



INVEST ŠIAULIAI

## ŠIAULIAI INDUSTRIAL PARK - A FAVOURABLE ENVIRONMENT FOR INVESTMENT

Lithuania (LIETUVA) is situated in the geographical centre of Europe and borders the Republic of Latvia, Russia (Kaliningrad Region), Belarus and Poland

**Šiauliai is the fourth largest city in Lithuania (113,000 inhabitants)**

- ◆ at the crossroads of international transport corridors,
- ◆ with long-established industrial traditions,
- ◆ a favourable environment for investment.

**For the attention of investors:** a 500 ha industrial and business zone:

- ◆ Šiauliai Industrial Park,
- ◆ Public Logistics Centre with Intermodal Terminal,
- ◆ Šiauliai International Airport.





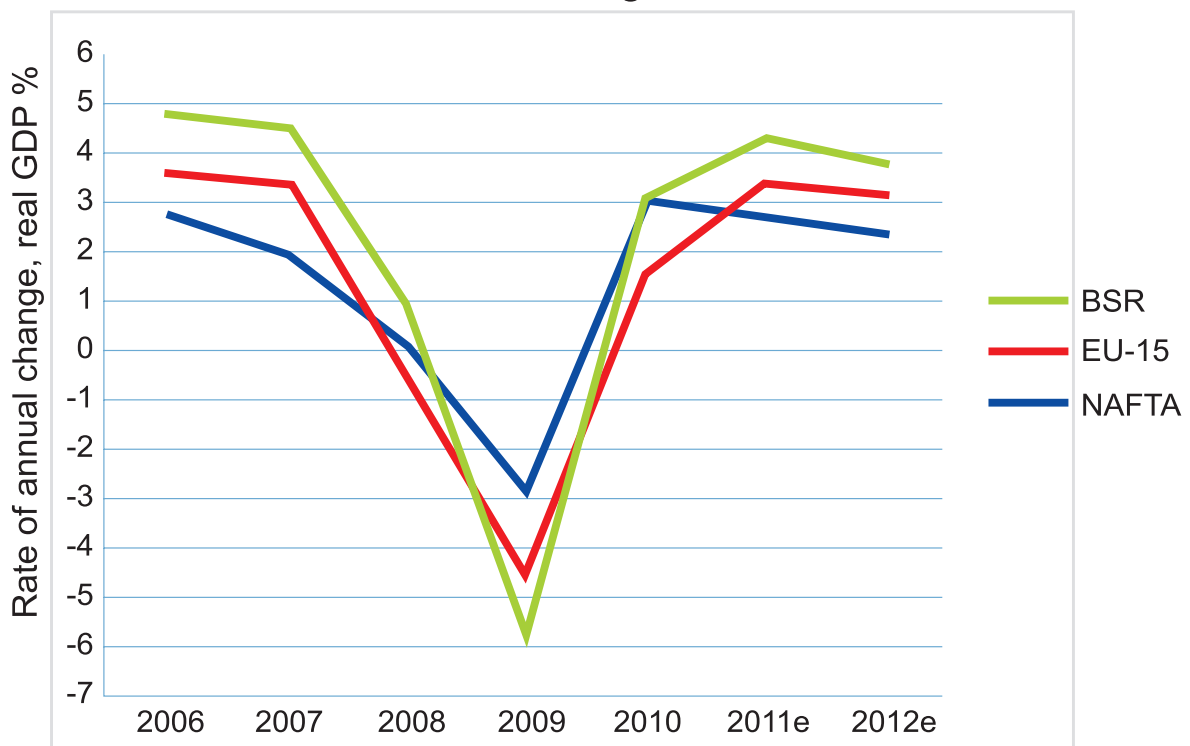
## ATTRACTIVENESS, COMPETITIVE ADVANTAGES AND EVOLVING BUSINESS STRUCTURES IN THE BALTIC SEA REGION

### WHY SET UP AND DEVELOP BUSINESS IN THE BALTIC SEA REGION?

Baltic Sea region is the fastest growing European Economic Region. In 2011 it had 57,4 mln inhabitants and its GDP amounted to 11 % of the total EU-27 GDP.

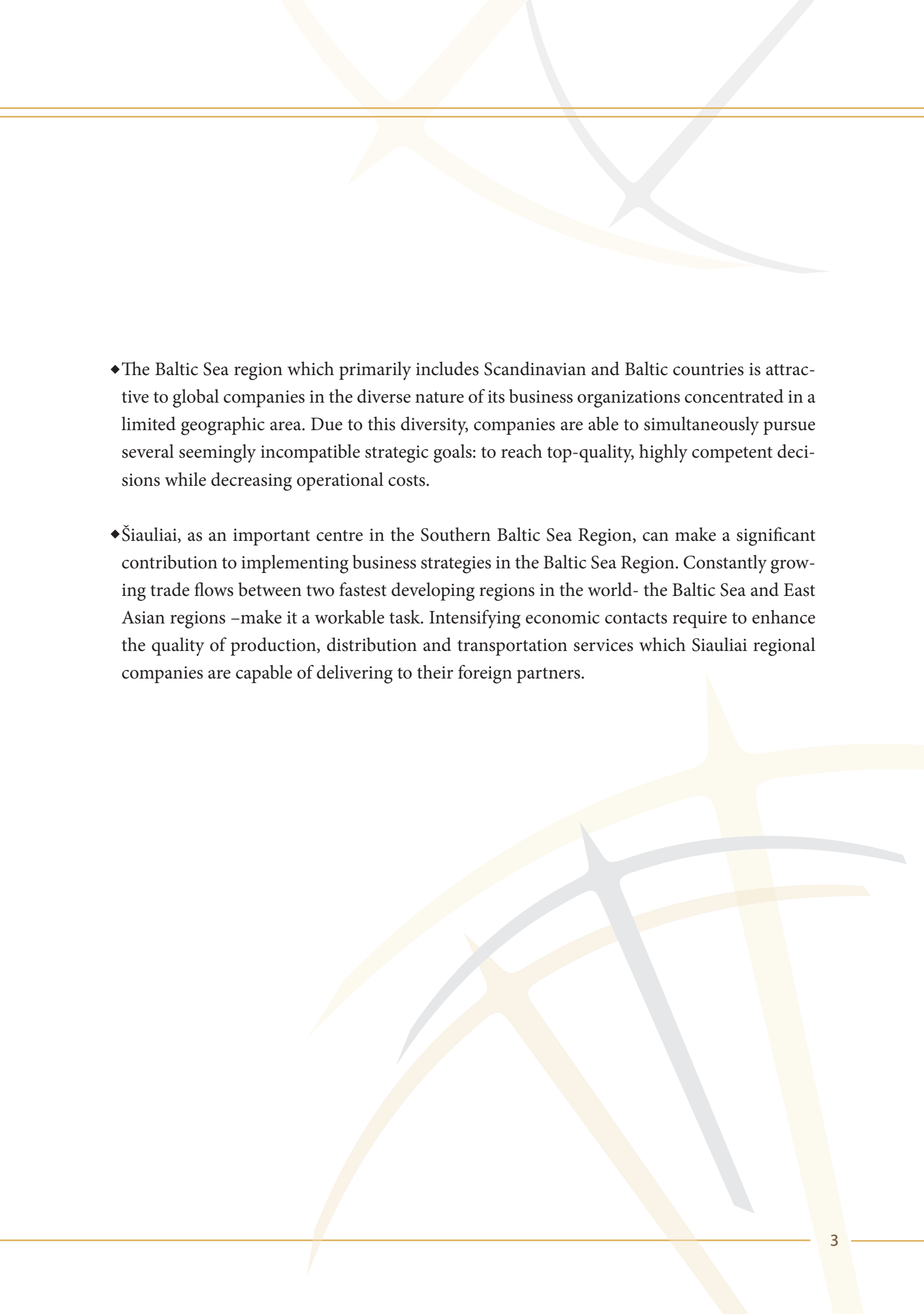
- ◆ Despite the impact of the global financial crisis, the economies of the Baltic Sea Region retain higher rate of growth than any other countries of the European Union (EU) or North America. In accordance with the forecasts of Economist Intelligence Unit (2011) and other renowned organizations, it will remain the fastest growing economy in the Western hemisphere. It is a clear indication of the potential for developing trade, logistics and distribution networks in the region.

