CHAPTER ONE
GENERAL PROVISIONS

Article 1. Purpose of the Law
1. This Law shall establish the rights and duties of the legal persons which have been granted the status of a social enterprise as relating to this status, the basis and procedure for acquiring and losing this status, define the target groups of the persons employed in social enterprises, specify peculiarities of employment relations in these enterprises and regulate the State aid granted to social enterprises.

2. The provisions of this Law shall be in compliance with the EU legal acts listed in the Annex to this Law.

Article 2. Aim of Social Enterprises
The aim of social enterprises shall be, by employing the persons who are attributed to the target groups indicated in this Law and who have lost their professional and general capacity for work, are economically inactive and are unable to compete in the labour market under equal conditions, to promote the return of these persons to the labour market, their social integration as well as to reduce social exclusion.

Article 3. Social Enterprise
1. A social enterprise shall be a legal person which is established in the Republic of Lithuania, has acquired this status in accordance with the procedure laid down by this Law and fulfils all of the following conditions:

   1) (repealed on 1 November 2006);
2) the number of employees who are attributed to the target groups listed in Article 4 of this Law accounts for not less than 40% of the annual average number of the employees on the staff list, and the number of the employees who are attributed to the target groups of persons is not less than four. A proportion of the employees who are attributed to the target groups to the average number of employees on the staff list shall be calculated in accordance with the procedure laid down by the Government or an institution authorised by it;

3) founding documents indicate the operating goals of this legal person relating to employment of the persons who are attributed to the target groups, development of their working and social skills as well as their social integration;

4) the legal person does not carry out the activities included in the list of non-supported activities of social enterprises as approved by the Government of the Republic of Lithuania or an institution authorised by it, or the income received from such activities over the tax period accounts for not more that 20% of the total income received by this legal person.

2. A social enterprise of the disabled shall be a legal person which is established in the Republic of Lithuania, has acquired this status in accordance with the procedure laid down by this Law and fulfils all of the following conditions:

1) fulfils the conditions indicated in subparagraphs 1, 3 and 4 of paragraph 1 of this Article;

**Version of subparagraph 2 of paragraph 2 before 1 April 2007:**

2) the employees who are attributed to the target group of the disabled account for not less than 50% of the annual average number of employees on the staff list, of whom the disabled with Group I or Group II invalidity or moderate disability or the disabled whose capacity for work is rated at 30-55% – for not less than 40% of the annual average number of employees on the staff list.

**Version of subparagraph 2 of paragraph 2 after 1 April 2007:**

2) the employees who are attributed to the target group of the disabled account for not less than 50% of the annual average number of employees on the staff list, of whom the disabled with Group I or Group II invalidity or the disabled for whom severe or moderate disability has been established or whose capacity for work does not exceed 55% or who are rated as having high- or medium-level special needs – for not less than 40% of the annual average number of employees on the staff list.
3. Where the concept “social enterprise” is used in this Law, the norm shall be
general and shall apply also to social enterprises of the disabled, whereas where the norm
is special and shall apply only to the social enterprises of the disabled, the concept “social
enterprises of the disabled” shall be used.

4. The State shall, by the means established by laws, provide aid to the legal
persons having the status of a social enterprise.

Article 4. Target Groups of the Persons Employed in Social Enterprises

1. Under this Law, employment in social enterprises of the persons who are
attributed to at least one of the following target groups shall be supported:

Version of subparagraph 1 of paragraph 1 before 1 April 2007:
1) the disabled with Group I, Group II or Group III invalidity or moderate
disability or the disabled whose capacity for work is rated at 30-55% (irrespective whether
they are registered with a local labour exchange office or not);

Version of subparagraph 1 of paragraph 1 after 1 April 2007:
1) the disabled with Group I, Group II or Group III invalidity or severe or
moderate disability or the disabled whose capacity for work does not exceed 55% or who
are rated as having high- or medium-level special needs (irrespective whether they are
registered with a local labour exchange office or not);

2) the long-term unemployed who have been unemployed for more than two years
since their registration with a local labour exchange office;

3) the persons for whom not more than five years are left until the pensionable age,
where they have been unemployed for more than one year since their registration with a
local labour exchange office;

4) a mother or a father who alone takes care of and raises a child under eight years
of age, where this person has been unemployed for more than six months since his
registration with a local labour exchange office;

5) the persons who returned from imprisonment institutions, where they were
imprisoned for more than six months and registered with a local labour exchange office
not later than within six months from their release from a correctional institution, provided
they are registered with the local exchange office for not less than six months.

