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LEGAL UPDATE
THE BALTIC STATES

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Sorainen Law Offices sends best wishes
to our clients, friends and their families for a happy holiday season.
Looking forward to continuing the warm association
we share in the coming year.

EUROPEAN UNION

EU NEWS

ECJ landmark ruling eases CFC rules
In the developing *acquis communitaire* on direct taxation in Europe, the European Court of Justice (ECJ) delivered its judgment in the *Cadbury Schweppes* case (C-196/04) on 12 September 2006. The judgment, which followed the opinion of the Advocate-General, clarifies the situation with regard to tax regulation of controlled foreign companies (CFC) within the EU.

For example, the Finnish CFC rules currently in force involve many Estonian, Latvian, and Lithuanian companies held by Finnish tax residents (both natural persons and corporations). According to the rules, in many such cases the income of a Baltic company would be taxed in Finland as the income of its Finnish resident shareholder. Finnish tax authorities have taken a lax attitude in enforcing the CFC rules, probably in anticipation of the judgment. However, the possibility of their enforcement has remained a tax risk.

The ECJ has now found that CFC rules similar to the Finnish CFC rules can amount to a prohibited restriction on freedom of establishment. A Member State's CFC rules cannot limit or hinder the right of its residents to establish companies in other Member States even if establishment there is due to tax advantages. However, CFC rules may still apply if the arrangement is wholly artificial, i.e. if the company is of the letter-box variety which pursues no economic activities in its state of incorporation and whose sole purpose is to avoid taxes.

In Finland, as in some other member states, the judgment is likely to cause legislative changes. It is too early to tell how or when the current CFC rules will change, but in the meanwhile the Finnish tax authorities are in effect bound by the ECJ judgment, thus effectively removing the risk Finnish residents have had to bear while operating in Estonia, Latvia, or Lithuania. This judgment will make it easier for investors to take advantage of the relatively low tax regime in Estonia, Latvia, and Lithuania.

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VAT anti-avoidance: the Baltic angle
Janis Taukacs has written an article "VAT anti-avoidance: the Baltic angle", which explains how different the implementation of the 6th VAT Directive is in the Baltic States in light of the new EC Directive (2006/69/EC) in countering VAT evasion or avoidance. The article is available on our webpage www.sorainen.com.

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ESTONIA

COMPANY LAW

A management board member needs the consent of the supervisory board or shareholders to engage in self-dealing
In its judgment no 3-2-1-68-06 the Estonian Supreme Court analysed the right of a member of the management board of a private limited company to engage in self-dealing or dealing with another company of which he is simultaneously a management board member.

The Supreme Court finds that according to the Commercial Code a member of the management board of a private limited company may engage in self-dealing only if the shareholders have consented to the transaction (i.e. approve its terms and

conditions, and have decided who may represent the company) or have, at least, approved the transaction retroactively.

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Business needs vs group structure
Risto Agur has written an article titled "Is your group structure in line with your business needs?", which draws attention to the fact that as a result of change of circumstance on the market or internally within the group, the group structure may become economically non-purposeful, in which case there is a need for corporate restructuring by way of merger, de-merger, transformation or winding up. The article is available on our webpage www.sorainen.com.

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EMPLOYMENT LAW

Tax official warns: sole proprietorships involve risks for employer
With regard to the more favourable tax and labour law regime for sole proprietors, formal replacement of employment contracts with contracts for services has gained popularity in Estonia. This activity, aimed at optimising employer obligations, is attracting the attention of the Estonian Tax and Customs Board (ETCB) as well as that of the Labour Inspectorate, in order to prevent such trends.

