

OFFICIAL TRANSLATION

REPUBLIC OF LITHUANIA

LAW ON LOTTERIES

1 July 2003 No IX-1661

Vilnius

CHAPTER ONE GENERAL PROVISIONS

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Article 1. Purpose of the Law

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1. This Law shall regulate the conditions and procedure for operating lotteries in the Republic of Lithuania. The purpose of this Law shall be as follows:

- 1) to ensure the fulfilment of obligations undertaken by lottery operators in respect of players;
- 2) to ensure the protection of the rights of players and lottery operators.

2. This Law shall not be applied in respect of those events where a person may win an additional prize by purchasing a specific product or service.

Article 2. Definitions

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1. “National lottery” means a lottery the operator of which possesses a licence granting the right to distribute lottery tickets across the whole territory of the Republic of Lithuania and the face value of all tickets in the lottery is not limited.
2. “Controller of a legal person” means a natural or legal person who:
 - 1) has the right to elect (appoint) more than half of members of the supervisory council (board of directors) and/or the head of the administration;
 - 2) exercises actual control over the decisions made by a legal person: has the right of ownership to all or part of the assets of a legal person or the right of disposal in respect of all or part of such assets, or enjoys other rights enabling to influence the decision making of the management bodies or the personnel structure of a legal person.
3. “Lottery” means a game conducted in accordance with the established rules where the player purchases tickets to win money or goods.
4. “Lottery ticket” means a document or recording (numbers and/or symbols chosen by the player, time of recording, the player’s telephone number and/or code), which is identifiable (providing evidence of participation in a lottery) in the database of a lottery’s computer system. Prizes paid out or delivered only upon the presentation of a lottery ticket.
5. “Lottery prize fund” means the total amount of prizes allocated to lottery winners.
6. “Drawing of a lottery” means the drawing of lottery tickets to determine the winning tickets.
7. “Local lottery” means a lottery the operator of which possesses a licence issued in compliance with the requirements of this Law by an executive body of the municipality in the territory of which the lottery is operated when lottery tickets are distributed and the lottery is conducted during a sporting, cultural or any other public event and prizes are presented before the event ends and where the face value of all tickets in the lottery does not exceed LTL 100 000.
8. “Face value of lottery tickets” means the total selling price of all tickets in the lottery.
9. “Player” means a natural person who has entered a lottery, i.e. a person who has obtained a lottery ticket.

Article 3. Types of Lotteries

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1. According to their scale, lotteries are subdivided into:

- 1) national lotteries;
- 2) local lotteries.

2. According to their nature, lotteries are subdivided into:

- 1) 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;
- 2) 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;
- 3) 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;
- 4) sports lotteries where a correct choice of numbers and/or other symbols which specify the result of a sporting event leads to winning 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.

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

- 1) 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;

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

3) 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;

4) 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.

CHAPTER TWO REQUIREMENTS FOR OPERATING LOTTERIES

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Article 4. Licensing Authorities

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1. National lottery operating licences shall be issued by the State Gaming Control Commission.

2. Local lottery operating licences shall be issued by an executive body of the municipality in the territory of which the lottery will be conducted.

Article 5. Types of Lottery Operating Licences

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Licences may be issued to operate:

1) national lotteries;

2) local lotteries.

Article 6. Lottery Operators

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The right to operate a lottery shall belong 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.

Article 7. Fundraising for Charitable or Sponsorship Purposes

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Lottery operators shall allocate 8 percent of the face value of all tickets distributed in a lottery for charitable or sponsorship purposes to the beneficiaries specified in the Law on Charity and Sponsorship.

Article 8. Distribution of Lottery Tickets

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Lottery operators may distribute lottery tickets themselves or under contracts with legal or natural persons in accordance with the procedure laid down in

the laws and other legal acts.

Article 9. Lottery Prize Fund

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The lottery prize fund shall account for not less than 50 percent of the face value of lottery tickets.



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Article 10. Prize Pay-Out and Accounting

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1. Lottery prizes shall consist of money or goods.
2. Monetary prizes in a national lottery shall be paid (or prizes in goods shall be delivered) not later than within 30 calendar days after they are claimed by the winner from the lottery operator. Monetary prizes in a local lottery shall be paid (or prizes in goods shall be delivered) immediately or before the event ends and after the winning ticket is presented to the lottery operator.
3. Monetary prizes in excess of LTL 5 000 shall be paid only by a bank cheque or by transfer to an account with a credit institution as specified by the winner. Monetary prizes that are not in excess of LTL 5 000 shall be paid out in cash at the request of the winner.
4. The operator of national and local lotteries shall register lottery winners in accordance with the procedure established by the State Gaming Control Commission.
5. The lottery operator shall issue the winner, at his request, a certificate in the form established by the State Tax Inspectorate under the Ministry of Finance attesting to the prizes paid out (delivered) to the said winner.
6. The lottery operator shall keep documents and information concerning the winners referred to in paragraph 4 of this Article, except for the cases provided for in paragraph 3 of Article 13 of this Law, for a period of five years in accordance with the procedure established by the State Gaming Control Commission and shall submit them only to the State Gaming Control Commission, pre-trial investigation officers, the court and other institutions in accordance with the procedure established by the law.

