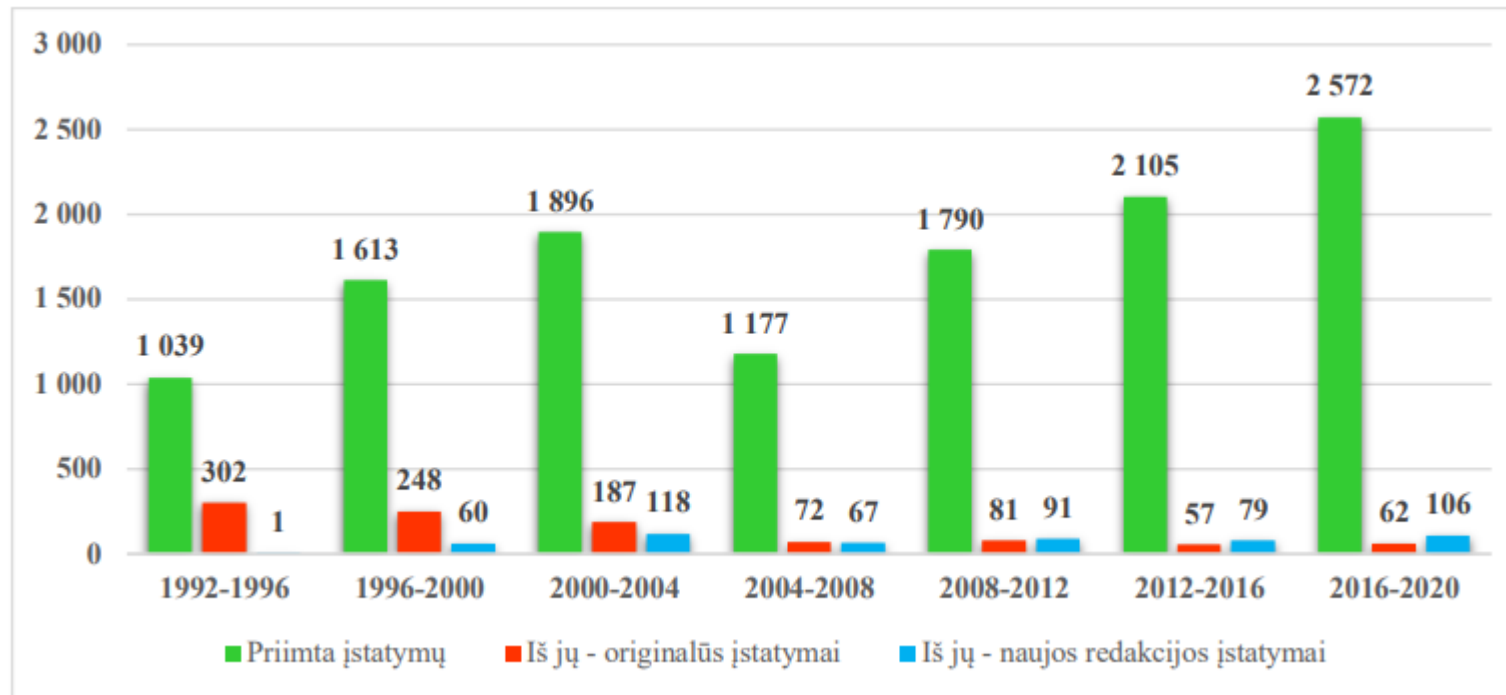
In case of dispute, it is the written agreement, which is the best evidence to show what the parties have agreed.

**THIRD: PAY DIVERSITY
ATTENTION TO
BUREAUCRATIC REALITIES**

POLITICAL CLIMATE AND STABILITY

We are still a **young democracy!**

Number of laws adopted by Lithuanian Parliament



Many changes of the laws and new laws creates some additional bureaucracy

A lot of changes in the composition of political parties in the parliament

BUREAUCRACY IN LITHUANIA

Bureaucracy index



Better integration of state systems might improve the situation.

