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INTERNATIONAL LAWYERS NETWORK



TGS BALTIC

ESTABLISHING A BUSINESS ENTITY IN LITHUANIA

ILN CORPORATE GROUP



ESTABLISHING A BUSINESS ENTITY IN LITHUANIA

1. Types of Business Entities

Investors may choose from the following types of business entities:

- Private limited liability company
- Public limited liability company
- Individual enterprise
- Limited partnership
- General partnership
- Small business
- Cooperative
- Agricultural company
- Branch or representative office

The most common types of business for foreign investors in Lithuania are private limited liability companies or branch.

1.1 Public and Private Limited Liability Company

Public limited liability company (“akcine bendrove” or “AB”) and private limited liability company (“uzdaroji akcine bendrove” or “UAB”) are the most common types of companies in Lithuania. At the beginning of the third quarter of 2023, there have been 122,065 UAB and 260 AB registered with the Register of Legal Entities.

The main differences between UAB and AB:

- capital requirements: the minimum share capital requirement for UAB is only EUR 1,000, whereas for AB it is EUR 25,000;
- auditing: AB must always have an auditor for the carrying out of the audit of its annual financial statements. UAB must have an auditor when it is established in its articles of association

or if required by law. For example, the applicable law foresees that the annual financial statements of UAB shall be audited, if at least two of the following three criteria are met: net sales revenue during the reporting financial year exceeds EUR 3.5 million, asset balance value exceeds EUR 1.8 million, average annual number of employees exceeds 50. The auditor is elected, and his/her remuneration is set by the shareholders of the company;

- bodies of the company: the general meeting and the head of the company are mandatory bodies for UAB and AB. One of the collegiate bodies (the board or the supervisory board) is mandatory for AB while formation of collegiate bodies for UAB is optional. For more comprehensive description of the bodies of the company, please refer to Article 3.1 below;
- public trade of shares and bonds: AB can be listed in a stock exchange and sell its securities and bonds publicly. UAB securities and convertible bonds cannot be offered publicly, though there are no limitations in relation to offering bonds for a general public.

A licence / permit may be required for certain regulated areas of activities. For instance, companies engaged in businesses such as insurance, banking, pharmacy, construction, transportation, etc. must obtain licences / permits. In certain cases, those licences / permits are either issued before the establishment of a company (i.e., its registration with the Register of Legal Entities) or after the establishment of a company before the actual commencement of activities.



1.2 Branch or Representative Office

A branch and a representative office can be registered in the Republic of Lithuania, though they are not considered as distinct legal entities from the parent company. A branch is a structural subdivision of a legal entity, having its own registered office and performing all or part of the functions of the legal entity. A representative office is a subdivision of a legal entity, having its own registered office and the right to represent and defend the interests of a legal entity, enter into transactions and perform other actions on behalf of a legal entity, conduct export and import operations exclusively between foreign legal entities, which have established a representative office or related persons thereto. Legal entity assumes all obligations of a branch or a representative office.

A branch and a representative office perform their activities under the regulations approved by the founder (legal entity).

A branch or a representative office is established upon the decision of the founder (legal entity) to establish a branch or a representative office. Also, regulations of a branch or a representative office shall be prepared.

There are no share capital requirements applied to a branch or a representative office under Lithuanian law.

2. Steps and Timing to Establish

Generally, a company or a branch is established in two steps:

- adopting foundation documents and
- registering the company with the Register of Legal Entities.

To establish a new company (the most common corporate structures for foreign investors – AB

and UAB), the following main steps must be taken:

- making an interim name reservation (optional);
- signing of a Deed of Incorporation (or Agreement of Incorporation in case there are two or more founders);
- obtaining a consent of the owner for premises wherein the company shall be domiciled (if the premises are not owned by the founders);
- opening of an accumulative account at a bank or electronic money institution;
- transferring of initial contributions to the accumulative account (initial contributions must be paid in a monetary form and must be not less than EUR 1,000 in case of UAB and not less than EUR 25,000 in case of AB);
- signing of the Articles of Association;
- drafting of a Report on Establishment of a Company (applicable to AB only) that shall be approved by the Founders' Meeting;
- convening of a Founders' Meeting; electing of the management bodies (always in case of AB and with respect to UAB – if such decision is not taken upon signature of a Deed of Incorporation or Agreement);
- notarizing the establishment documents at the notary office;
- registration of establishment documents with the Register of Legal Entities;
- making entries into the securities' accounts of each shareholder (applicable to UAB only);
- submission of shareholders' list to the Information System of Legal Entities Participants (JADIS) (applicable to UAB);



- registration of beneficial owners in the sub-system (JANGIS) of Information System of Legal Entities Participants (JADIS) (applicable legal entities of all legal forms).

