

COMMERCIAL LAW

No. 30

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EUROPEAN UNION

INTELLECTUAL PROPERTY LAW

Community trade mark protection covers also Baltic countries

After accession into the EU the main change in the area of trade marks was that the protection of the Community trade mark (CTM) was automatically extended to the new Member States, including Estonia, Latvia and Lithuania.

The changes were introduced by the local legal acts incorporating Regulation (EC) No. 40/94 as of 20 December 1993 on the Community trade mark and Directive 89/104/EEC as of 21 December 1988 approximating the laws of the Member States relating to trade marks.

CTMs are protected in all Member States of the EU equally to the national trademarks. The protection is obtained by registration with an Office for Harmonization in the Internal Market (OHIM) according to the procedure, established by Regulation (EC) No. 40/94, i.e. applications may be presented directly and also through the local State Patent Offices.

CTM shall be registered for a period of ten years from the date of filing of application and may be extended for additional ten-year period. CTM may be transferred separately from any transfer of any undertaking.

When registering a trade mark in Lithuania, foreigners (excluding citizens and companies of EU Member States) have to act through Lithuanian trade mark agents only. In Latvia foreigners and foreign companies must also act through patent agents only. In Estonia, however, representation by patent agents is required for foreigners and

foreign companies only in respect of acts related to the legal protection of a trade mark. Therefore, in Estonia as of 1 May 2004 foreign companies may freely submit applications for registering national trade marks.

A CTM, that is invalid in one EU Member State, can be converted into a national registration in all Member States where it is valid, without the loss of the filing date protection extension (the trade mark is protected since the date of filing the application).

If there is a conflict between a CTM and a national trade mark the owner of the respective trade mark is entitled to claim prohibition of the use of the CTM in the respective member state. Section 3 and subsections (a) and (b) of section 2 of Article 4 of Directive 89/104/EEC establishes cases when the registration of the national trade mark should be declared void. The registration of the trade mark shall not entitle the proprietor of the trade mark to prohibit its use in relation to goods, which have been put on the market of the Community under that trade mark by the proprietor or with the proprietor's consent (EEA wide exhaustion of rights).

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Estonia

Codification of Estonian environmental law

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Significant changes in the insurance sector

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Sorainen Law Offices

Sorainen Law offices assisted in a unique asset sale and first major pollution case

ESTONIA

ENERGY LAW

New conditions for the sale of liquid fuel

On 09.06.2004 the Parliament adopted the Act Amending the Liquid Fuel Act, Special Marking of Liquid Fuel Act and the Minimum Stocks of Liquid Fuel Act (*Vedelkütuse seaduse, vedelkütuse erimärgistamise seaduse ja vedelkütuse miinimumvaru seaduse muutmise seadus*). As the Liquid Fuel Act stipulates the purpose of guaranteeing the accrual of fuel excise duty and the quality of more widely used motor fuels, the bases and procedure for handling of liquid fuel, the definitions and regulation in the law are closely linked to the legal acts of the EU and the Republic of Estonia regulating the movement of the goods subject to excise duty. The law amendments adopted on 09.06.2004 mostly deal with the amendments to the definitions of import and export of fuel and also added to the existing a definition of the phrase "clear for use" of fuel. Additionally, other terms and conditions, which have allowed many different interpretations and the execution of supervision tasks were specified in greater detail.

The Liquid Fuel Act establishes that only one legal entity is allowed to sell and store fuel necessary for sale in any individual filling station. The reason for the amendment is the fact that some of the stations have leased their containers and petrol pumps to unidentified persons who sell fuel without special markings. The aim of the new provision is to facilitate the supervision of the sale of liquid fuel.

The existence and issue of the origin and quantity document becomes mandatory in cases of sale and storage of fuel, except for the sale of fuel in a filling station. The origin and quantity document enables to identify the fuel type and its quantity. The seller of fuel must preserve the origin and quantity document in its place of activity, where the fuel is on sale and it must be provided for review immediately upon the request of the responsible authority conducting the review.

