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LITHUANIA

I. INTRODUCTION

1. General Approach to gambling

Lithuania is a unitary state. Law on Games of 17 May 2001 (No IX-325) establishes the conditions and procedure for the operation of gaming in the Republic of Lithuania. Furthermore, the Law on lotteries of 1 July 2003 (No IX-1661) regulates the conditions and procedure for operating lotteries in the country. The purpose of the Law on Lotteries is to ensure the fulfilment of obligations undertaken by lottery operators in respect of players and to ensure the protection of the rights of players and lottery operators.

Gaming licences shall be issued by the State Gaming Control Commission (hereinafter referred to as the Control Commission). Prior to issuing a gaming licence, the Control Commission must receive the conclusions of the State Security Department, the Financial Crime Investigation Service under the Ministry of the Interior, the Special Investigation Service and the Police Department under the Ministry of the Interior. According to the Gaming Law there are different types of gaming licences and they can be issued to operate: 1) table games and category A machine gaming; 2) category B machine gaming; 3) bingo; 4) totalisator; 5) betting. A single company may be issued all types of licences.

Gaming shall be operated by public and private companies which act in accordance with the procedure established by the Lithuanian Company Law and which have obtained a licence to carry out this activity and permits to open gaming machine halls, bingo halls and gaming establishments (casinos) or when the Control Commission approves totalisator or betting regulations.

It is prohibited to operate gaming which is not provided for in the Gaming Law or to operate it in violation of the procedure established in the Law on games.

2. Definitions

Lithuanian Law on Games recognizes following types of gaming:

1. *Machine gaming*

games by gaming machines of category A are played when tokens are inserted into the gaming machine and the winnings are paid out in tokens by the machine. The result of the game and the amount of winnings are determined by the gaming machine;

games by gaming machines of category B are played when coins and (or) tokens are inserted into a gaming machine and the winnings are paid out in money or tokens. The result of the game and the amount of winnings are determined by the gaming machine.

2. *Bingo*

is a game which is played with cards bearing numbers and a scoreboard; the amount of winnings depends on the total amount of stakes and the combination of numbers selected at random. The total bingo winnings fund shall comprise at least 50 percent of the total amount of stakes.

3. *Table games*

roulette is a game which is played by guessing in which slot a ball dropped on a spinning wheel will stop; the amount of winnings depends on the total amount of stakes and the winning ratio fixed in advance;

card or dice game is played when the winner and the amount of winnings is determined on the basis of symbols of the cards dealt or the score of dice.

4. *Totalisator*

is a game which is played by guessing the result of a sporting event where the amount of winnings depends on the ratio between the bet size fixed in advance by totalisator operators and the winnings fund. The total totalisator winnings fund shall comprise at least 50 percent of the total amount of the bets made.

5. *Betting*

means mutual betting on the outcome of an event based on guessing where the amount of winnings depends on the amount of the bet made and the betting ratio fixed in advance by the betting intermediary.

6. *Lotteries*

The Law on Lotteries of 1 July 2003 (No IX-1661) divides lotteries according to their scale into national and local lotteries.

According to their nature **lotteries are divided** by this Law into:

numeric lotteries where a correct choice of numbers and/or other symbols leads to winning a prize, while the prize and its amount are predetermined by the sum paid for the lottery ticket and the selection of numbers and/or other symbols chosen by the player matches the winning selection in a lottery. The price of a numeric lottery ticket shall be fixed or the player may choose the ticket price;

instant lotteries where prizes and their amount become known immediately after the player purchases a lottery ticket and checks it in accordance with the procedure set out in the lottery rules. The price of an instant lottery ticket shall be fixed;

classic lotteries where prizes are won by choosing a lottery ticket with printed numbers and/or symbols unknown to the player, while the prize and its amount is predetermined by the number of numbers and/or other symbols printed on the lottery ticket that matches those drawn in a lottery. The price of a classic lottery ticket shall be fixed;

sports lotteries where a correct choice of numbers and/or other symbols which specify the result of a sporting event leads to winnings a prize, while the prize and its amount are predetermined by the number of correct numbers and/or symbols chosen by the player which depends on the result of the sporting event. The price of a sports lottery ticket shall be fixed.

According to the **manner of distributing lottery tickets**, data processing and paying out prizes, lotteries are subdivided into:

remote communication computer lotteries where lottery tickets are sold and prizes are paid out through remote communication computer network terminals located in different places of the Republic of Lithuania and linked by way of telecommunication

with the central host computer which ensures a centralised recording of lottery ticket sales and prize pay-outs;

offline lotteries where lottery tickets are sold and prizes are paid out without the use of remote communication computer network terminals;

telephone lotteries where the information required for entering a lottery is transmitted to the lottery's computer database by telephone and a recording is made in the database evidencing participation in the lottery. The player shall pay for entering the lottery through a telephone network operator;

online lotteries where the information required to enter a lottery is transmitted to the lottery's computer database by the Internet and a recording is made in the database evidencing participation in the lottery. The player shall pay for entering the lottery through telecommunication service systems of credit institutions.

