

APPROVED

Utena district municipal councils

26 June, 2014 DecisionNo. TS-190

(wording of Decision No. TS-172 of 27  
June, 2019)

## **RULES FOR THE PROMOTION OF INVESTMENT IN PRODUCTION AND OTHER PURPOSES**

### **CHAPTER I. GENERAL PROVISIONS**

1. The Rules for the Promotion of Investments in Production and Other Purpose Objects (hereinafter - the Rules) regulate the criteria for the provision of Benefit and other investment promotion measures to investors, the procedure for submission, examination and provision of the Benefit.

2. The Rules apply to investors of the Republic of Lithuania and foreign investors investing in new industrial, construction, transport, accommodation and catering services, sports activities, entertainment and recreation organization, other service economic activities in the territory of Utena District Municipality (hereinafter - the Municipality) in accordance with the procedure established by law (excluding trade) facilities and the development of existing production-commercial facilities, establishing new companies, as well as participating in the implementation of economic and social program projects and investing in the public infrastructure of Utena district.

3. Definitions used in the Rules:

3.1. **Investments** - funds to be invested by the investor, tangible and intangible assets, financial assets, etc., to be invested, acquired or created in order to implement the Investment Project.

3.2 **Investment agreement** - an agreement concluded by a municipality with an investor, which sets out special investment and business conditions, including the investor's commitment to achieve investment volumes and/or create new jobs.

*Sub-entry changes:*

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3.3 **Investment project (business plan)** - a document in which, from a technical, financial, economic, social and environmental point of view, substantiated data on future planned investment amounts and/or future planned creation of new jobs, funds required for project implementation and funding sources and deadlines are provided.

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3.4. **Investment Commission** - a commission formed by the Municipal Council, which examines the applications of investors and provides conclusions on the approval of the draft investment agreement, the provision of Benefit and other investment promotion measures.

3.5. **Engineering infrastructure** - objects of various fields of activity that supply the economy and the population: engineering networks, objects necessary for the improvement of the quality of communication or environment.

3.6. **Benefit** - land, land rent and real estate taxes, fees and other Benefit provided by law are decided by the decision of the Municipal Council at the expense of the Municipal budget.

3.7. **New jobs** are new jobs, provided that 80% of the employee has declared their place of residence in the territory of Utena district municipality and are employed under open-ended employment contracts for a full working day. New jobs do not include jobs created by transferring them from other companies operating in the territory of Utena District Municipality, reorganizing branches or in any other way.

3.8. "**Micro-enterprise**" means an enterprise which employs fewer than 10 persons and whose financial data meet at least one of the following conditions: the annual turnover of the enterprise does not exceed 2 million. Eur; the value of the assets indicated in the balance sheet of the company does not exceed 2 million. Eur.

4. Other terms used in the Rules correspond to the terms used in the laws and other legal acts of the Republic of Lithuania.

## **CHAPTER II**

### **CRITERIA FOR THE PROVISION OF BENEFIT AND OTHER INVESTMENT PROMOTIONAL MEASURES**

5. Decisions of the Utena District Municipal Council (hereinafter - the Municipal Council) may provide Investors with Benefit depending on the volume of investments and the number of newly created jobs when investors build new or reconstruct production, service or other (except trade) objects in newly formed on land plots or built-up territories of Utena district and reaching the planned volume of investments not longer than within a period of 2 years from the date of signing the investment agreement, provides for:

5.1 create at least 4 new jobs and plan to invest more than 50,000.00 Eur, Benefit may be provided for 2 (two) tax years. Applies only to Micro-enterprises;

5.2 to create at least 5 new jobs and plans to invest more than 145,000.00 Eur, Benefit can be provided for 2 (two) tax years;

5.3 create at least 10 new jobs and plan to invest more than 1,450,000.00 Eur , the Benefit may be granted for 4 (four) tax years;

5.4 create at least 15 new jobs and plan to invest more than 3,000,000.00 Eur, Benefit may be provided for 6 (six) tax years.

5<sup>1</sup> According to the decisions of the Municipal Council, investors may be granted the Benefit specified in sub-clauses 5.1 - 5.4, depending on the volume of investments, when the investors are real estate builders and/or developers (building or expanding recreational facilities, service facilities, hotel facilities, residential and more apartment (multi-apartment) objects, medical objects, catering objects, administrative objects, sports objects ), constructing new or reconstructing existing real estate objects on newly formed land plots or built-up territories of Utena district and reaching the points specified in sub-paragraphs 5.1 - 5.4. the planned volume of investments will not exceed a period of 2 years from the date of signing the investment agreement, and the municipality of the Municipality will receive public Benefit from the investment (conditions will be created for the creation/expansion/relocation of jobs).

