

# The International Comparative Legal Guide to: Real Estate 2008

A practical insight to cross-border Real Estate work



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# Lithuania

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### 1 Real Estate Law

- 1.1 Please briefly describe the main laws that govern real estate in Lithuania. Laws relating to leases of business premises should be listed in response to question 10.1. Those relating to zoning and environmental should be listed in response to question 11.1

The vast majority of the provisions regarding rights to and the legal status of real estate property are contained in the Civil Code of the Republic of Lithuania.

Specific provisions regarding certain aspects of real estate law are established in the Constitution, also in such laws as the Constitutional Law on Implementation of Part 3 of Article 47 of the Constitution of the Republic of Lithuania, the Law on Land, the Law on Real Estate Register, the Law on Real Estate Cadastre, etc.

- 1.2 What is the impact (if any) on real estate of local common law in Lithuania?

Lithuanian legal system is based on statutory law. The impact of judicial decisions of supreme judicial bodies (Supreme Court of Lithuania and Supreme Administrative Court) gains importance in cases when statutory laws lack precision. Recent practice of the Constitutional Court suggests that the courts shall treat similar cases in a similar way. In the long run this may lead towards the formation of a precedent in the Lithuanian legal system.

- 1.3 Are international laws relevant to real estate in Lithuania? Please ignore EU legislation enacted locally in EU countries.

International treaties are relevant to Lithuanian laws concerning real estate mostly to the extent they protect the property rights of foreign entities and individuals in Lithuania.

### 2 Ownership

- 2.1 Are there legal restrictions on ownership of real estate by particular classes of persons (e.g. non-resident persons)?

Only those individuals and legal entities that satisfy the requirements of European and Transatlantic integration (i.e. incorporated in the EU or EEA member states, states party to Agreements Establishing Association with the EU and its member states, OECD and NATO member states, being citizens or

permanent residents of these states, etc.) are entitled to acquire ownership of land, internal waters and forests in Lithuania and only to the extent the same rights are granted to subjects of Lithuanian origin in such states. However, such subjects may not acquire agricultural and forest land in Lithuania during the transitional period until the 1 May 2011, unless they have a permanent presence in Lithuania.

Subjects that do not meet the requirements of European and Transatlantic integration may not acquire into the right of ownership land, internal waters and forests in Lithuania, but may possess them and use in accordance with Lithuanian laws.

The law in general does not restrict the acquisition of other real estate by foreign subjects.

### 3 Real Estate Rights

- 3.1 What are the types of rights over land recognised in Lithuania. Are any of them purely contractual between the parties?

In Lithuania, the following principal rights over land are recognised: ownership; the right of property trust; possession; easement; usufruct; superficies; emphyteusis; mortgage; pledge; property administration; and retention of the property. Superficies and emphyteusis may be established only by the agreement of the parties or by virtue of the testament.

### 4 System of Registration

- 4.1 Is all land in Lithuania required to be registered? What land (or rights) are unregistered?

All land plots (i.e. land which is formed as a separate real estate object, having its own unique number) and property rights thereto are registrable with the Real Estate Register, except for the property rights established by virtue of laws.

- 4.2 Is there a state guarantee of title? What does it guarantee?

The Constitution of the Republic of Lithuania stipulates that property is inviolable, that the rights of ownership are protected by laws and that property may only be taken over for public purposes in accordance with the procedure established by law and in return for a fair compensation.

In accordance with the Lithuanian Civil Code, the Republic of Lithuania guarantees equal protection of rights of all owners. It also states that nobody has the right to take property by force, with the exception of cases established by law, or to demand that an owner should merge his property with that of another owner against his own will.

The Civil Code also stipulates that the owner is entitled to make real claims (*actiones in rem*) to recover his property from the illegal possession of any third parties or to eliminate any violations of his right, which do not result in loss of possession by the owner.

The title to the real estate objects and property rights thereto are required to be registered with the Real Estate Register and it is presumed that all information of real estate registered with the real estate register is true and correct unless it is contested in the court.

In addition, please see our answer to question 5.3.

#### 4.3 What rights in land are compulsory registrable? What (if any) is the consequence of non-registration?

The Civil Code provides that the law may establish the mandatory legal registration of certain real estate transactions. However, a registrable transaction shall be binding on the parties even if it is not registered, unless the Civil Code stipulates that the rights and obligations of the parties arise only from the moment of registration of the transaction (like in the case of a mortgage, contractual easement or usufruct). In accordance with the Civil Code, if the parties do not register a real estate transaction, they are not able to use the fact of the transaction against third parties or assert their rights against third parties referring to other evidence.