The Act sets the requirement to inform the European Commission periodically of the consumer prices applied to certain consumer groups. Amendments are made to the attestation of the conformity of fuel to governmental

requirements and the authority of the Tax and Customs Board and Consumer Protection Board has been expanded.

The Special Marking of Liquid Fuel Act will be supplemented with the regulation, which relates to the differences in the sale of specially marked liquid fuel, establishing a buyer identification procedure.

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ENVIRONMENTAL LAW

Codification of Estonian environmental law

The Parliament adopted the Environmental Protection Act (*Looduskaitse seadus*) on 21.04.2004, which in essence codifies the environmental law of Estonia. The named act, replacing the Law on Protected Natural Objects (*Loodusobjektide seadus*), the Law on Protection of the Beach and Shore (*Ranna ja kalda kaitse seadus*) and the Law on Protection and Use of Wild Fauna (*Loomastiku kaitse ja kasutamise seadus*), entered into force on 10.05.2004.

The aim of the codification of the environmental protection norms is, among other things, to provide better protection of the natural heritage, to formulate the general part of the environmental protection legislation, to simplify the environmental protection system and to adopt and implement the environmental protection directives of the European Union.

The law may impact the development of the economy in areas, which due to their high environmental protection value have been chosen to be part of the Natura 2000 network. Within the framework of Natura 2000 network, protection zones will be established for the protection of endangered species and places across Europe. The conservation of the objects of value in nature in the described zones must be secured and this may naturally obstruct the economic activity. For example, any activities planned in the described zones must include a prior analysis of the ecological impact on the zones in order to determine whether the planned activities endanger the objects of value in nature, for the protection of which the zone was established. At the same time Natura 2000 network creates additional opportunities for the development of nature tourism and organic farming.

The new law clarifies the scope of the limited management zones of beach and shore area, construction prohibition area and water protection area, also provides a list of activities, which are allowed in the construction prohibition area.

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Estonia attempts to modernize its oil pollution compensation regime

On 17.06.2004 the Parliament adopted the Act on Joining the 1992 Protocols to the 1969 International Convention on Civil Liability for Oil Pollution Damage and to the 1971 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (*Naftareostusest põhjustatud kahju korral kehtiva tsiviilvastutuse 1969.a. rahvusvahelise konventsiooniga ja naftareostusest põhjustatud kahju kompenseerimise rahvusvahelise fondi asutamise 1971.a. rahvusvahelise konventsiooni muutmise 1992.a. protokollidega ühinemise seadus*).

The Republic of Estonia has entered into both conventions by a resolution of the Government adopted in 1992. The authority of the Government to enter into these conventions has been disputed along with the binding effect of the conventions in Estonia. Estonian courts have not yet made their final decision as to whether the accession to these conventions was constitutional or not.

Compared to the original texts of the conventions, the 1992 Protocols clarify such terms as "ship", "oil" and "pollution damage" and widen the scope of the conventions to cover pollution damage caused in the exclusive economic zone (EEZ) or equivalent area of a state party. The Protocols cover pollution damage as before, but the environmental damage compensation is limited to costs incurred for taking reasonable measures in order to reinstate the contaminated environment. It also allows expenses incurred for preventive measures to be recovered even when no spill of oil occurs, provided there was grave and imminent threat of pollution damage. Upon acceding to the Protocols, the Republic of Estonia also agreed to increase the compensation limits by 50% as per the amendments of 2000.

The Protocols will enter into force in relation to Estonia within twelve months

as from the date when the Republic of Estonia deposits the accession letter with the General Secretary of the International Marine Organization unless the national courts decide otherwise.

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COMPANY LAW

The payment of dividends to persons who were falsely entered into the share register and to persons who should have been entered into the share register as shareholders

The National Court of the Republic of Estonia found in its decision of 02.06.2004 that the person, who was entered into the share register as a shareholder after the payment of dividends on the basis of the court decision, may not claim for the payment of dividends after dividends were paid to the previously registered shareholder. The court found that the distributing company had acted correctly in the payment of dividends since it paid the dividends to the shareholders who were entered into the share register.