Article 11. The Right of Lottery Operators to Engage in Other Economic or Commercial Activities

Article 11. The Right of Lottery Operators to Engage in Other Economic or Commercial Activities

1. The operator of national lotteries shall not have the right to engage in other economic or commercial activities, except for activities related to the distribution of lottery tickets (conclusion, in accordance with the procedure laid down in the laws and other legal acts, of contracts with legal and natural persons on the distribution of lottery tickets), the conduct of its own lottery (advertising, publication and sale of newspapers and magazines about lotteries, creation and production of television films, television and radio broadcasts about its own lottery) and the lease of remote communication computer lottery system. Where a licence to operate a major lottery is issued to a lottery operator engaged in other economic or commercial activities, the lottery organiser shall comply with the said requirement within 60 days from the date of receipt of the licence and notify the State Gaming Control Commission thereof.

2. Where the requirement specified in paragraph 1 of this Article is not complied with, the licence to operate a major lottery shall be cancelled.

3. The operator of local lotteries shall have the right to engage in other economic or commercial activities.

Article 12. Requirements for Persons Involved in Lottery Operation and Licensing Authorities

Article 12. Requirements for Persons Involved in Lottery Operation and Licensing Authorities

1. Persons with a non-spent or valid conviction for serious and grave crimes or crimes against property, property rights and property interests, the economy and business practice or the financial system may not be participants of the lottery operator, members of the supervisory council and the board of directors, heads of the administration and their deputies, chief accountants (accountants), and controllers of such a legal person.

2. Prior to issuing a licence, the licensing authority must receive the conclusions of the Special Investigation Service, the Police Department under the Ministry of the Interior, the Financial Crime Investigation Service under the Ministry of the Interior, and the State Security Department in respect of persons specified in paragraph 1 of this Article and lottery operators.

3. A lottery operating licence shall not be issued in the event that negative conclusions are received from the institutions referred to in paragraph 2 of this Article in respect of persons specified in paragraph 1 of this Article or

lottery operators. Where negative conclusions are received from the institutions referred to in paragraph 2 of this Article in respect of persons specified in paragraph 1 of this Article or lottery operators after a lottery operating licence has been issued, the licence may be cancelled or suspended in accordance with the procedure established by the Government.

Article 13. Requirements for Lottery Tickets

Article 13. Requirements for Lottery Tickets

1. Printed lottery tickets shall be numbered and each lottery ticket shall be allocated a unique number. The recording in a lottery's computer database shall indicate the numbers and/or symbols chosen by the player, the time of recording, the player's telephone number and/or code.
2. A printed lottery ticket shall show the following information: the price of the ticket, the name of the lottery, the name of the lottery operator, its legal status, code, address of the head office, telephone number, the register wherein data concerning the lottery operator are stored, the address where prizes may be received, a space for writing the full name of the winner, and the prize fund in percent. No corrections shall be made in a printed lottery ticket.
3. The lottery operator shall keep, in accordance with the procedure established by the State Gaming Control Commission, the tickets of national and local lotteries, extracts from the lottery's computer database on the basis whereof prizes were paid out (delivered). Where a licence is cancelled, the unsold national and local lottery tickets shall be collected from all the places of their distribution and destroyed in accordance with the procedure established by the State Gaming Control Commission within 60 calendar days after the decision to cancel the licence.
4. National instant lottery tickets must have at least 5 security features, while local instant lottery tickets must have at least 2 security features. The lottery's computer database wherein recordings concerning the players are stored may not be duplicated. The lottery operator shall bear responsibility for data security.
5. The operator of national and local lotteries shall, not later than 3 working days before the distribution of printed lottery tickets, present the licensing authority with the conclusions of the Service of Technological Security of State Document under the Ministry of Finance concerning compliance of printed lottery tickets with security requirements. Such conclusions shall

be presented by the said institution within 30 calendar days from the date of receipt of the lottery operator's application and description of the security features of a lottery ticket.

Article 14. Amount of Capital or Financial Guarantees relating to Lottery Operators

Article 14. Amount of Capital or Financial Guarantees relating to Lottery Operators

1. The equity capital of an operator of national lotteries shall be at least LTL 500 000.
2. The equity capital of an operator of local lotteries shall be at least LTL 50 000.
3. Where an operator of local lotteries does not have equity capital under the law, it shall have a financial guarantee issued by a credit institution. The amount of the guarantee shall be at least LTL 50 000.
4. A lottery operator shall comply with the requirements specified in paragraphs 1, 2 or 3 of this Article before filing the documents to receive a licence.

