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**REPUBLIC OF LITHUANIA**  
**LAW**  
**ON STATE SOCIAL INSURANCE**

21 May 1991, No. I-1336

Vilnius

**CHAPTER ONE**  
**GENERAL PROVISIONS**

**Article 1. Purpose of the Law**

1. This Law shall establish the basis for state social insurance relations: types of state social insurance, categories of the persons covered by state social insurance, principles and structure of the state social insurance management system, and rights, duties and responsibility of entities thereof.

2. This Law shall implement the legal acts of the European Union listed in the Annex to this Law.

**Article 2. Definitions**

1. **Insured persons** shall mean natural persons who, in accordance with the procedure laid down by this Law, pay state social insurance contributions themselves and/or insurers pay these contributions for them.

2. **Insurers** shall mean all legal persons and their branches and representative offices as well as natural persons who, in accordance with the procedure laid down by laws, are under an obligation to pay state social insurance contributions.

3. **Insured event** shall mean a legal fact which entitles to a state social insurance benefit in accordance with the procedure laid down by law.

4. **Insured income** shall mean all income of a person from which state social insurance contributions have been calculated and must be paid in accordance with the procedure laid down by this Law as well as calculated sickness, maternity, paternity, maternity (paternity), vocational rehabilitation state social insurance allowances, state social insurance allowances for illness resulting from occupational accidents or occupational diseases and unemployment state social insurance benefits.

5. **Cumulative pension contribution** shall mean a portion of the state social pension insurance contribution accumulated under the Law on the Accumulation of Pensions.

6. **Pension benefits shall** mean the benefits specified in the Law on the Accumulation of Pensions and paid from the pension assets accumulated by a person with a pension fund.

7. **Pension accumulation companies** shall mean a pension fund management company or a life assurance undertaking holding an authorisation or licence issued by a supervisory institution to engage in the accumulation of pensions in the territory of the Republic of Lithuania as specified under the Law on the Accumulation of Pensions.

8. **Self-employed persons shall** mean owners of individual enterprises; members of small partnerships, general partners of general partnerships and limited partnerships; the persons who are engaged in individual activities as defined in the Law on Personal Income Tax (lawyers, assistant lawyers, notaries, bailiffs, the persons holding business certificates and other persons); natural persons who are engaged in individual agricultural activities, where the economic size of an agricultural holding or a farm is, according to the calculations carried out by the state enterprise Agricultural Information and Rural Business Centre for the tax period of the previous year from 1 January until 31 December, equal to, or exceeds, four economic size units (hereinafter: 'farmers and their partners'), members of social families as defined by the Law on Social Families (hereinafter: 'members of social families').

9. **Administration agencies of the State Social Insurance Fund** (hereinafter: '**administration agencies of the Fund**') shall mean the State Social Insurance Fund Board under the Ministry of Social Security and Labour (hereinafter: 'Fund Board'), local offices of the State Social Insurance Fund Board (hereinafter: 'local offices of the Fund

Board') and other agencies of the Fund related to the administration of the State Social Insurance Fund. The administration agencies of the State Social Insurance Fund shall be state agencies.

10. **State social insurance contributions** (hereinafter: '**social insurance contributions**') shall mean contributions paid by insured persons and/or by their insurers in the amount specified by law.

11. **State social insurance benefits** (hereinafter: '**social insurance benefits**') shall mean social insurance benefits specified by law to which insured persons and other natural persons specified by law become entitled in the event of an insured event.

12. **State Social Insurance Fund** (hereinafter: the 'Fund') shall mean the centralised targeted financial and material resources managed in accordance with the procedure laid down by this Law and accounted in the budget of the State Social Insurance Fund, which is separate from state and municipal budgets, and used to finance, manage and administer state social pension, sickness and maternity, unemployment insurance as well as insurance of occupational accidents and occupational diseases.

13. **State social insurance** (hereinafter: '**social insurance**') shall mean a part of the system of social security whose measures are intended to compensate, in full or in part, for the income derived from work and lost by insured persons and, in the cases specified by law, their family members as a result of insured events or to cover additional expenses.

14. **Economic size of an agricultural holding or a farm** shall mean the size determined by dividing the standard manufacturing gross margin, the calculation of which is regulated in accordance with the procedure laid down by the Minister of Agriculture, by the economic size unit which is equal to EUR 1200.

### **Article 3. Types of Social Insurance**

This Law shall establish the following types of social insurance:

1) pension social insurance, where a person is insured to receive basic or basic and supplementary parts of a pension as provided for in the Law on State Social Insurance Pensions;

2) sickness and maternity social insurance, where a person is insured to receive sickness and maternity, paternity and maternity (paternity) and vocational rehabilitation benefits provided for in the Law on Sickness and Maternity Social Insurance. In the cases provided for by this Law, persons shall be covered by sickness and maternity social insurance, where a person is insured to receive only maternity, paternity and maternity (paternity) benefits provided for in the Law on Sickness and Maternity Social Insurance;

3) unemployment social insurance, where a person is insured to receive benefits provided for in the Law on Unemployment Social Insurance;

4) social insurance of occupational accidents and occupational diseases, where a person is insured to receive benefits provided for in the Law on Social Insurance of Occupational Accidents and Occupational Diseases;

5) health insurance, where an insurer insures for health care services and compensations provided for in the Law on Health Insurance. Health insurance shall be provided in compliance with the Law on Health Insurance.

#### **Article 4. Persons Covered by Social Insurance According to the Types of Social Insurance**

1. The following persons shall be covered on a compulsory basis by social insurance of the types specified in Article 3(1) to (4) of this Law:

1) persons employed under employment contracts, notary candidates (assessors), persons receiving remuneration for work and holding, on the basis of membership, elected posts or appointed to municipal electoral committees, polling district committees and city, regional, and district referendum committees, also persons who are linked with the insurer by employment relations in their essence corresponding to employment relations in the same manner as these relations are defined in the Law on Personal Income Tax and who at the same time receive from this insurer income from sports activities, as well as persons listed in Point 2 of Paragraphs 1 or Paragraph 2 of this Article, who are permanent residents of Lithuania, as they are defined in the Law on Personal Income Tax, receive income under copyright agreements from the insurer which is a Lithuanian entity, as this concept is defined in the Law on Personal Income Tax;

2) state politicians, judges, state officials and civil servants indicated in the Law on the Remuneration of State Politicians and State Officials, the Law on the Remuneration of Judges and the Law on Civil Service (with the exception of the civil servants indicated in paragraph 2 of this Article), persons indicated in the Law on Secondment of Persons to International and EU Institutions or Foreign Institutions, where their remuneration for work and social insurance contributions therefrom are paid by the seconding institution of the Republic of Lithuania which has seconded a person (hereinafter 'seconded persons'), also the persons receiving remuneration for work and appointed by the Seimas, the Speaker of the Seimas, the President of the Republic or the Prime Minister, officers of the State Security Department, officers of the Second Investigation Department under the Ministry of National Defence.

2. The following persons shall be covered on a compulsory basis by social insurance of the types specified in Points 1 and 3 of Article 3 of this Law:

1) officers of the internal service system, the Special Investigation Service and the Prisons Department under the Ministry of Justice of the Republic of Lithuania as well as officials of the agencies and enterprises subordinate thereto;

2) servicemen in professional military service of the national defence system, also volunteer servicemen, other active reserve servicemen, prepared reserve servicemen who have been drafted for exercises, training or to perform service assignments;

3) the spouses of civil servants and servicemen in professional military service and seconded persons who have not attained the old-age retirement age and do not receive the income related to employment relations – during a period when they reside abroad together with a civil servant or a seconded person, where the latter has been seconded or where the civil servant has been transferred to a post at a diplomatic mission, consular post of the Republic of Lithuania, mission of the Republic of Lithuania at an international organisation, international institution or an institution of the European Union or a foreign state's institution, sent on a special mission, or when they reside together with a serviceman in professional military service, where the serviceman in professional military service has been assigned to fulfil military service at a diplomatic mission, consular post of the Republic of Lithuania, mission of the Republic of Lithuania at an international organisation, a foreign state's or international military or defence

institution. The spouses of seconded persons shall be covered by insurance only where the remuneration of the seconded person and social insurance contributions therefrom are paid by the seconding institution of the Republic of Lithuania which has seconded the person. A spouse of the President of the Republic who has not attained the old-age retirement age and who does not receive the insured income – during the term of office of the President of the Republic;

4) the servicemen fulfilling mandatory initial military service in the armed forces of the Republic of Lithuania and servicemen fulfilling alternative national defence service;

5) at the choice of a family, one of the parents (adoptive parents) or a person appointed as a child's guardian raising a child under 3 years of age;

6) one of the parents (adoptive parents) of a disabled person rated as requiring permanent special nursing care, where the parent is not in the old-age retirement group, or a person who has been declared, in accordance with the established procedure, a guardian or curator of the disabled person and who nurses the said disabled person at home. This provision shall also apply to one of the parents (adoptive parents), guardian or curator nursing at home a person with total invalidity rated as such before 1 July 2005.

3. Farmers and their partners', members of social families and persons engaged in individual activities, with the exception of the persons engaged in individual activities under business certificates, shall be covered on a compulsory basis only by pension social insurance to receive the basic and supplementary parts of a pension (Point 1 of Article 3 of this Law), by sickness and maternity social insurance, where a person is insured to receive only the maternity, paternity and maternity (paternity) benefits (Point 2 of Article 3 of this Law). Owners of individual enterprises, members of small partnerships, and general partners of general partnerships, who received income specified in Article 7(2)(1) of this Law, shall be covered, on a compulsory basis, by pension social insurance for the basic and supplementary parts of a pension (Point 1 of Article 3 of this Law).