In accordance with the Commercial Code the rights of a shareholder in relation to the Company are vested with a person entered as a shareholder into the share register. In a public limited company the share will be considered transferred with the registration of the buyer into the share register. According to the law, the public limited company may pay dividends on the basis of profit and the annual report approved by the decision of the general meeting of the shareholders and to the person who is entered into the share register. Therefore, the person, who was entered into the share register as a shareholder on the basis of a court decision after the payment of dividends, cannot claim for a second payment of dividends on the basis of the same annual report.

The Court found that the shareholder who should have been entered into the share register and who should have received dividends has the right to demand the payment of dividends from the persons who received the dividends on false grounds. The court also found that it is possible to submit a claim against the distributing company if no compensation can be received from the persons falsely entered into the share register (e.g. due to their insolvency) and the distributing company has

unlawfully and wrongfully violated the right of real shareholder to be entered into the share register as a shareholder. Public facts of the case are as follows: Toycenter Oy bought the shares of AS Rekato in 1998. The other shareholders exercised their pre-emptive right and AS Rekato refused to enter Toycenter Oy into the share register as a shareholder. The District Court of Tallinn, however, found in its decision as of 09.04.2001 that the shareholders did not exercise their pre-emptive right on time and that Toycenter Oy should have been entered into the share register as the shareholder.

Motivated by the above named court decision, Toycenter Oy filed another claim to the court and asked the court to order AS Rekato to pay to the claimant the dividends for the years 1998, 1999 and 2000 that were paid to the shareholders, who were falsely entered into the share register. Toycenter Oy found that due to the fact that it was the actual shareholder since 1998 and that the persons entered falsely into the share register were not entitled to any rights of the shareholders, which means that Toycenter Oy has a right of claim against AS Rekato for the payment of dividends.

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TAX LAW

New agreements on avoidance of double taxation

In May, the Parliament ratified five agreements on avoidance of double taxation with the following countries: Russian Federation, Switzerland, Hungary, Croatia and Portugal.

The aim of these agreements was to eliminate international double taxation, which may result from the joint impact of the legislation in force in two countries.

The abovenamed agreements on avoidance of double taxation will enter into force after the fulfilment of the conditions set out in the agreement.

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RELEVANT ACTS

Selection of relevant acts and amendments adopted 01.05-30.06.2004

- Law Amending Income Tax Act, Local Taxes Act and Taxation Act (in force as of 27.05.2004)
- Law Amending Alcohol Act and State Fee Act (in force as of 27.05.2004)
- Biocide Products Act (in force as of 27.05.2004)
- Law Amending Article 15 of the Value-Added Tax Act (in force as of 20.05.2004)
- Law on the Protection of Ambient Air (in force as of 30.09.2004)
- Act Amending the Liquid Fuel Act, Special Marking of Liquid Fuel Act and the Minimum Stocks of Liquid Fuel Act (in force as of 18.07.2004)
- Environmental Protection Act (in force as of 10.05.2004)
- Act on Joining the 1992 Protocols to the 1969 International Convention on Civil Liability for Oil Pollution Damage
- Act on Joining the 1971 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage

Selection of relevant draft acts processed by the Parliament during 01.05.2004-30.06.2004

- Act Amending Law of Obligations Act
- Electronic Communication Act
- Act Amending Commercial Code and Credit Institutions Act
- E-Money Institution Act
- Act Amending Working and Rest Time Act and Holidays Act
- Act Ratifying the Convention on Minimum Standards in Merchant Ships and its Protocols
- Act on the Implementation of the Council Regulation (EC) on the Statute for a European Company No. 2157/2001