On 23.10.2006 the ETCB published a notice warning of the risks accompanying commencement of activities as a sole proprietor due to employer pressure. The ETCB view is that falsely treating an employment relationship as a contract for services with a sole proprietor may lead to unexpected tax risks for the parties. This involves up to 1,700 sole proprietors. The ETCB justifiably emphasises that the right granted to a tax authority under the Taxation Act to fix the amount of tax subject to payment through the real content of a transaction (as opposed to the pure formality of a contract) enables retrospective re-qualification of a contract, formally named a contract for services, as an employment contract. The ETCB stresses that in "concealed" employment contracts the payments made to a sole proprietor will be seen as income from employment, in which case income tax and social tax must be paid by the employer. Upon calculating the proportion of income and social tax of real wages and salaries, the economic meaning of the possible tax risk referred to by the ETCB will be a 50% increase in wages and salaries, which may - depending on the circumstances - apply retrospectively for three or six years.

Registration of sole proprietors and entry into contracts for services with them need also not allow an employer the expected escape from protection ensured to an employee by an employment contract. If a dispute arises, the presumption is that the case involves an employment contract. In order to certify the opposite, the employer cannot invoke the title or wording of the contract, but arising from the practice of the Supreme Court the economic content of the relationship is taken into consideration. In relation to labour law, the re-qualification as employment contracts of contracts for services with sole proprietors may lead to liability for violating an employment contract or legislation governing occupational health and safety along with application of corresponding private and public law sanctions.

In light of the warning issued by the ETCB, we recommend that employers take into account the activities of the ETCB and the Labour Inspectorate and realistically assess the content of existing and future work-related contracts. Correctly qualifying the contractual relationship enables assessment of the rights and obligations of the parties upon the application of the contract and thus actual effects on the economic activities of the employer.

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MERGERS AND ACQUISITIONS

Golden share: relief or another quarrel?
The amendment of Privatisation Act, which entered into force in October 2006, grants the state or a local government a statutory special right preserving a minority privatizing shareholder right to veto and control over essential management decisions and shareholders of the company. The 'Golden Share' is not new in privatization practice. Indeed, it is stipulated in the articles of association of the following Estonian companies: AS Eesti Telekom, AS Tallinna Vesi, and AS Eesti Raudtee. The new procedure allows exercise of the special right arising from the Golden Share only to avoid "violation of legislation", "damaging the financial activity of a public limited company", or "damaging the public interest". Use of the Golden Share must be grounded.

The European Commission and the European Court of Justice (ECJ) find that disproportionate magnification of State rights compared to its actual participating interest violates freedom of establishment (Article 43) protected by the Treaty Establishing the European Community, and inhibits free movement of capital (Article 56). The shortcomings of the Golden Share referred to in the positions of the Commission and judgments of the ECJ, including the most recent decision of 28.09.2006 in *The Commission vs the Kingdom of the Netherlands*, are also characteristic of the amended Privatisation Act. These include potential unequal treatment of investors, ambiguous preconditions for exercise of the special right, and doubtful appropriateness of the Golden Share in attaining a desired goal. This means that the amendment to the Privatisation Act fails to provide the expected legal clarity, so that it is still recommended to specify the subject matter and preconditions of use of a privatizing shareholder's special right in the articles of association of a public limited company or in relevant legislation.

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PROPERTY AND CONSTRUCTION LAW

Land register must disclose real rights related to an immovable and right of pre-emption

The right of pre-emption of immovables in Estonia has for some time raised issues, some of which are resolved in a judgment of the Supreme Court (3-2-1-13-06).

In its judgment the Supreme Court explained that as of 01.07.2002 exercise of a right of pre-emption creates two sales contracts with the same content for purchasing an object encumbered with a right of pre-emption. The Supreme Court also mentioned that a right of pre-emption may have effect either under the law of obligations or the law of property, with the effect depending on land register status.

The right of pre-emption with effect under the law of property must be entered in the land register as a notation, even if the right of pre-emption arises from law. The most important consequence of exercise of a right of pre-emption under the law of property is that transfer of ownership of an immovable to the original purchaser becomes void – the owner is the seller and the exerciser of the right of pre-emption may require transfer of ownership from the seller.

If the right of pre-emption arises from law, but no such notation has been entered in the land register, then a right of pre-emption arises with effect under the law of obligations. As an example of this, the Supreme Court referred to the right of pre-emption of a compulsory lessee under the Principles of Ownership Reform Act, and the right of pre-emption of the State for an immovable with a natural feature under the Nature Conservation Act. However, the consequence of exercising a right of pre-emption under the law of obligations is only the right of the person entitled to

pre-emption to file a claim against the seller for compensation of damage arising from violating a sales agreement.