Version of paragraph 2 before 1 April 2007:
2. The disabled with Group I, Group II or Group III invalidity or moderate disability or the disabled whose capacity for work is rated at 30-55% and who seek employment in a social enterprise shall not be under the obligation to register with a local labour exchange. They must submit to the employer a document certifying their disability.

**Version of paragraph 2 after 1 April 2007:**

2. The disabled with Group I, Group II or Group III invalidity or severe or moderate disability or the disabled whose capacity for work does not exceed 55% and who are rated as having high- or medium-level special needs and who seek employment in a social enterprise shall not be under the obligation to register with a local labour exchange. They must submit to the employer a document certifying their disability.

3. Local labour exchange offices must prepare the information available about the persons who are registered with a local labour exchange and are attributed to the target groups indicated in subparagraphs 2-5 of paragraph 1 of this Article, where a legal person seeking or having the status of a social enterprise requests such information.

4. The persons indicated in subparagraphs 2-5 of paragraph 1 of this Article shall be attributed to the indicated target groups for a period of one more year after their first employment, irrespective of whether they have been dismissed at least once or not.

5. A municipality and a local labour exchange office shall provide recommendations to a social enterprise regarding employment of the specific persons who are attributed to the target groups.

**Article 5. Peculiarities of Employment Relations and Remuneration**

1. Employment relations in a social enterprise shall be regulated by the Labour Code, this Law and other legal acts.

**Version of paragraph 2 before 1 April 2007:**

2. By agreement of the parties, a fixed-term employment contract may be concluded with an employee who is attributed to a target group for a period not less than 12 months. When concluding employment contracts with such employees, no trial period may be agreed upon.

**Version of paragraph 2 after 1 April 2007:**

2. By agreement of the parties, a fixed-term employment contract may be concluded with an employee who is attributed to a target group for a period not less than 6
months. When concluding employment contracts with such employees, no trial period may be agreed upon.

3. Employment of a person who is attributed to a target group may not serve as the basis for dismissal of another employee of that enterprise.

4. The employees who are attributed to the target groups may, upon their request and subject to the employer’s consent, be established a different time of the beginning and end of daily work (shift) and part-time work in accordance with the procedure laid down by the Labour Code.

5. The persons who are attributed to the target groups may, in accordance with the procedure laid down by labour laws, be established lower work requirements than are usually established for analogous activities in the same social enterprise or other similar enterprises, but these persons’ wages may not be reduced due to the established lower requirements as well as reduced productivity. The additional expenses incurred by the employer due to reduced productivity of these employees shall be reimbursed by the State in the manner established by this Law.

6. The period during which the employees who are attributed to the target groups participated, during their working time, in training and social skills development measures shall be included in their working time, and not less than average wage shall be paid for that period.

CHAPTER TWO
RIGHTS AND DUTIES OF A SOCIAL ENTERPRISE

Article 6. Rights of a Social Enterprise

A social enterprise shall have the right:

1) to obtain from a local labour exchange office the information available to it regarding the persons registered with it and attributed to the target groups as well as to carry out their selection prior to employing them;

2) to receive State aid under this Law and other legal acts, including those establishing support of small- and medium-sized enterprises, as well as the social programmes financed from the State budget and monetary funds;

3) to obtain free of charge from state and municipal institutions and agencies information on the issues within the scope of its competence;
4) in the cases established by laws, to receive support from other Lithuanian and foreign persons;

5) to exercise other privileges granted by laws and other legal acts.

**Article 7. Duties of a Social Enterprise**

A social enterprise must:

1) carry out, according to a plan indicated in subparagraph 4 of paragraph 2 of Article 8 of this Law, the measures aimed at the development of working and social skills as well as social integration of the persons who are attributed to the target groups and provide conditions for them to participate in other measures having the same purpose;

2) exercise in good faith the rights and privileges granted by legal acts, not use the status of a social enterprise for unfair competition;

3) use State aid funds only for the purposes indicated in Article 2 of this Law, and other support funds received – also only according to their purpose;

4) keep the documents certifying the attribution of employees to the target groups, also submit to a local labour exchange office by the 15th day of every month reports on recruitment and dismissal of the persons who are attributed to the target groups and on the number of the employees who are attributed to the target groups and their proportion to all employees of the social enterprise;

5) submit, in accordance with the procedure laid down by the Government or an institution authorised by it, a report on the State aid received from all sources and used to the institution authorised by the Government on a quarterly basis by the 25th day of the first month of the next quarter, and at the close of the year – by 1 March of the next year;

6) in accordance with the procedure and within the time limits laid down by legal acts, draw up and submit annual financial statements to an institution authorised by the Government.