Article 15. Requirements for the Arrangement of Drawings of Numeric and Classic Lotteries

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A commission shall be present at the drawing of numeric and classic lotteries. The number of members of the commission and the procedure of setting it up shall be set forth by the State Gaming Control Commission.

Article 16. Rights of Players

Article 16. Rights of Players

1. A player shall have the right:

- 1) prior to entering a lottery, to have the licence issued to a lottery operator (or a copy of such licence certified by the head of a lottery operator) and the lottery rules made available to him;
- 2) to receive, after presenting the lottery ticket, the prize in accordance with the procedure laid down in the lottery rules;
- 3) to request that a lottery ticket be replaced by another lottery ticket if the purchased ticket is impaired or damaged;
- 4) to submit claims regarding the conduct of a lottery in accordance with the procedure laid down in the lottery rules;
- 5) after winning a prize, to request that his personal data are not published, except for the cases provided for in paragraph 6 of Article 10 of this Law.

2. A player shall have the right to appeal, in accordance with the procedure established by the law, to a licensing authority or other institutions in respect of the actions of a lottery operator or his failure to act.

Article 17. Prohibitions and Restrictions relating to the Operation of Lotteries

Article 17. Prohibitions and Restrictions relating to the Operation of Lotteries

1. It shall be prohibited to operate lotteries not indicated in this Law or to operate them in violation to the procedure established by this Law.
2. The following persons shall be prohibited from participating (either directly, through another person or authorised by another person) in a lottery conducted by the lottery operator: the participants of the lottery operator, members of its supervisory council and the board of directors, heads of the administration and their deputies, chief accountants, ticket distributors, and controllers of such a legal person.
3. It shall be prohibited to pay out prizes in lottery tickets, securities, alcoholic beverages, tobacco products and other articles in restricted circulation.

4. The minimum value of a lottery prize shall be worth at least the price of a lottery ticket.
5. A lottery operating licence may not be sold or transferred in any other way to other legal or natural persons.
6. It shall be prohibited to provide information about the winners of a lottery without the consent of such persons, except for the cases provided for in paragraph 6 of Article 10 of this Law.
7. Other prohibitions and restrictions set out in this Law and other legal acts shall apply in respect of operating lotteries.

Article 18. Special Features relating to Accounting Records

Article 18. Special Features relating to Accounting Records

1. Lottery operators shall keep internal accounting records that provide information about the number and value of all tickets sold in any lottery.
2. Lottery ticket distributors (legal persons) may be remunerated on the basis of data from remote communication computer lotteries and data from telephone or internet lottery' s central host computer as published in documents bearing the requisites specified by the laws and other legal acts.

Article 19. Lottery Rules

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1. The operator of national and local lotteries may start distributing tickets in each lottery only after the approval of the lottery rules.
2. The lottery rules shall specify:
 - 1) the type and name of the lottery;
 - 2) the location where the lottery is conducted;

- 3) the nature of the lottery;
- 4) the procedure of determining lottery winners;
- 5) the description of a lottery ticket;
- 6) the price of a lottery ticket or the price of an identification recording in a lottery' s computer system;
- 7) the number of lottery tickets to be distributed (where a local lottery is conducted);
- 8) the procedure of numbering lottery tickets or identification recordings in a lottery' s computer system (series and numbers of lottery tickets are specified);
- 9) the description of security features of a printed lottery ticket as coordinated with the Service of Technological Security of State Document under the Ministry of Finance;
- 10) the specimen (draft) of a printed lottery ticket;
- 11) types of prizes, their amounts, number and the total amount of prizes;
- 12) the total prize fund in percent;
- 13) the intended time of the conduct of lottery;
- 14) the procedure of distributing lottery tickets or identification recordings in a lottery' s computer system;
- 15) the procedure of checking lottery tickets;
- 16) the procedure of receiving prizes;
- 17) the rights and duties of lottery players;
- 18) the procedure of submitting and examining claims;
- 19) the description of a television game and its rules (where a television game is conducted).

3. National lottery rules and amendments thereto shall be approved by the lottery operator after coordination with the State Gaming Control Commission.

4. Local lottery rules and amendments thereto shall be approved by the lottery operator after coordination with an executive body of the municipality in the territory of which lotteries are operated.

Article 20. Reporting

Article 20. Reporting

The operator of a national lottery shall submit lottery reports to the State Gaming Control Commission after the end of each quarter of the calendar year but not later than the 25th day of the first month of the next quarter and within 4 months after the end of each calendar year. The State Gaming Control Commission shall establish the form of such reports and the procedure of filling them out.