The Law on Land establishes special provisions in respect of State land transactions. According to this Law, State land transactions have to include a provision of compulsory registration of this transaction with the Real Estate Register, and in the case of non-performance, statutory or contractual sanctions shall be imposed.

#### 4.4 What rights in land are not required to be registered?

Property rights that are established by virtue of law are not registered.

#### 4.5 Where there are both unregistered and registered land or rights is there a probationary period following first registration or are there perhaps different classes or qualities of title on first registration? Please give details. First registration means the occasion upon which unregistered land or rights are first registered in the registries.

The law of the Republic of Lithuania does not provide for any probationary period. Once the real property or rights thereto are registered with the Real Estate Register, the registration data is considered to be true and comprehensive as from the moment of its inscription until the moment they are contested in accordance with the procedures established by law.

#### 4.6 On a land sale, when is title (or ownership) transferred to the buyer?

Ownership of a land plot passes to the buyer from the moment of transfer of the land plot from the seller to the buyer. Transfer of the land plot from the seller to the buyer shall be documented by a transfer and acceptance deed signed by both parties.

#### 4.7 Please briefly describe how some rights obtain priority over other rights. Do earlier rights defeat later rights?

Usually, the registration of registrable rights with the Real Estate Register grants priority to the registered rights over the same rights that were not registered. If none of the persons registered the same registrable transaction, it is considered that the person who concluded the particular transaction first acquired the rights related thereto. If the same rights to assets or property were registered by several persons, it is considered that the rights were acquired by the person who first registered the transaction.

## 5 The Registry / Registries

#### 5.1 How many real estate registries operate in Lithuania? If more than one please specify their differing rules and requirements.

The State Enterprise Centre of Registers is the institution in Lithuania which deals with the registration of real estate and property rights arising therefrom and manages the Real Estate Register and Cadastre. The mortgages and pledges are registered with the Mortgage Register.

#### 5.2 Can information on real estate ownership be accessed from the registry on line (electronically)?

Entities and individuals who have concluded contracts with the State Enterprise Centre of Registers based on the provision of data from the Real Estate Register can access the data from the Real Estate Register via the internet.

#### 5.3 Can compensation be claimed from the registry/registries if it/they makes a mistake?

In the case where a person incurs losses due to the fault of a manager of the Real Estate Register, he is entitled to claim losses.

A person has to apply for compensation for losses suffered to the manager of the Real Estate Register no later than within 1 month from the date of learning of their occurrence.

#### 5.4 Are there restrictions on public access to the register? Can a buyer obtain all the information he might reasonably need regarding encumbrances and other rights affecting real estate?

The Law on Real Estate Register stipulates that the data of the Register be public, except for data on real estate objects disclosure of which is restricted by the laws.

In general, the potential buyer may obtain an excerpt from the Real Estate Register and the Mortgage Register regarding the real estate object, containing the data which is sufficient for the conclusion of the real estate transaction.

Usually, the data from Real Estate Register and Mortgage Register is presented for consideration.

## 6 Real Estate Market

**6.1 Which parties (in addition to the buyer and seller and the buyer's finance provider) would normally be involved in a real estate transaction in Lithuania? Please briefly describe their roles and/or duties.**

**a) Selling and purchasing agents (or realtors)**

Realtors act as intermediaries in real estate transactions, and provide consultation on the real estate market (including prices), etc.

**b) Lawyers**

Lawyers perform legal due diligence related to real estate, provide advice on the legal structure of the real estate transactions, draft transaction documentation and assist their clients in the negotiation of real estate transactions.

**c) Notaries**

Real estate transactions must be certified by a notary public.

**d) Others**

Asset evaluators, technical, tax and accounting consultants can also be involved in real estate transactions.

Real estate transactions are registered with the Real Estate Register and in case of mortgage of real estate property - with the Mortgage Register.

**6.2 How and on what basis are these persons remunerated?**

Remuneration for notary public fees for registration of property rights with the Real Estate Register and mortgages (pledges) with the Mortgage Register are regulated by legislation. Remuneration for the legal and other services involved in real estate transactions is addressed in the contract between the parties.