**CHAPTER THREE**

**ACQUISITION AND LOSS OF THE STATUS OF A SOCIAL ENTERPRISE**

**Article 8. Acquisition of the Status of a Social Enterprise**

1. The status of a social enterprise shall be granted to a legal person upon its request by an institution authorised by the Government in accordance with the procedure laid down by the Government or the institution authorised by it.
2. The following documents shall accompany an application for the granting of the status of a social enterprise:

1) copy of a legal person’s registration certificate;
2) copies of a legal person’s founding documents;
3) operating (business) plan;
4) plan of measures for the development of social skills and social integration of the persons who are attributed to the target groups;
5) documents of financial statements for the two previous years;
6) copy of a financial report on funds of the State Social Insurance Fund and the Health Insurance Fund for the last quarter;
7) a certificate issued by the State Tax Inspectorate about settlements with the State budget and municipal budgets;
8) where audit of the last financial year has been performed, copies of reports on audit and auditor’s reports regarding continuity of the enterprise’s operation;
9) copies of the documents certifying the ownership of assets (building, land, etc.) and relating to the creation or adaptation of workplaces.
3. (repealed)
4. The documents listed in subparagraphs 5-8 of paragraph 2 of this Article shall be submitted only in the case when a legal person pursued economic activity prior to applying for the grating of the status of a social enterprise.
5. The structure and assessment criteria of an operating (business) plan and plan of measures for the development of social skills as well as social integration of the persons who are attributed to the target groups shall be established by the Government or an institution authorised by it.

Version of paragraphs 6, 7 and 8 before 1 April 2007:
6. The plan indicated in subparagraph 4 of paragraph 2 of this Article must be agreed with a local labour exchange office, a labour market training authority as well as municipal administrator according to the location of the registered office of the legal person that has submitted this plan.
7. The status of a social enterprise shall not be granted where:
1) not all required documents have been submitted;
2) a legal person does not fulfil the conditions set out in Article 3 of this Law;
3) it transpires that a legal person has submitted an incomplete or misleading information about itself;
4) an operating (business) plan submitted does not meet the criteria established by the Government or an institution authorised by it;

5) a plan of measures for the development of social skills and social integration of the persons who are attributed to the target groups does not meet the criteria established by the Government or an institution authorised by it;

6) a legal person is indebted to its employees and has non-deferred debts to the State budget or the budget of the State Social Insurance Fund;

7) a legal person whose status of a social enterprise was cancelled earlier on the grounds indicated in subparagraphs 4 and 5 of paragraph 1 of Article 11 of this Law applies for the granting of the status of a social enterprise, whereas less than one year has lapsed from the taking of a decision on the revocation of the status of a social enterprise.

8. In the event of refusal to grant the status of a social enterprise, the same legal person may apply again for granting thereof not earlier than after the lapse of six months from the day when a decision on the refusal to grant the status of a social enterprise was taken, with the exception of the case indicated in subparagraph 1 of paragraph 7 of this Article.

As of 1 April 2007, paragraph 6 shall be repealed, paragraphs 7 and 8 shall be renumerated as paragraphs 6 and 7 respectively:

6. The status of a social enterprise shall not be granted where:

1) not all required documents have been submitted;

2) a legal person does not fulfil the conditions set out in Article 3 of this Law;

3) it transpires that a legal person has submitted an incomplete or misleading information about itself;

4) an operating (business) plan submitted does not meet the criteria established by the Government or an institution authorised by it;

5) a plan of measures for the development of social skills and social integration of the persons who are attributed to the target groups does not meet the criteria established by the Government or an institution authorised by it;

6) a legal person is indebted to its employees and has non-deferred debts to the State budget or the budget of the State Social Insurance Fund;

7) a legal person whose status of a social enterprise was cancelled earlier on the grounds indicated in subparagraphs 4 and 5 of paragraph 1 of Article 11 of this Law applies for the granting of the status of a social enterprise, whereas less than one year has lapsed from the taking of a decision on the revocation of the status of a social enterprise.
7. In the event of refusal to grant the status of a social enterprise, the same legal person may apply again for granting thereof not earlier than after the lapse of six months from the day when a decision on the refusal to grant the status of a social enterprise was taken, with the exception of the case indicated in subparagraph 1 of paragraph 7 of this Article.