4. The following persons shall be covered on a compulsory basis by pension social insurance to receive only the basic part of a pension:

1) persons engaged in individual activities under a business certificate;

2) (repealed as of 1 January 2008);

3) clergymen, nuns and monks of traditional and other religious communities and associations recognised by the State;

4) (repealed as of 1 January 2008);

5. Permanent residents of Lithuania, as they are defined in the Law on Personal Income Tax (hereinafter referred to in this paragraph as 'permanent residents of Lithuania') who are not listed in Point 1 of Paragraph 1 of this Article and who receive income under copyright agreements from the insurer which is a Lithuanian entity, as this concept is defined in the Law on Personal Income Tax (hereinafter referred to in this paragraph as the 'Lithuanian entity'), shall be covered, on a compulsory basis, by pension social insurance for the basic and supplementary parts of a pension (Point 1 of Article 3 of this Law), by sickness and maternity social insurance (Point 2 of Article 3 of this Law), with the exception of the cases when such income is earned in pursuit of individual activities. Permanent residents of Lithuania who receive income from sports activities or from performing activities as these concepts are defined in the Law on Personal Income Tax from the insurer which is a Lithuanian entity and with which they are not linked by employment relations or by the relations in their essence corresponding to employment relations in the same manner as these relations are defined in the Law on Personal Income Tax shall be covered, on a compulsory basis, by pension social insurance for the basic and supplementary parts of a pension (Point 1 of Article 3 of this Law), by sickness and maternity social insurance, where a person is insured to receive only the maternity, paternity and maternity (paternity) benefits (Point 2 of Article 3 of this Law), with the exception of the cases when such income is earned in pursuit of individual activities. Permanent residents of Lithuania pursuing appropriate (creative, performing or sports) individual activities shall be subject to provisions of paragraph 3 of this Article. The provisions of this Article shall apply to the persons who are subject to the legislation of the Republic of Lithuania in the field of social insurance, in accordance with treaties of the Republic of Lithuania or EU regulations on the co-ordination of social security systems.

6. The following persons shall be covered on a compulsory basis only by social insurance of occupational accidents and occupational diseases:

1) pupils of vocational schools, students of higher education institutions as well as persons posted by local labour exchange offices for vocational training or vocational rehabilitation – during their vocational practice at an agency or enterprise;

2) the persons receiving remuneration for work and present at social and psychological rehabilitation institutions – during their working hours;

3) the persons sentenced to imprisonment and receiving remuneration for work – during their working hours;

4) persons engaged in traineeship under voluntary basis in accordance with the procedure defined by the Law on Support for Employment during the period of the validity of the agreement of traineeship under voluntary basis.

7. Permanent residents of the Republic of Lithuania or an EU Member State who are at least 16 years of age and not awarded and receive the state social insurance old-age pension as having the obligatory state social pension insurance record, may take out voluntary pension social insurance to receive the basic part or the basic and supplementary parts of a pension for the period when they are not compulsory covered by this type of social insurance or, in accordance with the procedure provided for by law, are compulsorily covered by (have taken out) pension social insurance to receive only the basic part of the pension. Permanent residents of the Republic of Lithuania or an EU Member State who are at least 16 years of age and have not attained the old-age retirement age or are rated as incapable or partially capable for work (before 1 July 2005 – invalids), may take out voluntary sickness and maternity social insurance for the period when they are not compulsory covered by this type of social insurance. The procedure for paying social insurance contributions and concluding agreements shall be laid down by the Government or an institution authorised by it.

8. With the exception of the persons who have attained old-age retirement age, the persons who are compulsorily covered by pension social insurance to receive the basic and supplementary parts of a pension shall have the right at their own choice to accumulate a portion of the pension social insurance contribution with pension accumulation companies under the Law on Reform of the Pension System and the Law



on the Accumulation of Pensions. Pension contributions for the persons covered by insurance with funds of the state budget shall not be calculated and paid.

9. Repealed as of 1 January 2013.

10. Covert participants in criminal intelligence who are remunerated under written arrangements on covert participation shall be covered, on a compulsory basis, by the social pension insurance for the basic and supplementary parts of a pension (point 1 of Article 3 of this Law) for the period of covert co-operation under such arrangements.

11. Repealed as of 1 January 2013.

## **CHAPTER TWO**

### **SOCIAL INSURANCE CONTRIBUTIONS AND BENEFITS**

#### **Article 5. Obligation of the Payment of Social Insurance Contributions and Rates of Social Insurance Contributions**

1. Social insurance contributions of the persons indicated in Article 4(1), (2), (5) and (10) of this Law must be paid by insured persons and insurers.

2. The persons indicated in Article 4(4)(1) shall pay their social insurance contributions themselves, whereas the persons indicated in Article 4(3) shall pay social insurance contributions themselves or these contributions shall be paid by their insurers.

3. The persons indicated in Article 4(4)(3) of this Law shall be insured with pension social insurance to receive the basic part of a pension with state funds only if they do not have the obligatory pension social insurance record, do not receive the state social insurance pension and the amount of their insured income during a calendar year is below the amount of 12 minimum monthly wages as approved by the Government. The persons indicated in Article 4(2)(5) and (6) of this Law shall be insured with state funds only if they do not have insured income during that period. The persons indicated in Article 4(2)(3) of this Law shall be insured with state funds of half of the basic wage respectively of a civil servant or professional service serviceman or half of the remuneration of a person delegated under a delegation contract or half of the remuneration of the President of the Republic. The persons indicated in Article 4(2)(4),(5), and (6) of this Law shall, in accordance with the procedure laid down in the

rules for the drawing up and implementation of the State Social Insurance Fund budget, be insured with state funds for the basic and supplementary parts of a social insurance pension and covered by unemployment social insurance, and contributions of pension and unemployment social insurance shall be calculated on the minimum monthly wage as approved by the Government. The persons having the status of an artist shall be covered by the social pension insurance for the basic and supplementary parts of a pension (point 1 of Article 3 of this Law), by sickness and maternity social insurance (point 2 of Article 3 of this Law) with the state funds on the minimum monthly wage as approved by the Government only if they do not have insured income. The persons of working age having the status of an artist, the amount of whose insured income during a calendar year is below the amount of 12 minimum monthly wages of the current year as approved by the Government, shall be covered by the social pension insurance for the basic and supplementary parts of a pension (point 1 of Article 3 of this Law), by sickness and maternity social insurance (point 2 of Article 3 of this Law) with the state funds on the minimum monthly wage as approved by the Government by covering the negative balance of social insurance contributions from the amount of 12 minimum monthly wages as approved by the Government. When insurance is covered with state funds, contributions are paid by appropriation managers of the state budget in accordance with the approved rates of the insurer and the insured.

4. Repealed as of 1 January 2009.

5. The persons indicated in Article 4(6)(1) and (4) of this Law shall, in accordance with the procedure laid down in the rules for the drawing up and implementation of the budget of the State Social Insurance Fund, be insured with state funds, and contributions of social insurance of occupational accidents and occupational diseases shall be calculated on the minimum monthly salary as approved by the Government. In cases, where a person must be insured for a certain period with social insurance of occupational accidents with state funds in accordance with Article 4(6)(1) of this Law, as well as Article 4(6)(4) of this Law, contributions of social insurance of occupational accidents shall be paid on the minimum monthly salary as approved by the Government. The procedure for paying contributions with state funds in such cases shall be laid down by the rules for the drawing up and implementation of the budget of the State Social

Insurance Fund. Contributions of social insurance of occupational accidents and occupational diseases for the persons indicated in Article 4(6)(2) and (3) of this Law must be paid by insurers.

6. The rates of social insurance contributions and amounts (portions) thereof in respect of the specific types of social insurance shall be approved by the Law on the Approval of Indicators of the State Social Insurance Fund Budget.

7. The rate of pension social insurance contributions in respect of the insured persons participating in the accumulation of pensions under the Law on Reform of the Pension System shall be established by the Law on the Approval of Indicators of the State Social Insurance Fund Budget of the relevant year.

#### **Article 6. Establishment of Social Insurance Record**

1. Social insurance record shall be established according to the period of payment of calculated social insurance contributions to the Fund and the periods during which sickness, vocational rehabilitation, maternity, paternity, maternity (paternity) allowances, allowances of social insurance of illness resulting from occupational accidents and occupational diseases as well as unemployment social insurance benefits were received from the Fund. The social insurance record of self-employed persons or persons who receive income from sports activities or from performing activities or under copyright agreement shall be established according to the social insurance contributions which have been paid. Where these contributions have been paid from the amount of the minimum monthly wage, the social insurance record of the length of one month shall be acquired. In the cases when the contributions have been paid from the amount falling below or exceeding the amount of the minimum monthly wage, the length of the social insurance record shall be considered to be proportionately shorter or longer.

2. The social insurance record to receive specific social insurance benefits shall be established by the laws regulating the relevant types of social insurance.

#### **Article 7. Income on which Social Insurance Contributions is Calculated**

1. Social insurance contributions in respect of the insured persons indicated in Article 4(1) and Article 4(2)(1) and (2) of this Law shall be calculated on the aggregate

amount of remuneration as calculated for every insured persons, which may not be less than the minimum monthly wage, and on the compensatory or incentive benefits related to employment relations, the income received from sports activities, from performing activities and/or the income received under copyright agreements, regardless of the sources of payment, including:

1) the basic remuneration as calculated for an insured person and all additional earnings (specific hourly wage rates; monthly wage; increased wage rates as compared to ordinary conditions; remuneration for preparation for travel and settlement at a new place; other forms of payment for work; other benefits relating to employment relations) specified in the Labour Code and other legal acts as calculated in any manner by the insurer for the insured person for the work performed by him;

2) the remuneration as calculated for an insured person and consisting of the basic wage, bonuses, and additional pays specified in the Law on Civil Service as well as the legal acts regulating the payment of these benefits;

3) the remuneration as calculated for an insured person and specified in the Law on the Remuneration of State Politicians and State Officials as well as the Law on the Remuneration of Judges;

4) the bonuses and severance pays as calculated for the persons indicated in Article 4(1) and (2) of this Law;

5) the compensations calculated for annual and special leave (with the exception of maternity leave, paternity leave and leave to care for a child under three years of age) as well as the monetary compensations calculated for unused annual leave or for lay-off;

6) premiums, allowances and other benefits (with the exception of the benefits indicated in Article 8 of this Law).

7) remuneration as calculated for an insured person, premiums, allowances and other benefits (with the exception of the benefits indicated in Article 8 of this Law), paid to covert participants in operational activities with whom written arrangements on cover co-operation are concluded in accordance with the procedure set by the heads of the main institutions of the entities of operational activities;

8) the compensations and other benefits received from an international institution or an institution of the European Union or from a foreign institution, provided social

insurance contributions are not calculated thereon according to the legal acts on the basis whereof these benefits are paid.

