

NGOs

In Lithuania



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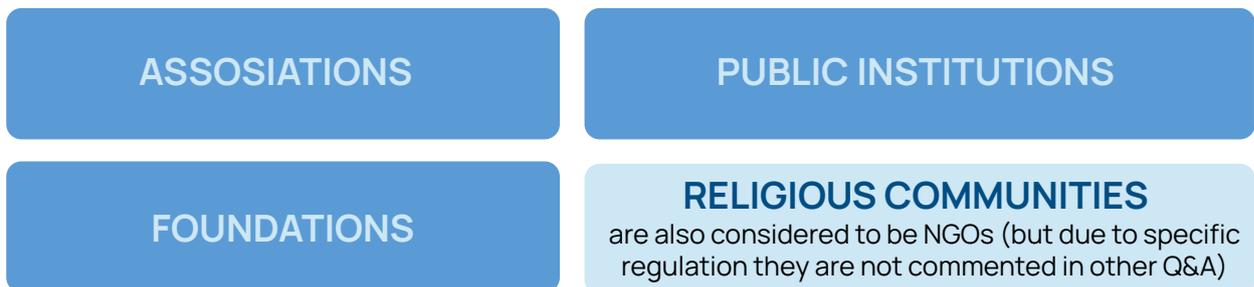
Lietuvos Respublikos
socialinės apsaugos
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What is a non-governmental organization in Lithuania?

A non-governmental organization is a public legal entity established voluntarily for the benefit of the society or a group thereof, independent of the management of state or municipal institutions and establishments, and the purpose of which is not to pursue political power or pursue purely religious objectives.

What are the types of NGO's and their differences?

Types of NGOs:



Association is a public legal entity with limited liability, the purpose of which is to coordinate the activities of the members of the association, to represent the interests of the members of the association, and to protect or satisfy other public interests.

An association is usually formed when it is intended to have (many) members in the organization, i.e., when a certain circle of like-minded people want to somehow unite under one umbrella and pursue common goals. The legal form of an association is also usually chosen when several organizations, i. e. legal entities, want to act together for common purposes.

Public institution is a non-profit public legal entity with limited liability, the purpose of which is to serve the public interest in education, training and scientific, cultural, health care, environmental protection, sports development, social or legal assistance, as well as other activities.

Charitable and Support Foundation - a limited liability public legal entity which manages, uses, and disposes of the assets transferred to it and whose main objectives are charity and/or support, if necessary other assistance to natural and legal persons under the law, science, education, culture, art, religion, sports, health care, social care, and welfare, other areas unrelated to self-interest.

Public institutions and foundations are usually more static, i.e. the main decision makers change less often.

ASSOCIATION

Membership NGO
At least three founders
No statutory capital

PUBLIC INSTITUTION

Non-membership NGO
One or more founders
Statutory capital

FOUNDATION

The founders of an NGO can be natural or legal persons

The forms of public institutions and foundations are indeed similar at present, but historically foundations have been (and still are) more focused on providing certain funds or assistance, and public institutions provide services.

What are the statistics of established NGOs in Lithuania?

In 2020 in Lithuania there were:

1 846

Foundations

20 106

Associations

12 367

Public institutions

Read more:

http://www.3sektorius.lt/docs/NVO_skaiciai_2021_2021-09-14_12:20:59.pdf



ESTABLISHMENT OF NGOs

What are the ways to establish an NGO?

The establishment of an organization can take place in two ways - by **ordinary (notarial) method** or **electronically**.

To establish an organization electronically it is necessary to have an e-signature and access to the self-service of the Centre of Registers.

Establishing NGO by notarial method is the usual practice when at least one of the founders is not a Lithuanian citizen.

How to establish an NGO by the ordinary (notarial) method?

STEP 1 Choosing a **name** for the organization.

More about the name of the organization: [“What are the requirements for the name of the organization?”](#) (p. 7).

STEP 2 Getting a physical **registration address**.

More about the registration address: [“How to get physical registration address?”](#) (p. 8).

STEP 3 Signing **Founders agreement** by the founders.

The agreement has clauses that founders agree to establish organization, etc.

More about the founders agreement: [“What must be provided in the Founders agreement?”](#) (p. 12).

STEP 4 Preparing the **Statutes (Articles) of the organization**.

This document defines the purpose of an NGO and specifies its regulations. In other words, statutes (articles) are the basic “law” of the organization, the “rules of the game.”