Media gambling, promotional games and charity lotteries are not explicitly regulated by Law. If required, such games will be regulated by decision of state authority according to the existing regulation by analogy.

3. Taxes

Lottery and gaming tax shall be paid by legal persons that operate lotteries in accordance with the Law on Lotteries and gaming in accordance with the Gaming Law and is regulated by Law on Lottery and Gaming tax. The tax duty regarding the other taxes and fees shall be determined according other respective tax laws. The standard rate of tax for all corporation in Lithuania is for the year 2005 15%.

The taxable period in respect of lottery and gaming tax shall be one quarter of a calendar year.

The lottery and gaming tax base shall be:

in respect of **lotteries**, the total face value of the tickets distributed in a lottery,
in respect of **bingo, totalisator and betting**, the total amount of proceeds less the amount of prizes actually paid out,
in respect of **machine gaming and table games**, a fixed amount for each gaming device (gaming machine, roulette, card or dice table).

When operating **lotteries**, a tax rate of 5% shall be imposed on the lottery and gaming tax base.

When operating **bingo, totalisator and betting**, a tax rate of 15% shall be imposed on the lottery and gaming tax base.

When operating **machine gaming and table games**, a fixed tax amount shall be imposed on each gaming device:

- 1) LTL 1 800 (app. 521 EUR) per **gaming machine of category A**⁴⁸⁷ for each taxable period;
- 2) LTL 600 (app. 174 EUR) per **gaming machine of category B**⁴⁸⁸ for each taxable period;
- 3) LTL 12 000 (app. 3.475 EUR) per **roulette, card or dice table** for each taxable period.

⁴⁸⁷ A gaming machine of category A means a gaming machine with unlimited winnings where the maximum single winning is not limited.

⁴⁸⁸ A gaming machine of category B means a gaming machine with limited winnings where the maximum single winning does not exceed LTL 200, the maximum amount of a stake made per game does not exceed LTL 1 and the duration of a single game is not less than 3 seconds.

Legal persons operating lotteries, bingo, totalisator and betting shall assess the lottery and gaming tax on the basis of the tax rate specified above and pay it to the budget after the end of each taxable period before the 15th day of first month of the next taxable period.

Lottery and gaming tax paid by legal persons operating national lotteries in accordance with the Law on Lotteries and gaming in accordance with the Gaming Law shall be entered in the state budget. Lottery and gaming tax paid by legal persons operating local lotteries in accordance with the Law on Lotteries shall be entered in the budget of the municipality which has issued a lottery operating licence.

II. LISTING**A) LEGISLATION ENACTED**

Lietuvos Respublikos azartinių loimų įstatymas (Law on games 17.03.2001)

Lietuvos Respublikos loterijų įstatymas (Law on lotteries 01.07.2003)

Lietuvos Respublikos loterijų ir azartinių loimų mokesčio įstatymas (Lotteries and games tax Law 17.05.2001)

Azartinių loimų licencijavimo taisyklės (Law on game licences 09.12.2003)

Didųjų ir mažųjų loterijų licencijavimo taisyklės (Law on lotteries licences 09.12.2003)

Valstybinės loimų priežiūros komisijos nuostatai (Rules of Game Advisory Committee 09.12.2003)

Loimo įrenginio tipo tvirtinimo tvarka (Rules for licensing gambling business 25.04.2003)

Totalizatoriaus ir lajų punktų steigimo tvarka (Rules for opening gambling rooms 05.10.2001)

Loimus organizuojančių bendrovių finansinių ataskaitų sudėties ir jų pateikimo valstybinei loimų priežiūros komisijai tvarka (Rules on reporting of games activities 11.01.2002)

Lietuvos loimo įrenginių registro nuostatai (Law on games accounting 25.04.2003)

B) DRAFT LEGISLATION

No entries (on the basis of information currently available)

C) SELF-REGULATION

No entries (on the basis of information currently available)

D) JURISPRUDENCE

No entries (on the basis of information currently available)

III. BARRIERS

a) Panorama

According to Art. 8 of the Law on games (17.05.2001) **only joint stock companies incorporated according Lithuanian business law in Lithuania may receive a licence for gambling business in Lithuania** (All of the shares of a gaming company shall be registered shares).

It is prohibited to operate gaming which is not provided for in the Law on games or to operate it in violation of the procedure established in the Law on games.