*Added point:*

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6. Investors meeting the criteria specified in Sub-paragraphs 5.3 or 5.4 of the Rules and investing in land plots acquired from private persons , which fall into the industrial and storage functional zone according to the Utena City General Plan, may be granted Benefit for 10 (ten) tax years.

7. The Municipality may provide other investment promotion measures to investors who meet the criteria specified in Sub-paragraphs 5.3, 5.4, Item 5<sup>1</sup> of the Rules and who invest more than 1,450,000.00 Eur:

7.1. to install and/or arrange public engineering infrastructure up to the limit of the land plot managed (used) by the investor ;

7.2. to co-operate with the investor and educational institutions operating in the territory of the Municipality, resolving issues regarding the creation of conditions for the preparation of specialists with the appropriate qualification in accordance with the needs of the planned economic activity;

7.3. to ensure the route of the local (urban or suburban) regular communication route of the Municipality to the workplace of the investor's employees in accordance with the schedule of the regular communication route agreed with the investor.

*Item changes:*

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8. The Benefit specified in Clauses 5, 5<sup>1</sup> and 6 of the Rules may be provided only after the Municipality and the investor have signed the investment agreement.

*Item changes:*

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9. Possible other investment promotion measures of the Municipality specified in Clause 7 of the Rules shall be determined in the investment agreement signed between the Municipality and the investor.

10. Upon signing the investment agreement between the municipality and the investor, the Benefit shall be granted upon reaching the investment volume and/or the number of new jobs provided for in the investment agreement, except for the land and/or land lease tax Benefit, which is granted from the tax year following the investor's request for the application of the Benefit and/or other investment promotion measures was submitted. Other investment promotion measures shall be implemented within the terms and to the extent provided for in the Investment Agreement.

*Item changes:*

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11. Investors are granted real estate Tax Benefit only for those assets that are included in the value of the investment.

12. Benefit may not be granted by other decisions of the Municipal Council, if the Benefit have been granted in accordance with these Rules.

13. Under these Rules, Benefit may be granted only to an investor who meets the requirements for a de minimis aid recipient and does not exceed the established maximum *de minimis*.

### **CHAPTER III APPLICATION PROCEDURE**

14. In order to receive the Benefit and/or other investment promotion measures, the investor must, by 15 November of the current year, provide:

14.1. an application for the application of Benefit and/or other investment promotion measures (Annex 1);

14.2. a copy of the company's registration certificate;

14.3. documents of the relevant institutions regarding the legal registration of land plots and other real estate, permits for construction, reconstruction, renewal (modernization) of the structure;

14.4. copies of the relevant tax returns for which Benefit are claimed ;

14.5. an investment project (business plan) prepared and approved by the company's general meeting of shareholders;

14.6. a letter by which the investor undertakes to create new jobs and/or invest the amounts specified in Paragraph 5 of these Rules within 2 (two) years following the year in which the application is submitted.

*Sub-entry changes:*

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15. The application and the attached documents are submitted and registered with the Utena District Municipality Administration (hereinafter - the Municipality Administration) or sent by e-mail info@utena.lt.

16. The municipal administration has the right to request the investor to submit additional documents or information related to the investment project, the investor's financial situation or otherwise.

17. The application and the accompanying documents shall be submitted in the language in which they are drawn up. If the documents are written in a language other than Lithuanian, a translation into Lithuanian, approved in accordance with the procedure established by law, shall be attached.

#### **CHAPTER IV PROCEDURE FOR EXAMINATION OF APPLICATIONS**

18. The municipal administration shall verify not later than within 5 (five) working days from the day of receipt of the application and the attached documents whether:

18.1. the investor is not indebted to the budget of the State Social Insurance Fund or does not have tax arrears to the state budget of the Republic of Lithuania or municipal budgets and funds to which taxes are administered by the State Tax Inspectorate (except in cases where taxes, interest, fines are deferred); there is a tax dispute over these taxes, interest and fines );

18.2. the investor has not Benefited from State aid during the last three years, the amount of which, taking into account the newly granted Benefit, exceeds the maximum amount of *de minimis*:

18.3. the investor's activity or sector of activity does not fall within the sectors or activities envisaged in 2006. December 15 Commission Regulation (EC) No Article 1 (1) of Regulation (EC) No 1998/2006 on the application of Articles 87 and 88 of the EC Treaty to *de minimis* State aid ( *OJ 2006 L 379, p. 5* );

18.4. the investor is not in bankruptcy , liquidation or restructuring.