As a result, it is recommended that a person with a right of pre-emption with regard to an immovable should require that a notation be made in the land register. After the new act, a right of pre-emption under the law of obligations becomes a right of pre-emption with effect under the law of property. Through an entry in the land register the right of pre-emption will become visible to potential purchasers.

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LATVIA

PROPERTY AND CONSTRUCTION LAW

Privatisation and rights of redemption

On 15.03.2006 the Senate of the Supreme Court reviewed the cassation complaint of Riga City council in case Number SKC–117. The Senate ruled in favour of Riga City council by overruling the judgment of the Supreme Court, which had agreed with the viewpoint of Vaben SIA, which did not want to conclude a redemption agreement with Riga City council. The Supreme Court had adopted Vaben's interpretation of the agreement, namely that Vaben had two years to complete construction from the moment of concluding the construction agreement, whereas Riga City council insisted that the two-year period started from conclusion of the privatisation agreement. Moreover, the Supreme Court had noted that Property rights may be limited only on the basis of law, so that the provisions of the privatisation agreement were contrary to the law. The Supreme Court had also overruled the decision of the court of first instance, noting that the sum of the buyback, determined by court of first instance was inappropriate as it was lower than the current cadastral value of the property.

The Senate noted that the Supreme Court had failed to take into account several provisions of the privatisation laws, including Articles providing that a municipality may set additional requirements to the new owner of a property. The Senate also noted errors of the Supreme Court when applying the law:

1) The Supreme Court had wrongly interpreted a provision when coming to the conclusion that property rights may be restricted only on the basis of law.

2) A municipality is entitled to buy back property for the price stipulated in the purchase agreement, which can be only challenged if it causes excessive damage to the parties.

Thus, when negotiating a privatisation agreement, the parties should agree on terms which they will be able to fulfil, allowing for the current situation in the construction market, the necessary formalities, and other relevant matters. Parties should not assume that they will be able to negotiate contract amendments or that the municipality will never use its rights if agreed projects are not completed in the specified time.

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Approved construction project and similar decisions

On 15.03.2006 the Senate of the Supreme Court ruled in case SKA–123 that construction project approval is an interim decision and not an Administrative act. This approval lacks the required properties of an administrative act set out in the Administrative procedure law, in that it does not cause any binding legal consequences with final properties, and is only one step in obtaining a building permit, and thus is considered only an interim decision. On the other hand, a construction permit gives rights to build, which influence legal rights and interests of particular persons, and thus constitutes an administrative act. However, if, for example, a construction project approval was denied, then that decision would be considered an administrative act since, without that approval no possibility would exist to obtain a valid construction permit.

All interim decisions, i.e. all steps and approvals required to obtain a construction permit, if the decision is positive, according to the Administrative procedure law, may not be challenged separately from the final decision of the Administrative process – a construction permit. Thus, according to this judgment, once an investor obtains some approvals, then these may not be challenged in a Court until the Construction permit is obtained.

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TAXATION LAW

Attempts to combat speculative real estate operations

Government Regulation no.793 "Procedure on application of the Personal Income Tax Act" is in force as of 30.09.2006. In principle, the Regulation is the second most important legal act in the area of personal income taxation (after the Personal Income Tax Act itself) and provides detailed explanations and additions to the Personal Income Tax Act. The Regulation takes at least formal steps in the direction of attempting to combat speculative purchases and subsequent sales of real estate. Thus the Regulation explains that the tax in certain cases applies to a sale of shares of a company in which real estate is contributed in kind as being the actual sale of real estate. Moreover, the Regulation tries to implement what was one of several possible interpretations of the law "On individual income tax" that the relief from the tax is not applicable to sale of a real estate, if the sale is the seller's commercial activity.