To establish a branch or a representative office in Lithuania, the following main steps must be taken:

- making an interim name reservation (optional);
- adoption of a decision by a competent body of the founder to establish a branch or a representative office in Lithuania, to appoint a manager (head) of a branch or a representative office;
- obtaining a consent of the owner for premises wherein a branch or a representative office shall be domiciled;
- preparation and approval of regulations of a branch or a representative office by a competent body of the founder;
- notarizing the establishment documents at the notary;
- registration of establishment documents with the Register of Legal Entities.

In addition to the above-mentioned documents of the foreign founder the annual financial statements for the last financial year and consolidated financial statements, if such statements are required by the laws of a foreign state, must be submitted to the Register of Legal Entities in case of establishment of a branch or a representative office by a foreign company (officially certified (i.e. apostilled or legalized) and translated into Lithuanian language). Also, copies of personal documents of persons authorized to act on behalf of the founder shall be required.

The registration of a company or a branch or a representative office takes up to 3 business days

as of submission of all documents to the Register of Legal Entities.

There is also a possibility to register UAB online. However, there are certain requirements that must be met:

- the founder must have a qualified e-signature;
- the Articles of Association and the Deed of Incorporation of UAB shall be of the form approved by the Government;
- the name of UAB must be reserved in advance and not include a word “Lithuania” in it;
- the premises whereat UAB shall be registered must be solely owned by the founder and the founder should have a right to freely dispose of it (the premises shall not be seized, pledged, mortgaged, etc.);
- the authorized capital must be paid by monetary contributions.

While registering UAB online, there is no need to visit a bank for opening of an accumulative bank account. Online system allows to select the commercial bank, credit or electronic money institution operating in Lithuania whereat an accumulative bank account may be remotely opened under UAB’s name.

The company establishment online may be chosen in case all of the founders have a digital signature issued by the Register of Legal Entities, mobile signature issued by one of the Lithuanian mobile network operators or a digital signature, which is integrated in the Lithuanian identity card.

However, please note that in case the founder is a foreign legal entity or a foreign natural person, who does not have the above-mentioned digital or mobile signature, there is no possibility to register UAB online. In such a case UAB



establishment documents (including the extract of the founder from the foreign register, copy of articles of association of the founder, etc.) should be submitted to the notary for prior notarization procedure. Documents issued by the foreign state officials must be officially certified (i.e., apostilled or legalized) and translated into Lithuanian language.

3. Governance, Regulation and Ongoing Maintenance

3.1 Corporate Governance

The company (UAB and AB) shall always have the general meeting of shareholders and the head of the company. The board (collegiate management body) is not a mandatory body in UAB, whereas in AB at least one collegiate body shall be formed (the supervisory board or the board). In case the supervisory board is not formed in a listed AB, the supervisory functions shall be delegated to the board.

The general meeting of shareholders shall be the highest decision-making body. The annual general meeting of shareholders shall be convened no later than 4 months from the close of the financial year of the company.

The head of the company (CEO) shall be a single-person management body of the company. The CEO must be a natural person. The company shall be solely represented by the CEO acting on behalf of it, he/she has a duty to ensure the day-to-day activities of the company.

Members of the board must be natural persons and members of supervisory board may be natural persons or legal entities. At least 1/2 of the supervisory board members and the members of the board which performs the supervisory functions shall be not employed at the company. At least 1/3 of the members of supervisory board of listed AB as well as the members of the board of listed AB which performs the supervisory functions must meet

the statutory independence requirements (e.g. not have an employment relationship with the company, parent company or subsidiaries for at least one year, not to be a member of the company's collegial body for more than 10 years, etc.). Specific laws that regulate activity of the company it is engaged in, soft law or company's policies may provide for additional independence requirements.

Members of the board and the CEO must act in good faith and reasonable manner in respect of the company and members of other bodies of it. Furthermore, they must be loyal to the company and maintain confidentiality.

Member of the board and the CEO of the company who fails to perform or performs improperly his/her duties set in laws or incorporation documents (e.g. duty of confidentiality, care) must redress all damage incurred on the company, if all the conditions of civil liability are proven (unlawful actions, damage, causal link between unlawful actions and damage and fault).