## 7 Liabilities of Buyers and Sellers in Real Estate Transactions

**7.1 What (if any) are the minimum formalities for the sale and purchase of real estate?**

A contract for sale and purchase of real estate must be concluded in writing in the presence of a notary public and certified by the latter. The data in such a contract shall properly identify the real estate object (e.g. its location in the particular land plot or in another real estate object, personal identification number, etc.), the price for which the real estate is sold, the rights to the land plot on which the real estate object (e.g. building, structure) is located, as well as the issue of the ownership right of the buildings, structures or other objects located on the land plot being sold and the moment of transfer of the right of ownership into real estate object from the seller to buyer.

If the object of the contract is sale and purchase of a land plot, a scheme of the relevant land plot shall be attached thereto.

**7.2 Is the seller under a duty of disclosure? What matters must be disclosed?**

The seller is bound to warrant to the buyer that the real estate object being sold is free from any right or claim of any third party, unless the buyer agreed in advance to accept the object subject to that right or claim, provided that the seller gave a due notice thereof to the buyer.

The seller is bound to discharge the real estate object of any pledge (mortgage) irrespective of the registration of such pledge or mortgage, unless the buyer, after he has been given notice by the seller of the encumbrances, agrees to buy the object subject to the encumbrance.

Pursuant to the Civil Code, the seller is bound to transfer the real estate property, the quality of which meets the conditions of the sale contract and the requirements of the documents determining quality. The seller shall be liable for the defects of the real estate property, provided that the buyer proves that the defects appeared before the transfer of the real estate property or due to reasons which appeared before the transfer of the real estate property.

**7.3 Can the seller be liable to the buyer for misrepresentation?**

It should be noted that in the case where the seller breaches his warranties to the buyer on the legal status, encumbrances or any other restrictions of the real estate property, the buyer is entitled to demand a reduction in price or to terminate the sale and purchase contract, unless the seller proves that the buyer was aware or could not have been unaware of the defects.

If the property sold does not correspond to the requirements of quality and the seller did not disclose the defects to the buyer, the statutory sanctions are provided for the seller applicable at the choice of the buyer.

**7.4 Do sellers usually give contractual warranties to the buyer? What would be the scope of these? What is the function of warranties (e.g. to apportion risk, to give information)? Are warranties a substitute for the buyer carrying out his own diligence?**

The Civil Code provides that the seller is bound under the sale and purchase contract to transfer the real estate property to the buyer, and to warrant the ownership and the quality thereof. The seller's warranty of the ownership and quality of the real estate property exists regardless of whether or not these warranties are stipulated in the sale and purchase contract (warranty under law).

The seller is also bound to warrant to the buyer that the real estate property being sold has not been seized and is not the object of a legal action, and also that the seller has not been deprived of or restricted in his right to dispose of the asset. In addition, the seller must warrant to the buyer that there are no violations or restrictions of public law that could affect the buyer's right to ownership of the property.

Principal function of warranties is to provide the seller with full information and details in regard to the purchased real estate (based on which the value of the real estate is determined, etc.). The extensive representations and warranties by the seller included in the sale and purchase contract concerning the legal status, encumbrances or any other conditions or restrictions imposed on the real estate property that may have any impact on the buyer serve as means of protection of the buyer's interest. False or misleading representations should be punishable by statutory and (or) contractual sanctions (such as penalties), or even by termination of the contract due to the fault of the seller if the misrepresentation constitutes a material breach of the contract.

**7.5 Does the seller warrant its ownership in any way? Please give details.**

As noted above, the seller's warranty of ownership of the property exists regardless of whether or not this warranty is stipulated in the

sale and purchase contract. Usually the contract for sale and purchase refers to the documents based on which the seller has title to the property being sold.

#### 7.6 What (if any) are the liabilities of the buyer (in addition to paying the sale price)?

The Civil Code provides for the following other principal obligations of the buyer:

- 1) to accept the transferred property; and
- 2) to notify the seller of the breach of any condition of the contract (such as quality) of the real estate within the time period fixed by law or by contract, or, where the time period is not fixed, within a reasonable time after the breach of a certain condition was discovered or, in view of the type and purpose of the matter, ought to have been discovered.

## 8 Finance and Banking

#### 8.1 Please briefly describe any regulations concerning the lending of money to finance real estate. Are the rules different as between resident and non-resident persons and/or between individual persons and corporate entities?