More effective cooperation with tax authorities abroad

Government Regulation no. 884 "Procedure on the exchange of information in the area of direct taxes between the Member States of the European Union and countries which have concluded international agreements on the avoidance of double taxation and tax evasion" entered into force on 04.11.2006. The regulation enables the Latvian tax authorities to act more effectively in cooperating with tax authorities in other countries. Practically the Regulation should remind businesses working across Europe and elsewhere in countries Latvia has tax treaties with on the increasing level of co-operation between tax authorities.

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LITIGATION AND ARBITRATION

New procedure for appeal of decisions against preliminary injunctions

On 11.10.2006 amendments to the Civil Procedure Law came into effect. The most important changes relate to the procedure of appeal of the decisions on preliminary injunctions.

Previously, all decisions on preliminary injunctions could be appealed. Now Civil Procedure Law provides that appeals directly to a court of higher instance can be made only in particular cases. In other cases, a request for withdrawal of the preliminary injunction must first be made to the same court that granted the injunction and then it can be appealed to a court of higher instance.

The amendments also enforce the European Parliament and Council Regulation 805/2004 creating a European Enforcement Order for uncontested claims and Council Regulation 2201/2003 concerning jurisdiction and the recognition and enforcement of judgments in matrimonial matters and the matters of parental responsibility.

Adittionally, the amendments have been made with regard to the issues concerning

trusteeship and access rights and illegal displacement or detention of a child.

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COMPETITION AND PUBLIC PROCUREMENT LAW

Procedure for small procurements defined
On 12.09.2006, the Cabinet of Ministers adopted regulations No. 762 for procurements with a contract price between LVL 1,000 and LVL 10,000.

The new regulations require notification of starting procurement within these price limits to be published in the contracting entity's web page or in the local newspaper. Notification of the results of the procurement (i.e. the winner, or decision to terminate the procedure) must be similarly published. Moreover, the regulations require a contract between the contracting entity and the winner of the procurement to be in written form. Additionally, information on contract price and parties must be unclassified.

The aim of the regulations is for small procurements to remain simple and quick, but at the same time transparent and open for competition.

The Public Procurement Law does not apply to procurements with a contract price between LVL 1,000 and LVL 10,000. Consequently, results or regulations of these procurements may not be appealed under the Public Procurement Law.

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EMPLOYMENT LAW

Important changes regarding dismissal in number of employees
On 25.10.2006 new amendments to the Labour Law came into force. After highly heated debate, the Latvian Parliament finally included in the law direct prohibition of discrimination on the grounds of sexual orientation, as required by the relevant EU directive. The Law also requires an employment contract to state the employee's profession in accordance with the Profession Classification adopted by the Government earlier this year. Another significant feature is that the Law now extends the maximum period (from two to three years) for a fixed term employment contract.

The law takes into account a suggestion from trade unions by introducing a strict time frame for an employee's suspension from work (three months) without salary. However, the Law now stipulates that if a trade union does not respond to an employer's request to grant consent for termination of a contract with a trade union member within seven working days, then it is presumed that the trade union consents to this particular employment termination.

However, perhaps the most important amendments concern the procedure for terminating an employment contract on the basis of reduction in the number of employees. The law states that in these cases the employer must inform the State Employment Agency at least one month beforehand about the number and profession of employees to be dismissed. Previously, this obligation was binding only in cases of collective redundancy.

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LITHUANIA

PROPERTY AND CONSTRUCTION LAW

New regulations regarding illegal construction and responsibility arising
On 17.10.2006, the Parliament adopted a Law Amending Article 4.103 of the Civil Code, defining the consequences of illegal construction (without construction permission or deviating from issued construction permission).

During 2005, 325 of 686 illegal constructions were legalized by a provision of the Civil Code that allowed the builder to amend the design of the building, obtain a construction permit, or carry out other actions related to execution of construction documentation after commencement of construction works. In order to prevent illegal construction and to set a clear control mechanism upon it, the amendment eliminates this right. According to the Law, the owner of the building is not entitled to use or dispose of an illegal construction. The law provides for two consequences of illegal construction: its demolition or reconstruction to comply with issued construction permission.