### Economic Growth Selected Regions



Source EU (2011)

State of the Region Report 2011

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- ◆ The Baltic Sea region which primarily includes Scandinavian and Baltic countries is attractive to global companies in the diverse nature of its business organizations concentrated in a limited geographic area. Due to this diversity, companies are able to simultaneously pursue several seemingly incompatible strategic goals: to reach top-quality, highly competent decisions while decreasing operational costs.
  - ◆ Šiauliai, as an important centre in the Southern Baltic Sea Region, can make a significant contribution to implementing business strategies in the Baltic Sea Region. Constantly growing trade flows between two fastest developing regions in the world- the Baltic Sea and East Asian regions –make it a workable task. Intensifying economic contacts require to enhance the quality of production, distribution and transportation services which Šiauliai regional companies are capable of delivering to their foreign partners.

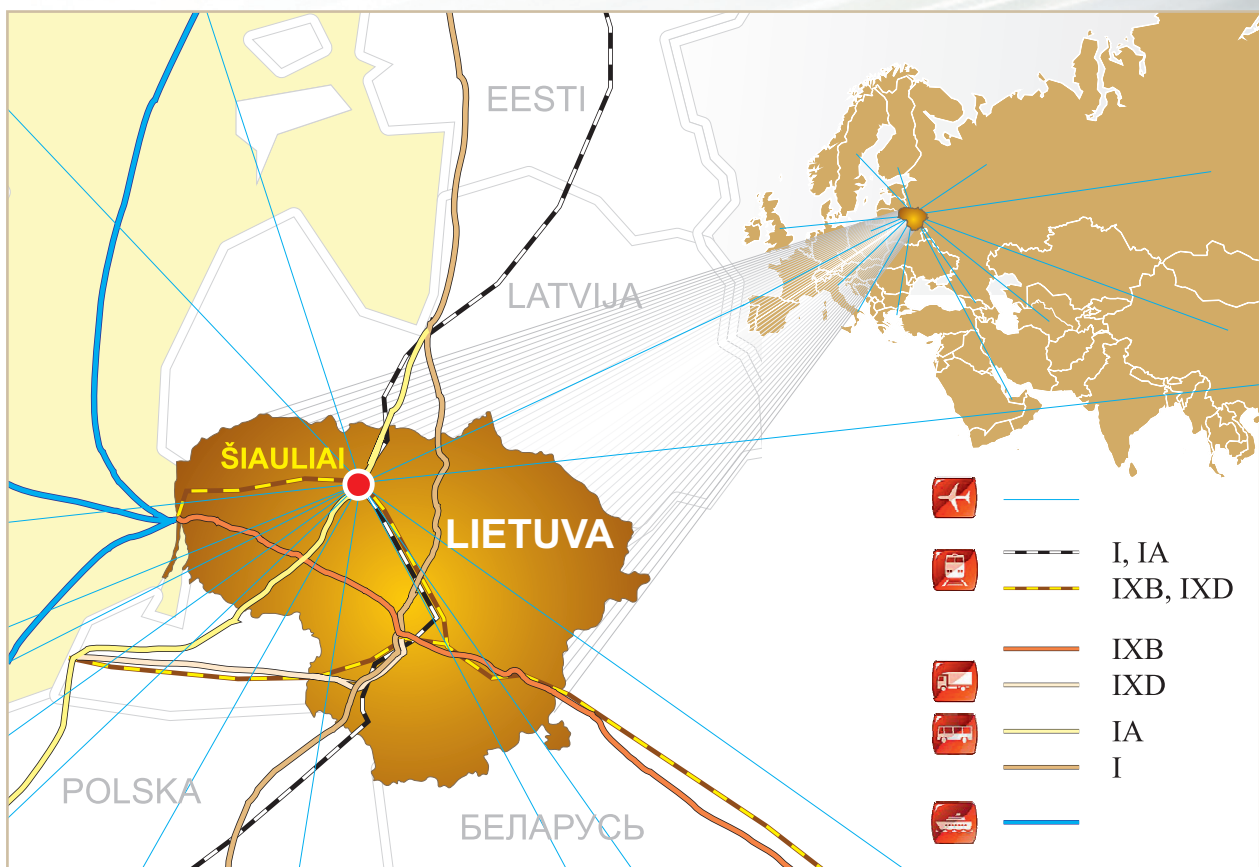


## ŠIAULIAI - AT THE CROSSROADS OF INTERNATIONAL TRANSPORT CORRIDORS

Historically, Šiauliai has been a road and railway transportation hub of Southern Baltic Region due to its favourable geographical position and early traces of industrial production. It is a city which has always been at the crossroads of regional trade and war roads.

On the one hand, this unique position brought a lot of destruction to Šiauliai during both World Wars. On the other hand, it promoted the recovery and prosperity of the city in peacetime. In the context of Lithuania's membership in the EU and NATO, Šiauliai is becoming a wonderful regional springboard for business in the whole region of the Baltic Sea.

**Firstly**, due to its geographical position and well-developed railroad infrastructure, Šiauliai offers attractive logistic opportunities in the Baltic Sea Region.