The financing of real estate acquisition and acquisition-related questions are mainly governed by the provisions of Civil Code. In most cases the acquisition of real estate is financed by virtue of extension of a credit by the bank in exchange of mortgage of the real estate in favor of the bank. The rules in regard to extension of credits and mortgage of real estate do not make specific distinctions between residents and non-residents or individual persons and corporate entities.

#### 8.2 What are the main methods by which a real estate lender seeks to protect itself from default by the borrower?

The Civil Code provides for various means of protection of the lender from the default of the borrower, namely a mortgage, pledge, guarantee, surety, forfeit and any other security device agreed upon by the parties. The most common form of security in such kind of transaction is the mortgage of the real estate object, the acquisition of which is being financed.

#### 8.3 What minimum formalities are required for real estate lending?

The credit contract must be made in writing. As in most cases financing of real estate is secured by mortgage of the real estate object concerned, it is required to execute a mortgage bond in the presence of a notary public and register the mortgage with the Mortgage Register.

#### 8.4 How is a real estate lender protected from claims against the borrower or the real estate asset by other creditors?

Usually, creditors' interests are secured by the registered mortgage of the real estate property, by means of which such a lender has a pre-emption right over the rest of the creditors to recover his lending from the mortgage assets. In most cases, according to the credit agreement, the claims of other creditors of the borrower trigger the acceleration of credit repayment and recovery from the mortgage assets (if any).

## 9 Tax

#### 9.1 Are transfers of real estate subject to a transfer tax? How much? Who is liable?

In accordance with tax laws, the taxation of real estate transactions varies depending on the circumstances. In the case where the seller is an individual, the capital gain from the sale of real estate is subject to an individual income tax of 15%, unless it was acquired earlier than three years before the sale. If the seller is a legal person, the profit derived from the transfer of real estate is subject to a corporate profit tax of 15%. Usually, the seller is liable for the tax declaration and payment. However, if an individual sells the property to a legal entity, usually the latter shall deduct 15% individual income tax and transfer it to the State tax authorities.

Subject to certain exceptions, the inherited real estate is subject to a tax of 5% of the real estate taxable value if it does not exceed LTL (Lithuanian Litas) 0.5 million, or by a tax of 10% if the real estate taxable value exceeds LTL 0.5 million.

The transaction of the real estate transfer is also subject to the notary fee as well as to the stamp duty for registration of the transferred title with the Real Estate Register. The amount of the notary fee varies from 0.4 to 0.6% of the contract value (subject to certain exceptions) and may not exceed the amount of LTL 50,000 for one notarial act. The fees for registration of the title with the Real Estate Register vary from LTL 10 to LTL 5,000, depending on the type of real property (land plot or building), title holder (individual or legal entity), and market value of the asset. An extra fee of up to 100% may be charged for urgency of registration operation.

#### 9.2 When is the transfer tax paid?

Usually the above-mentioned taxes are paid after the close of the business year (unless advance tax payments are paid or unless the legal entity deducts individual income tax of 15% after the payment of the purchase price under a sale and purchase transaction).

Payment of the stamp duty is required to be made as a condition for registration with the Real Estate Register.

#### 9.3 Are transfers of real estate subject to VAT? How much? Who is liable? Are there any exemptions?

Residents and legal entities who pursue individual (economic) activities have to pay VAT at the rate of 18% on the income from a sale and purchase (real estate transfer) transaction, provided that this transaction is not accidental and that the following conditions are met: the transferred real estate is new buildings (structures or their parts); it is the land for construction activities; or it is sold with new buildings (structures or their parts). The sale (disposal) of other real estate is not subject to VAT. A taxable person may be a natural person or legal entity which pursues its economic activities in Lithuania.

An entity or individual shall be registered as a VAT payer if his income, as specified in the Lithuanian Law on VAT, exceeds LTL 100,000 within the last 12-month period.

#### 9.4 What tax or taxes (if any) are payable by the seller on the disposal of a property?

Please see answers to questions 9.1 and 9.3.

### 9.5 Is taxation different if ownership of a company (or other entity) owning real estate is transferred?

The taxation is different due to the fact that the ownership of the real estate object usually is not transferred upon change of the ownership of a company owning real estate. Capital gain from the sale of shares in the company is charged by corporate profit tax, if the seller is a legal entity, or, by individual income tax, if the seller is an individual (subject to certain exceptions).