The Law on construction determines illegal construction as follows:

- If a building (or a part of it) has been erected without construction permission; construction works are performed when construction permission has expired; a court declares a permission to be illegal; construction works are performed with a valid permit, but deviating from it, e.g. change of building site in land plot, purpose of land or building, allowable height of building, violation of cultural heritage regulations.

Also on 17.10.2006, the Parliament adopted the Law Amending Articles 1, 2, 3, 20, 23, 24, 25, 27, 28, 29, 31, 33, 34 and 35 of the Law on Construction.

The most important amendments relate to preparing construction planning conditions, their approval, issue of construction permissions, and supervision of building operation.

The amendments further establish that performance of fundamental construction requirements is regulated not only by technical construction documents, but also by legal acts adopted by authorized institutions under their competence (e.g. hygiene rules, engineering rules).

Furthermore, the amendments empower county administration officers to apply to the court if a builder fails to eliminate the consequences pertaining to a building project and
technical construction documents.

Other amendments concern the right of county administration officers regarding illegal construction, harmonization with European Union legal acts, and other issues.

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TAXATION LAW

Attractive situation for holding companies
On 19.10.2006, the Parliament adopted a Law amending and supplementing the Law on Corporate Income Tax. The amendments abolish taxation of capital gains realized from a transfer of shares from a company registered in an EEA state or from a state which has signed a tax treaty with Lithuania, provided that the seller is a Lithuanian company and holds more than 25% of the shares during a two-year period.

The amendments were made according to the legal practice of EU Member States, where such activities by holding companies are tax-exempt provided that securities are held for a certain period (in different countries it varies from one to seven years).
Consequently, the amendments to the Law on CIT could be regarded as a good start for creating an attractive situation for holding companies.

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INTELLECTUAL PROPERTY

Harmonization of Lithuanian legislation with EC law and additional rights for authors in order to protect their interests

On 12.10.2006, the Parliament adopted a Law amending and supplementing the Law on Copyright and Related rights.

The main purpose of the amendment was to harmonize Lithuanian legislation with European Parliament and Council directives 2001/84/EB and 2004/48/EB and to improve Lithuanian legal acts on copyright and related rights according to Lithuanian and European practice.

The amendment regulates more clearly a copyright notice enabling the author or other owner of a copyright to be identified separately from the publisher or other subject, which sometimes in practice are confused.

Furthermore, according to the essence of copyright, the author is the weaker party, in an unequal economic and social position compared with a copyright assignee, who is usually an entrepreneur. Thus, the amendment establishes new and clearer requirements for terms and conditions of copyright agreements, payment of royalty (which cannot be less than 5% of the publisher's income) to the author for further or additional editions, restriction on complete assignment of copyright, and other issues related to protection of authors or other owners of copyright interests.

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TRANSPORT, TRADE AND DISTRUBUTION

Reduction of grounds on which licenses held by alcohol manufacturers can be revoked

On 27.09.2006 Lithuania adopted Resolution No. 955, amending the Rules on licensing of alcohol manufacture (adopted on 22.01.2001).

The most important amendments relate to annulment of licenses held by alcohol manufacturers.

According to the amendment, from now licenses will not be revoked if an alcohol manufacturer sells, stores, or transports alcohol products in Lithuania without documents confirming that an alcohol product conforms to the procedure set by the Lithuanian Government or other institution authorized by it. Additionally, a license will not be revoked for sale of alcohol products whose safety and (or) quality do not conform to Lithuanian regulations.

According to the amendment, a license for manufacturing alcohol can be revoked for storage, transportation, and sale of alcohol products if: a) they are not included in the relevant manufacturing, import, and sale licenses; and mandatory documents of acquisition or transportation are not provided; b) they are not produced using agricultural ethyl alcohol; c) they are home-made; d) ethyl alcohol has been sold to a natural person (but this does not apply to non-denaturated ethyl alcohol of agricultural origin sold to natural persons in pharmacies under the procedure set by the Ministry of Health).