2. Social insurance contributions in respect of the persons referred to in Article 4(3) of this Law shall be calculated as follows:

1) the base of social insurance contributions in respect of the owner of an individual enterprise, the member of a small partnership, also a general partner of a partnership shall, for a period of one year from the start of the first activities, consist of an amount of funds taken during a calendar year for the personal needs of the owner of the individual enterprise, the member of the small partnership or the general partner of the partnership and declared to the State Tax Inspectorate under the Ministry of Finance as incidental to employment relations or relations in their essence corresponding to employment relations. The base of social insurance contributions in respect of the owner of an individual enterprise, the member of a small partnership, also a general partner of a partnership shall, for a period of one year from the start of the first activities, consist of an amount of funds taken during a calendar year for the personal needs of the owner of the individual enterprise, the member of the small partnership or the general partner of the partnership and declared to the State Tax Inspectorate under the Ministry of Finance as incidental to employment relations or relations in their essence corresponding to employment relations, provided that social insurance contributions for these persons were paid by the individual enterprise or the small partnership, or the general partnership, or the limited partnership, or they paid contributions as the persons engaged in individual activities, with the exception of the persons engaged in individual activities under business certificates, or they are persons specified in Article 4(1) or Article 4(2)(1) and (2), or they were awarded the state social insurance old-age or work incapacity (invalidity) pensions, or that the owner of the individual enterprise, the member of the small partnership or the member of the partnership is not more than 29 years of age (in respect of the period until the end of the calendar year, when the person reaches 29 years of age). The base of social insurance contributions in respect of the owner of an individual enterprise, the member of a small partnership, also a general partner of a partnership shall consist of an amount of funds declared by the Fund Board the individual enterprise, the small partnership or the partnership in accordance with the procedure laid

down by that Fund Board in conjunction with the State Tax Inspectorate under the Ministry of Finance and co-ordinated with a local office of the Fund Board and a local state tax inspectorate, which is taken during a calendar year for the personal needs of the owner of the individual enterprise, the member of a small partnership or the general partner of the partnership and which may not fall below the minimum monthly wage during a month of the calendar year. In case a person is the owner of an individual enterprise and a member of the small partnership and/or the general partner of partnership or the general partner of several small partnerships or partnerships, social insurance contributions on the minimum monthly wage shall be calculated by the insurer who was registered first. These provisions shall not apply where the individual enterprise, the small partnership or the partnership temporarily does not pursue its activities and has declared this fact in accordance with the procedure laid down by the Law on Tax Administration and the implementing legal acts;

2) the base of social insurance contributions in respect of the persons pursuing individual activities as defined by the Law on Personal Income Tax shall consist of an amount equivalent to 50 per cent of the taxable income from the individual activities (prior to deduction of compulsory health insurance and state social insurance contributions). The base of social insurance contributions in respect of farmers and their partners, whose income is subject to the income tax during the tax period in accordance with the provisions of the Law on Personal Income Tax, shall comprise the aggregate amount of the taxable income from each person's agricultural activities (prior to deduction of compulsory health insurance and state social insurance contributions), however it may not fall below the amount of 12 minimum monthly wages and may not exceed 12 amounts of insured income of the current year as approved by the Government of the Republic of Lithuania. The base of social insurance contributions in respect of farmers and their partners, whose income is subject to the income tax during the tax period in accordance with the provisions of the Law on Personal Income Tax, shall be the aggregate amount of 12 minimum monthly wages. The base of social insurance contributions in respect of the members of the social families shall be maintenance funds of the member of the social family as provided for in the Law on Social Families.

3. Social insurance contributions of insured persons indicated in Article 4(1)(1) and Article 4(5) of this Law shall be calculated and paid on a compulsory basis from the income received from sports activities and/or performing activities and/or from the income received under copyright agreements. The base of social insurance contributions of insured persons indicated in Article 4(5) of this Law shall consist of 50 per cent of the income received from sports activities and/or performing activities and/or from the income received under copyright agreements. The base of social insurance contributions of insured persons having the status of an artistic creator shall consist of 50 per cent of the income received under copyright agreements.

4. The base of social insurance contributions, which must be applied by each insurer in respect of the persons referred to in paragraph 2 of this Article (with the exception of farmers and their partners), also in respect of the persons referred to in Article 4(5) of this Law, during a calendar year may not exceed 48 amounts of insured income of the current year as approved by the Government of the Republic of Lithuania, and the monthly base of these contributions may not exceed 4 amounts of insured income of the current year as approved by the Government of the Republic of Lithuania.

5. State social insurance contributions shall be calculated on the base of social insurance contributions determined in proportion to the period of activities, where individual enterprises, small partnerships, partnerships or self-employed persons pursue the activities for an incomplete tax year.

### **Article 8. Income on which and Cases when Social Insurance Contributions are not Calculated**

1. Social insurance contributions shall not be calculated on:

1) the amount of an allowance paid to an insured person by the employer upon the death of the insured person's spouse, children (adopted children), parents (adoptive parents) as well as in the cases of natural disasters, fires and explosions, provided it does not exceed five minimum monthly wages. The amount from which social insurance contributions shall not be calculated shall be increased by as many times as there are the deceased family members of the insured person as indicated in this point for whom an allowance is paid;

2) an allowance paid by the insurer upon the death of an insured person to his spouse, children (adoptive children) or parents (adoptive parents);

3) benefits for the rent of an apartment, electricity, heat, hot and cold water supply, utilities and communications services, use of personal means of transport, catering of employees as well as the benefits intended to compensate for expenses of the employees whose work is performed during a travel, in field conditions, is related to driving or is of a movable nature and paid in the amount and in the cases specified by law;

4) benefits intended to cover secondment expenses and not subject to personal income tax as well as secondment expenses for the persons travelling abroad on business, where only the return journey is paid for (including the execution of a visa, insurance against an illness and other compulsory expenses related to the crossing of state borders), paid in the amount and in the cases specified by law;

5) benefits as specified by laws to reimburse for material damage as a result of mutilation, other impairment to health or the death of the breadwinner;

6) the amounts paid by enterprises, agencies and organisations for the training, improvement of qualification and re-skilling of employees. Scholarships or other additional benefits relating to the training, improvement of qualification or retraining of employees and paid to an employee shall not be attributed to these amounts;

7) sickness allowances as paid from the insurer's funds for the first two days of illness. This provision shall not apply to the benefits paid due to temporary incapacity for work to the persons listed in Article 4(2)(1) and (2) of this Law;

8) late payment interest for delayed payment of the benefits related to employment relations;

9) (repealed as of 1 January 2009);

10) the insurer's funds paid for the vaccination of employees against contagious diseases and compulsory preventive health examination of the employees;

11) amounts awarded by courts and recovered to reimburse for pecuniary and non-pecuniary damage;

12) scholarships, allowances and compensations of students and pupils of educational establishments intended to cover travel and learning (studies) expenses,



where they are paid with the funds of the state budget and municipal budgets of the Republic of Lithuania, funds of the non-profit entities established in accordance with the procedure laid down by laws of the Republic of Lithuania and foreign states in accordance with the procedure laid down by laws, if the recipient of a scholarship is not a member or employee of the entity which pays the scholarship and if such a scholarship does not relate to the work or services performed or intended to be performed for these entities by the recipient of the scholarship;

13) compensations paid when admitting or transferring an employee for work at another location;

14) compensations for wear of tools and working clothes belonging to employees;

15) compensations paid for the maintenance of the spouses and children (adopted children) of civil servants or servicemen in professional military service who have moved abroad together with the mentioned persons;

16) the compensations for the expenses related to working abroad as paid to civil servants, delegated persons and servicemen in professional military service, also a mission's employees who are members of the diplomatic staff or administrative and technical staff;

17) remuneration received from an international institution or an institution of the European Union or from a foreign institution, provided social insurance contributions are calculated thereon according to the legal acts on the basis whereof the institutions pay the remuneration;

18) compensations paid to employees for the use of musical instruments, where the creative workers of theatres and concert agencies use for their creative activities the musical instruments belonging to them by the right of personal ownership;

19) insurance premiums paid for the benefit of employees by the insurer in respect of additional (voluntary) health insurance where such premiums cover the payment of health care services provided in respect of the insured person;

20) insurance premiums paid by the employer to an insurance undertaking for employees' life assurance, insurance against accidents or civil liability insurance, where an insurance contract provides for the payment of insurance, in the event of an insured

event, to the employer, and in the case of civil liability insurance – to the employer or to a third party;

21) monthly benefits paid by the Lithuanian Academy of Sciences to its members for the title of a member of the Lithuanian Academy of Sciences and the Professor Emeritus' monthly benefits paid by schools of higher education in the amount established by a university's senate;

22) income in kind received by the employee from the employer and relieved from income tax under the Law on Personal Income Tax;

23) pension benefits paid from an enterprise's pension funds or with the funds allocated for this purpose to former employees;

24) insurance premiums compulsory under laws of the Republic of Lithuania for a supplementary life assurance and health insurance of an employee;

25) average remuneration paid to an employee dismissed from work for a period of delay where settlement with the employee is delayed not through the fault of the employee;

26) the bonuses paid to members of a board or a supervisory board;

27) the remuneration paid to authors and owners of related rights in return for the use of works and objects of related rights under the issued licences for the use of works or objects of related rights, also on the compensation paid to the authors and owners of related rights for the lending of books to libraries, reproduction of works by means of reprography and reproduction of works and objects of related rights for personal use, and the income received from the transfer or granting, under a licensing agreement, of the right to use an object of industrial property;

28) calculated amounts of output VAT for the goods supplied and the services rendered;

29) (repealed as of 1 August 2012).

2. The persons pursuing individual activities under a business certificate shall be permitted not to pay social insurance contributions (this period shall not be included in the social insurance record), where these persons:

1) receive the social insurance old-age or social insurance work incapacity (invalidity) pension as awarded under the Law on State Social Insurance Pensions;

2) receive the social assistance pension or social assistance compensation, with the exception of the orphan's social assistance pension awarded under the Law on State Social Assistance Benefits;

3) receive the old-age or work incapacity (invalidity) pension related to social insurance relations (social insurance pension) from an EU Member State, another state of the European Economic Area, the Swiss Confederation or from a country with which the Republic of Lithuania has concluded a treaty on social security;

4) are in places of detention or by court's judgement have been imposed in accordance with the procedure laid down by the Criminal Code compulsory medical treatment measures of in-patient observation or reformatory sanctions in specialised mental health facilities;

5) are compulsorily covered by social insurance under laws of the Republic of Lithuania;

6) have attained the old-age retirement age for a social insurance old-age pension under the Law on State Social Insurance Pensions.