## WHAT MAKES ŠIAULIAI REGION LOGISTICS INFRASTRUCTURE EXCEPTIONAL IN THE BALTIC SEA REGION?



Šiauliai lies at the crossroads of two major Baltic Sea Region transportation corridors: *North-South* and *East-West*. The city is intersected by European routes: via Hanseatica (Riga-Šiauliai-Kaliningrad) and E272 (Vilnius-Šiauliai-Klaipėda), while via Baltica (Tallinn-Riga-Kaunas-Varsaw) is just 80 km away from Šiauliai. The distance from Šiauliai to the capital of Lithuania Vilnius is 215 kilometres, Kaunas – 146 km, Klaipėda – 161 km, Panevėžys – 83 km and the capital of Latvia Riga – 125 km.



Šiauliai-Radviliškis railway hub is one of the major rail freight distribution hubs in the Baltic States with well-developed *North-South* and *West-East* routes (here branch line IXB of railway corridor IX and branch line IA of railway corridor I intersect). The former Soviet rail gauge standard still is being in operation, freight can be transported directly to the former USSR countries without incurring additional costs and delivery delays.





Within 200 km radius from Šiauliai lie 5 ice-free Baltic Sea ports: Klaipėda (Lithuania), Kaliningrad (Russia), Liepaja, Ventspils and Riga (Latvia). Direct railway lines and roads link Šiauliai with all business centres in the Baltic States.



Šiauliai International Airport with the longest runway in the Baltic States is capable of accepting all types of cargo or passenger aircraft. What is more, the runway has been laid out in the direction of favourable prevailing westerly winds which guarantee the safety of flight operation.

All of the above mentioned transport modes as well as their inter-linkages ensure the intermodality of Šiauliai Regional logistics. Šiauliai Industrial and Business Zone, covering the area of 500 hectares, is home to Šiauliai Industrial Park, Public Logistics Centre with Intermodal Terminal and Šiauliai International Airport (more on page 10)





## ŠIAULIAI – A PERFECT PRICE-QUALITY RELATIONSHIP IN THE REGION

The **second** key advantage in favour of Šiauliai in the context of the Baltic Sea Region for companies is to have optimal low costs in combination with high quality while ensuring an excellent availability of neighbouring high purchasing power consumer markets.

WHAT EXCEPTIONAL POSSIBILITIES DOES ŠIAULIAI OFFER TO BUSINESSES AIMING TO OPTIMIZE INTERNATIONAL SUPPLY CHAINS IN THE BALTIC SEA REGION?

◆ **SKILLED WORKFORCE AT AN ATTRACTIVE LABOUR COST.**

Šiauliai is one of the most important industrial centres in Lithuania with high-tech industrial traditions. Its business enterprises (e.g. in the field of electronics) used to be part of a Soviet military-industrial complex. This means that Šiauliai can offer a skilled engineering workforce at a relatively lower labour cost as compared to Scandinavian countries. Most of the inhabitants can speak Lithuanian, Russian and English.

◆ **RELAXED LAND DEVELOPMENT RESTRICTIONS AND GREAT LINKS TO REGIONAL PORTS.**

Šiauliai offers businesses an excellent link between manufacturers and end-users. The city boasts an abundance of attractive areas for industrial activities (i.e. reasonable cost, no restrictions in development) and in this respect has an advantage over neighbouring EU port cities. Moreover, excellent transport links can reduce travel time to ports and some capital cities to under 3 hours.

◆ **EDUCATIONAL INSTITUTIONS PROVIDING SPECIFIC COMPETENCY NEEDS.**

Šiauliai is home to a University, three colleges and a network of vocational schools (as well as proximity to the main Lithuanian University cities of Vilnius and Kaunas) which ensure a constant supply of skilled and specialized labour force including those working in logistics and international supply network management.

◆ ONE OF THE MOST ADVANCED PROGRESSIVE  
ICT INFRASTRUCTURES IN EUROPE.

Lithuania, including Šiauliai Region, for the last three years has had the highest FTTH (Fiber to the home) penetration rate in Europe (FTTH Council Europe data, 2012). Direct fiber optic Internet penetration rate in Lithuanian households has reached 28,3 per cent, in Norway – 14,7 per cent, Sweden – 13,6 per cent. The majority (52,1 per cent) of city dwellers have personal computers and Internet access.

◆ DIVERSIFIED INDUSTRY STRUCTURE AND  
A WELL-DEVELOPED BUSINESS SERVICES SECTOR.

Traditionally, Šiauliai is well known for its variety of business enterprises and sectors. About 83 per cent of goods manufactured in Šiauliai are exported to the EU countries. Dominant business activities in Šiauliai are trading, real estate renting, processing industries, construction, forwarding and warehousing services. The main product groups exported are electrical machinery and equipment, sound recording and reproduction equipment, furniture, bedding sets, plastics and plasticware, bicycles and TV sets.

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The following large-scale enterprises in Šiauliai Region have a potential to become foreign investors' partners:

*JSC Šiaulių tauro televizoriai* ◆ TV sets;

*SC Baltik vairas* ◆ bicycles;

*ISC Putokšnis* ◆ PET packaging;

*Group of enterprises Plentas* ◆ road and bridge construction;

*ISC Neaustinių medžiagų fabrikas* ◆ duvets, non-woven materials, furniture;

*SC Akmenės cementas* ◆ cement and quicklime;

*SC Gubernija* ◆ beer brewery;

*SC Naujoji Rūta ir ISC Rūta* ◆ chocolate and sugar confectionary;

*ISC Eternit Baltic* ◆ production and trading of roofing material;

*SC Naujasis kalcitas* ◆ lime;

*ISC Artilux NMF* ◆ lighting equipment;

*ISC Bigso* ◆ containers and packaging.

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So this is Šiauliai investment offer: a highly attractive relationship between quality and operational costs in a fast growing Baltic Sea Region.