More about the Statutes (Articles): [“What must be provided in the Articles \(Statutes\) of the NGO?”](#) (p. 9).

STEP 5 **Organizing the founding meeting** of the NGO.

It is held to approve the Statute and to decide who is specifically responsible for the further establishment of the organization. Furthermore, the governing body must be appointed. Minutes of the founding meeting must be drawn up.

More about the minutes of the meeting: [“How to draw up minutes of the meetings?”](#) (p. 13).

If there is only one founder (in the case of a public institution or foundation), he signs the **Decision to** establish the organization (instead of the Founders agreement and minutes of Founding meeting).

STEP 6 All documents (the Statutes (Articles) approved by the founding meeting, the minutes of the founding meeting and the founding agreement (decision) must be **approved by the notary**.

Costs: 100-200 Eur. (depending on length/number of documents, checking in databases, etc.) / *The time needed (term may vary):* up to a few months from submitting all documents.

STEP 7 The last step of creating an NGO is its **registration in the Register of Legal Entities**.

Costs: circa 27 Eur. / *The time needed (term may vary):* up to 7 working days.

ASSOCIATION	PUBLIC INSTITUTION	FOUNDATION
Articles	Statutes	Statutes
Founding agreement Minutes of the founding meeting	Founding agreement Minutes of the founding meeting The decision to establish a public institution	Founding agreement Minutes of the founding meeting The decision to establish a public institution
All of the founding documents must be approved by the notary		
All documents may be bilingual/trilingual (including translation into Lithuanian)		

How to establish an NGO electronically?

Documents may be submitted electronically directly to the Registrar through the Customer Service System of the Centre of Registers, if:

1. the founder has a qualified electronic signature;

Now foreigners from the third countries may get an electronic signature by receiving an e-resident status – foreigner may fill in an application for this status electronically but must come to the Migration Department and personally present a valid travel document, a permit to stay or be in the Republic of Lithuania, biometric data for identification.

2. the establishing documents are prepared in accordance with the approved standard forms;

The system allows:

- to adjust the financial year of the organization;
- to specify if the period of operation is limited;
- to select the goal of the organization and the areas of the activity only from those listed;
- to only choose the bodies of the organization and not to specify their competence.

Thus, the main documents regulating the activities of the organization generated by the system are extremely formal, not adapted to the individual needs of the NGO and the founders.

3. the name of the organization is reserved in the Register of Legal Entities;

More about the reservation for the name: [“What is reservation of the name of the organization?”](#) (p. 7).

4. it is not intended to use the short name of the state “Lietuvos” in the name of the legal person;

More about the requirements for the name: [“Is it allowed to use the short name of the state “Lietuvos” in the name of an NGO?”](#) (p. 8).

5. **there is a consent signed by the owner of the premises to use the premises for the registration of the registered office, if the premises are not the personal property of the founder;**

More about the registration address: "[How to get physical registration address?](#)" (p. 8).

6. **the objectives and areas of activity of an NGO comply with the classification of the objectives and areas of activity of public legal persons;**

This list is provided in the system when registering the organization. New goals and areas of activity cannot be saved, only selections are allowed.



Read more:

<https://www.registrucentras.lt/p/671>

What are the requirements for the name of the organization?

NGO must have its name, which distinguishes it from other organizations. The name of a legal entity shall not be contrary to public order or good morals. The name shall not be misleading due to its similarity to well-known trademarks and service marks previously filed, registered, or recognized. The name must be in Lithuanian, Latin, or Old Greek. If the name uses other languages (including English) – additional conditions apply (the organization must have ties, e. g. be part of a network, with NGO registered in another country with such a name and a few additional documents must be provided).



Also read:

"Is it allowed to use the short name of the state "Lietuvos" in the name of an NGO?"

What is reservation of the name of the organization?

Reservation of the name of a legal person in the Register of Legal Entities – this action reserves the chosen name for six months; thus, it cannot be chosen by any other company or organization.

Reservation of the name while establishing the organization by the notarial method is not mandatory, although, we highly recommend doing it to prevent any problems at the Centre of Registers.

Costs: 17 Eur.

The time needed (term may vary): up to 3 working days if no comments from Registrar. In case of comments – usually up to 20 days.

Is it allowed to use the short name of the state “Lietuvos” in the name of an NGO?