19. The municipal administration, having checked whether the investor meets the criteria set out in Clauses 5 and/or 5<sup>1</sup> and/or 6 of these Rules and the circumstances specified in Clause 18 of these Rules, the received application and the documents attached thereto, shall prepare a draft investment agreement and no later than within 2 (two) working days to submit it to the Investment Commission for consideration. If the investor does not comply with these Rules 5 and (or) 5<sup>1</sup> and (or) the criteria in paragraphs 6 and 18 of the Rules referred to the circumstances, the municipal administration does not submit the received application to the Investment Commission for consideration and informs the investor about it.

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20. The Investment Commission shall, not later than within 10 (ten) working days, evaluate the application and the attached documents and submit a conclusion to the Municipal Council regarding the draft investment agreement with the investor and the period and amount of land and (or) land rent Benefit.

21. The Municipal Administration, following the positive conclusion of the Investment Commission regarding the draft investment agreement with the investor and the provision of land and/or land lease Tax Benefit, prepares and submits to the Municipal Council a draft decision approving the draft investment agreement and granting land and/or land lease Tax Benefit, indicating the amount of the Benefit and for which tax year the Benefit is granted. The decision of the Municipal Council regarding the provision of land and/or land rent Tax Benefit shall enter into force only after the Municipality and the investor have signed the investment agreement.

22. If the Investment Commission submits a negative conclusion regarding the draft investment agreement with the investor and the provision of land and/or land lease Tax Benefit, the Municipal Administration shall prepare and submit to the Municipal Council a draft decision not to approve the draft investment agreement and land and/or land lease Tax Benefit provision.

23. The municipal administration shall inform the investor in writing about the satisfaction or non-satisfaction of the submitted request.

## **CHAPTER V PROCEDURE FOR GRANTING BENEFIT**

24. An investor with whom an investment agreement has been signed shall annually submit to the Municipal Administration a free-form report on the fulfillment of obligations in accordance with the procedure established in the investment agreement.

25. After the investor has duly fulfilled the obligation of the investment agreement regarding the scope of investments and (or) creation of new jobs, the Municipal Administration shall prepare and submit to the Municipal Council a draft decision on granting Benefit, indicating real estate tax and/or fees the amount of Benefit and for which tax year the Benefit is granted.

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26. The decision of the Municipal Council regarding the provision of Benefit may be declared invalid or amended if any of the following circumstances arises:

26.1. the investor fails to perform the obligations provided for in the terms of the investment agreement;

26.2. the investor is indebted to the state or municipal budget and funds and the debts are not liquidated (not covered) during the quarter of the tax year following the occurrence of the debt.

26.3. the investor has Benefited from a State aid amount exceeding the *de minimis* ceiling for State aid.

27. The Investor must notify the Municipal Administration about the circumstances specified in Clause 26 of the Rules, which affect the granting of the Benefit, not later than within one month from the day on which he became aware or should have become aware of the occurrence of these circumstances.

28. If it turns out that the investor has submitted incorrect data, which determined an unreasonable decision of the Municipal Council regarding the granting of the Benefit, the damage suffered by the Municipality shall be recovered in accordance with the procedure established by law.

## **CHAPTER VI FINAL PROVISIONS**

29. After the approval of the draft investment agreement by the Municipal Council, the Investment Agreement shall be signed by the Mayor of the Municipality with the investor.

30. Decisions of the Municipal Council adopted pursuant to these Rules may be appealed in accordance with the procedure established by the Law on Administrative Proceedings of the Republic of Lithuania.

31. The Rules shall be amended and repealed by a decision of the Municipal Council.

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*Amendments to the Annex:*

No. [TS-298](#), 2016-11-24, published in TAR on 2016-12-02, code2016-28006

No. [TS-172](#), 2019-06-27, published in TAR on 2019-07-01, tcode2019-10673

**REQUEST**  
**TO GRANT AND/OR APPLY OTHER INVESTMENT PROMOTIONAL MEASURES**  
Utena district municipality

\_\_\_\_\_ (date)

Details of the company (eg.: markup)

<b>Company name</b>		
<b>Head of the company</b>		
<b>Economic activity code (NACE)</b>		
<b>Company details</b>	code	
	address	
	phone	
	fax	
	e-mail address	
<b>Company information</b>	Micro-enterprise (less than 10 employees)	<input type="checkbox"/>
	small enterprise (less than 50 employees)	<input type="checkbox"/>
	medium enterprise (less than 250 employees)	<input type="checkbox"/>
<p><b>Please provide the following Benefit ( land, land rent, real estate taxes, fees and other statutory Benefit ):</b></p> <p>_____</p> <p>_____</p> <p>_____</p> <p><b>Please use these investment incentives</b> _____</p> <p>_____</p> <p><b>Brief information about the planned investment project</b> _____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>		

ADDED:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

I certify that the information provided in this application and the accompanying documents is correct.

\_\_\_\_\_  
(position) (signature) (name, surname)

*Place for seal*