3. Where the economic size of an agricultural holding for the tax period of the previous year from 1 January until 31 December is equal to, or smaller than, 14 economic size units, farmers and their partners shall be permitted not to pay social insurance contributions in the cases provided for in Points 1, 2, and 3 of paragraph 2 of this Article (this period shall not be included in the social insurance record).

### **Article 9. Payment of Social Insurance Contributions**

1. Social insurance contributions of insurer and an insured person shall be calculated, deducted and paid to the Fund by the insurer on the day when the insured person commences to work, regardless of the date of registration of the insurer at a local tax inspectorate. Social insurance contributions for the persons indicated in Article 4(2)(3) of this Law shall be paid by the state institution which has transferred or posted a civil servant to a position at a diplomatic mission, consular post of the Republic of Lithuania, mission of the Republic of Lithuania at an international organisation, international institution or an institution of the European Union or a foreign state's institution, sent on a special mission or assigned a serviceman in professional military

service to fulfil military service at a diplomatic mission, consular post of the Republic of Lithuania, mission of the Republic of Lithuania at an international organisation, a foreign state's or international military or defence institution, also by the seconding institution of the Republic of Lithuania which has seconded the person, and by the Office of the President of the Republic. Social insurance contributions shall be paid from the appropriations of the state budget of the Republic of Lithuania approved for institutions. In respect of the persons receiving income under copyright contracts, also the persons receiving income from sports and/or from performing activities (Article 4(1)(1) and Article 4(5) of this Law), the insurer's and insured person's social insurance contributions to the Fund shall be calculated, deducted and paid by the insurer on the day of payment of an appropriate remuneration, which shall be considered the day of commencement of a person's social insurance. Social insurance contributions for persons having the status of an artistic creator, specified in Article 5(3) of this Law, shall be calculated by the State Social Insurance Fund Board within the time limits and in accordance with the procedure laid down by the rules for the drawing up and implementation of the budget of the State Social Insurance Fund and paid by the appropriation manager of the state budget specified in the Law of the Republic of Lithuania on the Approval of Financial Indicators of the State Budget and Municipal Budgets of the relevant year in the manner prescribed by the Government under the Programme of Social Protection of Artistic Creators.

2. The insurer shall pay calculated social insurance contributions not later than by the 15th day of the next month, with the exception of the cases specified in this Law.

3. Agricultural companies, agricultural cooperative societies and farmers may pay social insurance contributions for employees to the Fund in advance at the time specified in the agreements signed by the insurer and a local office of the Fund Board, but not later than by 15 November. Only an agreement on settlement for the current calendar year may be signed per calendar year.

4. Social insurance contributions of the persons indicated in Article 4(3) and Article 4(4)(1) of this Law shall be paid as follows: individual enterprises pay the contributions for owners of these enterprises, small partnerships - for their members, general partnerships and limited partnerships – for their general partners, social families -

for the family members from the registration of an individual enterprise, small partnership, partnership or social family in the Register of Legal Entities , other self-employed persons pay social insurance contributions, which they must pay, to an account of the Fund from the commencing of activities until completion of such activities. Persons holding business certificates shall pay social insurance contributions for the period of validity of a business certificate.

5. Social insurance contributions for owners of individual enterprises, members of small partnerships, general partners of general partnerships, farmers and their partners as well as members of social families shall be paid once a month not later than by the last day of the current month. Other persons indicated in Article 4(3) of this Law shall have the right to calculate and pay social insurance contributions in advance once a month but not later than by the last day of the current month. Farmers and their partners whose income is not subject to personal income tax during the tax period under the Law on Personal Income Tax shall calculate and pay monthly social insurance contributions, on a compulsory basis, on the amount of the minimum monthly wage. The monthly social insurance contributions in respect of the farmers and their partners, whose income is subject to personal income tax during the tax period under the Law on Personal Income Tax, shall be calculated and paid, on a compulsory basis, on the amount of their own choice, which may not fall below the minimum monthly wage, nor exceed the monthly amount of insured income of the current year as approved by the Government of the Republic of Lithuania. The social insurance contributions paid in advance shall not be repaid and adjusted. Where the base of social insurance contributions depends on a person's income earned during the previous year, the social insurance contributions (a difference between the amount of the contributions which have been paid and the contributions which are to be paid) must be paid by the last day of a time limit set for filing an annual income tax return with the State Tax Inspectorate.

6. Persons intending to obtain business certificates for a period shorter than three months must pay social insurance contributions in advance for the entire period of validity of a business certificate. Social insurance contributions of the persons who have acquired business certificates for three months or for a longer period shall be paid once per quarter, not later than by the 15th day of the first month of the following quarter. In

the case when a person who has paid social insurance contributions is not issued a business certificate or the accumulated personal income tax overpayment is repaid for the issued business certificate, the amount of social insurance contributions shall be repaid to the person or included in the future period in the cases and in accordance with the procedure laid down by the rules for the drawing up and implementation of the budget of the State Social Insurance Fund.

7. Social insurance contributions of the persons indicated in Article 4(2)(4),(5), and (6), Article 4(4)(3), Article 4(6)(1) and (4) of this Law shall be paid with funds of the state budget by the managers of the appropriations allocated from the state budget as indicated in the Law on the Budget Structure.

8. The persons indicated in Article 4(7) of this Law shall pay social insurance contributions to an account of the Fund. The amount of contributions shall be established by the agreements concluded in accordance with the procedure laid down by the Government.

9. Repealed as of 1 January 2010.

10. The procedure for paying social insurance contributions shall be laid down by the rules for the drawing up and implementation of the budget of the State Social Insurance Fund.

#### **Article 10. Submission and Safekeeping of Notifications of Calculated Social Insurance Contributions**

1. In order to correctly calculate social insurance contributions and social insurance benefits, data on insured persons, insurers, and recipients of social insurance contributions shall be accumulated in the Republic of Lithuania register of the persons covered by state social insurance and recipients of state social insurance benefits. The procedure for accumulating and using these data shall be laid down by the Government or an institution authorised by it.

2. Insurers must submit social insurance notifications and other documents required for the calculation of insured income, social insurance contributions, compensations and social insurance record. Forms of social insurance notifications and

other documents as well as the time limits of and procedure for submitting them shall be laid down by the Government or an institution authorised by it.

3. All social insurance benefits shall be calculated according to the data available in the Republic of Lithuania register of the persons covered by state social insurance and recipients of state social insurance benefits.

### **Article 11. Social Insurance Benefits**

Social insurance benefits shall mean the benefits provided for in the Law on State Social Insurance Pensions, the Law on Sickness and Maternity Social Insurance, the Law on Social Insurance of Occupational Accidents and Occupational Diseases and the Law on Unemployment Social Insurance.

## **CHAPTER THREE**

### **RIGHTS, DUTIES AND RESPONSIBILITY OF INSURERS, INSURED PERSONS AND RECIPIENTS OF SOCIAL INSURANCE BENEFITS**

#### **Article 12. Right to Obtain Information**

1. Insurers, insured persons and recipients of social insurance benefits shall have the right to obtain the information gathered about them in the information system of the administration of the Fund.

2. Information about an insurer, insured person or recipient of a social insurance benefit may be provided to other persons only subject to a written or equivalent consent or request of the insurer, insured person or recipient of the social insurance benefit, with the exception of the cases specified in Paragraph 3 of this Law and other laws when the consent of the insurer, insured person or recipient of social insurance benefits is unnecessary. The procedure for providing information shall be laid down by the Fund Board.

3. The following data of the insurer shall be made available to the public:

- 1) the insurer code, the date of its acquisition and expiry;
- 2) the number of persons insured by the insurer;

3) the insurer's arrears in social insurance contributions, penalty charges, late payments, and interest.

4. When providing information specified in point 3 of paragraph 3 of this Article, provisions of Article 21(3) of the Law on Legal Protection of Personal Data shall not apply.

5. The cases and the amount of payment for the provision of information contained in the information system of the Fund board shall be established by the Government or an institution authorised by it.

### **Article 13. Processing of Data about Insurers, Insured Persons and Recipients of Social Insurance Benefits**

Data about an insurer, insured person or recipient of a social insurance benefit as submitted to the administration agencies of the Fund must be processed under the Law on Legal Protection of Personal Data and other legal acts with the exceptions established by this Law.

### **Article 14. Duties of Insurers**

1. All insurers must be registered at local state tax inspectorates in accordance with procedure laid down by the Law on Tax Administration.

2. Insurers must calculate and pay social insurance contributions correctly and timely according to the rates and within the time limits specified by this Law and other laws.

3. Insurers must submit correct data about themselves and the insured persons to local state tax inspectorates and the administration agencies of the Fund in accordance with the procedure laid down by this Law and other legal acts.

### **Article 15. Duties of Insured Persons and Recipients of Social Insurance Benefits**

Insured persons and recipients of social insurance benefits must, in accordance with the procedure laid down by the laws and other acts regulating social insurance and



other legal acts, submit to the administration agencies of the Fund the correct information required to effect social insurance.

### **Article 16. Liability for Untimely and Incorrect Payment of Social Insurance Contributions**

1. Late payment interest shall be calculated for a delay in the transfer of social insurance contributions to the Fund. The calculation of late payment interest shall commence on the day following that on which social insurance contributions had to be paid until/including the day of payment of social insurance contributions. Late payment interest may not be calculated for a period exceeding 180 days of the rise of the right to enforce the recovery of the social insurance contributions. The amount of the late payment interest and procedure for paying it shall be established by the Minister of Finance.

2. Where during a verification it is established that social insurance contributions have been unlawfully reduced, the amount of social insurance contributions which is underpaid shall be calculated and a penalty charge equal to 50% of the amount shall be imposed. In this case, the late payment interest provided for in paragraph 1 of this Article shall not be calculated. Where an insurer has noticed that he undercalculated social insurance contributions, but has corrected errors voluntarily, paid the lacking amount of social insurance contributions, submitted adjusted reports and notified of the insured income of insured persons prior to the date indicated in an instruction to verify the insurer (where there is no instruction – prior to the beginning of the verification), no penalty charge shall be imposed for the infringement committed. In this case, late payment interest shall be calculated in accordance with the procedure laid down in paragraph 1 of this Article.

3. The Fund Board or, in the cases provided for in point 17 of Article 31 of this Law, a local office thereof may, in accordance with the procedure laid down in the rules for the drawing up and implementation of the budget of the State Social Insurance Fund, defer the payment of arrears in social insurance contributions to the Fund for a period of up to one year and allow to pay the deferred amount according to a schedule for the payment of the arrears as agreed upon by an insurer and administration agency of the

Fund. Where the payment schedule is violated, the recovery of the penalty charge shall be enforced.