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Contributed by Lea Liigus, Katri-Helen Agur, Estonia; Gita Rivdike, Latvia; Povilas Karlonas, Lithuania. Edited by Girts Ruda, Latvia.

Please note that on

6 December 2006,

Sorainen Law Offices in Riga in cooperation with the Latvian Chamber of Commerce and Industry are organizing a seminar

"Commercial Disputes: How to Avoid and Resolve?"

For more detailed information please see www.sorainen.com or contact Ms Gita Rivdike (phone: +371 7365000 or e-mail: gita.rivdike@sorainen.lv).

NEWS IN SORAINEN LAW OFFICES

Recent deals

Victory in biggest damages claim against Estonian state

Tallinn office successfully represented a bankrupt oil importer in the largest damages claim against Estonia in the Estonian courts for illegally confiscated oil products. The case was handled by senior associate Carri Ginter.

Aegis Media acquisition of Mediapool

Sorainen Law Offices have advised Aegis Media on acquisition of Mediapool, the second largest media agency in Estonia. Our team, headed by Toomas Prangli and Risto Agur, advised Aegis Media in all major phases of the transaction, including due diligence of the target, drafting and negotiating the transaction documents, concentration control matters, and closing support.

Tallink Rights Subscription by CVCI

Tallinn office advised Citigroup Venture Capital International (CVCI) in its new investment in AS Tallink Grupp as part of a rights issue, where CVCI invested approximately EUR 27.5 million. CVCI is a unit of Citigroup investing in private equity in international markets. AS Tallink Grupp is a leading provider of mini-cruise, passenger transport, and cargo services in the Northern Baltic Sea Region and is listed on OMX Tallinn Stock Exchange. Our team, including partner Toomas Prangli and senior associate Reimo Hammerberg, assisted CVCI in regulatory matters and a shareholder agreement between AS Infortar, CVCI, and Amber Trust II SCA who together invested approximately EUR 65 million.

Acquisition of BKM Kindlustusmaakler by Colemont

Advising Colemont Eesti Kindlustusmaakler OÜ, the Estonian subsidiary of one of the leading global insurance brokers, in bidding for and acquisition of Estonian insurance brokerage company BKM Kindlustusmaakler OÜ from Hansabank. The case was handled by senior associate Paul Kunnap and associate Kai Kaljaste.

Siemens Financial Services corporate restructuring and bank branch establishment

Tallinn office advised Siemens Financial Services AB Eesti Filiaal in its corporate restructuring in Estonia. The scope of assignment included advising on regulatory requirements for establishing and

registering the local branch of a foreign credit institution, as well as in drafting a full set of corporate documents for transfer of its Estonian business from its local legal entity to the established branch and win-ding up the legal entity. The case was handled by partner Karin Madisson and associate Elen Rohtla.

Loans for reconstruction of the hospital buildings and infrastructure
Riga office provided legal assistance to Nordic Investment Bank (NIB) in preparation of long term loans in the amount of 18 MEUR for Latvian hospitals and Riga Stradins University. The loans are intended for reconstruction of the hospital buildings and infrastructure. The legal team, represented by partner Girts Ruda and legal assistant Ilmars Naglis worked at this project. Girts Ruda noted that cooperation with NIB is extremely positive and the Bank's projects are a contribution to development of Latvia and everyone in society.

Advising Danish real estate developer on closing of shopping centre construction project
Riga office provided legal assistance to the Danish real estate developer TK Development on preparing the necessary documentation for the signing and closing the sale of shopping centre "Galerija Azur" in Riga. After closing of the sale transaction 100% of the shares are owned by the branch of Meinl Bank. Total deal value amounts to 40 MEUR. Assistance was provided by partner Girts Ruda and legal assistant Ilze Tralmaka.

Media company expands activity in Lithuania
Vilnius office advised Schibsted AS in acquisition of 51% shares in UAB Plius, a Lithuanian company engaged in administration of classified advertisement WebPages. The team of lawyers was led by senior associate Raminta Karlonaite.

New Media and Entertainment Company comes to Lithuania
Partner Renata Berzanskiene assisted Versus Media UAB in establishing the company, share transfers, and related matters. Versus Media UAB publishes the new Lithuanian business magazine "Versus".