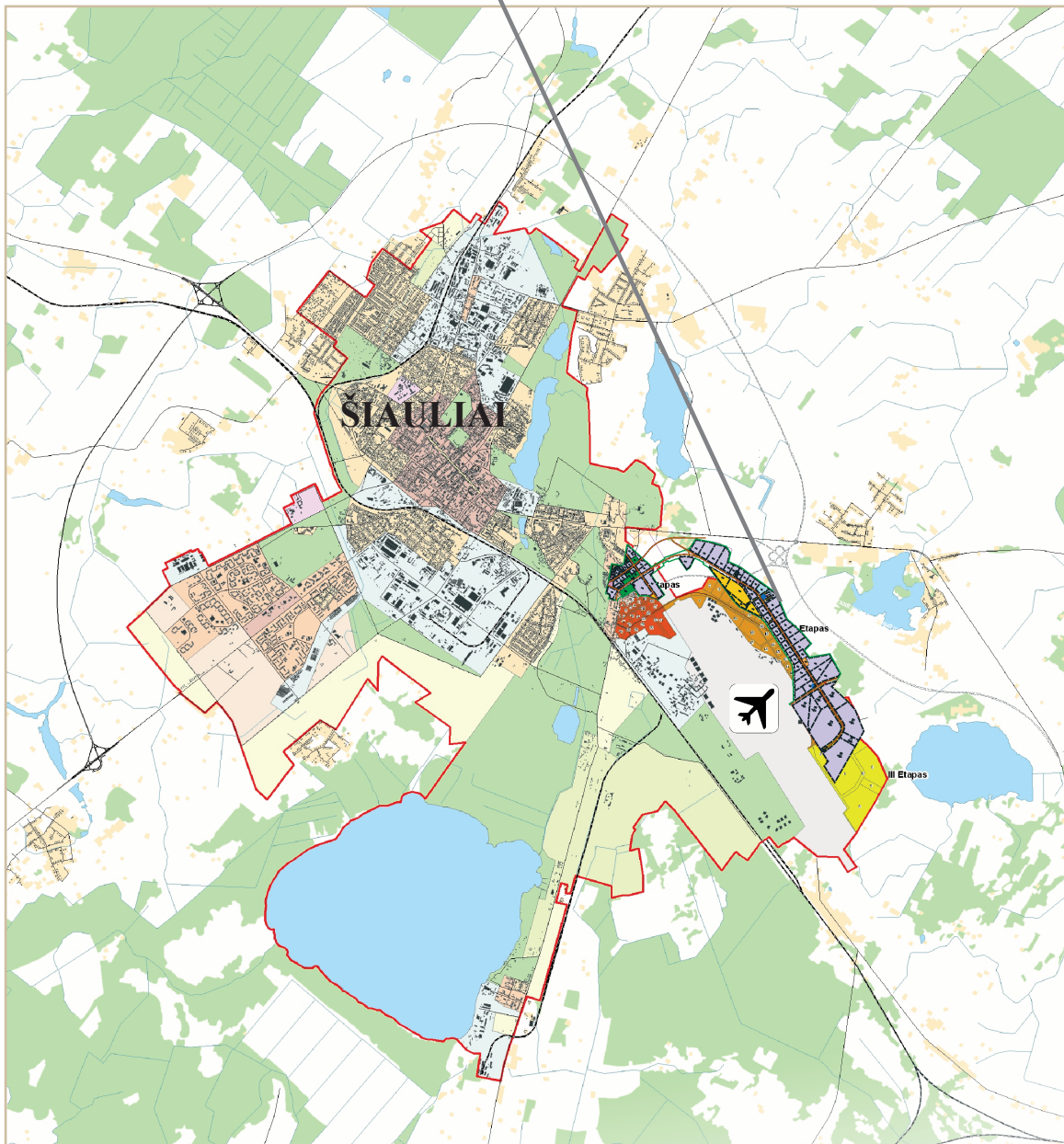


## SPECIAL OFFER TO INVESTORS

### ŠIAULIAI INDUSTRIAL PARK

- ◆ ŠIAULIAI INDUSTRIAL PARK: 271 ha area with infrastructure – favourable conditions for industry and logistics: access roads, railway siding, power lines, sanitation facilities, telecommunications network.
- ◆ ŠIAULIAI PUBLIC LOGISTICS CENTRE (PLC).
- ◆ AVAILABILITY ŠIAULIAI OF INTERNATIONAL AIRPORT SERVICES.

Šiauliai industrial and business zone



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## ŠIAULIAI BUSINESS AND INDUSTRIAL ZONE INCLUDING ŠIAULIAI INDUSTRIAL PARK, PUBLIC LOGISTICS CENTRE AND ŠIAULIAI AIRPORT COVERS THE AREA OF 500 HA .

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Parcels of different sizes (from 0,5 ha to 5 ha). If needed, two or more parcels can be joined into a large one.

### UTILITIES:

- ◆Electrical services;
- ◆Telephone and cable;
- ◆Water supply main – 300 mm;
- ◆Sanitary sewer line – 600 mm;
- ◆Storm drainage system – 800 mm;
- ◆Gas pipeline ( PE Ø 400 average pressure).

### TRANSPORTATION:

- ◆Inner roads;
- ◆Rail service;
- ◆Rail siding which may be extended to reach a parcel or a warehouse.

### INVESTMENT INTO ŠIAULIAI INDUSTRIAL PARK TERMS AND CONDITIONS:

the investor shall invest no less than 4 mln LTL (1,16 mln euros) in one hectare of land and shall create full-time employment for no fewer than three individuals. Terms and conditions are to be discussed in each individual case.

### EFFICIENCY:

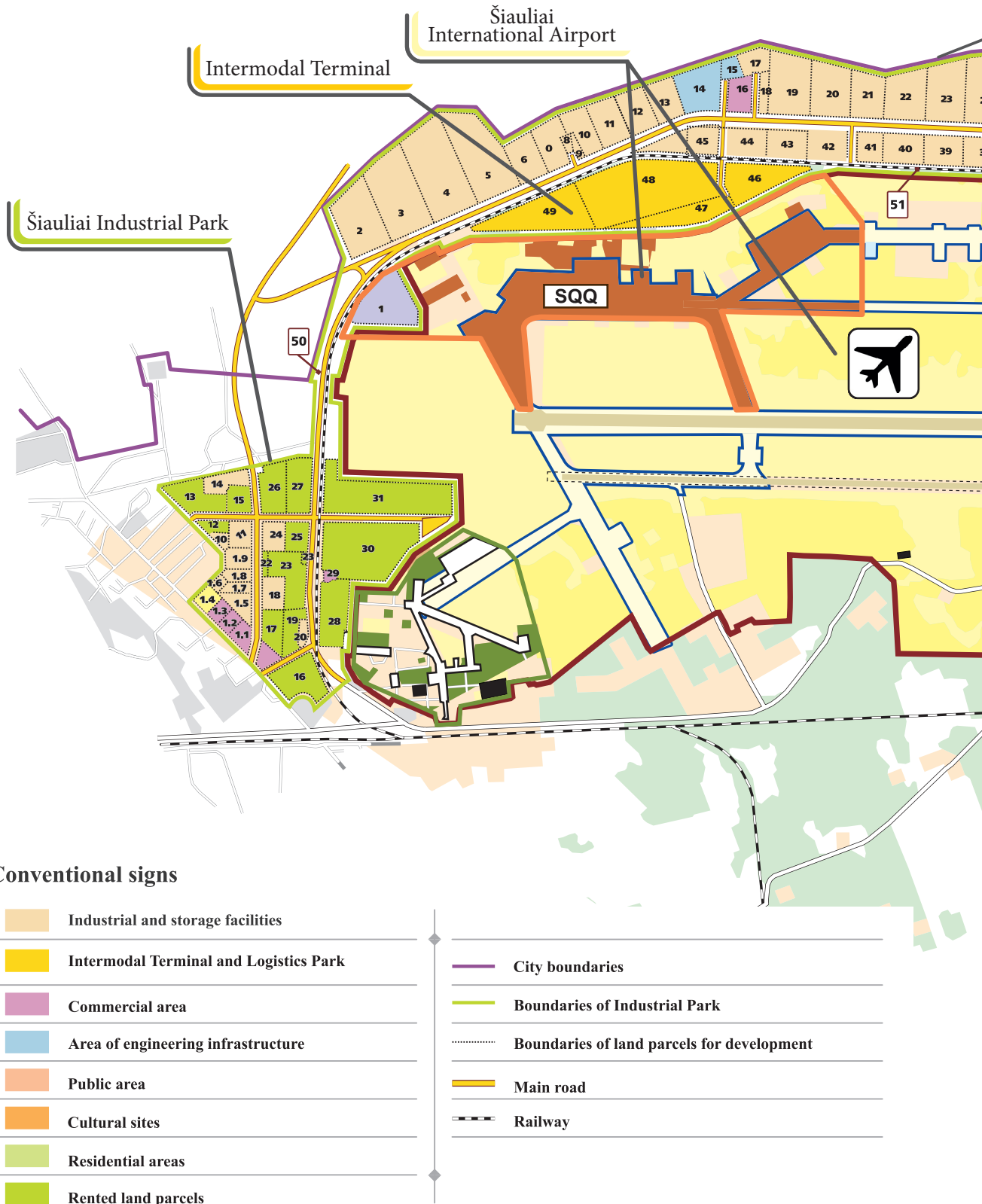
land parcel hand-over documents are prepared in less that 1 month.