LATVIA

ENVIRONMENTAL LAW

Changes in calculation of natural resource tax

Due to the fact that as of 01.05.2004 Latvia is a member state of the European Union, and it does not have customs

borders with the member states of the EU any longer, the amendments to the Law on Natural Resource Tax (*Par dabas resursu nodokli*) have been adopted (as it was described in the previous editions of our Legal update). As a result, the corresponding changes in the procedural rules were drafted. The new Cabinet's Regulations No. 555 Procedure for calculating and paying natural resource tax (*Dabas resursu nodokļa aprēķināšanas un maksāšanas kārtība*) came into effect as of 01.07.2004. The changes in the procedure for calculating and paying the tax relate to those tax-payers who import environmentally harmful goods, packaged goods and radioactive substances from other countries, since as of 01.05.2004 the natural resource tax is no longer paid upon the crossing of the border. On the contrary, now and onwards the tax on environmentally harmful goods, packaging of goods and radioactive substances (which are imported for sale or use to ensure the business activities in Latvia) has to be paid quarterly by the 20th day of the following month in the same way as local producers and traders do. The implementation of the requirements of the Cabinet Regulations will positively influence the environment because upon implementation of the stipulated requirements, the reduction of the emissions to air, the improvement of environment quality will be furthered and the efficiency of the use of energy resources will be increased.

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INSURANCE LAW

Changes and new rules concerning reorganisation and liquidation of insurance companies

As of 01.07.2004, Amendments to the Law on Insurance Companies and the Supervision Thereof (*Grozījumi Apdrošināšanas sabiedrību un to uzraudzības likumā*) came into effect. The Law now includes provisions governing reorganisation or liquidation measures:

1. for insurance companies which have established branches in another member state;
2. for EU member state insurance company's branches in Latvia;
3. for non-EU insurance company's branches in Latvia if the respective insurance company has at least one branch registered in Latvia and the

second branch in another EU member state;

4. for insurance companies and the branches of non-EU insurance companies provided that pursuant to the provisions of the insurance contracts they have creditors in another member state.

The above amendments were necessary to harmonise the provisions of the Law on Insurance Companies and the Supervision Thereof with the requirements of Directive 2001/17/EC. The purpose of the Directive is to establish that member states have to mutually recognise activities that each of them has performed within the reorganisation measures and liquidation in member states of insurance businesses or branches of non-EU insurance companies (the principles of unity, allness and coordination) to ensure the validity of the activities of the competent authorities of the respective member states in all member states, including the activities that might influence the rights of any third parties.

New rules with regard to outsourcing and free movement of insurance services are now being prepared

Moreover, a draft of the new amendments to the Law on Insurance Companies and the Supervision Thereof (*Apdrošināšanas sabiedrību un to uzraudzības likums*) has been developed. Taking into account the development trends of the financial market, the draft provides the possibilities for insurers to receive outsourcing services from third parties with regard to accounting, organisation of internal control, maintenance of information technologies, fulfilment of the duties of an internal audit service (but it will be possible to delegate the duties of an internal audit service only to a sworn auditor or sworn auditors' company), underwriting of insurance risk, regulation of insurance indemnities or making investments. The draft stipulates that for signing an outsourcing services agreement it will be necessary to receive the relevant permit from the Financial and Capital Market Commission (FCMC). However, the requirements included in the law, which will be further applicable to agreements on outsourcing services, will have to be implemented gradually because a transition period of six months is stipulated.

Upon adoption of the new amendments, the law will stipulate more clearly the requirements regarding the insurers of those member states who in accordance with the provisions of the

Community laws are entitled to provide insurance services in Latvia using the right of establishment or free movement of services. The law will be supplemented with a chapter on insurance companies that will be subject to additional supervision.

The new requirements for the shareholders of insurance companies under foundation will be established, i.e. the FCMC is entitled to check the information on the actual owners of a company and if the shareholders or members of a company are legal entities, then the information on their shareholders and members, until the information on the owners – natural persons is obtained. Moreover, the FCMC will have separate rights to dismiss the management board, supervisory board of an insurance company or in some cases also members of these bodies. In accordance with the draft amendments the law will specify the following requirements: requirements for security sum of insurers' branch of a non-member state; additional requirements regarding the cover of an insurer's technical reserves; the rights of cooperation and information exchange for the authorities involved in supervision; as well as the requirements regarding the transfer of insurance contracts. Finally, taking into account the supervision experience accumulated by insurers, the provisions of the law will be specified that govern the acquisition of a qualifying holding in insurance companies stipulating the rights of the Financial and Capital Market Commission to request the information on the identity of the persons acquiring or increasing a qualifying holding in an insurance company and a free capital in the amount of investments made in the share capital of an insurance company.