4. The Fund Board or, in the cases provided for in point 17 of Article 31 of this Law, a local office thereof may, in accordance with the procedure laid down by the rules for the drawing up and implementation of the State Social Insurance Fund budget, postpone the recovery of the late payment interest calculated for insurers in respect of a delay in the transfer of social insurance contributions.

5. The Fund Board may, in accordance with the procedure laid down in the rules for the drawing up and implementation of the budget of the State Social Insurance Fund, exempt an insurer from the payment of the calculated late payment interest and/or penalty charges where the insurer proves that he has undercalculated social insurance contributions as a result of the circumstances beyond his control which were not or could not have been anticipated.

6. Local offices of the Fund Board may defer the recovery of penalty charges for a period of up to one year by establishing a schedule for the payment of a penalty charge in accordance with the procedure laid down by the rules for the drawing up and implementation of the budget of the State Social Insurance Fund. Where the payment schedule is violated, the recovery of the penalty charge shall be enforced.

7. The period of limitation for the enforced recovery of the social insurance contributions unpaid to the Fund by insurers and insured persons as well as calculated late payments, interest, and penalty charges shall be five years. Late payment interest shall be calculated for a delay in the transfer of social insurance contributions, interest and penalty charges, the amount of which shall be established by the Minister of Finance in accordance with the procedure laid down by the Law on Tax Administration. Upon failure to pay the debt according to a schedule for the payment of the arrears as agreed upon by an insurer and an administration agency of the Fund, increased interest shall be calculated. Increased interest shall be calculated until the relevant amounts are paid (credited). The amount of increased interest shall be equal to the amount of late payment interest for delayed contributions.

8. The right to enforce the recovery of contributions, late payment interest, interest, and penalty charges shall arise as of the day following the day whereon the

social insurance contributions, late payment interest, interest and penalty charges ought to have been paid. The period of limitation for enforced recovery shall be calculated beginning with the day on which the right to enforce the recovery of the delayed social insurance contributions, late payment interest, interest, and penalty charges arises. The period of limitation for enforced recovery shall apply solely to the arrears in social insurance contributions, late payment interest and penalty charges from 1 January 2005.

9. Upon the expiry of the period of limitation for enforced recovery of the delayed social insurance contributions, the period of limitation for the recovery of related late payment interest, interest, and/or penalty charges which have been calculated shall expire too.

10. In the event of initiation of procedures of the enforced recovery of delayed social insurance contributions, late payment interest, interest, and penalty charges in the ways indicated in Article 17 of this Law, they shall be completed, and the calculation of the period of limitation for enforced recovery shall be terminated. Calculation of the terminated period of limitation for enforced recovery shall commence anew as of the disappearance of the circumstances which served as a basis for termination of the period of limitation for enforced recovery. The period preceding termination of the period of limitation shall not be included in the duration of the new period of limitation.

11. Data on insured income and social insurance contributions may be adjusted for a period not exceeding five years from the day of an insurer's application. At the request of an insured person, data on insured income and social insurance contributions shall, upon the insurer's payment for the insured person of the social insurance contributions due, be adjusted without having regard to the period of five years. This time limit shall not apply to a transfer to the Fund of resources in respect of the pension rights acquired by a person from the pension scheme of the institutions of the European Communities under the Law of the Republic of Lithuania on Preservation and Transfer of the Pension Rights of Officials of the Institutions of the European Communities and of Members of the European Parliament.

12. Prior to submitting adjusted data about a larger income of insured persons for the past period, an insurer must pay to the Fund unpaid social insurance contributions and late payment interest according to the amounts valid during that period.

13. When verifying, calculated social insurance contributions, penalty charges and late payment interest must be paid within the time limits laid down by the Law on Tax Administration.

14. Where the insurer delays the payment of the additionally calculated social insurance contributions as indicated in a verification statement, late payment interest shall be calculated as of the day following the entry into force of a decision of the State Tax Inspectorate on approval of the verification statement.

**Article 17. Ways of Enforcement of the Recovery of Social Insurance Contributions, Late Payment Interest, Interest, and Penalty Charges**

1. Local offices of the Fund Board may enforce the recovery of the social insurance contributions, late payment interest, interest, and penalty charges not paid on time in the following ways:

1) by instructing a credit institution, a payment and/or electronic money institution to write off the unpaid social insurance contributions, late payment interest, interest, and penalty charges from an insurer's account in the credit institution, the payment and/or electronic money institution in accordance with the procedure laid down in Article 754 of the Code of Civil Procedure;

2) by instructing the debtor's employer, the payer of a pension, scholarship or allowance to recover the unpaid social insurance contributions, late payment interest, interest, and penalty charges to the Fund;

3) by instructing a credit institution, a payment and/or electronic money institution to write off the social insurance contributions which have not been paid on time, late payment interest, interest and penalty charges from an insurer's deposits with the credit institution, the payment and/or electronic money institution and from the interest payable to the insurer;

4) by initiating the opening of bankruptcy proceedings.

2. To ensure the recovery of a debt, local offices of the Fund Board may:

1) to instruct credit institutions, payment and/or electronic money institutions of the Republic of Lithuania to discontinue the disbursement as well as transfer of funds

from insurers' accounts where they are indebted and do not pay social insurance contributions for a period exceeding three months;

2) apply for the registration of compulsory mortgage of an insurer's property in accordance with the procedure laid down in the Code of Civil Procedure;

3) seize the insurer's property, where social insurance contributions, penalty charges, interest, and/or late payment interest have not been paid to the Fund.

3. Local offices of the Fund Board may pass the recovery of contributions, late payment interest, interest, and penalty charges to bailiffs.

#### **Article 18. Liability for the Damage Incurred to the Fund**

1. Legal or natural persons through whose fault the administration agencies of the Fund have unlawfully paid to insured persons certain benefits or whose unlawful (guilty) actions have incurred other property damage to the Fund must compensate for the damage in accordance with the procedure laid down by law.

2. Where social insurance benefits have been unlawfully paid through the fault of their recipients, the overpayment shall, by a decision of the director of a local office of the Fund Board, be recovered in respect of any social insurance benefit received by the recipient and paid to this person with the resources of the Fund. The recovered amount may not exceed per month 50% of the amount of social insurance benefits to which the recipient is entitled. Where the person does not receive any social insurance benefits, the overpayment shall be recovered in court.

### **CHAPTER FOUR**

#### **SOCIAL INSURANCE FINANCES AND ASSETS**

#### **Article 19. Finances of the Fund and Assets Accounted for by the Fund**

1. The finances of the Fund shall be based on an independent budget of the State Social Insurance Fund of the Republic of Lithuania, which shall not be included in state, municipal and other budgets.

2. The tangible, intangible and financial valuables acquired with resources of the Fund or obtained from other entities free of charge shall be accounted for by the Fund.

These assets shall be owned by the State. It shall be managed, used and disposed of by trust by the administration agency of the Fund in accordance with the procedure laid down in the Law of the Republic of Lithuania on Management, Use and Disposal of the State and Municipal Property. Funds received for the lease of the Fund assets, as well as funds from the sale of the assets of the Fund, having deducted expenses (remuneration) for safekeeping and sale of assets shall be transferred to the Fund's budget.

3. The composition of the set of financial statements of the Fund and its administration agencies, the requirements for drawing-up of the set shall be regulated by the Law on Accountability of the Public Sector. The drawing-up and implementation of the budget of the Fund and the composition and requirements for drawing-up of reports on the implementation of the budget of the Fund and its administration agencies shall be regulated by the Law on the Structure of the Budget of the State Social Insurance Fund and the rules for the drawing-up and implementation of the budget of the State Social Insurance Fund.

4. Repealed as of 1 September 2013.

5. The following measures may not be applied in respect of the resources on the accounts of the Fund:

1) any recovery, except where the Fund in accordance with the procedure stipulated in legal acts and deadlines, fails to implement or improperly implements its obligations under the decisions of the court or the arbitration court to reimburse for pecuniary and non-pecuniary damage with the Fund resources;

2) any interim measures.

#### **Article 20. Relations between the Budget of the Fund and the State Budget**

1. Appropriations shall be allocated from the state budget where expenditure in respect of a type of social insurance increases or revenue decreases as a result of the legal acts adopted by the Seimas or the Government, whereas the rates of social insurance contributions for this type of social insurance remain unchanged or change insignificantly.

2. Appropriations from the state budget or other state funds may be allocated for the expenditure related to the reform of the pension system to compensate for the

amounts of social insurance contributions transferred to the pension funds managed by pension accumulation companies.

3. Appropriations from the state budget as allocated to the budget of the Fund shall be established by the Law on the Approval of Indicators of the Budget of the State Social Insurance Fund of a relevant year.

**Article 21. Relations of the Administration Agencies of the Fund with Credit Institutions, Payment and/or Electronic Money Institutions and Other Agencies, Undertakings and Organisations**

1. Credit institutions, payment institutions, and/or electronic money institutions, and other agencies, undertakings or organisations operating in the Republic of Lithuania shall circulate the funds of the Fund free of charge.

2. A credit institution, a payment and/or electronic money institution must comply with an instruction of an administration agency of the Fund to write off unpaid social insurance contributions, late payment interest, interest and penalty charges from an account opened by a person with this credit institution, payment and/or electronic money institution, within the time limit laid down by the Law on Payments for execution of a payment order. A credit institution, a payment and/or an electronic money institution must comply with an instruction of the administration agency of the Fund to write off unpaid social insurance contributions, late payment interest, interest, and penalty charges from a deposit account opened by the person with this credit institution, payment and/or electronic money institution, together with the interest payable to the person at the initial request of the depositor or the expiry of the term of the deposit. An instruction of an administration agency of the Fund to write off unpaid social insurance contributions, late payment interest, interest, and penalty charges from an account opened by a person with this credit institution, payment and/or electronic money institution must be accepted and executed also where the insurer's account contains no funds or an amount is smaller than the amount to be written off. In that case, the write off shall be effected in instalments until the whole amount specified is written off from the insurer's account. An instruction of an administration agency of the Fund to write off unpaid social insurance contributions, late payment interest, interest, and penalty charges from a deposit account

opened by a person with this credit institution, payment and/or electronic money institution together with the interest payable to this person must be accepted and executed also where the insurer's deposit amount is less than the amount to be written off. In such a case, the instruction to write off the social insurance contributions, late payment interest, interest, and penalty charges which have not been paid on time shall be executed in the amount equivalent to the person's deposit together with the payable interest. Administration agencies of the Fund shall reduce the amount to be written off as specified in the instruction given to the credit institution, the payment and/or the electronic money institution, if the social insurance, undisputed late payment interest, undisputed interest, and undisputed penalty charges contributions which have not been paid on time are partly covered in another manner. In this case, administration agencies of the Fund shall immediately inform the credit institution, the payment institution, and/or the electronic money institution about the reduction of the claim, and the latter shall execute the instruction with regard to the updated amounts.