### COMPREHENSIVE SERVICES:

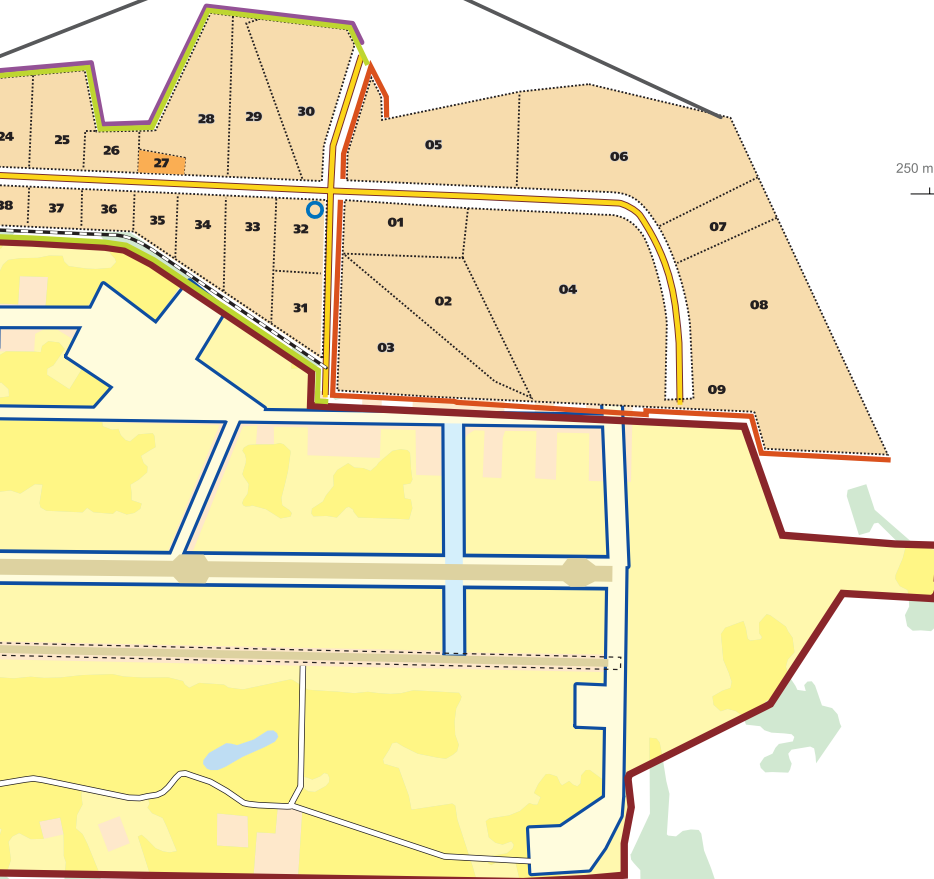
located in one place: customs and animal and plant health inspection service.



# ŠIAULIAI INDUSTRIAL AND BUSINESS ZONE



Free Economic Zone (FEZ)



250 m 0 250 500 750

|           |
|-----------|
| <b>00</b> |
| 00000     |
| A   B     |
| C   D     |

Regulations

|           |                                    |
|-----------|------------------------------------|
| <b>00</b> | Land parcel No                     |
| 00000     | Area of land plot in square metres |
| A         | Area development approach          |
| B         | Development height                 |
| C         | Development density                |
| D         | Development intensity              |

|  |  |  |  |   |  |  |  |   |  |   |   |
|--|--|--|--|---|--|--|--|---|--|---|---|
| <b>1.1</b><br>6706<br>K   2-3<br>0.5   1.5 | <b>1.2</b><br>4590<br>K   2-3<br>0.5   1.5 | <b>1.3</b><br>4623<br>K   2-3<br>0.5   1.5 | <b>1.4</b><br>5997<br>G1   3<br>0.3   1.5  | <b>1.5</b><br>8298<br>P   2-3<br>0.3   1.5  | <b>1.6</b><br>2512<br>P   2-3<br>0.3   1.5 | <b>1.7</b><br>4535<br>P   2-3<br>0.3   1.5 | <b>1.8</b><br>4924<br>P   2-3<br>0.5   1.5 | <b>1.9</b><br>8040<br>P   2-3<br>0.3   1.5  | <b>10</b><br>3247<br>P   2-3<br>0.3   1.5  | <b>11</b><br>8791<br>P   2-3<br>0.3   1.5 | <b>12</b><br>5227<br>P   2-3<br>0.3   1.5 |
| <b>13</b><br>20302<br>P   2-3<br>0.3   1.5 | <b>14</b><br>10741<br>P   2-3<br>0.3   1.5 | <b>15</b><br>9327<br>P   2-3<br>0.3   1.5  | <b>16</b><br>25519<br>P   2-3<br>0.3   1.5 | <b>17</b><br>17753<br>PK   2-3<br>0.3   1.5 | <b>18</b><br>10576<br>P   2-3<br>0.3   1.5 | <b>19</b><br>10551<br>P   2-3<br>0.3   1.5 | <b>20</b><br>3085<br>P   2-3<br>0.3   1.5  | <b>21</b><br>22107<br>V1   2-3<br>0.3   1.5 | <b>22</b><br>1820<br>V1   2-3<br>0.3   1.5 | <b>23</b><br>651<br>V1   2-3<br>0.3   1.5 | <b>24</b><br>9339<br>P   2-3<br>0.3   1.5 |
| <b>25</b><br>9091<br>P   2-3<br>0.3   1.5  | <b>26</b><br>17636<br>P   2-3<br>0.3   1.5 | <b>27</b><br>19063<br>P   2-3<br>0.3   1.5 | <b>28</b><br>25710<br>P   2-3<br>0.3   1.5 | <b>29</b><br>1866<br>K   2-3<br>0.3   1.5   | <b>30</b><br>67446<br>P   2-3<br>0.3   1.5 | <b>31</b><br>64708<br>P   2-3<br>0.3   1.5 |  |   |  |   |   |