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LABOUR LAW

Additional burdens on the employers in case of dispute

On 22.04.2004 the new Amendments to the Labour Law (*Grozījumi Darba likumā*) were adopted and came into effect on 08.05.2004. Several substantial amendments or specifications have been made to the law:

- 1) Distribution of the evidence burden. If in the event of a dispute the employee indicates the conditions

which might be the reason for the unfavourable consequences caused by the employer, the employer is now obliged to prove that the employee has not been punished and unfavourable consequences have not been caused to him directly or indirectly, because the employee has exercised his rights in a permissible manner within the legal labour relationship.

2) The entitlement to compensation for a moral injury. If a prohibition of different treatment and a prohibition to cause unfavourable consequences are infringed, the employee in addition to other rights provided for by the Labour Law is entitled to claim compensation for damages and a compensation for moral injury.

3) An employment agreement may be terminated upon coming into effect of a court sentence by which the employee is punished with a real imprisonment.

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PROTECTION OF CONSUMERS' RIGHTS

New stipulations concerning labelling of goods

On 26.05.2004 the Amendments to the Consumer's Right Protection Law (*Grozījumi Patērētāju tiesību aizsardzības likumā*) came into effect. The amendments provide for a joint obligation of the producer, its authorised representative or seller to label goods so as the consumer could familiarise himself with the most significant information characterising the equipment, and goods could be regarded as safe. In the events when a producer is located outside the territory of the Community, the supervisory institutions will be entitled to turn with a requirement to label goods to an authorised representative of a producer, thus obtaining a higher degree of consumers' right protection.

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RELEVANT ACTS

Selection of relevant acts and amendments adopted 01.05.2004-30.06.2004:

- Amendments to Labour Law (in force as of 08.05.2004)
- Amendments to Consumer Rights

Protection Law (in force as of 26.05.2004)

- Amendments to the Law on Excise Tax (in force as of 01.05.2004)
- Amendments to the Law on Credit Institutions (in force as of 18.06.2004)
- Decision No. 111 of the Financial and Capital Market Commission on Non-life insurer's solvency norm and the procedure for calculation of his own capital (in force as of 03.06.2004)
- Decision No. 117 of the Financial and Capital Market Commission on Life insurer's solvency norm and the procedure for calculation of his own capital (in force as of 03.06.2004)
- The Cabinet regulation No. 531 On the procedure for closed tenders (in force as of 29.06.2004)
- The Cabinet regulation No. 532 On the procedure for open tenders (in force as of 29.06.2004)

Selection of the relevant draft acts presented to the Parliament 01.05.2004-30.06.2004:

- Amendments to the Law on Insurance Companies and the Supervision thereof
- Amendments to the Civil Procedure Law
- Amendments to the Law on Value Added Tax
- Amendments to the Law on Corporate Income Tax

LITHUANIA

COMPANY LAW

New identity codes for Lithuanian legal persons

As of 01.07.2004 Lithuanian legal persons were granted new identity codes that consist of nine digits. The registration certificates with the new identity codes of legal persons, which were registered before 01.07.2004, will be issued by the Centre of Registers State Enterprise upon the change of their registration data indicated in the registration certificates.

The new registration certificate may also be obtained by filing a separate written request with the Centre of Registers State Enterprise. The legal persons are required to use the new identity codes from the date of issue of the new registration certificate. Please

note that the templates and the letterforms of the companies used in the correspondence with the third parties have to be changed accordingly.

The issues related to European Companies have been regulated

The Law on European Companies (*Europos bendrovių įstatymas*) was adopted on 29.04.2004. The principal aim of the Law is to ensure the application of Council Regulation (EC) No 2157/2001 on the Statute for a European Company (SE). The Law will come into force on 08.10.2004. The Law regulates certain aspects of incorporation, management, reorganisation and the change of location of the registered office of European companies. According to the Law, European companies having their registered office in Lithuania have to comply with the Lithuanian legal requirements applicable for public companies unless otherwise prescribed by the Regulation or other legal acts governing the European companies.