Some laws are changed too often.

*Number of hours per year for a small company with 4 employees and 100k turnover

Source: Lithuanian Free Market Institute

SOME TRANSACTIONS SHALL BE NOTARISED



Real estate transactions

Incorporation of the company and changes of incorporation documents


Sale of shares (25% and more)

APOSTILLE
(Convention de La Haye du 5 octobre 1961)

1. Country: Norway
This public document
2. has been signed by Per Nordstrand
3. acting in the capacity of Notary public
4. bears the seal/stamp of Hustevoll
Notarius Publicus in _____

Certified

5. at Bergen 6. the 28.04.2004
7. by the Governor of the County of Hordaland
8. NO 232/2004
9. Seal/stamp _____ 10. Signature: Jan Erik Øksnes



In many cases the official documents from foreign countries have to be with an *apostille*

FOR SOME ACTIVITIES LICENCES OR PERMITS ARE NEEDED

LICENSED

Usually licences / permits are required for traditionally licensed sectors: trade of alcohol, tobacco, medicines, etc., insurance and banking sector, food processing, etc.



Lithuania is known as a country friendly for fintech, where many different types of licences are being issued.

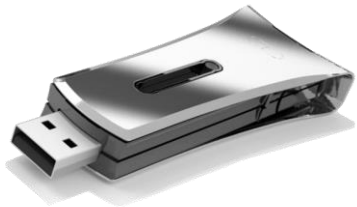


No crypto licensing in Lithuania. Not the most crypto friendly country so far.

LITHUANIA IS ADVANCED IN E-SERVICES



One of the fastest internet connections in the world



e-signature is widely accepted.
Alternative identification is often used: smart-id, e-banking