Employees

In October 2006, when associate Ms. Regina Derkintyte joined our Vilnius office, Sorainen Law Offices team marked its 115th employee, while the number of lawyers working with Sorainen Law Offices reached 80. Sorainen Law Offices has experienced continuous rapid growth in 2006 with growth of 35 new employees in our Tallinn, Riga, and Vilnius offices.

In October 2006 three experienced business law specialists, attorneys-at-law **Laimonas Skibarka**, **Tomas Milasauskas** and **Tomas Kontautas** joined the Vilnius office of Sorainen Law Offices. Mr. Skibarka and Mr. Milasauskas join as partners and will contribute to developing and managing, respectively, the mergers and acquisitions (M&A) and the real estate practice groups of Sorainen Law Offices. Mr. Kontautas joins the firm as senior associate and will head the insurance practice group of Sorainen Law Offices in the Baltics. Previously, these lawyers had long worked with the law firm Lideika, Petrauskas, Valiunas ir partneriai LAWIN.

Ms. **Regina Derkintyte**, associate, also joined our Vilnius office in October 2006. She has been awarded LL.M. degrees by Mykolas Romeris University in Lithuania and the International Maritime Law Institute in Malta. Her practice areas are shipping law, insurance law, IT & communications, litigation & arbitration.

Articles

A selection of articles written in September-October 2006:
The Baltic Times:

- Tomas Davidonis: How thin is capitalization in the Baltics?
- Edgars Koskins: Purchasing shares from an offshore company.
- Paul Kunnap and Pekka Puolakka: Finnish taxes and profit repatriation.
- Tomas Davidonis: Will Lithuania become a holding jurisdiction?

Articles by lawyers from Sorainen Law Offices are available on the website www.sorainen.com.

Seminars

Seminar in cooperation with SEB Vilfima
On 26 October our Vilnius office, together with SEB Vilfima and SEB Enskilda, organised a well-attended international seminar "International IPOs. Key success factors for Baltic companies". The seminar featured highly qualified and competent speakers from SEB Enskilda, the international law firm Allen & Overy, OMX Vilnius Stock Exchange, and Sorainen Law Offices. Algirdas Peksys, senior associate, delivered a presentation on legal aspects of initial public offerings in Lithuania.

Other

Sorainen Law Offices listed among best trade law firms
Global Trade Review, the world's leading international trade finance magazine, which provides timely and in-depth news, leads, and analysis on global emerging markets, trade finance, export finance, and risk markets, has listed Sorainen Law Offices among the best global law firms in trade finance. Sorainen Law Offices is the only law office from the Baltic States represented on the list. "Although trade and transaction finance is still underused and has a lot of potential in the Baltic markets, our offices have excellent track record in advising on this niche, which is a very complicated area of law," noted partner Kaido Loor.

Partners of Vilnius office listed among corporate ambassadors of Lithuania
In September 2006, the major Lithuanian weekly magazine *Veidas* announced a list of "corporate ambassadors in Lithuania", i.e. persons who have contributed to the development of business in Lithuania the most. The list includes three lawyers, two of whom are from our firm – partners Renata Berzanskiene and Kestutis Adamonis.

Sorainen Law Offices recommended by IFLR 1000
International Financial Law Review 1000 (IFLR 1000), a guide of leading law firms regarding international corporate finance, including areas of banking, capital markets, M&A and project finance, has listed Sorainen Law Offices among recommended law firms within all evaluated areas in all Baltic countries. Sorainen Law Offices is praised by clients for its "pragmatic approach to finding legal solutions and supportiveness when liaising with clients". It is also described as "an active and consistent firm in terms of capital markets".

Baltic Legal Update in French
Due to readers' increasing interest to receive legal news in their native languages, Sorainen Law Offices is releasing Baltic Legal Update (BLU) also in French. It will be published three times a year. For further information on BLU in French, please contact Julija Jerneva (e-mail: julija.jerneva@sorainen.lv).