The operation of gaming shall be prohibited in the following locations:

1) residential houses, except those where non-residential premises located on the ground floor have been adapted for other activity according to the design and use of the building and which have a separate entrance from the street, which does not coincide with the stairwell entrance; 2) pre-school establishments; 3) general education schools; 4) vocational training establishments; 5) higher schools; 6) higher educational establishments; 7) additional and non-formal educational establishments; 8) health care establishments; 9) children's sanatoriums; 10) cultural establishments; 11) libraries; 12) theatres; 13) museums and exhibition halls; 14) credit and other financial institutions; 15) shops, except for betting and totalisator stations in shopping centres which are designated not only for shop activities and which, according to the building layout plan, have separate premises; 16) state and municipal institutions and establishments; 17) cinemas, railway and bus stations, airports, seaports, except for machine gaming where it is operated in separate premises which are not related to the direct functions of such establishments; 18) post offices, except for betting and totalisator stations established therein.

A gaming company is further prohibited from ensuring the fulfilment of the obligations undertaken by other entities as well as from granting any kind of loans to other persons. It is also prohibited by the Law on games to use bank (debit, credit) cards for payment and install ATM machines in premises where gaming is operated.

The advertising of gaming shall be prohibited in the territory of the Republic of Lithuania, except where it contains only the name of a gaming company, gaming establishment (casino), bingo or machine hall, totalisator or betting station, the address of places at which gaming is operated, types of gaming and the number of gaming devices in a gaming establishment (casino), bingo or machine hall.

The right to operate a lottery belongs according Art. 6 of the Law on lottery to the following persons:

- 1) **in respect of national lotteries, only to enterprises of the Republic of Lithuania and those foreign enterprises with a registered branch which act in conformity with the procedure established by the laws of the Republic of Lithuania, comply with the requirements of this Law and which have been issued a licence to operate a major lottery;**
- 2) **in respect of local lotteries, to legal persons of the Republic of Lithuania and those foreign legal persons with a registered branch which act in conformity with the procedure established by the laws of the Republic of Lithuania, comply with the requirements of this Law and which have been issued a licence to operate minor lotteries.**

b) Table

A) LEGISLATION ENACTED

Applicable Laws and specifically relevant provisions	Barriers to the Free Movement of Gambling Services	Justifications for Continuation of Barriers
<p>Law on games (17.05.2001) Art. 8 Only joint stock companies incorporated according to Lithuanian business law in Lithuania may receive licence for gambling business in Lithuania (All of the shares of a gaming company shall be registered shares).</p>	<p>Only joint stock companies incorporated according to Lithuanian business law in Lithuania may receive licence for gambling business in Lithuania</p>	<p>The information that is currently available to us about Lithuanian law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>
<p>Law on games (17.05.2001) Art. 10/9: The advertising of gaming shall be prohibited in the territory of the Republic of Lithuania, except where it contains only the name of a gaming company, gaming establishment (casino), bingo or machine hall, totalisator or betting station, the address of places at which gaming is operated, types of gaming and the number of gaming devices in a gaming establishment (casino), bingo or machine hall</p>	<p>The advertising of gaming shall be prohibited in the territory of the Republic of Lithuania, except where it contains only the name of a gaming company, gaming establishment (casino), bingo or machine hall, totalisator or betting station, the address of places at which gaming is operated, types of gaming and the number of gaming devices in a gaming establishment (casino), bingo or machine hall.</p>	<p>Refer above, this point</p>
<p>Law on lotteries (1 July 2003) The right to operate a lottery belongs according Art. 6 of the Law on lottery to the following</p>	<p>The right to operate a lottery belongs only to the following persons:</p>	<p>Refer above, this point</p>

<p>persons:</p> <p>1) in respect of national lotteries, only to enterprises of the Republic of Lithuania and those foreign enterprises with a registered branch which act in conformity with the procedure established by the laws of the Republic of Lithuania, comply with the requirements of this Law and which have been issued a licence to operate a major lottery;</p> <p>2) in respect of local lotteries, to legal persons of the Republic of Lithuania and those foreign legal persons with a registered branch which act in conformity with the procedure established by the laws of the Republic of Lithuania, comply with the requirements of this Law and which have been issued a licence to operate minor lotteries.</p>	<p>1) in respect of national lotteries, only to enterprises of the Republic of Lithuania and those foreign enterprises with a registered branch which act in conformity with the procedure established by the laws of the Republic of Lithuania, comply with the requirements of this Law and which have been issued a licence to operate a major lottery;</p> <p>2) in respect of local lotteries, to legal persons of the Republic of Lithuania and those foreign legal persons with a registered branch which act in conformity with the procedure established by the laws of the Republic of Lithuania, comply with the requirements of this Law and which have been issued a licence to operate minor lotteries.</p>	
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B) DRAFT LEGISLATION

No entries (on the basis of information currently available)

C) SELF-REGULATION

No entries (on the basis of information currently available)

D) JURISPRUDENCE

No entries (on the basis of information currently available)