Possibility to operate through social companies with the state support

On 01.06.2004 the Parliament (Seimas) adopted the Law on Social Companies (*Socialinių įmonių įstatymas*), which entered into force on 19.06.2004. The Law stipulates that the status of a social company may be obtained by any legal person established in Lithuania and complying with the following legal requirements:

- having employed a required number of persons pertaining to the target groups specified in the Law. The target groups include persons with disability, long-term unemployed and certain other groups of persons which, according to the Labour Code, are provided with additional guarantees in the labour market; and
- satisfying the legal requirements established for small and medium-sized business entities; and
- certain requirements with respect to the activities of the legal person, e.g. the legal person may not engage in the activities included in the list of activities of the social companies not subject to support, which is approved by the Government or its authorised institution, or the legal person's income from such activities may not exceed 20 per cent of the total income of the legal person.

LEGAL UPDATE

The Law provides for the financial support by the state to social companies – partial salary compensation, work place establishment subsidy, training subsidy etc. According to the supplement to the Law on Profit Tax adopted on 01.06.2004 and applied in respect of the taxation periods starting with the year 2005, the profit of the social companies, which comply with the legal requirements established by the Law, is taxed at the rate of 0 per cent.

The Law stipulates that the companies established by the public organisations of disabled people and other industrial companies which during the year 2003 and on the day of entry into force of the Law employed the number of disabled persons prescribed by the Law, are entitled to apply for the status of the social company for the period until 31.12.2004 under the simplified procedure.

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INTERNATIONAL AGREEMENTS

SDR Protocol has taken effect in Lithuania

On 02.06.2004 the Protocol (SDR Protocol) Amending the International Convention for the Unification of Certain Rules of Law Relating to Bills of Lading of 25.08.1924 (Hague Rules), as amended by the Protocol of 23.02.1968 (Visby Rules), which was adopted on 21.12.1979 in Brussels, took effect in Lithuania. The Parliament of Lithuania (*Seimas*) ratified the Protocol by Law No. IX-1682 on 03.07.2003. The aim of the SDR Protocol is to avoid:

- i) the expression of the liability of the carrier by sea in certain currency;
- ii) the instability of the carrier's legal position related thereto.

The Protocol stipulates that the liability of the carrier is limited by special drawing rights as defined by the International Monetary Fund.

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LEGAL STATUS OF FOREIGNERS

EU citizens are issued residence permits under the simplified procedure

On 29.04.2004 Lithuanian Parliament (*Seimas*) adopted the new version of the Law on Legal Status of Foreigners (*Jstatymas dėl užsieniečių teisinės padėties*). The Law entered into force on 30.04.2003. The Law has been harmonised with the EU *acquis* in the fields of visa, migration, asylum regulations and free movement of persons. The scope of the Law has been extended by including provisions related to the issue of visas and the asylum procedure.

For the purpose of implementing the principle of free movement of persons in the EU, the Law provides for a new type of residence permit – EC residence permit, which is issued under the simplified procedure. According to the Law, the citizens of the EU member states, having concluded the fixed-term (up to 3 months) agreements on employment or service provision in Lithuania, are not subject to the obligation to obtain an EC residence permit. Other EU citizens working or providing services in Lithuania for indefinite period are required to obtain the EC residence permits.

The Law releases the EU citizens and their family members from the obligation to obtain a work permit in Lithuania. Other foreigners may be issued work permits for a period of up to 2 years.

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TAX LAW

Provisions regulating the taxation of EEIGs introduced

On 08.04.2004 the Law on Profit Tax (*Pelno mokesčio įstatymas*) was supplemented. The supplements, which entered into force on 01.05.2004, are aimed at harmonising the provisions of the Law with Council Regulation (EEC) No 2137/85 as of 25.07.1985 on the European Economic Interest Grouping (EEIG). According to the Law, an EEIG is profit tax exempted and the activity results of an EEIG are taxed by assigning the income and the expenditure of an EEIG to its members.