## 10 Leases of Business Premises

### 10.1 Please briefly describe the main laws that regulate leases of business premises.

Leases of business premises are mainly subject to the provisions set out in the Civil Code of the Republic of Lithuania.

### 10.2 What types of business lease exist?

The Lithuanian Civil Code provides for some differences in regulation of the following types of business leases:

- 1) limited and unlimited duration;
- 2) short-term and long-term; and
- 3) the lease of premises and lease of buildings (structures).

### 10.3 What are the typical provisions for leases of business premises in Lithuania regarding: (a) length of term; (b) rent increases; c) tenant's right to sell or sub-lease; (d) insurance; (e) (i) change of control of the tenant; and (ii) transfer of lease as a result of a corporate restructuring (e.g. merger); and (f) repairs?

#### a) Length of term

A contract for the lease of business premises may be of a fixed-term or concluded for unlimited duration. However, in all cases the validity of the lease contract may not exceed 100 years. In practice business premises are rarely being leased out for a term exceeding ten years. If the validity term of the contract is not determined in the contract, it is considered that the contract is concluded for unlimited duration. It should be noted that there are certain special rules for the lease of State real estate.

#### b) Rent increases

Rent is usually subject to indexation by an increase of the consumer price index on an annual basis.

#### c) Tenant's right to sell or sub-lease

The tenant shall have a right to sub-lease the leased object only with the written consent of the landlord, unless otherwise provided for in the contract. If the consent of the landlord for the sub-lease of an object is not necessary, the tenant shall be bound before concluding the sub-lease contract to inform the landlord about the sub-lease and the sub-tenant.

The tenant is entitled to assign his rights and obligations under the lease contract only with the consent thereof by the landlord, unless the contract provides for otherwise.

#### d) Insurance

There is no formal requirement to insure the business premises being leased following the laws. Usually, the landlord insures the business premises at his expense or at the expense of the tenant depending on the agreement of the parties.

#### e) (i) Change of control of the tenant

In certain cases, if the lease is long-term, the tenant shall be entitled

to unilaterally terminate the lease due to a significant change of the nature of his activities or to a change in his control, after the lapse of a certain time (say several years) from its commencement, without suffering any negative consequences.

#### e) (ii) Transfer of lease as a result of a corporate restructuring (e.g. merger)

Usually this could not be done without consent of the landlord, unless the lease contract provides otherwise.

#### f) Repairs

Unless the lease contract provides otherwise, the landlord is obliged to make major repairs of the leased object, and the tenant is liable for minor (current) repairs.

### 10.4 What taxes are payable on rent either by the landlord or tenant of a business lease?

Generally, if the landlord is an individual, income from the real estate lease is subject to 15% income tax or to 24% income tax, on income after deduction of allowable expenses.

If an individual leases the premises to other individuals under a business certificate, he is subject to a fixed income tax established by the municipality.

A landlord which is a legal entity is chargeable to 15% profit tax on the income from the lease of real estate. According to the Law on Corporate Profit Tax, a real property lease exceeding a period of 30 years (with the exception of land lease) may by the decision of tax administrator be treated as a sale of that real property for corporate profit tax purposes.

### 10.5 In what circumstances are business leases usually terminated (e.g. at expiry, on default, by either party etc.). Are there any special provisions allowing a tenant to extend or renew the lease or for either party to be compensated by the other for any reason on termination?

Usually leases are terminated at expiry. If a lease of unlimited duration is executed, it could be terminated at any time with prior written notice serviced on another party.

The tenant who has duly performed his duties under the lease contract shall have a pre-emption right against other persons to renew the contract upon the expiry of the period thereof.

If the lease is terminated due to default by any party, the injured party may claim from the other party compensation for losses, unless the law and the lease contract provide for other payments (e.g. a fine, default interest, etc.), which, if losses are claimed, are usually included in the amount of losses.

### 10.6 Does the landlord and/or the tenant of a business lease cease to be liable for their respective obligations under the lease once they have sold their interest? Can they be responsible after the sale in respect of pre-sale non compliance?

In the case of the sale of the lease object to a third party (the landlord is free to do this), the lease which was registered in the Register of Real Estate remains binding on the new owner. Moreover, the transfer of the leased object to the new owner constitutes a ground for expiry of the lease if the tenant so requires. The Civil Code does not stipulate whether the initial landlord remains liable to the tenant in respect of pre-sale non-compliance after the sale of the leased object, so this issue shall be addressed in the lease contract.