An audit committee must be formed in a company if it meets the criteria of a public interest entity (e.g., listed AB, banks, Central Credit Union, insurance company, etc.). The audit committee shall be responsible for supervision of financial reporting and audit process, the effectiveness of internal quality control, risk management and internal audit systems as well as the related party transactions.

The general meeting of shareholders of listed AB at least every 4 years shall approve the remuneration policy. The remuneration policy shall define the remuneration of the CEO and members of the board and supervisory board. The remuneration policy as well as the results of the general meeting of shareholders which has approved the policy shall be made publicly available on company's website during all its' validity period.

3.2 Reporting Requirements

The set of annual financial statements of a company together with the annual report of the company and the auditor's report (if applicable) must be submitted to the Register of Legal Entities not later than within 30 days after the annual general meeting of shareholders of the company (it must be held within 4 months from the close of the financial year of the company).

3.3 Requirements for Local Shareholding / Directors

For shareholders, there are no specific requirements in respect of their nationality (may be either Lithuanian or a foreign individual or company).

There are no specific requirements for the CEO and members of the board in respect to their education, except for the requirement that they must be natural persons. Nevertheless, specific laws that regulate activity of the company it is engaged in or soft law may define certain requirements applicable to the CEO and members of the board.

For information related to the employment of the CEO from foreign countries please refer to Article 4.4 below.

3.4 Protection of Minority Shareholders

The legislation of the Republic of Lithuania does not provide any exceptional rights for minority shareholders. The rights of shareholders depend on the number of shares owned by the shareholder.

Legal acts grant several rights for protection of minority shareholders, such as:

- the right to take an action for declaring the decisions of a company's bodies invalid, within 30 days of the day when the plaintiff found out or should have found out about the contested decision;

- company must at a shareholder's written request and not later than within seven days from the receipt of the request, grant the access to and (or) submit to him/her copies of particular documents related to company (such as articles of association of the company, annual and interim financial statements, minutes of the general meetings of shareholders, etc.). The company may refuse to grant the shareholder the access to such information and/or documents if they are related to confidential information or commercial (industrial) secret, unless the shareholder provides a written pledge not to disclose the commercial (industrial) secret or confidential information. The company must grant access to the shareholder to other information of the company and/or provide copies of documents if such information and documents, including information and documents, related to confidential information and commercial (industrial) secret of the company, are necessary to the shareholder to fulfil the requirements set by legal acts;
- shareholders owning not less than 1/10 of the company's shares have a right to initiate the convocation of general meeting of shareholders (Articles of Association of the company may establish a lower amount of shares required);
- shareholders owning not less than 1/20 of the company's shares have a right to propose a supplement to the agenda for the general meeting of shareholders;
- shareholder or a group of shareholders owning not less than 1/10 of the company's shares has a right to initiate



investigation of company's activity. Shareholders shall enjoy the right to request the court to appoint experts who must investigate whether a company or company's managing bodies or their members acted in a proper way;

- shareholder or a group of shareholders owning not less than 1/3 of the company's shares has a right to force sale of shares of a company's member whose actions contradict the goals of company's activities and where there are no grounds to expect any changes in the said actions. Shareholders of public limited liability company are not entitled to the right described herein;
- shareholder or a group of shareholders, owning not less than 95% of the voting shares of a company's shares, has the right to request the mandatory buyout of their own shares of the company by all the other shareholders of that company. However, the shareholder or a group of shareholders, owning not less than 95% of the voting shares of a company's shares, has the right to request the mandatory sale of the minority shareholders' shares as well.

Please note that shareholders of a company may conclude a shareholders' agreement, regulating relationships of shareholders of the company, including but not limited to, the agreement on voting in the general meeting of shareholders, various provisions beneficial for minority shareholders, etc.

There is also a possibility to establish a protection for minority shareholders in the establishment documents of the company.

4. Foreign Investment, Thin Capitalization, Residency and Material Visa Restrictions

4.1 Taxation

4.1.1. Thin Capitalization Rule

Thin capitalization ratio is 1:4. Interest and currency exchange loss on the capital borrowed from the controlling creditor, which exceeds the equity of the company more than 4 times, are non-deductible for corporate income tax purposes.

The controlling creditor is the one who:

- directly or indirectly holds more than 50% of shares or rights (options) to dividends; or
- together with related parties, holds more than 50% of shares or rights (options) to dividends, and the holding of that creditor is not less than 10%; or
- any company which is a part of the debtor's company group (a company group exists when a parent company directly or indirectly holds more than 25% of shares, interests, member shares, voting rights or rights to a share in distributable profits or exclusive rights to acquire them).