**Article 9. Consideration of an Application for the Granting of the Status of a Social Enterprise**

1. An institution authorised by the Government shall, not later than within 30 days from the submission of all necessary documents, consider a received application for the granting of the status of a social enterprise and take a decision on the granting of the status of a social enterprise. Where not all documents as indicated in paragraph 2 of Article 8 of this Law are submitted together with the application, the institution authorised by the Government shall lay down a time limit within which a legal person must submit missing documents. The institution authorised by the Government shall notify the applicant of a decision taken on the granting of the status of a social enterprise not later than within 3 working days of the taking of the decision.

2. The status of a social enterprise shall usually be granted for an indeterminate time period, as long as a legal person fulfils the conditions specified in Article 3 of this Law. By a reasoned decision of an institution authorised by the Government, the status of a social enterprise may be granted for a different period, but not less than for 3 years. Upon the expiry of this period, the legal person may be granted the status of a social enterprise in accordance with the procedure laid down by this Law.

3. Where it is refused to grant the status of a social enterprise, reasons for the refusal shall be listed in the decision.

**Article 10. Certificate of a Social Enterprise**

1. Upon the taking of a decision to grant the status of a social enterprise, a legal person shall be issued a certificate of the form established by an institution authorised by the Government.

2. Upon the taking of a decision to consider a legal person as a social enterprise of the disabled, the legal person shall be issued a certificate of the form established by an institution authorised by the Government.
Article 11. Loss of the Status of a Social Enterprise

1. The status of a social enterprise shall be lost on the following grounds:

1) a legal person submits an application for the revocation of the status of a social enterprise;

2) a legal person gives a written notice of a decision taken on transformation or reorganisation thereof;

3) a social enterprise has failed to fulfil the conditions set out in Article 3 of this Law for a time period exceeding six months during the previous calendar year;

4) a social enterprise defaults on contractual obligations under an agreement on the procedure for paying and using subsidies;

5) it transpires that a social enterprise abused its status of a social enterprise or was engaged in unfair competition or inappropriately used aid funds or failed on submit a report thereon or otherwise violated the legal acts regulating its activities.

2. A social enterprise must give notice to an institution which is authorised by the Government and which has granted the status of a social enterprise of all the grounds whereon the status of a social enterprise may be revoked within 15 days of the day of rise of such grounds.

3. The management organ of a social enterprise must give notice to an institution which is authorised by the Government and which has granted the status of a social enterprise of the enterprise’s reorganisation, liquidation or transformation not later than within three days from the taking of a decision on reorganisation, liquidation or transformation thereof.

4. An institution authorised by the Government shall take a decision on the revocation of the status of a social enterprise not later than within 15 working days from the establishment of a ground for the taking of the decision to revoke this status.

Article 12. Data of the Legal Entities’ Register on a Social Enterprise

1. An institution granting the status of a social enterprise shall, not later than within five working days from the taking of a decision on the granting of the status of a social enterprise, give notice thereof to the Legal Entities’ Register.

2. In addition to the data indicated in other laws, the following data of a social enterprise shall be additionally indicated in the Legal Entities’ Register:

1) the status of a social enterprise of a legal person;

2) date of the granting of the status of a social enterprise.
CHAPTER FOUR
STATE AID TO SOCIAL ENTERPRISES

Article 13. Types of State Aid Provided to a Social Enterprise
1. A social enterprise may be granted the State aid of the following types:
   1) partial reimbursement of wages and state social insurance contributions;
   2) subsidy for the creation of workplaces, adaptation of workplaces to disabled employees and acquisition or adaptation of their work equipment;
   3) subsidy for the training of the employees who are attributed to the target groups.
2. In addition to the types of State aid indicated in paragraph 1 of this Article, additional State aid of the following types may be provided to a social enterprise of the disabled:
   1) subsidy for the adaptation of the work environment of disabled employees, production premises and rest rooms;
   2) subsidy for the reimbursement of additional administrative and transport expenses;
   3) subsidy for the reimbursement of expenses on an assistant (sign language interpreter).