3. Instructions of an administration agency of the Fund to write off unpaid social insurance contributions, late payment interest, interest, and penalty charges from an insurer's account shall be enforced in accordance with the procedure laid down by the Code of Civil Procedure.

4. In case, where an administration agency of the Fund by giving an instruction to a credit institution, a payment and/or an electronic money institution to restrict the right of a person to dispose of funds in accounts with this credit institution, payment and/or electronic money institution indicates that the person may perform respective operations with the funds in his account, a concrete amount of funds must be specified which can be used to make payments within a period of one calendar month.

## **Article 22. Relations between the Fund Board and Funds**

1. Funds of unemployment social insurance for implementation of policy measures of active labour market as laid down by the Law on Support for Unemployment shall be transferred by the Fund Board to the Ministry of Social Security and Labour for formation of the Employment Fund subject to the terms and procedure established by the Government of the Republic of Lithuania or an institution authorised by it. The amount



of unemployment social insurance funds for implementation of active labour market policy measures in accordance with the procedure laid down by the Law on Support for Unemployment shall be determined by the Law on the Approval of State Social Insurance Fund Budget Indicators for a relevant year.

2. The Fund Board shall transfer, in accordance with the procedure laid down by the Law on Health Insurance, the received compulsory health insurance contributions as established by the Law on Health Insurance as well as additionally recovered insurance contributions payable under compulsory health insurance to an account of the budget of the Compulsory Health Insurance Fund of the State Patients' Fund. The Fund Board may effect settlements with the budget of the Compulsory Health Insurance Fund by mutual offset of the compulsory health insurance contributions of the amount specified by the Law on Health Insurance and the social insurance contributions of the health care institutions financed from the budget of the Compulsory Health Insurance Fund.

3. The Fund Board shall transfer cumulative pension contributions to the pension funds managed by pension accumulation companies within the time limits and in accordance with the procedure laid down by the Law on the Accumulation of Pensions.

### **Article 23. Late Payment Interest of the Administration Agencies of the Fund**

The administration agencies of the Fund shall pay late payment interest for a delay in the transfer of funds for the payment of maternity and sickness social insurance allowances or of cumulative pension contributions to pension accumulation companies through the fault of the administration agencies of the Fund. The amount of late payment interest shall be determined according to the norm established by the Minister of Finance and applied in respect of a delay in tax payment. The calculation of late payment interest shall commence on the day when an insurer who had not received funds from the Fund on time paid this benefit to its recipient from its own funds or on which the time limit as laid down by the Law on the Accumulation of Pensions for the transfer of cumulative pension contributions to pension accumulation companies expires and shall continue until the transfer of the amount of these benefits paid by the insurer or the amount of the cumulative pension contributions unpaid to the pension accumulation companies.

**CHAPTER FIVE**  
**SOCIAL INSURANCE MANAGEMENT SYSTEM**

**Article 24. Social Insurance Management System, Participants and the Management Structure of the Fund**

1. The social insurance management system shall comprise:
  - 1) the Ministry of Social Security and Labour;
  - 2) the Fund Council;
  - 3) the Fund Board;
  - 4) local offices and other agencies of the Fund Board.
2. Participants of the social insurance system shall be:
  - 1) insurers and insured persons;
  - 2) the State Tax Inspectorate;
  - 3) the Lithuanian Labour Exchange under the Ministry of Social Security and Labour;
  - 4) the State Patients' Fund under the Ministry of Health;
  - 5) pension accumulation companies.
3. The management structure of the Fund shall consist of the Fund Board, local offices and other agencies of the Fund Board.

**Article 25. Functions of the Ministry of Social Security and Labour in the Social Insurance Management System**

In performing the functions of social insurance management and implementing the state policy in this field, the Ministry of Social Security and Labour shall:

- 1) co-ordinate the development of social insurance and strategic directions thereof;
- 2) analyse whether the guarantees provided by social insurance meet the interests of the State as well as insured persons and recipients of benefits;
- 3) draft and submit to the Government the legal acts related to the implementation of social insurance policy;

- 4) determine the long-term and short-term tasks of social insurance;
- 5) control activities of the Fund Board and organise verifications of these activities;
- 6) approve, within its remit, regulations of the Fund Board and other legal acts;
- 7) submit to the Government a draft budget of the Fund, the set of annual consolidated statements of the Fund, conclusions and proposals regarding implementation and expected results of restructuring guidelines of the state social insurance and pension system approved by the Government.

### **Article 26. Fund Council**

1. The Fund Council shall be a collegial institution formed on the basis of equal tripartite co-operation considering and taking decisions on the issues of the implementation of social insurance policy.

2. The Fund Council shall consist of 15 members.

3. The Fund Council shall consist of the equal number of the members having equal rights and representing the organisations protecting the interests of insured persons, employers' organisations and state institutions.

4. Representatives of insured persons and employers shall be delegated by represented organisations by common accord, and representatives of state institutions shall be appointed by the Government. The composition of the Fund Council shall be approved by the Government on the recommendation of the Minister of Social Security and Labour.

5. The Chairman of the Fund Council shall be in charge of activities thereof according to the principle of rotation. He shall be elected by members of the Fund Council for a period of six months.

6. Decisions of the Fund Council shall be taken by the majority of votes of its members. In the event of a tie vote, the Chairman of the Fund Council shall have the decisive vote.

7. The Fund Council shall act according to the regulations approved by it.

8. The Fund Council shall be provided technical support in its work by the Fund Board.

9. The Fund Council may have public advisers. Their number shall be determined by the regulations of the Fund Council. In drafting conclusions specified in point 7 of Article 27 of this Law, the Fund Council may, and in case specified in point 8 of Article 27 must, engage experts for giving consultations on the issue requiring special knowledge or evaluation. The Fund Board shall, in co-ordination with the Fund Council, establish minimum qualification requirements for experts, special requirements for procurement of expert services, as well as conditions of payment, justification criteria of expenses, their control and other requirements and organise public procurement, in accordance with the procedure laid down in the Law on Public Procurement shall.

10. Decisions, proposals and conclusions of the Fund Council shall be announced and submitted to the institutions participating in the social insurance management system in the manner prescribed by the Fund Council's regulations.

#### **Article 27. Sphere of Competence of the Fund Council**

The Fund Council shall:

1) consider and submit proposals and conclusions to the Ministry of Social Security and Labour regarding the implementation of the legal acts regulating social insurance and the performance of activities of the Fund Board;

2) submit proposals and conclusions to the Ministry of Social Insurance and Labour on the draft laws regulating social insurance;

3) submit proposals to the Ministry of Social Security and Labour on the rates of social insurance contributions, allocation of appropriations from the state budget and formation of the reserve of the Fund;

4) consider and submit proposals to the Fund Board regarding insurers' applications for deferral of the payment of arrears of social insurance contributions or late payment interest exceeding EUR 30 000;

5) consider and submit to the Fund Board and the Ministry of Social Security and Labour a conclusion on the draft budget of the Fund;

6) discuss the set of annual consolidated statements of the Fund together with the report of the National Audit Office (if submitted) and submit to the Fund Board and the Ministry of Social Security and Labour a conclusion regarding the set of annual

consolidated statements of the Fund . This conclusion shall be executed by the resolution of the Fund Council;

7) submit, together with the set of annual consolidated statements of the Fund, a conclusion regarding implementation and expected results of restructuring guidelines of the state social insurance and pension system approved by the Government and proposals on additional measures necessary for ensuring financial stability of pension system and adequacy of social insurance benefits;

8) submit, at least every four years, the conclusion and forecasts regarding the progress and expected results of the long term restructuring of the social insurance and pension system;

9) approve, according to the methodology approved by it, the insured income of the past year and establish the insured income of the current year, which are approved by the Government in accordance with the established procedure;

10) approve, pursuant to the Law on Social Insurance of Occupational Accidents and Occupational Diseases, the assignment of every insurer to a specific group of the rate of contributions;

11) consider and solve other issues of social insurance which have influence on its organisation and activity results.

#### **Article 28. Fund Board**

1. The Fund Board shall be a public administration agency organising social insurance, carrying out operational management of the funds of the Fund and keeping accounts thereof by ensuring the collection to the Fund and recovery of calculated social insurance contributions, penalty charges and late payment interest, correct processing of data about insured persons and the awarding and payment of social insurance benefits to recipients as specified by law. The Fund Board shall be a budgetary body having a seal with its name and the Lithuanian state emblem inscribed therein, a stamp with its name and design approved in accordance with the procedure laid down by laws inscribed therein, settlement and special fund accounts with the credit institutions registered in the Republic of Lithuania and drawing up the set of consolidated financial statements of the Fund.

2. The Fund Board shall be established by the Government or an institution authorised by it, financed from the Fund and act according to this Law and the regulations of the State Social Insurance Fund Board as approved by the Minister of Social Insurance and Labour.

3. The Fund shall be administered by the Fund Board headed by the Director. He shall be appointed through competition and dismissed from office by the Minister of Social Security and Labour in accordance with the procedure laid down by the Law on Civil Service. The Director of the Fund Board shall be directly accountable to the Minister of Social Security and Labour.

4. The Fund Board shall, in compliance with the regulations of the State Social Insurance Fund Board and other legal acts, establish local offices of the Fund Board as well as other agencies to perform the functions of social insurance and approve regulations thereof.