Additional interest deduction limitation rules apply to interest expenses incurred due to loans from all parties. Entities can fully deduct interest expenses that do not exceed interest income and deduct any excess amount of interest expenses that do not exceed 30% of earnings before interest, tax, depreciation and amortization (EBITDA) or up to EUR 3,000,000. EBITDA and the deductible amount of interest expenses are calculated on a group level.

Entities that are members of a consolidated group are allowed to fully deduct interest



expenses for financial accounting purposes if they can demonstrate that the ratio of their equity over their total assets is not more than 2% lower than the equivalent ratio of the group and all assets and liabilities are valued using the same method as in the consolidated financial statements. Interest expenses that are non-deductible in a year may be carried forward for an unlimited period of time.

4.1.2. Related-party Transactions

Transfer pricing (TP) rules apply to transactions between a Lithuanian resident company and a person associated with the resident company (a controlled transaction).

Transfer pricing documentation rules apply to domestic and cross-border transactions with associated enterprises. A master file shall be prepared by the companies that belong to a multinational entity group and whose revenue during the previous tax year exceeded EUR 15,000,000. A local file shall be prepared by the companies whose revenue in the previous tax year exceeded EUR 3,000,000. The preparation of a local file is not required for domestic transactions carried out during the tax year of 2020 and subsequent years. However, the taxpayer is expected to be able to justify the transfer pricing of domestic transactions if requested by the tax authorities.

Transfer pricing documentation may not be prepared if the value of a transaction or transactions with an associate person per year does not exceed EUR 90,000 (except for transactions with a person, registered or organized in listed tax havens).

Lithuanian tax authorities apply the transfer pricing methods which basically follow the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.

4.1.3. Permanent Establishment

A permanent establishment of a foreign entity in Lithuania is subject to the CIT rate of 15%.

A foreign entity is regarded as operating through its permanent establishment in Lithuania if its activities comply with the following two criteria:

- its activities are not temporary;
- a commercial cycle of operations has been finished.

Activities of a foreign entity are considered temporary in the Republic of Lithuania if they last up to six months.

A completed cycle of commercial operations consists of three stages of operations carried by a foreign entity:

- stage one covers one or several of the following operations: marketing, including market analysis, distribution, advertising, design, and exploration works and other essentially similar operations;
- stage two covers one or several of the following operations: warehousing, consulting, acceptance of orders, scientific research, experimental, development and technological work, production, provision of services and other essentially similar operations;
- stage three covers several of the following operations: selling, supply, delivery, payment (remuneration) and other essentially similar operations.

If the activity of a foreign entity is not temporary, the cycle of commercial operations has not been completed but the stage of performed activity is considered as an independent activity of a foreign entity (or its part), the foreign entity may also be



deemed having a permanent establishment in Lithuania.

The two second conditions, based on which it is established whether or not a foreign entity performs its activities in Lithuania through its permanent establishment, are:

- a representative/agent through which the activity is performed,
- the use by a foreign entity in Lithuania of a construction site, a construction, assembly or equipment facility, equipment or structures for prospecting or extraction of natural resources in Lithuania.

4.1.4. Withholding Taxes

Dividends

A 15% withholding tax is applied to dividends paid by a Lithuanian company to a foreign company.

Full participation exemption is applicable to dividends if the recipient foreign company has held at least 10% of the voting shares in the distributing Lithuanian company continuously for at least 12 months. The participation exemption does not apply to dividends paid to foreign companies registered or organized in listed tax havens; also, it does not apply to dividends which are being paid to foreign companies if their main goal or objective is to get a tax benefit, which conflicts with Council Directive 2011/96/EU.

Interest

Interest paid to non-resident companies is generally subject to a 10% withholding tax.

No withholding tax is applied to interest paid to resident companies in EEA countries or countries having a tax treaty with Lithuania.

Other exemptions include interest on government securities issued in international markets, deposit interest and interest on subordinated loans meeting the criteria prescribed by the Bank of Lithuania.

Royalties

Royalties paid to non-resident companies are subject to a 10% withholding tax.

No withholding tax is applied to royalty payments if the recipient is an associated company of the paying company and is a resident in another EU Member State. Two companies are “associated companies” if (i) one of them holds directly at least 25% of the capital of the other company or (ii) a third EU company holds directly at least 25% of the capital of the two companies. A minimum holding period is 2 years until royalty payment.