Article 14. Partial Reimbursement of Wages and State Social Insurance Contributions
1. Partial reimbursement of wages and state social insurance contributions shall be designed to reimburse the additional expenses incurred by a social enterprise and relating to the lack of working skills of the employees who are attributed to the target groups, their reduced productivity or limited capacity for work.
2. Reimbursement shall be calculated in percentage of the wage of all types as calculated for that month for every employee of a social enterprise who is attributed to a target group, without exceeding the amount of two minimum monthly salaries as valid in that month and approved by the Government, and of the amount of an insurer’s compulsory state social insurance contributions calculated on this wage.

Version of paragraph 3 before 1 April 2007:
3. The reimbursement awarded for every disabled employee with Group I or Group II invalidity or moderate disability or for a disabled employee whose capacity for work is rated at 30-55% shall make up 60% of the amount indicated in paragraph 2 of this Article.

**Version of paragraph 3 after 1 April 2007:**

3. The reimbursement awarded for every disabled employee with Group I or Group II invalidity or severe or moderate disability or for a disabled employee whose capacity for work does not exceed 55% or who is rated as having high- or medium-level special needs shall make up 60% of the amount indicated in paragraph 2 of this Article.

4. The reimbursement awarded for every disabled employee with Group III invalidity and for every employee who is attributed to a target group indicated in subparagraphs 2-5 of paragraph 1 of Article 4 of this Law shall make up 50% of the amount indicated in paragraph 2 of this Article.

**Article 15. Subsidy for the Creation of Workplaces, Adaptation of Workplaces to Disabled Employees and Acquisition or Adaptation of Their Work Equipment**

1. A subsidy for the creation of a workplace in a social enterprise may be granted provided all of the following conditions are fulfilled:

   1) the average number of employees on the staff list of the social enterprise increases after the creation of the workplace as compared with the average number of employees on the staff list during the previous calendar year;

   2) this workplace will be maintained for not less than 36 months;

   3) this workplace is filled by the persons who are attributed to the target groups.

2. The amount of a subsidy for the creation of a workplace may not exceed 70% (in the case of the creation of a workplace for a disabled employee – 90%) of the total amount of expenses required for this purpose, however, a subsidy for the creation of one workplace may not exceed 40 minimum monthly salaries as valid in the month of granting of the subsidy and approved by the Government.

3. A subsidy for the adjustment of a workplace to a disabled employee and for the reimbursement of expenses on the acquisition or adjustment of his work equipment may be granted only where these expenses are required to eliminate the obstacles within an enterprise arising due to the disability of employees and preventing him from performing work functions. The amount of a subsidy for the creation of a workplace may not exceed
70% (in the case of the creation of a workplace for a disabled employee – 90%) of the total amount of expenses required for this purpose, however, a subsidy for the creation of one workplace may not exceed 40 minimum monthly salaries as valid in the month of granting of the subsidy and approved by the Government.

Article 16. Subsidy for the Training of the Employees who are Attributed to the Target Groups

1. In order to reimburse the expenses incurred by social enterprises to train the employees who are attributed to the target groups, a subsidy may be granted to these enterprises. The training must be carried out in order to improve the qualification of employees required for the operation of a social enterprise.

2. A subsidy for the training of the employees who are attributed to the target groups may be granted in the following amounts:

1) for general training – up to 80% of required expenses;
2) for specific training – up to 45% of required expenses.

3. Under this Law, general training shall mean the training of a person or a group of person which is directly unrelated to the job performed or the post occupied by the person in a social enterprise or a training during which the person acquires the skills and knowledge that could also be applied in another job. Specific training shall mean the training of a person or a group of person which is directly related to the job performed or the post occupied by the person in a social enterprise, and the skills and knowledge acquired during the training could not be applied or could be applied only to a limited extent in another job. Training shall be considered specific where it has not been specified that this is general training.

4. The following expenses required for general and specific training shall be subsidised:

1) expenses on the remuneration for work and social insurance of teachers (tutors, instructors, social workers) for the period of time spent when directly working with the persons undergoing training;
2) expenses on the training-related travels of teachers (tutors, instructors, social workers) and the persons undergoing training;
3) other necessary expenses (guidance literature, minor means, work material, etc.);
4) wages for the persons undergoing training as calculated for the period of their training.

5. The total amount of the expenditure indicated in subparagraph 4 of paragraph 4 of this Article may not exceed the total amount of the expenditure indicated in subparagraphs 1-3.