According to the Civil Code, the tenant has the right to assign his

rights and duties under the lease contract, to pledge his right to the lease, to transfer it as a property contribution, or to effectuate any other encumbrance thereof, only subject to the prior written consent of the landlord, unless otherwise provided for in the lease contract. The assignment of rights and duties of the tenant to third parties relieves the tenant from his obligations towards the landlord resulting from the lease contract.

## 11 Zoning and Environmental Issues

**11.1 What are the main laws which govern zoning and related matters concerning the use and occupation of land? Please briefly describe them and include environmental laws. Can the state force land owners to sell land to it? If so please briefly describe including price mechanism.**

The Law on Land provides for categories of land according to their purpose (e.g. agricultural, forestry, etc.).

The categories and status of protected territories are stipulated in the Law on Territories under Protection.

The Law on Territorial Planning regulates territorial planning in the Republic of Lithuania, and the inter-relationship between natural and legal entities, and public authorities involved in this process.

The requirements for construction activities in the Republic of Lithuania are stipulated by the Law on Construction.

The Environmental Protection Law regulates public relations in the environmental protection field, and defines the main rights and duties of the participants involved in this process.

Following the Law on Land, the state is entitled to take the private land from its owners only in extraordinary cases when this land is needed for the public purposes indicated in the said law. In this case the owner of the land plot shall be duly compensated in cash at the market price or upon agreement of the parties he/she shall be granted equivalent land plot in the territory of the same county, he/she shall also be compensated for the trees, seedlings, etc.

**11.2 Which bodies control land/building use and/or occupation and environmental regulation? How do buyers obtain reliable information on these matters?**

The main institutions responsible for the supervision of construction, real estate use and related environmental regulations are: the Ministry of Environment; the State Territory Planning and Constructions Inspectorate; the State Cultural Heritage Protection Department; the State Service on Protected Areas under the Ministry of Environment; their local sub-divisions; governors of county administrations and municipal mayors.

Potential buyers could usually find some information thereon in the excerpt from the Real Estate Register for the appropriate real estate, or may apply to any of the above-mentioned institutions (usually the most general information on the above-mentioned issues could be found in the municipality institution).

**11.3 What main permits or licences are required for building works and/or the use of real estate?**

As a general rule, construction works may not be started unless a construction permit is in place. However, there are certain additional requirements for special categories of buildings (e.g. objects of nuclear energy, etc.).

After its construction (reconstruction), a building (structure) may be used only after its acceptance for use by the execution of the

Certificate of Acceptance of the Building (structure), which must be signed by representatives of the State and municipal institutions in charge of control of construction.

Additional permits may be required for the use of some specific categories of buildings (structures) or premises.

**11.4 Are building/use permits and licences commonly obtained in Lithuania? Can implied permission be obtained in any way (e.g. by long use)?**

The main procedures for obtaining a building permit and for the acceptance of use of the completed building (structure, or premises) are provided in the Law of Construction.

If a construction permit has not been issued within time limit set in the Law on Construction and the builder has not been informed about the reasons for refusal, the builder is entitled to carry out construction without a permit, however, he must inform in writing a public administration entity which issues a permit, about this not later than within 5 days from the beginning of construction operations. A public administration entity which issues a permit, must register this document as a building permit.

**11.5 What is the appropriate cost of building/use permits and the time involved in obtaining them?**

A building permit is issued by the municipality or the county administration, depending on the type of construction, and it costs LTL 100. It should be issued within a period ranging from 10 days to approximately 1 month from the date of submission of all documents stipulated in legal acts, depending on the type of construction and the institution issuing the building permit.

**11.6 In what circumstances (if any) is environmental clean up ever mandatory?**

The Environmental Law stipulates that legal entities and individuals planning to undertake economic activities shall carry out an environmental impact assessment. It also provides that legal and natural persons who design the construction, reconstruction or expansion of any entities, which is likely to have an effect on the environment, or who prepare projects for general and special territorial planning, must provide in the project documentation the measures for rational use of natural resources and for avoiding negative effects on the environment. The law has special provisions in respect of environmental measures for persons using dangerous chemical or radioactive substances, biological pollution sources, etc.

According to the Law on Land, land plots must be used following special regulations on land use established by legislation.