Income tax refund for computer purchases

On 15.06.2004 the supplement to the Law on Income Tax of Residents (*Gyventojų pajamų mokesčio įstatymas*) was adopted. The provisions of the mentioned supplement will apply in respect of the declaration of the income tax of residents for the years 2004, 2005 and 2006. According to the new provisions, the residents of Lithuania who purchase a personal computer once in three years (with software and Internet connection equipment at the price not exceeding LTL 4000, approx. EUR 1160) are entitled to reduce its price by refunding part of the paid income tax of residents.

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RELEVANT ACTS

Selection of relevant acts and amendments adopted 01.05.2004-30.06.2004:

- Amendments to the Law on Cooperative Societies (in force as of 11.05.2004)
- Amendments to the Law on Profit Tax (in force as of 19.06.2004)
- Amendments and Supplements to the Law on Accumulation of Pensions (in force as of 19.06.2004)
- Amendments to the Law on Foreign Currency in the Republic of Lithuania (in force as of 24.06.2004)
- Amendments to the Law on VAT (in force as of 01.07.2004)
- Amendments to the Labour Code (in force as of 01.07.2004)
- Amendments to the Food Law (in force as of 12.06.2004)

Selection of relevant draft acts presented to the Parliament 01.05.2004-30.06.2004:

- Amendments to the Law on Investments
- Amendments to the Law on Public Registers
- Amendments to the Law on Fundamentals of Valuation of Property and Business

Contributed by Lea Liigus, Rosa Rotko, Anne Adamson, Estonia; Julija Jerneva, Latvia; Justina Gutauskaite, Lithuania. Edited by Girts Ruda, Latvia.

NEWS IN SORAINEN LAW OFFICES

● Recent deals

Advising in the first major oil pollution case in Estonia

During recent years, our Tallinn office has been extensively involved in the major oil pollution matter in Estonia. Our team, led by partner Mr. Toomas Prangli and senior associate Mr. Andres Vinkel, has been representing the shipowner of the tanker *Alambra* in relation to an oilspill in Tallinn Muuga cargo port in September 2001. Whilst there are still several ongoing litigations in process, in spring 2004 the shipowner successfully managed to conclude a settlement with two large claimants, the state and the port authorities, as well as a private plaintiff. This has been the first, and so far the only, major incident in Estonia where the administrative capacity and legislation regarding oil pollution is tried in front of Estonian courts.

Sorainen Law Offices assisted in a unique asset sale

Sorainen Law Offices represented Swedish company Viking Telecom AB (publ) in an asset sale transaction with one of the leading Latvian high-tech companies SAF Tehnika. Viking Telecom is a public company quoted on Stockholm Stock Exchange O-list. The deal allowed Viking Telecom to focus on its core business, products and systems for messaging services in the fixed telecom network, as well as *router* products & systems for voice telephony. The deal was significant for Latvia in many aspects. It showed that current merger boom can also move to the West. "The deal was partially financed by new shares of SAF Tehnika issued under the IPO (initial public offerings), which is the first successful IPO of private companies in Latvia for many years", Ģirts Rūda, Senior Associate at Sorainen Law Offices in Riga explained.

● Articles

"Whether the Infraction of Competition Act Will Bring Criminal Charges?" written by Evelin Pärn-Lee and "What should be considered in enterprise acquisitions" written by Toomas Prangli were published in the Estonian business magazine "Director" in the May and June issues respectively.

An article written by Karin Madisson "Organising A General Meeting" was published in the journal of Estonian Economy No 5/6(156/157)/2004

An article written by Attorney-at-Law Juhani Siira "Free Movement of Judgements Within the EU" was published in Lithuanian AmCham Magazine No. 1.

Attorney-at-Law Marius Urbelis has written an article "More Rights When Acquiring the Land" ("Mehr Rechte beim Erwerb von Grund und Boden"), which was published in Ost-West Contact No. 06/2004.

The article "The Basic Changes in Corporate Immigration After 1 May 2004" written by Attorney-at-Law Marius Urbelis was published in the Lithuanian BCC Paper Summer 2004 issue No. 10.