If it is intended to use the short name of the state “**Lietuvos**” in the name of a legal person, the legal person must meet at least one of the following conditions:

1. the full name of the legal person, in which the name of Lithuania is already used, is transferring the name to another legal person, the sole founder or participant of which is this legal person;
2. the full name of the legal person, in which the name of Lithuania is already used, is transferring the name of the branch or representative office to be established or established by this legal person;
3. a legal person whose name already uses the name of Lithuania changes the name;
4. the legal person has established branches or representative offices in at least half of the administrative units of the territory of the Republic of Lithuania;
5. a branch or representative office of a legal person is established by a foreign legal person or other organization;
6. a foreign legal person or other organization establishes a legal person or is a participant of a legal person and uses the name of Lithuania together with the name of the founder or participant;
7. the founders or participants of a legal person are at least three legal persons established in the Republic of Lithuania;
8. the founders or participants of the legal person are at least 30 natural persons;
9. the legal person being established or established uses the name of Lithuania in its name in order to indicate the geographical part of the territory of the Republic of Lithuania in which it will operate, and this has been established in its founding documents;
10. a legal entity is a traditional religious community or association or another religious community recognized by the state.

How to get physical registration address?

An organization must have its registered office – **physical registration address**. If the premises belong to another legal entity (such as an organization, company, or municipality), it is necessary to provide a written consent signed by the owner. The written consent must be notarized if the owner is a natural person.

It is also possible to contact the companies providing the relevant services, i. y. purchase a permit to register a legal entity on their premises. It should be noted that these companies usually do not handle the correspondence of the organizations, they do not provide the possibility to physically use the premises.

Costs on the market: from 25 Eur (address in Vilnius) or from 40 Eur (address in Kaunas).

The time needed: up to 3 working days.

Furthermore, if the premises where the legal person is to be registered are mortgaged to the bank, the consent of the bank must also be obtained. Usually there are additional charges for this consent.

What must be provided in the Articles (Statutes) of the NGO?

The statutes of the **association** must specify:

1. the name of the association;
2. the legal form of an association - an association;
3. the procedure for changing the registered office of the association;
4. the objectives of the activities of the association, which must be described clearly and in detail, indicating the areas and types of activities;
5. the rights and obligations of the members of the association;
6. the procedure for the payment of entrance fees and membership fees, unless it is specified in the articles of association that it will be approved by a separate document;
7. the procedure and conditions for the admission of new members, withdrawal of members and expulsion from the association;
8. the competence of the general meeting of members, the procedure for convening it, the procedure for making decisions, unless another body (conference, congress, congress, assembly, etc.) is formed, which has all the rights of the general meeting of members;
9. a body (conference, congress, congress, assembly, etc.) having all or part of the rights of the general meeting of members, its competence, cases and procedure of convening, decision-making procedure, procedure for participation, and representation of members in this body if such body is formed;
10. the management bodies, their competence, the procedure for the appointment (election), revocation or formation of the members and the chairman (president) of the collegial management body, if such a body is formed, the period for which the collegial management body is formed;
11. other collegial bodies, if such bodies are formed, their competence, the procedure for the appointment (election), revocation or formation of members and the chairman (president), the period for which the collegial bodies are formed;
12. the procedure for the submission of documents and other information on the activities of the association to the members, unless it is specified in the articles of association that it will be approved by a separate document;



ASSOCIATION

13. the procedure for publication of notices and announcements, according to which public information is published;
14. the procedure for the establishment of branches and representative offices and the termination of their activities;
15. the procedure for amending the articles of association;
16. period of activity if it is limited;
17. the procedure for the control of the use of funds and income, as well as the activities of the association;

The statutes of a **public institution** must specify:

1. the name of the public institution;
2. legal form - a public institution;
3. period of activity if it is limited;
4. objectives of the activity (they must be described clearly and in detail, indicating the areas and types of activity);
5. the procedure for a person to become a new shareholder;
6. the procedure for the sale of the rights of a shareholder to other persons;
7. the procedure for the transfer of shareholders' contributions to a public institution;
8. the competence of the general meeting of shareholders, the procedure for convening it, the procedure for making decisions;
9. the competence of collegial bodies, if such bodies are formed, in the election of members of these bodies, and revocation procedure;
10. the procedure for the appointment and removal of the head of a public institution, his or her competence;
11. the procedure for amending the statutes of public institution;
12. the procedure for the establishment of branches and representative offices and the termination of their activities;
13. the procedure for submission of documents and other information regarding the activities of a public institution to shareholders;
14. the source in which the public announcements of the public institution are published;
15. the procedure for the provision of information to the public regarding the activities of a public institution.