Other income

Income from sale or lease of immovable property located in Lithuania is subject to a withholding tax at a rate of 15%. Reassessment on a net basis is available upon request.

A 15% withholding tax applies to income paid to non-residents (including companies) for entertainment and sports activities performed in Lithuania, as well as to payments to members of supervisory boards. Reassessment on a net basis is available upon request for entertainment and sports activities.

Capital gains received by foreign entities otherwise than through its permanent establishment are not subject to withholding tax in Lithuania.

4.1.5. Corporate Income Tax

Resident companies and permanent establishments of foreign entities (including



branches) in Lithuania are subject to corporate income tax on worldwide income.

Permanent establishments of non-resident companies are subject of corporate income tax principally on the same grounds as resident companies.

The general corporate income tax is 15%.

A small company (its average number of employees does not exceed 10 persons, and its taxable income during the taxable period is less than EUR 300,000, taking into consideration the total average number of employees and the total annual income of associated companies) may be exempt from CIT for the first tax period and entitled to a reduced rate of 5% for subsequent tax periods.

Income earned from the commercialization of scientific research and experimental development production is subject to a reduced rate of 5%.

Ordinary losses of up to 70% of taxable income in the taxable period may be carried forward indefinitely. Capital losses may be carried forward for 5 years to be offset against future capital gains.

Tax losses can be also transferred from one company to another within the same group of companies and within the same tax period if certain conditions are met.

4.1.6. Further Corporate Tax Exemptions

For corporate taxpayers who have been implementing investment projects (e.g., acquisition of fixed assets such as machinery and equipment, trucks and trailers, computer hardware and software,

communication equipment and rights), taxable profits may be reduced up to 100%.

R&D costs may be deducted by a triple amount in the taxable period when they are incurred.

Companies established in free economic zones are exempt from corporate income tax for the first 10 years following the date of capital investments and they are subject to a 50% reduction in the CIT rate for 6 subsequent years:

- if capital investments are not less than EUR 1,000,000 and the companies meet certain other conditions;
- if capital investments are not less than EUR 100,000, the average number of employees is not less than 20 in the financial year, and the companies meet certain other conditions.

4.1.7. Employment Related Taxes

The government of Lithuania has set forth the minimum pay (EUR 5,14 per hour) and minimum monthly wage (EUR 840 per month). The hourly pay or monthly wages of an employee may not be lower than the minimum hourly pay or the minimum monthly wage. The minimum monthly wage can only be paid for unqualified work.

Taxes that shall be deducted from the agreed employee wage are the following:

- personal income tax (standard rate is 20%, any portion exceeding EUR 101,094 (60 average monthly wage) is subject to taxation at a rate of 32%);
- social insurance tax (19,5%);
- pension saving contributions (3% or if the employee decides to additionally



save for a pension in pillar 3 of pension accumulation system, employee can set the percentage of savings individually.

The employer shall pay in addition the social insurance tax (1,77% in case the employee is employed for unlimited term, 2,49% in case the employee is employed for a fixed term).

The amount of 60 average wages (EUR 101,094) shall be calculated in accordance with the annual income as provided below:

- income related to an employment relationship or other relationship that corresponds to the employment relationship;
- bonuses and remuneration for the activities at the supervisory board, management board or the loan committee;
- income received from the employer under the copyright agreements;
- income received by the heads of small partnerships who are not members of those small partnerships under a civil (service) contract for the management activities.

4.2 Taxation of Non-Residents

The income tax base of non-resident individuals is worldwide income derived through a fixed base maintained in Lithuania, if any, and the following types of income from Lithuanian sources:

- employment income;
- distributed profits, including dividends;

- any payments made to members of the board or the supervisory board;
- interest;
- royalties;
- income from the lease of immovable property located in Lithuania;
- income from the disposal of immovable property located in Lithuania or movable property that is subject to mandatory registration in Lithuania;
- income from sports and entertainment activities; and
- compensation for violation of copyright or similar rights.

The general flat rate of personal income tax is 15%. However, the share of annual income exceeding EUR 202,188 is subject to a 20% rate.

Employment-related income and payments made to members of the board or the supervisory board are subject to taxation at a rate of 20%, any portion exceeding EUR 101,094 is subject to taxation at a rate of 32%.

Income from distributed profits and individual activities derived through a fixed base maintained in Lithuania is subject to a 15% rate.

4.3 Harmonization with EU Tax Legislation

The Lithuanian tax system is harmonized with EU tax legislation.