**Article 17. Subsidy for the Adaptation of Work Environment, Production Premises and Rest Rooms to Disabled Employees**

1. With a view to reimbursing the expenses incurred by social enterprises of the disabled and intended to eliminate the obstacles arising due to the disability of a disabled employee and preventing the employee from accessing his workplace or the rest rooms of the enterprise, a subsidy shall be granted for the adaptation of the work environment of disabled employees, production premises and rest rooms.

2. The amount of a subsidy to reimburse the expenses indicated in paragraph 1 of this Article may not exceed 70% of the aggregate amount of these expenses.

**Article 18. Subsidy for the Reimbursement of Additional Administrative and Transport Expenses**

1. With a view to reimbursing the additional administrative expenses of social enterprises of the disabled incurred due to the work of disabled employees, a subsidy for the reimbursement of additional administrative expenses shall be granted.

*Version of paragraph 2 before 1 April 2007:*

2. Where a social enterprise organises transportation to and from work of its disabled employees with Group I or Group II invalidity or moderate disability or of the disabled employees whose capacity for work is rated at 30-55%, also delivery to and from home of the materials, parts, products, etc. required for work at home of the disabled employees upon conclusion of outwork contracts with them, this enterprise may be granted a subsidy for the reimbursement of the fuel expenses incurred by it.

*Version of paragraph 2 after 1 April 2007:*

2. Where a social enterprise organises transportation to and from work of its disabled employees with Group I or Group II invalidity or severe or moderate disability or of the disabled employees whose capacity for work does not exceed 55% or who are rated as having high- or medium-level special needs, also delivery to and from home of the materials, parts, products, etc. required for work at home of the disabled employees upon
conclusion of outwork contracts with them, this enterprise may be granted a subsidy for the reimbursement of the fuel expenses incurred by it.

3. The amount of each subsidy as indicated in paragraphs 1 and 2 of this Article may not exceed 70% of the aggregate amount of required expenses.

Version of Article 19 before 1 April 2007:

Article 19. Subsidy for the Reimbursement of Expenses on an Assistant (Sign Language Interpreter)

1. As an assistant (sign language interpreter) is required to help disabled employees with Group I or Group II invalidity or moderate disability or the disabled employees whose capacity for work is rated at 30-55% to perform their work functions, a subsidy shall be granted for the reimbursement of such expenses.

2. The subsidy indicated in paragraph 1 of this Article shall make up 30% of the amount of the minimum hourly remuneration valid in the month of granting of the subsidy and approved by the Government per disabled employee with Group I invalidity or moderate disability or disabled employee whose capacity for work is rated at 30-40% and shall make up 20% per disabled employee with Group II invalidity or disabled employee whose capacity for work is rated at 45-55%, taking account of the time actually worked by the disabled employee.

Version of Article 19 after 1 April 2007:

Article 19. Subsidy for the Reimbursement of Expenses on an Assistant (Sign Language Interpreter)

1. As an assistant (sign language interpreter) is required to help disabled employees with Group I or Group II invalidity or severe or moderate disability or the disabled employees whose capacity for work does not exceed 40% or who are rated as having high- or medium-level special needs to perform their work functions, a subsidy shall be granted for the reimbursement of such expenses.

2. The subsidy indicated in paragraph 1 of this Article shall make up 40% of the amount of the minimum hourly remuneration valid in the month of granting of the subsidy and approved by the Government per disabled employee with Group I invalidity or severe or moderate disability or disabled employee whose capacity for work does not exceed 25% or who is rated as having high- or medium-level special needs and shall make up 20% per disabled employee with Group II invalidity or disabled employee whose capacity for work is rated at 30-40%, taking account of the time actually worked by the disabled employee.
**Article 20. Procedure for Granting and Paying State Aid**

1. The State aid specified in this Law shall be provided to social enterprises by an institution authorised by the Government in accordance with the procedure laid down by the Government or the institution authorised by it.

2. In order to receive the State aid specified in this Law, social enterprises shall submit to an institution authorised by the Government the documents specified in a description of the procedure as indicated in paragraph 1 of this Article and substantiating the need for subsidised expenses.

3. An institution authorised by the Government shall consider the applications submitted and take decisions on the granting of the State aid indicated in Article 13 of this Law.

4. An institution authorised by the Government shall, in compliance with this Law and other legal acts, take a decision of the amount of a subsidised part of the expenses indicated in Articles 15, 16, 17, 18 and 19 of this Law in compliance with the restrictions specified in this Law.