PUBLIC INSTITUTION

The statutes of a foundation must specify:

1. the name of the foundation.
2. the legal form of the foundation - charity and support foundation;
3. the procedure for changing the registered office of the foundation;
4. the objectives of the activities of the foundation, which must be clearly and in detail described, indicating the areas and types of activities;
5. the rights and obligations of the shareholders of the foundation;
6. the procedure for the withdrawal (removal) of shareholders and the granting of the rights of a shareholder to support providers;
7. the procedure and competence for convening the general meeting of shareholders;
8. management bodies, their competence, a collegial management body, if such a body is formed, the procedure for the appointment or election and removal of members and the chairman (president), the period for which the collegial management body is formed;
9. other collegial bodies, if such bodies are formed, their competence, the procedure for the appointment or election and removal of members and the chairman (president), the period for which the collegial bodies are formed;
10. the procedure for submission of documents and other information regarding the activities of the foundation to the shareholders, unless the statutes of the foundation specify that it is approved by a separate document;
11. the procedure and sources for the publication of public information.
12. the sources of income of the foundation, the procedure for the use of funds, income, and assets;
13. the procedure for the use of funds and income and the internal control of the foundation;
14. the procedure for amending the statutes of the foundation;
15. the procedure for the establishment and termination of activities of branches and representative offices;
16. the period of operation of the foundation if it is limited;
17. the procedure for reorganization and liquidation of the foundation;
18. the type of activity of the foundation - the management of the inviolable capital if the foundation manages the inviolable capital.

The statutes of the association or foundation to be established must be signed by the person specified in the founder's agreement or authorized by the founding meeting. This person must sign the articles of association no later than three days after the date of the founding meeting.

The statutes of a public institution to be established must be signed by all founders or their authorized persons. If the founding meeting is convened upon the establishment

of a public institution, the statutes of the public institution must be signed before the founding meeting.

What must be provided in the Founders agreement?

The agreement establishing the **association** must specify:

1. founders (names, surnames, personal identification codes and addresses of natural persons; names, registered offices, codes of legal persons; names and surnames or names of representatives of founders, personal identification codes);
2. the name of the association to be established;
3. the date of conclusion of the founders' agreement;
4. the registered office of the association to be established.

The agreement establishing a **public institution** must specify:

1. founders (names, surnames, personal identification codes and addresses of places of residence of natural persons; names, registered offices, codes of legal persons, names, and surnames of their representatives);
2. the name and registered office of the public institution;
3. the scope (areas) and objectives of the public institution;
4. property and non-property obligations of the founders, the procedure, and terms for the performance thereof;
5. the procedure for reimbursement of establishment costs;
6. the procedure for resolving disputes between the founders;
7. persons who have the right to represent the public institution to be established, their rights and powers;
8. the procedure for convening the founding meeting and making decisions therein, if the founding meeting is held the meeting is convened;
9. the date of conclusion of the founder's agreement.

The agreement establishing a **foundation** must specify:

1. founders (names, surnames, personal identification codes, addresses of natural persons; names, codes, registered offices of legal persons, names and surnames or names of representatives of founders, personal identification codes);
2. the name and registered office of the foundation to be established;
3. property and non-property obligations of the founders, the procedure, and terms for their performance;
4. the objectives of the foundation;
5. the date of conclusion of the founder's agreement.

How to draw up minutes of the meetings?

The minutes must indicate: the place and time of the meeting, the number of participants, the presence of a quorum, the results of voting, the decisions. The minutes must be accompanied by a list of participants and information about the convening of the meeting.

The minutes are drawn up by the secretary of the meeting, the chairman of the meeting if the secretary of the meeting is not elected, or the collegial chairman of the body of the legal person if the chairman and secretary of the meeting are not elected.

The minutes must be signed by the secretary and the chairman of the meeting, and if they are not elected, by the chairman of the body of the collegial legal person.

The minutes must be drawn up and signed within the term specified in the founding documents or laws, but in all cases the term may not exceed thirty days from the date of the meeting.

Does an NGO need a bank account?

NGOs must have at least one bank account in a bank or other financial institution. Therefore, next step after registration of the organization in fact should be opening an account.

Documents required to open an account:

1. the original of the extended extract from the Register of Legal Entities or the access code of the Centre of Registers for obtaining an electronic certified statement of a legal entity;
2. instrument of incorporation of a legal person;
3. identity document of the representative of the legal entity;
4. other required documents (depends on the bank/financial institution).