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| <b>1</b><br>34216<br>P1   15<br>0.7   1.5  | <b>2</b><br>38696<br>P1   15<br>0.6   1.5  | <b>3</b><br>52105<br>P1   15<br>0.6   1.5  | <b>4</b><br>63739<br>P1   15<br>0.6   1.5  | <b>5</b><br>58148<br>P1   15<br>0.6   1.5   | <b>6</b><br>17915<br>P1   15<br>0.7   1.5  | <b>7</b><br>18396<br>P1   15<br>0.7   1.5  | <b>8</b><br>2000<br>P1   10<br>0.8   1.5   | <b>9</b><br>2000<br>P1   10<br>0.8   1.5   | <b>10</b><br>15949<br>P1   15<br>0.7   1.5 | <b>11</b><br>18445<br>P1   15<br>0.7   1.5 | <b>12</b><br>17252<br>P1   15<br>0.7   1.5 |
| <b>13</b><br>1584<br>P1   15<br>0.7   1.5  | <b>14</b><br>25284<br>I1   15<br>0.5   1.0 | <b>15</b><br>4952<br>I1   15<br>0.4   1.0  | <b>16</b><br>12104<br>K   30<br>0.5   3.0  | <b>17</b><br>9500<br>P1   15<br>0.7   1.5   | <b>18</b><br>5800<br>P1   15<br>0.7   1.5  | <b>19</b><br>32420<br>P1   15<br>0.7   1.5 | <b>20</b><br>28288<br>P1   15<br>0.7   1.5 | <b>21</b><br>20205<br>P1   15<br>0.7   1.5 | <b>22</b><br>24663<br>P1   15<br>0.7   1.5 | <b>23</b><br>28737<br>P1   15<br>0.7   1.5 | <b>24</b><br>34366<br>P1   15<br>0.7   1.5 |
| <b>25</b><br>40185<br>P1   15<br>0.7   1.5 | <b>26</b><br>16702<br>P1   10<br>0.4   1.0 | <b>27</b><br>8969<br>C2   -<br>-   -       | <b>28</b><br>63592<br>P1   15<br>0.6   1.5 | <b>29</b><br>51105<br>P1   15<br>0.6   1.5  | <b>30</b><br>71735<br>P1   15<br>0.6   1.5 | <b>31</b><br>26695<br>P1   15<br>0.7   1.5 | <b>32</b><br>27262<br>P1   15<br>0.7   1.5 | <b>33</b><br>41729<br>P1   15<br>0.6   1.5 | <b>34</b><br>30517<br>P1   15<br>0.5   1.5 | <b>35</b><br>17440<br>P1   15<br>0.5   1.5 | <b>36</b><br>15998<br>P1   15<br>0.7   1.5 |
| <b>37</b><br>16280<br>P1   15<br>0.7   1.5 | <b>38</b><br>16282<br>P1   15<br>0.7   1.5 | <b>39</b><br>15941<br>P1   15<br>0.6   1.5 | <b>40</b><br>16870<br>P1   15<br>0.6   1.5 | <b>41</b><br>11534<br>P1K   15<br>0.7   1.5 | <b>42</b><br>16504<br>P1   15<br>0.7   1.5 | <b>43</b><br>16841<br>P1   15<br>0.7   1.5 | <b>44</b><br>16900<br>P1   15<br>0.7   1.5 | <b>45</b><br>22722<br>P1   15<br>0.6   1.5 | <b>46</b><br>31427<br>P   15<br>0.4   1.0  | <b>47</b><br>25825<br>P   15<br>0.7   1.0  | <b>48</b><br>94389<br>P   15<br>0.7   1.0  |
| <b>49</b><br>45825<br>P   15<br>0.7   1.0  | <b>50</b><br>259460<br>12   -<br>-   -     | <b>51</b><br>52737<br>12   -<br>-   -      |  |   |  |  |  |  |  |  |  |

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| <b>01</b><br>49737<br>1   15<br>0.7   1.5  | <b>02</b><br>70900<br>1   15<br>0.7   1.5  | <b>03</b><br>81963<br>1   15<br>0.7   1.5 | <b>04</b><br>248614<br>1   15<br>0.7   1.5 |  |
| <b>05</b><br>109748<br>1   15<br>0.7   1.5 | <b>06</b><br>194938<br>1   15<br>0.7   1.5 | <b>07</b><br>43600<br>1   15<br>0.7   1.5 | <b>08</b><br>245553<br>1   15<br>0.7   1.5 | <b>09</b><br>114463<br>1   15<br>0.7   1.5 |



### FAVOURABLE MEASURES TO FOSTER INVESTMENT:

investors are exempt from land and real estate tax for 10 years.

### ECONOMIC BENEFITS:

1 ha land parcel with public utilities in place in Šiauliai Industrial Park is estimated to cost 300 000 litas (about 87 000 euros according to land value map. An Investor settling in the Industrial Park is able to save on land acquisition costs, on money and time required to build infrastructure depending on the parcel size and can immediately start to implement his/her project and develop his/her business.

## FREE ECONOMIC ZONE (FEZ) IS BEING ESTABLISHED

The establishment of Free Economic Zone in the territory of Šiauliai Industrial Park has started. Investors will receive considerable tax reduction on their investment.

Šiauliai City Municipality Council approved of the establishment of Šiauliai Free Economic Zone based on the decision No T-214 *Concerning the approval to establish Šiauliai Free Economic Zone* issued on August 25, 2011.

The Law on the Republic of Lithuania Šiauliai Free Economic Zone came into force on December 31, 2011. Article 4 states that the area of Free Economic Zone comprises 218 ha.

### FEZ OBJECTIVES ARE AS FOLLOWS:

- ◆ to create better conditions for investors;
- ◆ to boost the attractiveness of Šiauliai Region industry and create more favourable conditions
- ◆ to attract foreign investment, develop cutting edge technologies and create jobs.

FEZ projected operation period is of 49 years.

# ŠIAULIAI PUBLIC LOGISTICS CENTRE WITH INTERMODAL TERMINAL (PLC)

THE PLC AREA COVERS 17 HA.

