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LEGISLATIVE REVIEW

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LAWS AND REGULATIONS OF THE REPUBLIC OF LITHUANIA

FINANCE LAW

Business Accounting Standard 29 "Interim Financial Statements" Approved

On 29 September 2005 Business Accounting Standard 29 „Interim Financial Statements“, as approved by the Council of Standards of public institution the Accounting Institute of the Republic of Lithuania on 23 September 2005, was published (state gazette *Valstybės žinios*, 2005, No. 116-4218). The purpose of the standard is to set out the procedure of making interim financial statements and establish minimal information disclosure requirements.

TAX LAW

Rules for Fixing Taxpayers' Debt Approved

On 16 September 2005 the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania by his Order No. VA-67 (state gazette *Valstybės žinios*, 2005, No. 114 - 4185) "On Approval of the Rules for Fixing Taxpayers' Debt" approved the Rules for Fixing Taxpayers' Debt ("Rules"). The Rules establish the procedure of determining the status of fulfilment of tax obligations, according to which a taxpayer is considered either indebted or not indebted to the state (a municipal) treasury and state monetary funds.

Rate of Default Interest on Tax Failed or Delayed to be Paid Applicable in the 4th quarter of 2005 Determined

The Minister of Finance of the Republic of Lithuania by his Order No. 1K-263, dated 8 September 2005, determined the rate of default interest on tax failed or delayed to be paid which is applicable in the 4th quarter of 2005 starting from 1 October 2005 - 0.03 percent for each day overdue.

Rate of Interest on Tax Loans Used in the 4th quarter of 2005 Determined

The Minister of Finance of the Republic of Lithuania by his Order No. 1K-264, dated 8 September 2005 (state gazette *Valstybės žinios*, 2005, No. 111-4051), determined the rate of interest on tax loans used in the 4th quarter of 2005 which is applicable starting from 1 October 2005 - 0.01 percent for each day of using a tax loan.

CONSTRUCTION LAW

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Construction Technical Regulation STR 2.05.19:2005 "Engineering Hydrology. Key Requirements for Calculations" Approved

On 22 September 2005 the Minister of Environment of the Republic of Lithuania by his Order No. D1-458 (state gazette *Valstybės žinios*, 2005, No. 116-4215) approved Construction Technical Regulation STR 2.05.19:2005 "Engineering Hydrology. Key Requirements for Calculations". The provisions of the said regulation are applicable to structures the designing of which begins after the effective date of the regulation, i.e. 30 September 2005.

Construction Technical Regulation STR 2.01.01(I): 2005 "Essential Requirement for Structures. Mechanical Resistance and Stability" Approved

On 21 September 2005 the Minister of Environment of the Republic of Lithuania by his Order No. D1-455 (state gazette *Valstybės žinios*, 2005, No. 115-4195) approved Construction Technical Regulation STR 2.01.01(I):2005 "Essential requirement for structures. Mechanical resistance and stability" which replaced the former Construction Technical Regulation STR 2.01.01(1):1999 "Essential requirements for structures. Mechanical steadiness and stability". The newly approved construction technical regulation came into effect on 28 September 2005.

LAND LAW

Rules for Sale and Lease of Parcels of State-owned Land Listed among Privatisation Objects Approved

On 16 September 2005 the Government of the Republic of Lithuania by its Resolution No. 1023 (state gazette *Valstybės žinios*, 2005, No. 113-4121) approved the Rules for Sale and Lease of Parcels of State-owned Land Listed among Privatisation Objects ("Rules"). The Rules came into effect on 23 September 2005 and are applicable to sale of parcels of land listed among privatisation objects, the privatisation programmes of which are approved and published after the effective date of the Rules.

The Rules are applicable to sale and lease of parcels (portions of them) of state-own land necessary for using of state-owned or municipal structures and facilities or their parts under privatisation in accordance with the Law of the Republic of Lithuania on Privatisation of State-owned and Municipal Property (state gazette *Valstybės žinios*, 1997, No. 107-2688). The Rules are not applicable in case of privatisation of recreational buildings or other structures in rural areas when the parcels of land on which such buildings or structures are situated are returned in kind to their former owners in accordance with the Law of the Republic of Lithuania on Restoration of the Rights of Ownership of Citizens to the Existing Real Property (state gazette *Valstybės žinios*, 1997, No. 65-1558).

Rules for Concluding an Agreement for Exchange of State-owned Land for Private Land or Another Item of Real Property Approved

On 16 September 2005 the Government of the Republic of Lithuania by its Resolution No. 1026 (state gazette *Valstybės žinios*, 2005, No. 113-4124) approved the Rules for Concluding an Agreement for Exchange of State-owned Land for Private Land or Another Item of Real Property. These Rules came into effect on 23 September 2005 and are intended for implementing provisions of part 3 of Article 11 of the Land Law of the Republic of Lithuania (state gazette *Valstybės žinios*, 1994, No. 34-620; 2004, No. 28-868).