4.4 Residency and Visas

Lithuania is a member of the European Union and it is a Schengen country. The basic rules regarding EU and non-EU nationals are as follows:

4.4.1 Citizens of the European Union

A citizen of the EU and his family members may enter and stay in the Republic of Lithuania upon a valid travel or identity



document for a period of three months starting from the first day of entry. A citizen of the EU arriving to Lithuania for a period exceeding three months within a half a year and meeting at least one of the grounds specified in the Law on the Legal Status of Foreigners (e.g. employment in Lithuania) shall be issued a certificate of temporary residence in the Republic of Lithuania and declare the place of residence. The certificate shall be valid for a period of five years (or a shorter period requested by the foreigner). The family members of the EU citizens who are not EU citizens shall be issued temporary residence cards of the family members of a Union citizen valid for the period of the EU citizen's certificate but in any case, for no longer than five years.

A citizen of EU who has been lawfully residing in the Republic of Lithuania for the last five years shall acquire the right of permanent residence in the Republic of Lithuania. Absence from Lithuania for more than six months within a year may constitute grounds for refusing the right of permanent residence, except in cases where absence is caused due to serious reasons (due to pregnancy, childbirth, acute illness, studies, professional training or assignment to another EU Member State or a third state). The acquired right of permanent residence in the Republic of Lithuania shall be lost upon departure from the country for a period exceeding two consecutive years.

The same rights and requirements are vested to the citizens of the European Free Trade Association (EFTA) Member States (Iceland, Norway, Switzerland, and Liechtenstein).

4.4.2 Visa Requirements

Citizens of certain countries may enter Lithuania without a visa. A list of these

countries may be found on the website of the Ministry of Foreign Affairs www.urm.lt.

Visa types are a Schengen visa and a National visa. Schengen visas may be single-entry, dual-entry and multiple-entry visas. National visas shall be single-entry (issued to an alien who has been granted a temporary or permanent residence permit to formalize the permit) and multiple-entry visas (issued, for example, to students, artists, sportsmen, posted employees, etc.).

Documents for the issuance of a visa are to be submitted to a diplomatic mission or a consular post of the Republic of Lithuania abroad or in certain cases to a diplomatic mission or a consular post of another Schengen State representing the Republic of Lithuania abroad. Documents for the issuance of a National visa in certain cases may also be submitted to Vilnius, Kaunas, Klaipėda, Šiauliai or Panevėžys territorial divisions of the Migration department if the foreigner is staying in Lithuania legally.

4.4.3 Residence Permits

A foreigner could get the temporary or permanent residence permit to live in the Republic of Lithuania. The temporary or permanent residence permit is issued to a foreigner who is a citizen of a non-EU Member State.

The temporary residence permit to live in the Republic of Lithuania may be issued for a period of one to three years, depending on the grounds of issuance of the temporary residence permit, among them employment, owning a business, studying and family reunification.

The permanent residence permit may be issued among other grounds after living for 5 years in the Republic of Lithuania with the temporary residence permit, subject to



passing the Lithuanian language exam and the exam of the basics of the Lithuanian Constitution. The permanent residence permit is valid for a maximum period of 5 years. After this period, the permit shall be renewed.

In general, a foreigner of a non-EU Member State must also obtain a work permit to be issued under a separate procedure when applying for the national visa on the grounds of employment. The work permit is not necessary in certain cases including those when such foreigner establishes a company, becomes a co-owner of it and becomes a CEO, or a shareholder holding not less than 1/3 of the authorised capital of the company. The company should meet the special requirements: (i) the company must operate at least six months; (ii) the company must have employees who are citizens of the Republic of Lithuania or has permanent residence permit to live in the Republic of Lithuania with the monthly earnings in total at least 2 monthly average wages (gross); (iii) equity value of the company must be not less than EUR 28,000 and the foreigner's invested part should be not less than EUR 14,000.

An application for the issuance of the temporary residence permit must be submitted to any migration office in the territory of Lithuania (prior submission of an application and registration for migration services online through the Lithuanian Migration Information System (MIGRIS) is required). The lodging of such application is not entitling a foreigner to stay in the territory of the Republic of Lithuania before the application is examined and a decision is taken. The same applies when lodging an application for the replacement of a temporary residence permit.

The application for the issuance of the first temporary residence permit must be considered not later than within four months from the lodging of the application with a relevant institution (exceptions are applied for highly qualified employees, start-up founders or shareholder who invested not less than EUR 260,000, etc.), whereas an application for the replacement of a temporary residence permit – not later than within two months from the lodging of the application.