The aforementioned articles can be found on our website www.sorainen.com

● Seminars

On 22.06.2004, Karin Madisson and Konstantin Kotivnenko held a seminar with OÜ BaltMarketConsult "Rights, Obligations and Liability of Management Board Members of a Corporation".

On 19.06.2004 the regional conference "Litigation, enforcement of judgements and preliminary injunctions within EU accession countries and *vice versa* after 01.05.2004" were organised by Sorainen Law Offices in Riga together with The Law Firm Network and held at

the premises of the Sorainen Law Offices in Riga. Attorneys from various law firms from the Baltic States, Scandinavia and Germany exchanged their opinions on the abovementioned topics.

On 19.06.2004 during the seminar "The 2003 EU Communications Regulatory Framework – The EU Experience and Implications for the New Member States" organised by AIJA, our Partner Renata Berzanskiene participated as an expert in a panel discussion "Approach to Regulation and Application of Remedies – Specific Remedies for Emerging Markets?".

On 17.06.2004 Dmitrijs Petrovs, Senior Associate of the Riga Office, made a speech at the conference "Perspectives of the Development of Accounting in the European Union" organised by the European School of Management and Finance. The subject of the lecture by Dmitrijs Petrovs was "Group of Common European Interests and European Society – Business Management Forms in the EU".

Sorainen Law Offices sponsored the Baltic Real Estate Investment Forum held in Tallinn on 14-15.06.2004. Among other speakers Mr. Reimo Hammerberg, a senior associate in Tallinn office, lectured on a topic "Legal perspectives on real estate financing in the Baltic States" and our managing partner Mr. Aku Sorainen acted as a moderator in the discussion panel "Working the Supply Curve".

On 01.06.2004 Pekka Puolakka made a presentation "Corporate Taxes and Special Tax Concessions" and Aku Sorainen lectured about "Regulations on Business Activities" at Kuopio Chamber of Commerce in Kuopio, Finland.

On 26.05.2004 the Company Law Committee discussion on the subject "Legal Persons' Registration and Other Problems" was held in our Vilnius office premises. The event was attended by participants from the largest Lithuanian law offices, the

representatives from the Ministry of Justice and the Vilnius branch of the Centre of Registers State Enterprise.

On 19.05.2004 and on 04.06.2004 Paul Künnap lectured in a seminar organised by Finnvera and by Yrittäjälinkki respectively. The subject of Mr. Künnap's lectures was "The Estonian Business Environment".

● New hires

Ms. **Anne Adamson** has joined our Tallinn office legal staff as an Associate. She has worked for several years for an international consulting company KPMG Estonia AS as a legal adviser. Her areas of expertise are company, international and taxation law. Anne speaks Estonian, English, Finnish and Russian

Mrs. **Margit Piller** joined the administrative staff team at the Tallinn office as Chief Accountant. She graduated from Tallinn Technical University, Faculty of Economics in 1995. Margit has 7 years of accounting and 3 years of auditing experience. She speaks Estonian, English and Russian.

Anete Rubene has started to work with Sorainen Law Offices in Riga as Senior Associate. She has graduated from the Faculty of Law of the University of Latvia. Anete has 10 years of experience working as an insurance law lawyer. She speaks Latvian, English and Russian.

Inta Brīge started to work with Sorainen Law Offices in Riga as a Legal Assistant. She is a 5th year student at the Faculty of Law of the University of Latvia and will graduate at the beginning of 2005. Inta speaks Latvian, Russian and English.

Zane Paeglite joined our Riga office as a General Assistant. Zane has graduated from the University of Latvia obtaining a Bachelor Degree in Social Sciences (Specialization: Sociology). She is a first year Law

student at the University of Latvia. Zane speaks Latvian, English and Russian.

Our Riga office has a new Translator **Inga Grižibovska**. She has graduated from the Faculty of Foreign Languages of the University of Latvia. Inga has 10 years of experience working as a translator. Inga speaks Latvian, English, German, Russian and some French.

Mr. **Erlandas Stanislovaitis** joined the team of the Vilnius office legal staff as a Legal Assistant. Erlandas is a student of Vilnius University, Faculty of Law and a member of the European Law Students Association. He speaks Lithuanian, Russian and English.