A special regime of usage and clean up applies to those land plots which are important in respect of landscape, townscape, architecture or heritage protection.

**11.7 Please briefly outline any regulatory requirements for the assessment and management of the energy performance of buildings in Lithuania.**

The Construction Regulation of Technical Requirements titled Essential Requirements for Construction (Energy saving and keeping of warm) lists requirements for energy saving and keeping of warm of the construction. In addition, Lithuanian hygiene norms set some specific requirements for certain types of premises (e.g., business premises).

## 12 General

## 12.1 Are there any current proposals for significant reform of real estate law in Lithuania - please give details.

Discussions are being held concerning the need of legislative changes related to simplification of territorial planning procedures and tightening measures against illegal construction.

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Jonas Saladžius is the Managing Partner of the Law Firm Eversheds Saladžius. He is a well-known expert in corporate law, mergers & acquisitions, corporate restructuring, finance law, foreign investment and dispute resolution. Mr Saladžius has established a solid reputation for his knowledge of real estate law and has led major real estate development projects in Lithuania.

The expertise of Mr Saladžius comprises heading to several major development, construction and architectural projects executed by the team of experts of the Law Firm Eversheds Saladžius. The extensive experience of his in real estate and construction sector includes full-scope legal advice provided to local and foreign investors and property-holding institutions. Transaction support for construction projects, acquisition of land, funding and drafting property-related security documents are some of the main practise areas he is involved in.

Jonas Saladžius is a Member of the International Bar Association and the Lithuanian Bar Association, a Board Member of Junior Achievement Lithuania and American Chamber of Commerce in Lithuania, and is appointed as the Head of the Delegation of the Lithuanian Bar Association to CCBE (Council of Bars and Law Societies of Europe).

Moreover Mr Saladžius is a lecturer at the Law University of Lithuania, Institute of International Relations and Political Science and International Business School of Vilnius University.

## 12.2 Date at which law is stated

January 2008.

**Aušrys Šliavas**

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Aušrys Šliavas is the Associate Partner of the Law Firm Eversheds Saladžius. He is a very well-known expert of real estate law and has shown great attainments in leading multiple real estate development projects.

The main areas of practice of Mr Šliavas also involve public law, including the public procurement, privatisation and energy law sectors. He has conducted extensive legal projects in the spheres of competition, commercial law and mergers and acquisitions.

Mr Šliavas heads the real estate and construction group of the Law Firm Eversheds Saladžius. The considerable experience of the team of experts comprises major real estate projects in Lithuania, including land acquisition, construction and architectural projects as well as management of commercial, industrial and residential property. The group has served a reputable and well-known name for real estate transactions and due diligence investigations executed in relation to the transactions.

Broad-ranging expertise in transaction support and complex commercial cases helps Aušrys Šliavas daily to provide legal services of the highest quality to a number of local and multinational companies, including local and off-shore investors and developers. Aušrys Šliavas is a member of the Lithuanian Bar Association.

**EVERSHEDS SALADŽIUS**

The Law Firm Eversheds Saladžius focuses on all aspects of business law, including areas of corporate law, commercial and competition law, financial services and banking, mergers & acquisitions, public law, real estate and construction, insurance law, intellectual property, employment law, dispute resolution, technology, media and communications and EU law.

The Law Firm Eversheds Saladžius provides professional legal assistance to businesses and financiers, as well as governmental and state-owned entities in Lithuania. Lithuanian and international clients of the Law Firm represent various industries such as real estate and construction, wholesale and retail trade, gas & oil, energy, construction, transport, telecommunications, information technology, pharmaceuticals and light industry. Eversheds Saladžius is well placed to respond to industry specifics and offer tailor-made business-oriented legal services to every single client.

One of the major practice areas of the Law Firm is the real estate and construction sector. The team of experts of real estate and construction group has extensive experience in all aspects of acquisition, disposal, leasing, development and management of commercial, industrial and residential property, acting on behalf of local and off-shore investors, developers, major tenants and property-holding institutions.

Among the main areas of the real estate expertise of the Law Firm Eversheds Saladžius are transaction support for major development, construction and architectural projects, including building design, site acquisition, funding, letting and disposal agreements and advising on and drafting property-related security documents, including mortgages and rental assignments. The attorneys also design and undertake required due diligence investigations to identify and quantify legal risks associated with real estate transactions. The provided legal services include advice on acquisition of land and consulting on environmental issues.