The Rules are applicable to conclusion of an agreement for exchange of state-owned land for private land or another item of real property. Land included in the stock of unoccupied state-owned land can be exchanged for a specific parcel of land or its portion or any other item of real property in cases when such parcel of private land or its portion or another item of real property is required for satisfaction of public needs or performance of state functions. Also, land included in the stock of unoccupied state-owned land can be exchanged by way of consolidation of parcels of land in accordance with a prepared territorial land consolidation project, but in this case state-owned land can be exchanged for private land or another item of real property according to the Rules for Preparation and Implementation of Land Consolidation Projects approved by Resolution No. 697 of the Government of the Republic of Lithuania, dated 27 June 2005 (state gazette *Valstybės žinios*, 2005, No. 80-2901).

Land included in the stock of unoccupied state-owned land can be exchanged for a parcel of land or its portion or any other item of real property of equal value owned by natural or legal persons or other organisations (hereinafter referred to as "owners"). If it is impossible to exchange land included in the stock of unoccupied state-owned land for a parcel of land of equal value, this land can be exchanged for a parcel of land or other items of real property differing in value by up to 5 percent. Decisions on exchange of land included in the stock of unoccupied state-owned land for a parcel of private land or its portion or another item of real property are taken by a county governor.

EUROPEAN UNION LAW NEWS

COMMUNICATIONS

Proposal for the Directive on the Retention of Communications Traffic Data Made by the Commission

On 21 September 2005 the Commission made a proposal for the Directive on the retention of communications traffic data. The proposal aims to harmonise the provisions of the Member States concerning obligations imposed on the providers of publicly available electronic communications services or of a public communications network with respect to the retention of certain data in connection with cellular and fixed communications telephony for a period of one year, and Internet

communications data – for six months. There is also a provision that providers of such services or of such a network are to be reimbursed for demonstrated additional costs they have incurred in order to comply with obligations imposed on them as a consequence of this directive. The proposed directive would not be applicable to the content of the communications. For the proposed directive to take effect, the proposal must be approved by the European Parliament and the Council. The Council is currently considering an alternative text, a decision on grounds, which would result in retention of data for up to three years.

COMPETITION

Reform of the Competition Rules Pertaining to Sale of Motor Vehicles, as Performed by the Commission, Completed

1 October 2005 saw the completion of the Commission's reform of the competition rules pertaining to sale of motor vehicles. From now on, car manufacturers will no longer be able to prohibit their distributors from establishing motor vehicle sale centres outside the territory specified by the manufacturer. Agreements providing for the said restrictions on the business of car distributors will no longer be able to refer to the general exemption from the prohibition defined in the EU Treaty (Article 81) to enter into agreements restricting competition, in accordance with Commission Regulation (EC) 1400/2002 regarding the general exemption in the motor vehicle sector.

When there is no prohibition in agreements between car manufacturers and distributors pertaining to location, dealers will be able to engage in the car distribution business in any territory or state of their choice. This change, in the opinion of the Commission, will bring about the introduction of new trade forms, e.g. sale rooms where cars of several different brands are sold.

The Regulation permits car manufacturers to require that dealers conform to the defined quality standards, ensuring high quality trade representation system for consumers. Requiring that secondary points of sale conform to all the quality standards, applicable to the business of trade representation in areas where a point of sale is going to be opened, also checking in advance the conformity to these standards, car manufacturers can usually avoid investments and the danger of dishonest use of advertising expenses by existing dealers.

Referring to rules on activities restricting competition, as set in the EU Treaty (Article 81), the Commission or national competition authorities can initiate investigation with regard

to car manufacturers and dealers that have agreements still including restrictions with regard to territories of sale.

TRANSPORT

New Rules Encouraging the Development of Regional Airports Approved by the Commission

On 6 September 2005 the Commission approved new rules encouraging the development of regional airports. These rules set out conditions pursuant to which airline companies which begin regular flights from regional airports can be given aid for the beginning of such activities. New guidelines establish that if an airport, taking into consideration not only its commercial objectives, decides to give aid to any airline company out of its own funds, such aid will be able to be used only for payment of additional expenses brought about by a new regular flight (up to 30-50%). As such a flight should in the long run pay off; such aid must decrease with each year, it cannot be given for more than 3 years (or 5 years in most unfavourable, distant regions).

The new guidelines set out a more detailed procedure of funding airports from a national treasury (especially, of investments into their infrastructure), specify in detail how the competition rules applicable to economic activities of airports can be harmonised with public objectives raised in their respect.

STATE AID

Commission Launched Consultations on Improvements of EU State Aid Rules as Regards Projects Encouraging Innovation

On 21 September 2005 the European Commission launched consultations on improvements of EU state aid rules as regards projects encouraging innovation. The suggested improvements include rules for aid that funds innovation, criteria to help public authorities to target aid more effectively, clarifying the rules to increase legal certainty and simplification of the regulatory framework. The proposals for innovation aid cover six broad areas: innovative start-ups; risk capital; the integration of innovation into existing rules on state aid for research and development (R&D); innovation intermediaries; training and mobility between university research personnel and small and medium-size enterprises; and poles of excellence for projects of common European interest.

This legislative review is for information purposes only and does not reflect all aspects of legal regulation. For full legal advice please contact our law firm by phone: (370 5) 251 44 44, (370 5) 251 44 45.