



LEX MUNDI
PUBLICATION

ISSUES RELATING TO FOREIGN INVESTMENT

LITHUANIA
Lideika, Petrauskas,
Valiūnas ir partneriai LAWIN

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1) Is national governmental permission required for foreign investors to acquire real estate? If so, please identify.

No.

2) Are there other national restrictions imposed on ownership of real estate by foreign investors? To acquire interests in entities which own real estate? If so, please identify.

Only foreign legal and natural persons complying with the criteria of European and Transatlantic Integration are entitled to acquire into ownership the land. The said criteria shall be deemed satisfied if a legal person is established in or a natural person is a citizen or a permanent resident of one of the below indicated states, or a natural person is a permanent resident of Lithuania without Lithuanian citizenship:

- a member state of the European Union or a states that is a party to the European Treaty (Association Agreement) with the European Communities and their member states;
- a member state of the Organization for Economic Co-operation and Development (OECD), a member state of the North Atlantic Treaty Organization (NATO) or a member state of the Agreement on European Economic Area.

With certain minor exceptions, even complying with the above-described criteria foreign persons are not entitled to acquire into ownership agricultural and forestry land until the expiry of 7-year transitional period which commenced from Lithuania's accession to the European Union (i.e. from 1 May 2004).

There are no restrictions imposed on foreign investors (irrespective of their origin) to acquire the interests in Lithuania-based entities which own real estate.

3) Are foreign investors required to invest with a local partner? If not, is investment with a local partner advisable?

No, however, a local partner may be beneficial as having more knowledge about local business practice and legal environment.

4) What national taxes are levied solely on foreign individuals or entities acquiring or transferring real estate or interests in entities which acquire real estate?

Acquisition of real estate

There are no national taxes levied on foreign individuals and entities acquiring real estate.

Transfer of real estate

Income derived by foreign entity from sale or lease of real estate located in Lithuania is subject to a 10 % withholding tax. The tax shall be imposed on gross income from sale of real estate, and the taxed entity shall be entitled to apply to the local tax authorities for reassessment of withholding tax on a net basis (on the difference between acquisition and sale price of real estate).

Capital gains of individual (both foreign and national) from sale or lease of real estate are taxed at a rate of 15 %. The gains from sale shall be exempt from taxation if the seller has owned real estate for more than 3 years before selling it.

Acquisition and transfer of interests in entities

No taxes are levied on foreign individuals and entities acquiring or transferring interests in Lithuania-based entities which acquire real estate.

5) Describe reporting requirements for reporting the acquisition, ownership or disposition of real estate which relate solely to foreign direct or indirect owners of real estate.

There are no such requirements.