5. Only the expenses of a social enterprise which it incurred after the conclusion of an agreement on the payment and use of subsidies shall be subsidised. A subsidy for training as well as subsidy for the adaptation of a workplace may be granted in order to reimburse the expenses incurred by a social enterprise within one year of the submission of an application and other specified documents.

6. Upon taking of a decision on the granting of a targeted subsidy, an agreement shall be concluded between an institution authorised by the Government and a social enterprise on the procedure for paying and using the subsidy. The standard form of the agreement shall be approved by the Government or an institution authorised by it.

7. A targeted subsidy shall not be granted, and the subsidy already granted shall not be paid where the total amount of aid granted to an enterprise would exceed the maximum allowable limits of State aid per enterprise as indicated in Article 22 of this Law.

**Article 21. Restrictions on the Use of Subsidies**

1. A subsidy granted to a social enterprise must be fully repaid where the social enterprise:
1) submits knowingly false information about the purposes as well as expenses for which a specific subsidy is requested;

2) conceals the circumstances of importance when taking a decision on the granting of a specific subsidy;

3) refuses to provide the information or to submit the documents required for verification of the use of subsidies as well as economic and financial activities of the social enterprise;

4) uses the funds of a subsidy for other purposes or in violation of the terms and conditions of an agreement on the procedure for paying and using subsidies.

2. Upon the liquidation of a workplace for the creation or adaptation whereof a subsidy has been granted, a social enterprise must repay: in the case of liquidation of this workplace during the first year after the creation thereof – the total amount of a targeted subsidy, in the case of liquidation of this workplace during the second year after the creation thereof – 80% of the amount of the subsidy, and in the case of liquidation of the workplace during the third year after the creation thereof – 50% of the amount of the subsidy. In the event of recruitment of a person who is not attributed to a target group to this workplace during the first year of the creation thereof, a social enterprise must repay 80% of the amount of the subsidy.

3. The fixed assets as acquired by a social enterprise with the help of subsidies may not be sold, transferred by gift or transferred otherwise, also removed from the territory of the Republic of Lithuania, pledged or the rights thereto may not be restricted without an authorisation of an institution authorised by the Government for a period of not less than three years from the acquisition of these assets. Where the social enterprise defaults on these conditions, a target subsidy or a respective part thereof must be repaid.

4. A targeted subsidy or a respective part thereof must be repaid to the State also in the case where the fixed assets for acquisition (creation) whereof the subsidy has been granted are mutilated or destroyed prior to the lapse of three years from the end of implementation of the subsidised project, with the exception of the cases where they are lost due to force majeure or a criminal act committed by third parties, provided this fact has been proved in accordance with the procedure laid down by laws, or where a social enterprise has invested the funds received as an insurance benefit for destroyed tangible fixed assets in other tangible fixed assets, with the exception of the cases when insurance benefits are allocated for the covering of the employer’s expenses as provided for in Article 13 of this Law.
5. Where subsidies must be repaid through the fault of a social enterprise, the amount of subsidies actually transferred to the social enterprise and interest in the amount specified in an agreement on the procedure for paying and using subsidies for a period from the receipt of a subsidy until complete settlement of the social enterprise with the State shall be recovered. This interest may not fall below the amount specified by the European Commission in the case of repayment of State aid.

6. Decisions on the repayment of subsidies shall be taken by an institution authorised by the Government. The decisions taken by it may be appealed against to court.

Article 22. Restrictions on the Amount of State Aid

1. The right of social enterprises as stipulated in this Law to receive subsidies shall not divest them of the right to receive the State or European Union aid specified in other laws or legal acts and meeting the criteria set out in paragraph 1 of Article 87 of the Treaty establishing the European Community, however the aggregate amount of this aid per enterprise over three successive years may not exceed LTL 51 750 000. Where State or European Union financial aid is granted in a form other than a subsidy, the aid amount shall be the subsidy equivalent of the aid.

2. In addition to the aid provided for by this Law, social enterprises shall have the right to receive other aid than specified in Article 14 of this Law in order to cover the amount of wages of the persons who are attributed to the target groups and the compulsory state social insurance contributions calculated on these wages; however, the total amount of this aid may not exceed 100% of the aggregate amount of wages of the employees who are attributed to the target groups and the insurer’s state social insurance contributions as calculated on these wages.

3. Where a social enterprise receives State aid in the form of the types of State aid indicated in subparagraph 2 of paragraph 1 and in paragraph 2 of Article 13 of this Law from several sources, the aggregate amount of the State aid received from several sources according to each type of State aid may not exceed the amount of the respective type of State aid as specified by this Law.