#### **Article 29. Functions and Rights of the Fund Board**

1. In organising social insurance and implementing the budget of the Fund, the Fund Board shall:

1) draft and submit, in coordination with relevant state institutions, to the Ministry of Social Security and Labour a draft budget of the Fund and the set of consolidated financial statements of the Fund accompanied by a conclusion of the Fund Council;

2) administer, within its remit, social insurance contributions, ensure the correct calculation and awarding of social insurance benefits specified in the legal acts regulating social insurance and organise the timely payment of social insurance benefits;

3) conclude agreements with legal or natural persons on the performance of the functions of social insurance;

4) co-ordinate and ensure efficient and quality operation of local offices and other agencies of the Fund Board and control them;

5) organise, in accordance with the procedure laid down by the Government, social insurance of the persons indicated in Article 4(7) of this Law;

6) account for activities of the Fund to the Minister of Social Security and Labour and the Fund Council and submit information about the implementation of the budget of the Fund;

7) manage the information system of administration of the Fund;

8) process the data of the insured persons participating in the accumulation of pensions under the Law on the Accumulation of Pensions and pension accumulation agreements;

9) organise the transfer of cumulative pension contributions to the pension funds managed by pension accumulation companies and selected by insured persons, as well as the transfer of social insurance contributions to an account of the budget of the Compulsory Health Insurance Fund and to the Ministry of Social Security and Labour to form the Employment Fund;

10) establish and approve the number of positions of civil servants and employees of the administration agencies of the Fund;

11) approve the description of use of the resources of the Fund;

12) (repealed as of 1 January 2011);

13) organise training of civil servants and employees of the administration agencies of the Fund;

14) ensure the correct and timely awarding and/or payment from the state budget of the benefits specified by laws and other legal acts;

15) examine complaints filed by insured persons, insurers, recipients of social insurance benefits and personal health care institutions regarding the actions carried out and decisions taken by civil servants and employees of the administration agencies of the Fund;

16) organise and carry out verifications of the validity, lawfulness and correctness of establishment of temporary incapacity for work and long-term and permanent incapacity for work (invalidity), provide methodical and practical assistance on these issues to local offices of the Fund Board;

17) submit proposals to the Ministry of Social Insurance and Labour on the improvement or amendment of legal acts related to social insurance;

18) issue instructions to the administration agencies of the Fund on the application of the legal acts regulating the awarding and payment of benefits;

19) submit to the State Tax Inspectorate the information required to ensure the control of calculation of social insurance contributions;

20) in the cases specified by Regulation (EEC) No 1408/71 of the Council and Regulation (EEC) No 574/72 of the Council as well as other cases specified by the international treaties on social security concluded by the Republic of Lithuania, act as a competent authority and ensure the implementation of these treaties;

21) consider, interpret and solve the issues related to the application of the legal acts regulating social insurance;

22) perform other functions assigned by laws and other legal acts.

2. The Fund Board shall have the right:

1. by the right of trust and in accordance with the procedure laid down by law, to manage, use and dispose of the assets accounted for by the Fund;

2) to purchase, manage and dispose of securities in accordance with the procedure laid down by law;

3) to conclude, in accordance with the procedure laid down by law, contracts with economic entities of the Republic of Lithuania and foreign countries;

4) to represent the administration agencies of the Fund at international organisations;

5) to establish, in accordance with the procedure laid down by law, enterprises or agencies related to the performance of social insurance functions or assisting in the performance thereof as well as to approve regulations thereof;

6) to abandon, with the consent of the Fund Council, or to transfer, in accordance with the procedure laid down by the Fund Board, all or part of creditors' financial claims;

7) to implement, in co-ordination with the Fund Council, measures with a view to receiving additional income;

8) to defer the payment of arrears of social security contributions exceeding EUR 30 000 - for a period of up to one year; recovery period of the payment of late payment interest calculated on delayed transfers of social security contributions exceeding EUR 30 000 - for a period up to one year; recovery period of the imposed penalty charges,



exceeding EUR 30 000 - for a period of up to one year; to exempt from the payment of late payment interest and penalty charges exceeding EUR 30 000;

9) to declare arrears in social insurance contributions, late payment interest and penalty charges as bad debts, if they cannot be recovered for objective reasons or it is infeasible socially and/or economically to enforce recovery thereof in the cases when: no property of a payer of social insurance contributions is identified or the property identified is non-liquid (of small liquidity); expenses of enforced recovery exceed tax arrears; it is infeasible to enforce the recovery of arrears because of difficulties in the economic (social) position of a natural person: the natural person needs state support (he has attained old-age retirement age, he is disabled (before 1 July 2005 – a person with total invalidity), the person requires medical treatment, preventive medical care and rehabilitation, the person is unemployed, he receives social benefits) or such support is already provided;

10) to dispute, in accordance with the procedure laid down by the Government or an institution authorised by it, the correctness of establishment of a level of capacity for work (work incapacity), its reason, time of occurrence and term;

11) to obtain, in accordance with the procedure laid down by law; the required information and data in the course of performing its functions;

12) to transfer, subject to mutual agreement, its claims in respect of arrears in payments of an enterprise against which bankruptcy or restructuring proceedings have been opened to the manager of the state assets managed on the centralised basis;

13) to borrow from credit institutions in accordance with the procedure laid down by the Director of the Fund Board in coordination with the Ministry of Finance.

### **Article 30. Local Offices and other Agencies of the Fund Board**

1. Local offices of the Fund Board shall be local bodies established by the Fund Board whose main task is operational management of resources of the Fund to ensure the timely collection and recovery to the Fund of the calculated social insurance contributions and the correct awarding and payment of social insurance benefits to the recipients. Local offices of the Fund Board shall be subordinate and accountable to the Fund Board. A local office of the Fund Board shall be headed by a director. He shall be

appointed and dismissed from office by the Director of the Fund Board in accordance with the procedure laid down by the Law on Civil Service.

2. Local offices of the Fund Board shall be financed with resources of the Fund and act under this Law and the regulations of local offices and other agencies of the State Social Insurance Fund as approved by the Fund Board.

3. Local offices of the Fund Board shall be established to perform the functions of social insurance taking account of customer flows and their needs. Activities of the local offices of the Fund Board shall be regulated by their regulations.

4. Local offices of the Fund Board shall be budgetary bodies having a seal with their name and the Lithuanian state emblem inscribed therein, a stamp with their name and the symbols approved in accordance with the procedure laid down by law, settlement and special fund accounts with the credit institutions registered in the Republic of Lithuania, and drawing up sets of financial statements and reports on implementation of the budget of a respective local office of the Fund Board.

5. Activities of other agencies of the Fund shall be regulated by their regulations approved by the Director of the Fund Board. The regulations of these agencies shall specify the agencies' tasks, functions, rights, organisation of work, financing, management, activity control, etc.

### **Article 31. Functions of Local Offices of the Fund Board**

Local offices of the Fund Board shall:

1) control the payment of calculated social insurance contributions, late payment interest, interest, and penalty charges and enforce the recovery of the social insurance contributions, late payment interest, interest, and penalty charges not paid on time;

2) accept applications for a pension, allowance or another benefit and award it;

3) keep accounts of insured persons and control the validity of changing of the data in the records of insured persons as well as issue to persons the social insurance certificates of the set form;

4) analyse indicators of social insurance, implement measures to improve these indicators and submit relevant proposals to the Fund Board;

5) account, in accordance with the procedure laid down by the Fund Board, for funds of social insurance;

6) calculate late payment interest and interest;

7) enforce the recovery from insurers of the funds paid by them from the Fund in breach of the established procedure;

8) recover, in accordance with the procedure laid down by law, the amounts of pensions, allowances and other benefits overpaid through the fault of recipients;

9) execute and store the files of recipients of pensions, allowances or other benefits, issue to them the certificates of the set form;

10) pay pensions, allowances or other benefits and keep accounts thereof;

11) consider applications and examine complaints concerning the issues of social insurance; assist, in special cases, the applicants in obtaining the documents required for the awarding of a pension or allowance;

12) award and pay benefits from the state budget in accordance with the procedure laid down by law;

13) pay, under an agreement with the management institutions of a municipality, benefits of social nature from municipal budgets;

14) control the lawfulness and validity of the issuance and extension of work incapacity certificates, vocational rehabilitation certificates and maternity leave certificates (lawfulness and validity of the establishment of temporary incapacity for work);

15) verify and, in accordance with the procedure laid down by the Government or an institution authorised by it, dispute the validity and correctness of establishment of a level of capacity for work (work incapacity), its reason, time of occurrence and term;

16) accumulate, in accordance with the procedure laid down by the Fund Board, data on the social insurance record and the record held equivalent to it as acquired by the persons who have not attained old-age retirement age as well as the insured income and income held equivalent to it as received by them;

17) defer the recovery of penalty charges (with the exception of the penalty charges imposed pursuant to the Code of Administrative Offences) not exceeding EUR 30 000 - for a period of up to one year, the payment of arrears of social security

contributions not exceeding EUR 30 000 - for a period of up to one year, and recovery period of the payment of late payment interest calculated on delayed transfers of social security contributions not exceeding EUR 30 000 - for a period up to one year, exempt from the payment of late payment interest and penalty charges not exceeding EUR 30 000;

18) submit, in accordance with the procedure laid down by legal acts, data about an insurer, insured person or recipient of a social insurance benefit;

19) conclude agreements with the persons indicated in Article 4(7) of this Law and manage the record file data of these persons;

20) effect the social insurance of and account for the persons insured with state funds;

21) be permitted, subject to approval of the Fund Board, to take over insurers' financial claims;

22) in accordance with the procedure laid down by laws and other legal acts, manage, use and dispose of, by the right of trust, the assets accounted for by the Fund;

23) perform other functions assigned by laws and other legal acts.

### **Article 32. Functions of the State Tax Inspectorate in the Social Insurance System**

The State Tax Inspectorate shall, on the grounds specified and in accordance with the procedure laid down by the Law on Tax Administration, perform the following functions related to the control of calculation of social insurance contributions and examination of disputes:

1) register insurers and provide to them the information about the duties of payment of social insurance contributions;

2) verify the calculation of insurers' and insured persons' social insurance contributions as well as the payment of these contributions to the extent it is related to the insurers subject to verification, impose penalty charges for the violations established during verification;

3) document and approve results of verification;

4) examine tax disputes regarding the amounts of social insurance contributions calculated anew and the penalty charges imposed after verification;

5) have the right to represent the interests of the Fund in enterprises, public establishments against which bankruptcy or restructuring proceedings have been opened according to the creditor's rights granted under the Enterprise Bankruptcy Law and the Law on Restructuring of Enterprises subject to mutual agreement of the State Tax Inspectorate under the Ministry of Finance and the Fund Board;

6) provide to the Fund Board and local offices of the Fund Board the information required to effect social insurance. The procedure for controlling social insurance contributions and providing information shall be laid down by the State Tax Inspectorate under the Ministry of Finance in co-ordination with the Fund Board.