PLC consists of Intermodal Terminal and Logistics Park.

PLC deals with logistics and shipment distribution.

Length of the Terminal – 1000 m.

Freight service operations of three modes of transport: road, railway and air transport.

## ROADS:

- ◆ two access roads;
- ◆ one bypass;
- ◆ two inner roads in the Industrial Park;
- ◆ two roads for additional expansion of the Terminal;
- ◆ two railway entrance/exit lines:
  - each of 1000 m length;
  - capability for reloading containers from two trains simultaneously;
  - railway bypass enabling manoeuvring operations.

For reloading operations: a gantry crane with the lifting capacity of 37 t and a telescopic container loader with the lifting capacity of 35 t.

Capability not only to reload containers from trains on to trucks and vice versa, but also to store containers on-site (1.2 ha).

The site storage capacity – 1.800 TEU (20 ft containers).

## **The aim of the ŠIAULIAI PUBLIC LOGISTICS CENTER is to handle:**

- ◆ Šiauliai Industrial Park cargo/freight;
- ◆ Šiauliai City and region cargo/freight flows;
- ◆ EAST-WEST TRANSPORT CORRIDOR (EWTC) cargo/freight flows.



## ŠIAULIAI PUBLIC LOGISTICS CENTRE

| Technical specifications                                     | Measurement parametres |         |
|--|------------------------|---------|
| <b>Capacity</b>  |                        |         |
| Operating area of intermodal terminal                        | m <sup>2</sup>         | 197,511 |
| maximum container capacity                                   | TEU                    | 2,944   |
| maximum height of buildings (close proximity to the airport) | m                      | 15      |
| <b>Facilities:</b>   |                        |         |
| Railway lines (with a wye track for turning purposes)        | units                  | 3       |
| Length of railway lines                                      | m                      | 1,050   |
| Number of gantry cranes                                      | units                  | 2       |
| Number of reach stackers                                     | units                  | 1       |
| Number of high-risk containers                               | units                  | 96      |
| Number of containers-refrigerators                           | units                  | 96      |
| Fully-equipped workshop for container repair                 | units                  | 1       |
| Customs and petrol station                                   | units                  | 1       |
| <b>Estimated time:</b>                                       |                        |         |
| Average time for loading/unloading using gantry crane:       | min                    | 2.5     |



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# ŠIAULIAI INTERNATIONAL AIRPORT

- ◆ Traffic control services for all types of aircraft 24 h/day;
- ◆ total area of the airfield is 471 ha;
- ◆ runway (3500 m) is the longest in the Baltic Region;
- ◆ no noise restrictions;
- ◆ experience in handling special cargo (live animals, oversized cargo );
- ◆ equipment for efficient maintenance of all types of aircraft;
- ◆ flexible pricing;
- ◆ qualified and certified airport staff.

## **Runway information:**

- ◆ direction - 14/32;
- ◆ length - 3500 m.;
- ◆ width - 45 m.;
- ◆ pavement classification number is PCN85/R/C/W/T, surface: asphalt and concrete.

**Navigation aids and weather observation equipment:** ILS, TACAN, DVOR/DME, MM, automatic CAMOS system, RVR measurements.

**Fire prevention solutions:** CAT 7, CAT8 available upon request.

## **Company ŠIAULIAI AIRPORT manages civil flight operations and provides ground services:**

- ◆ total area – 10 000 m<sup>2</sup>;
- ◆ parking area – 2 000 m<sup>2</sup>;
- ◆ covered storage facilities– 1 500 m<sup>2</sup>;
- ◆ cargo terminal – 600 m<sup>2</sup>.

Airport specializes in cargo forwarding however, it can alternatively provide passenger service as it conforms with the Schengen requirements.

NATO Air Policing Mission has its headquarters in Lithuanian Air Force and Aviation Base.



## Services provided in the Cargo Terminal of Šiauliai International Airport:

- ◆ cargo storage and handling;
- ◆ customs clearance;
- ◆ border processing;
- ◆ aviation safety procedures;
- ◆ aircraft escort;
- ◆ aircraft ground handling;
- ◆ aircraft loading/unloading;
- ◆ aircraft parking;
- ◆ aircraft protection;
- ◆ aircraft fuelling;
- ◆ passenger baggage handling;
- ◆ business class passenger service;
- ◆ providing information to passengers;
- ◆ inflight catering to passengers and crew;
- ◆ additional services to aircraft crew;
- ◆ animal and plant health inspection service;
- ◆ providing meals in a cafe;
- ◆ first aid;
- ◆ hotel booking;
- ◆ crew transfer to/from the city.

## Types of cargo:

- ◆ standard;
- ◆ live animals;
- ◆ non-standard;
- ◆ valuable;
- ◆ military.

Passenger aircraft parking slots are available.

The airport offers refuelling services as well as modern equipment for servicing aircraft.

The airport offers refuelling services as well as modern equipment for servicing aircraft.

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**Šiauliai International Airport handles passenger and cargo aircraft owned by various airlines, such as An 124 Ruslan, B747-200F, IL-76, DC8, C5 Galaxy, An 12, B737-500, 737-700, C-17, A-310, Tu-154 , etc.**

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[www.siauliai-airport.com](http://www.siauliai-airport.com)



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# FAVOURABLE TAX AND LEGAL ENVIRONMENT

## TYPES OF BUSINESSES

Like in many other EU countries, foreign investors do business in Lithuania by setting up subsidiaries or by opening a branch of a foreign company in Lithuania. In case investors come from non- EU countries, they should take into account the agreements between their country and EU concerning avoiding double taxation, investment protection, etc. In Lithuania companies act in accordance with The Civil Code of the Republic of Lithuania, The Company Law of the Republic of Lithuania and other legal acts.

UAB and AB. The main type of company which is generally chosen by both Lithuanian and foreign businessmen is a private limited liability company (UAB). One or more shareholders are required in order to establish a private company. The maximum number of shareholders in a private company must not exceed 250. Public Company (AB) is more suitable for big business companies. Its shares may be offered to the general public and traded on a public stock exchange. Both types of companies are limited liability legal entities and their liabilities are entirely separate from those of its shareholder owners. Both types of companies are governed by the law on Public Companies (effective from July 13, 2000, Nr.VIII-1835). Companies must have one management body- a manager and a general shareholders' meeting. They may appoint a supervisory council or a board of management.

## BRANCH AND REPRESENTATIVE OFFICE

A Branch is one of the forms of foreign investment in Lithuania. A Branch does not have a capacity of a legal person and is liable only within the scope of the powers granted by the foreign parent enterprise. The suitability of a Branch to conduct business in Lithuania may depend on investment origin (whether the investment comes from the EU or other countries) and type of activity. In case of only limited operations (as stated in Article 2.56 of the Civil Code) a foreign company may operate through a Representative Office which does not have the capacity of a legal entity, but is just a subdivision of a legal entity which has established it.