It is important to note that due to limited competition among banks (credit institutions), third-country nationals face some problems: banks are reluctant to provide services to such persons. It is therefore advisable to choose banks with caution, perhaps avoiding large banks, which are often less flexible.

What information about persons involved in NGO is public?

It is important to note that information about following persons is public:

1. current and former shareholders of foundation/public institution;
2. founders of association;
3. current and former head of the organization;
4. current and former members of the board of the organization.



ACCOUNTABILITY

Who is responsible for reporting?

The head of the organization must prepare and submit to the Centre of Registers at the end of the financial year the following documents that must be approved by the general meeting of members (shareholders):

1. a set of annual financial statements;
2. activity report.

A set of annual financial statements and activity reports of a legal entity shall be approved by the general meeting within **4 months from the end of the financial year**.

These reports must be submitted to the Register of Legal Entities within **30 days from the moment of their approval** unless otherwise provided by the law.

It is important to note that annual reports are public documents, therefore, anyone can access them.

Annual financial statements have a fixed form.

To complete and submit the set of annual financial statements online, the head of the legal entity or other person authorized to act on behalf of the legal entity must:

1. connect to the electronic service system of the Centre of Registers;
2. choose a represented legal entity or a branch;
3. fill in the set of financial statements in electronic format online;
4. attach these documents:
 - a. explanatory note;
 - b. activity report/annual report;
 - c. auditor's report (if audited);
 - d. approved financial statements – provided (balance sheet or statement of financial position, profit (loss) statement, statement of changes in cash flows and equity) if the legal entity prepares and approves the set of financial statements in sets of non-financial statements in electronic format.

What is a set of annual financial statements?

The set of annual financial statements consists of the following financial documents:

1. a statement of financial position showing all the assets of the organization <...> at the reporting date;
2. a performance report showing all the organisation's income, expenses and operating results for the reporting period <...>;
3. an explanatory note to the financial statements detailing and explaining the amounts reported in the statement of financial position and performance of the organization <...>.

The **explanatory note on the financial statements** of the organization which received the support during the financial year must also provide information on the financial and non-financial <...> support received and its use. When providing information on donors, **each** legal entity that has provided support must be identified separately, the subject of its support and its value.

If the value of the support provided by the donor during the reporting financial year **does not exceed 2 average monthly salaries and does not exceed 10 percent of the total support** and/or total funding received by the organization during the reporting financial year, the legal entity that provided the support may not be indicated.

In addition to the above information, the **notes to the financial statements** of the foundation must also provide information about the charity and/or support provided by the foundation itself. When providing information on the legal entities of the beneficiaries, each legal entity that has received the support, the subject of the support received and its value must be indicated separately.

How to prepare an activity report?

The activity report must indicate:

1. the objectives of activities of the organization;
2. tasks of the organization;
3. work carried out by the organization during the year;
4. objectives, tasks and planned work to be carried out for the coming financial year;
5. in case of an association – the number of members of the associatio at the end of the financial year and the end of the previous financial year;
6. in case of the public institution/foundation – the number of shareholders, each of their names and shares at the end of the financial year and the end of the previous financial year;
7. other information may be provided.

Associations that are non-governmental organizations must indicate the number, names, legal form and codes of members that are legal entities.

Is the annual report public?

The set of annual financial statements, the activity report / annual report together with the auditor's report (where the financial statements have been audited) and the annual report are **public documents**. These documents must be published on the **organization's website** if the organization has one. In addition, third parties must have access to these documents at the organisation's headquarters.

What are the sanctions for non-reporting?

The Centre of Registers may, among other grounds, revoke the beneficiary status if the beneficiary has not submitted annual report documents or has not submitted these documents 30 days after their approval and did not submit the documents within 2 months of being notified of this breach.

The head of the organization has administrative liability for violation of the procedure for submission of documents and data of a legal person, its branch or representative office to the Register of Legal Entities or Information System of Legal Entities Participants.

A fine of up to 1450 euros can be imposed.

Who prepares tax reports?

Tax reports are usually prepared and maintained by the organization's accountant, who takes care of accounting operations, payroll, vacation, compensation calculations, tax calculation and declaration, as well as preparation of financial statements, etc. Accountant may be employed or contracted.

Nevertheless, the head of the organization is responsible for the tax reports and their submission.