### **Article 33. Functions of the Lithuanian Labour Exchange in the Social Insurance System**

The Labour Exchange of Lithuania under the Ministry of Social Security and Labour shall have at its disposal the funds available from the Fund in accordance with the procedure laid down by law and the Minister of Social Security and Labour, allocate them to local labour exchanges for implementation of active labour market policy measures laid down by the Law on Support for Unemployment and exercise the control of use thereof.

### **Article 34. Functions of the State Patients' Fund in the Social Insurance System**

The State Patients' Fund under the Ministry of Health shall:

1) in accordance with the procedure laid down by legal acts, have at its disposal the funds available from the Fund;

2) in accordance with the procedure laid down by laws, implement the budget of the Compulsory Health Insurance Fund.

### **Article 35. Functions of Pension Accumulation Companies**

Pension accumulation companies shall:

1) in accordance with the procedure laid down by legal acts, conclude a data provision agreement with the Fund Board;

2) in accordance with the procedure laid down by law, conclude pension accumulation agreements with the persons willing and entitled to become participants in the accumulation of pensions and notify the administration agencies of the Fund of concluded and terminated pension accumulation agreements;

3) at least once per calendar year, notify each participant in the accumulation of pensions of the amount of pension assets in his personal pension account.

## **CHAPTER SIX**

### **RIGHTS AND RESPONSIBILITY OF THE ADMINISTRATION AGENCIES OF THE FUND**

#### **Article 36. Rights of the Administration Agencies of the Fund**

1. The Fund Board and local offices of the Fund Board shall have the right to verify the documents supporting social insurance contributions and social insurance benefits administered by them.

2. In performing the functions assigned to them under this Law, Civil servants of the administration agencies of the Fund shall, have the right:

1) to obtain free of charge from undertakings, agencies and organisations as well as other persons, including credit institutions, payment and/or electronic money institutions, the information, clarifications and extracts of social insurance documents necessary for the performance of their duties;

2) to enter, without prior request and after presenting an official certificate, an insurer's premises (including rented premises) or territory related to his activities. Entrance to the insurer's premises or territory (including rented ones) without prior notice shall be possible only during the insurer's working hours. In other cases, the insurer's consent shall be required;

3) to seize temporarily – for a period not exceeding 30 calendar days – from an insurer the documents recording the income from employment on which social insurance contributions are calculated as well as social insurance benefits paid from resources of the

Fund, leaving a writ of the seizure of the documents (in this case, the insurer must be allowed to make copies of the documents taken);

4) to stamp temporarily – for a period not exceeding 30 calendar days - the areas used for the safekeeping of documents, securities, money and material valuables (where possible, without disturbing an insurer's activities), make copies of or extracts from documents, and mark the insurer's documents to prevent their falsification;

5) to issue the instructions binding on an insurer on the issues of social insurance;

6) to draw up, in compliance with the Code of Administrative Offences, records of administrative offences regarding the offences the solution of which falls within the sphere of competence of civil servants of the administration agencies of the Fund;

7) to request that an insurer orders his accounts;

8) to obtain from an insurer clarifications regarding the payment of social insurance contributions and social insurance benefits, clarifications regarding the social insurance data submitted by the insurer as well as clarifications of the persons located in the insurer's territory regarding employment relations, where there are grounds for believing that they actually work there;

9) to draw up statements of established violations regarding the calculation of social insurance benefits, compensation for the damage incurred to the Fund or payment of arrears to recipients as well as meeting of other requirements of this Law;

10) to carry out other actions provided for by legal acts.

3. The Director of the Fund Board and his deputies, directors of local offices of the Fund Board and their deputies shall have the right:

1) to enforce the recovery of social insurance contributions as well as late payment interest and penalty charges not paid on time from insurers' accounts with credit institutions, payment and/or electronic money institutions of the Republic of Lithuania;

2) to instruct credit institutions, payment and/or electronic money institutions of the Republic of Lithuania to discontinue the disbursement as well as transfer of funds from insurers' accounts where they are indebted and do not pay social insurance contributions for a period exceeding three months;

3) to impose, in accordance with the procedure laid down by laws, administrative penalties. The pecuniary penalties imposed shall be recovered to the budget of the Fund;

4) to refer to heads of enterprises, agencies and organisations regarding the circumstances and conditions preventing the civil servants of the administration agencies of the Fund from properly performing their duties. The heads of the enterprises, agencies and organisations must consider instructions of the civil servants of the administration agencies of the Fund and immediately notify the administration agency of the Fund of the measures taken;

5) to instruct the debtor's employer, the payer of a pension, scholarship or allowance to recover to the Fund the unpaid social insurance contributions, late payment interest and penalty charges from the debtor's work remuneration, pension, scholarship or allowance;

6) to submit to the manager of the Register of Legal Entities proposals on the initiation of the liquidation of an insurer in the cases specified by the Civil Code;

7) to initiate the opening of bankruptcy proceedings.

4. The Director of the Fund Board and deputies thereof shall have the right:

1) to adopt a decision regarding the registration, change, and termination of legal mortgage (pledge) of an insurer's property, as well as recovery from the property to which legal mortgage was applied;

2) to seize the insurer's property, if social insurance contributions, penalty charges and/or late payment interest have not been paid to the Fund;

3) to waive the recovery of overpayment of a social insurance benefit, where it is not possible to recover the overpaid amount of the benefit in accordance with the procedure laid down by legal acts or where it has accrued not through the fault (dishonesty) of the recipient of the benefit and it is not possible to recover it, in accordance with the procedure laid down by legal acts, from the guilty persons (successors to their rights and duties) or where it is not possible to recover it due to objective reasons or it is infeasible to recover it from the social and/or economic perspective, in the cases when: no property of a person is identified or the property identified is non-liquid (of small liquidity); expenses of recovery exceed the amount of the benefit overpaid; it is infeasible to recover the amount of the benefit overpaid because of difficulties in the economic (social) position of a natural person: the natural person needs state support (he has attained retirement age, he is disabled (before 1 July 2005 – a



person with total invalidity), the person requires medical treatment, preventive medical care and rehabilitation, the person is unemployed, he receives social benefits) or such support is already provided.

5. In the cases specified in paragraph 4(1) of this Article, information about the registration, change, termination of legal mortgage (pledge) shall be without a delay, not later than within 24 hours, submitted to the Mortgage Register for registration in accordance with the provisions of the Mortgage Register regulations. The decision of the Director of the Fund Board or his deputy regarding the recovery from the property to which compulsory mortgage was applied shall be enforced in accordance with the procedure laid down by the Code of Civil Procedure.

6. Directors of local offices of the Fund Board and their deputies shall have the right to take decisions on the recovery of the social insurance benefits and other benefits overpaid through the fault of recipients of social insurance benefits, where their awarding and payment is assigned to these local offices, without laying down any time limit.

7. In exercising the rights granted, Civil servants or employees of the administration agencies of the Fund shall, and performing the duties assigned, to them by law, execute the actions in the form of documents. Forms of the documents (a writ, certificate, instruction, resolution, appeal, etc.) and the procedure for filling them in shall be established by the Fund Board.

### **Article 37. Appeals against Decisions and Actions of the Administration Agencies of the Fund**

1. Insurers, insured persons as well as other persons concerned (hereinafter: 'concerned persons') shall have the right to appeal to the Fund Board against the decisions and actions (omissions) of the local offices of the Fund Board and other agencies of the Fund relating to administration of the State Social Insurance Fund. The Fund Board shall be the mandatory institution for advance out-of-court settlement of disputes.

2. The appeals filed to the Fund Board against decisions and actions (omissions) of the local offices of the Fund Board and other agencies of the Fund relating to administration of the State Social Insurance Fund shall be examined where they have been filed within 20 working days from the day when a person concerned learned or

ought to have learnt about the completion (non-completion) of an action appealed against or adoption of a decision, and the appeals filed against a failure to adopt a decision – within 20 working days of the expiry of a time limit laid down for the adoption of the decision. The appeals against decisions relating to granting and/or paying of pensions, annuities, and compensations to the creative workers of theatres and concert agencies shall be examined where they have been filed within six months from the day when a person concerned learned or ought to have learnt about the completion (non-completion) of an action appealed against, and the appeals filed against a failure to adopt a decision – within 20 working days of the expiry of a time limit laid down for the adoption of the decision. A time limit laid down for the filing of an appeal may, where the appeal has not been filed within the time limit due to important reasons supported by relevant documents, be extended by a decision of the Director of the Fund Board or his deputy. The procedure for examining appeals by the Fund Board shall be laid down by the Director of the Fund Board.

3. An appeal filed within the time limit laid down in paragraph 2 of this Article must be examined by the Fund Board, and a decision thereon must be taken not later than within 20 working days from the receipt of the appeal. This time limit may be extended for another period of up to 20 working days where an additional investigation is required to examine the appeal. A person concerned must be given written notice thereof.

4. Having examined the appeal, the Fund Board may satisfy it in full or in part; it shall also have the right to dismiss the appeal. A decision taken by the Fund Board through the advance out-of-court dispute settlement procedure may be appealed against to court.

5. Decisions and acts (omissions) of the Fund Board (with the exception of those provided for in paragraph 4 of this Article) may be appealed against to the Chief Administrative Disputes Commission or to court in accordance with the procedure laid down in the Law of the Republic of Lithuania on Administrative Proceedings.

6. Repealed as of 01/01/2013.

7. Insurers' appeals regarding the amounts of social insurance contributions additionally calculated, the penalty charges imposed and other actions by officials of the

State Tax Inspectorate in the course of verification shall be examined in accordance with the procedure laid down by the Law on Tax Administration.

8. Disputes on the pension social insurance record, on insured income and on the income held equivalent to it shall be examined by court.

9. The administration agencies of the Fund shall be exempt from the payment of stamp duty in all cases when they perform the functions assigned to them by laws and other legal acts.

CHAIRMAN  
OF THE SUPREME COUNCIL  
OF THE REPUBLIC OF LITHUANIA

V. LANDSBERGIS

Annex to  
Republic of Lithuania  
Law on  
State Social Insurance

#### **LEGAL ACTS OF THE EUROPEAN UNION IMPLEMENTED BY THIS LAW**

1. Regulation (EEC) No 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community.

2. Regulation (EEC) No 574/72 of the Council of 21 March 1972 fixing the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community.