### Proprietorship

Apart from the above mentioned types of businesses in Lithuania there is a Proprietorship (IĮ), which is governed by the law on private enterprises( effective from November 6,2003, No IX-1805).A proprietorship is a type of business entity that is owned and run by one individual and in which there is no legal distinction between the owner and the business. A proprietorship is a legal entity with unlimited liability. This means that the owner has no less liability than if they were acting as an individual instead of as a business.



### AGRICULTURAL COMPANY

Among other types of businesses an Agricultural Company (ŽŪB) could be pointed out. Its aim is to operate in the agricultural sector. ŽŪB has to derive 50% of its income from the sale of agricultural products or services in the field of agriculture. These companies are governed by the law on agricultural companies (effective from April 16, 1991, Nr. I-1222) and they are legal entities with limited liabilities and are entitled to some tax and other relief.

### PARTNERSHIPS

The General Partnership (Tikroji Ūkine Bendrovė – TŪB) and the Limited Partnership (Komanditinė Ūkine Bendrovė – KŪB) are worth mentioning as well. Their activities are governed by the partnership law (effective from October 16, 1990, Nr I-676). TŪB is an enterprise whose members are general partners and KŪB is an enterprise whose partners are general partners as well as limited partners. Though a Partnership is a legal entity with unlimited liability, the most important advantage of this type of company (in the case of KŪB) is a possibility to have limited partners who are liable only to the extent of their contributions. Setting up a business.

Establishment of various types of companies is regulated by the Civil Code as well as legal acts. One of the main requirements in establishing a private company is to raise a set-up capital. In a private company the minimum capital required is no less than 10,000 Litas, while in a public company the authorized capital is no less than 150,000 Litas. The shares of a public company may be offered to the general public and traded on a public stock exchange. In the case of a private company, public share trading is prohibited.

A public company is required to have a manager who is registered with the Registry of Legal Entities. Such company is also required to have an employee to do the accounting and bookkeeping (the manager is not allowed to take up this position) or sign an agreement on providing accounting and bookkeeping services with a company providing such services. Upon the registration of a company the appropriate documents are provided to the State Social Insurance Fund Board (Sodra) and State Tax Inspectorate (VMI). If the company wants to register as a value-added tax (VAT) payer from the very start of its operation, it has to file appropriate documents to the VMI. If the company's activities have been terminated, the company has the right to inform the VMI and in such case the administrative burden of providing different tax forms is reduced.

Laws regulating the establishment and activity of enterprises have been repeatedly amended, supplemented and improved and at present in certain cases with the help of a digital signature it is possible to set up a company on the Internet. However, in most cases paper documents are still applicable and they have to be filed with the Registry of Legal Entities and other institutions. On the website of the Centre of Registries ([www.registrucentras.lt](http://www.registrucentras.lt)) information on the registration of companies, appropriate document forms and information about legal enti-

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ties and their activities is available. In most cases company establishment documents have to be drawn up before a notary public, so the investor should be aware of all the costs incurred.

## LIQUIDATION OF A COMPANY

Legal entities can be brought to an end by liquidating them or they may be merged or split. The main legal act governing the liquidation of a company is The Civil Code and other laws regulating appropriate legal types of businesses. According to the law, shareholders or other appropriate participants of a legal entity, after having come to a decision to liquidate the legal entity, have to appoint a liquidator. Therefore, terms for appointing a liquidator and distribution of related expenditure should be anticipated before setting up a company. A liquidator does not need a license for his activities, so in many cases one of the shareholders can serve as a liquidator.

The law regulates the procedures of satisfying the claims of creditors' of the company under liquidation. The assets are divided among the participants of the legal entity after all the creditors' claims, subject to the law, have been met.

It should be noted that Lithuanian legal acts do not have a mechanism which would help to solve conflicts between shareholders if, for instance, two shareholders both have 50% of shares each and do not agree on important company decisions. That is why it is important before founding a company to discuss ways of how such conflicts could be solved and devise methods of how to repurchase securities.

## TAXING BUSINESS

The principal legal act regulating tax administration in Lithuania is Tax Administration Law (effective from April 13, 2004, No IX-2112). Different taxes are regulated by respective laws. Principal taxes that businesses encounter are as follows: value added tax, excise duty, personal income tax, immovable property (real estate) tax, land tax, environmental pollution tax, profit tax, social security tax, customs duties, etc.

The following principal tax rates in Lithuania were set as of May 1, 2012: profit tax-15%, value added tax-21%, personal income tax-15% and tax rate for income from distributed profit-20%. The tax rate in the range from 0.3 percent to 1 percent of the taxable value of immovable property is determined by municipalities. The annual rate of the land tax is 1.5 percent of the cost of the land (for forest land, excluding the cost of trees). In 2012 the payment of 30,8% of social insurance contributions was imposed including contributions for state insurance pensions, sickness and maternity social insurance, unemployment social insurance and health social insurance taken together. Insured persons' payment contributions for state insurance pensions is 3% and for health insurance-6%.

Different tax reductions are applicable to companies established in Free Economic Zones



## TOP-CLASS BUSINESS SUPPORT SERVICES

**Lithuania aims to create favourable conditions for businesses. Apart from appealing projects, consultations and legal advice are available to investors. Šiauliai also has top-class business support services on offer.**

### **Associated Business Structures:**

Šiauliai Chamber of Commerce, Industry and Craft;  
Šiauliai Association of Industrialists.

### **Business Support Structures:**

Business Incubator;  
Šiauliai Regional Development Agency.

### **Šiauliai City Municipality:**

Small Business Support Fund;  
Makes decisions on lowering corporate tax rates.

# HAVE YOU DECIDED TO INVEST AND DO BUSINESS IN ŠIAULIAI INDUSTRIAL PARK?

THEN PLEASE CONTACT:

*Department of Investment and City Development*

*Šiauliai City Municipality Administration*

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[www.siauliai.lt](http://www.siauliai.lt)

STEPS TO INVESTING:

Application is submitted to Šiauliai City Municipality.

Reply is given within 10 days.

Investment and land rental agreements are signed.

The agreement is approved by Šiauliai City Municipality Council.

**You set to work and enjoy the success of your business.**

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**Šiauliai City Municipality bases its activity on the laws of the Republic of Lithuania and on local legislation: Šiauliai City Municipality Council Regulations, Šiauliai City Municipality Administration Statute and other documents regulating activities of municipal institutions.**

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**INVEST ŠIAULIAI** The logo of Šiauliai Industrial Park.

A bow is a well recognizable and respected weapon, symbolising experience, rapidity and swiftness. An archer achieves his objective if he hits the very centre. All these symbolic features are important in doing business.