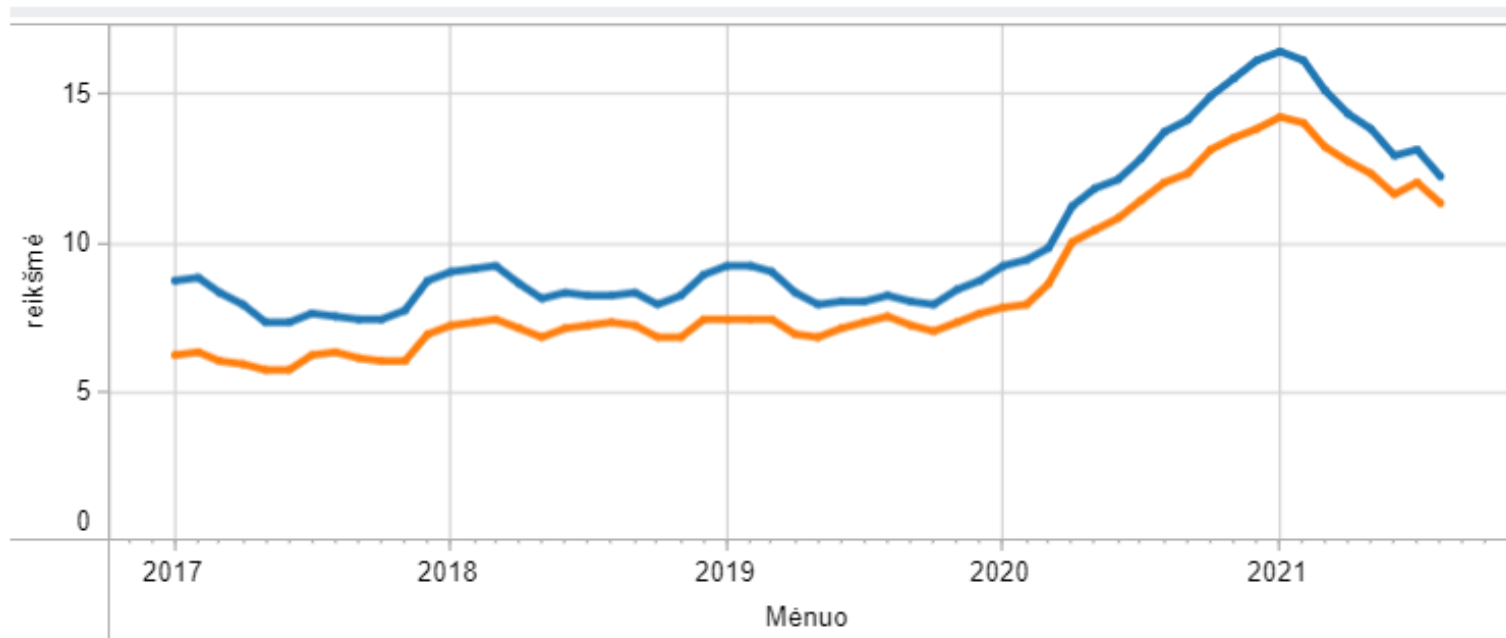


e-Government gateway
You can easily deal with many bureaucracy
online
BUT issues in communication between different state e-systems
issues to use e-signature for non residents of Lithuania

**FOURTH: GET
KNOWLEDGE
EMPLOYMENT**

UNEMPLOYMENT RATE

Vidutinis metinis bedarbių proc. nuo DAG						
Teritorija	2017	2018	2019	2020	2021	
ŠALYJE	7,9	8,5	8,4	12,6	14,2	
Vilniaus m. sav.	6,1	7,1	7,2	11,0	12,7	



Duomenys atnaujinti 2021-09-07 (kitas duomenų atnaujinimas 2021-10-07)

BUT

It might be a challenge to find employees (in particular in Vilnius region).

Some sectors are missing blue collar employees, as they were dependant on working force from the Eastern countries.

Source: State Employment Service

EMPLOYMENT REGULATIONS



Trade unions are quite weak.
BUT in some sectors might cause some troubles.



Employment relations are regulated by the Labour Code rather than by collective agreement.

EMPLOYMENT REGULATIONS



Dismissal of employees is quite liberal, but in many cases subject to notice period and compensation. Sometimes valid reason for dismissal is required. Formalities shall be thoroughly observed!



CEO shall have an employment contract.
BUT can be dismissed at any time without a reason.

**FIFTH: THINK OF THE
OPENING OF THE ACCOUNT
AND PREPARATION**

WHERE EVERYTHING STARTS WITH THE BANKS



There is very limited competition in banking sector in Lithuania.



The main players are few (ex)Scandinavian banks

DIFFICULTIES WITH THE BANKS



Very strict and excessive AML and KYC procedures are applied by the banks.



You might need to submit a lot of documents and information.
Not always information is already known and documents are in possession.
Sometimes a few visits to the bank may be required.

WHAT TO DO?



It is quite easy to open temporary account (which you need for the establishment of a company) at SEB bank, but for opening a normal account SEB is one of the strictest.



You can run a marathon around the different banks, but in any case it will take some time until you have a bank account. **If you are lucky enough...**

The logo for e-money, featuring the text "e-money" in a blue, sans-serif font. The "e" is lowercase and the "money" is lowercase. The logo is set against a white circular background with a subtle shadow.

As an alternative, it is possible to open a bank account at e-money institution (EMI), which usually provide more flexible online procedures, and do not have excess AML and KYC procedures.

A close-up photograph of a map of Lithuania. The word "LITHUANIA" is printed in large, bold, red capital letters across the center of the map. A bright red pushpin is stuck into the map, its point resting on the eastern part of the country. The map shows various cities, towns, and rivers, with labels in Lithuanian. The background is slightly blurred, focusing attention on the text and the pushpin.

**DESPITE SOME CHALLENGES,
LITHUANIA IS A PERFECT PLACE
TO DO YOUR BUSINESS**