4. Where the amount of the State aid actually received as calculated on the last day of the quarter exceeds allowable limits, this surplus amount must be repaid to the provider of aid within one month of the time limit for the submission of a report on the aid received and used to an institution authorised by the Government.
Article 23. Funds for the Support of Social Enterprises

The State aid as specified in Article 13 of this Law shall be allocated from the State budget.

Article 24. Control of Social Enterprises

1. An institution authorised by the Government shall have the right to organise and carry out inspections of social enterprises to check compliance with this Law.

2. A procedure for carrying out inspections shall be laid down by an institution authorised by the Government.

3. During an inspection, civil servants of an institution authorised by the Government shall have the right:
   1) to obtain oral or written explanations from persons under inspection and request them or their representatives to arrive to the office premises of the civil servant carrying out inspection in order to provide explanations;
   2) upon producing their certificate of employment and a decision of an institution authorised by the Government on the carrying out of an inspection, to freely enter the premises of the social enterprises under inspection during their working hours, inspect the documents, record books and other sources of information needed for the inspection and obtain opinions from expertise bodies or experts based on inspection materials;
   3) to request or produce copies of accounting documents, contracts, orders as well as other documents and information of the social enterprises under inspection;
   4) to temporarily, for not more than one month, seize the documents of the social enterprises under inspection that may be used as evidence of violations, leaving a justified decision for the seizure of the documents and a statement of the seizure of the documents.

Article 25. Accumulation of Information about the State Aid Provided

An institution authorised by the State shall accumulate information on the State aid provided to specific social enterprises under this Law and shall submit it in accordance with the procedure laid down by laws to the institutions of the Republic of Lithuania and the European Union exercising supervision of provision of State aid.

CHAPTER FIVE
FINAL PROVISIONS
Article 26. Functions of an Institution Authorised by the Government to Grant the Status of a Social Enterprise in Implementing This Law

In implementing this Law, an institution authorised by the Government to grant the status of a social enterprise shall:

1) administer the State budget funds allocated for the support of social enterprises;
2) consider and take a decision on the granting and cancellation of the status of a social enterprise for a legal person;
3) consider applications of social enterprises for the granting of subsidies and take relevant decisions;
4) accumulate information on the State aid provided to specific social enterprises under this Law and submit it in accordance with the procedure laid down by laws to the institutions of the Republic of Lithuania and the European Union exercising supervision of provision of State aid;
5) assess the reports submitted by social enterprises on their activity and use of funds, submit annual summary reports to the Ministry of Social Security and Labour;
6) in accordance with the procedure laid down in this Law, organise and carry out inspections of social enterprises;
7) where necessary, organise trainings for the heads and personnel of social enterprises working with the persons who are vulnerable in the labour market;
8) develop and implement the projects aimed at the improvement and development of activities of social enterprises;
9) control the activities of local labour exchange offices in performing the functions assigned to them by this Law.

Article 27. Transitional Provisions

1. The production enterprises established prior to the entry into force of this Law, where the share of disabled employees with Group I, Group II or Group III invalidity therein in 2003 and on the day of the entry into force of this Law as compared with the average number of employees on the staff list met the condition set in subparagraph 2 of paragraph 1 of Article 3 of this Law, also the production enterprises in which, as on 31 December 2003, associations of the disabled were holding the shares (interests, member shares) of these enterprises which carry over ½ of votes at the general meeting of shareholders, shall be granted the status of a social enterprise at their request in accordance
with the simplified procedure laid down by an institution authorised by the Government for a period until 31 December 2004.

2. The enterprises indicated in paragraph 1 of this Article must submit applications for the granting of the status of a social enterprise to an institution authorised by the Government within three months of the entry into force of this Law. The status of a social enterprise shall later be granted to them in accordance with the procedure laid down in Chapter Three of this Law.

3. In the cases when a subsidy provided for under this Law is granted to reimburse the expenses incurred during a previous period, only the expenses which a social enterprise incurred after the entry into force of this Law may be reimbursed.

I promulgate this Law passed by the Seimas of the Republic of Lithuania.

ACTING PRESIDENT OF THE REPUBLIC ARTŪRAS PAULAUSKAS

Annex to
Republic of Lithuania
Law on Social Enterprises

EU LEGAL ACTS IMPLEMENTED BY THE LAW ON SOCIAL ENTERPRISES