CHAPTER THREE OPERATION OF MAJOR AND MINOR LOTTERIES

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Article 21. Validity of National and Local Lottery Operating Licence

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A national and local lottery operating licence shall be issued for an unlimited period of time.

Article 22. National and Local Lottery Licensing Rules

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The Government shall approve major and minor lottery licensing rules.

CHAPTER FOUR STATE SUPERVISION AND CONTROL OF THE OPERATION OF LOTTERIES

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Article 23. Supervisory and Controlling Authorities

Article 23. Supervisory and Controlling Authorities

1. The activities of national lottery operators shall be supervised and controlled by the State Gaming Control Commission, while the activities of local lottery operators shall be supervised and controlled by an executive body of the municipality in the territory of which local lotteries are operated (hereinafter referred to as the “supervisory and controlling

authorities”).

2. The supervisory and controlling authorities shall have the main objective of supervising and controlling, in accordance with the procedure established by legal acts, the operation of lotteries to ensure the protection of the interests and rights of players and lottery operators.

3. Other state institutions shall exercise supervision and control over the operators of national and local lotteries in accordance with the procedure laid down in the laws and other legal acts.

Article 24. Main Functions of Supervisory and Controlling Authorities

Article 24. Main Functions of Supervisory and Controlling Authorities

When implementing the provisions of this Law, the supervisory and controlling authorities shall:

- 1) examine the documents necessary to issue lottery operating licences;
- 2) issue, suspend and cancel lottery operating licences;
- 3) control compliance of lottery operators with the requirements of the laws and other legal acts regulating the operation of lotteries;
- 4) draft laws and legal acts regulating the operation of lotteries.

Article 25. Rights of Supervisory and Controlling Authorities

Article 25. Rights of Supervisory and Controlling Authorities

1. When implementing the functions assigned to it, the supervisory and controlling authorities shall have the right to:

- 1) obtain information necessary to perform its supervisory functions from lottery operators;

- 2) check compliance of lottery operators with the requirements of this Law and other legal acts at the point of conduct of lotteries and distribution of lottery tickets;
- 3) check the financial activities of lottery operators, related to the operation of lotteries;
- 4) request that lottery operators submit explanations regarding the operation of lotteries;
- 5) determine the type of lottery where a game does not conform to all of the features of a specific type of lottery or where it conforms to the features of several types of lotteries;
- 6) establish the form of reports to be submitted by a lottery operator;
- 7) impose sanctions on lottery operators as set out in the laws and other legal acts regulating the operation of lotteries: cancellation and suspension of licences, etc.

2. When performing the tasks assigned to them, public servants and other employees of supervisory and controlling authorities shall also have the rights granted by other laws and other legal acts.

3. Public servants and other employees of supervisory and controlling authorities may use information related to the operation of lotteries and obtained in the course of performance of their official duties only for supervisory purposes and shall submit such information only to pre-trial investigation officers, the court and other institutions in accordance with the procedure established by the law.

Article 26. Audit

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Within 4 months after the end of the financial year, the operator of national lotteries shall submit the annual financial report audited by an audit company together with the auditor's opinion to the State Gaming Control Commission and shall publish the balance sheet as well as the profit and loss account.

CHAPTER FIVE FINAL PROVISIONS

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Article 27. Entry into Force and Application

Article 27. Entry into Force and Application

1. This Law, except for Article 29, shall enter into force on 1 January 2004.
2. Lottery operators that have been issued licences of limited duration to operate monetary as well as monetary and non-monetary lotteries before the entry into force of this Law shall carry out their activities until such licences expire. Lotteries shall be conducted in accordance with the regulations approved by the Gaming Commission under the Ministry of Finance. Amendments to these regulations shall be approved by the State Gaming Control Commission.
3. Lottery operators that has been issued licences of unlimited duration to operate monetary as well as monetary and non-monetary lotteries before the entry into force of this Law shall, in accordance with the procedure laid down in the National and Local Lottery Licensing Rules, restructure their activities subject to the provisions of this Law.
4. Lottery organisers possessing licences issued before the entry into force of this Law shall pay taxes in accordance with procedure established by the Law on Lottery and Gaming Tax and other legal acts.

Article 28. Liability for Violations of this Law

Article 28. Liability for Violations of this Law

Persons shall be liable for violating this Law in accordance with the procedure established by the laws of the Republic of Lithuania.

Article 29. Proposals to the Government

Article 29. Proposals to the Government

The Government shall approve by 1 November 2003:

1) National and Local Lottery Licensing Rules;

2) amounts of state fees for the issue of lottery operating licences.

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

PRESIDENT OF THE REPUBLIC ROLANDAS PAKSAS



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