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| /Translation from the Lithuanian language/  Annex 2 to  the Description of the Procedure for Administration of Incentive for Creating New Jobs in Klaipėda City Municipality |

**(Standard form of Agreement on Incentive Award and Use of Funds from the Klaipėda City Municipality Budget)**

**AGREEMENT ON INCENTIVE AWARD AND USE OF FUNDS FROM THE KLAIPĖDA CITY MUNICIPALITY BUDGET**

No. \_\_

Klaipėda

**Klaipėda City Municipality Administration** (hereinafter referred to as ‘the Municipality’), represented by [*forename, surname*], Director of the Municipality Administration, acting in accordance with the Regulations of the Municipality Administration, and [*forename of the undertaking*] (hereinafter referred to as ‘the Incentive Recipient’), represented by [*position, forename and surname*], acting in accordance with [*a document proving authorisation*], hereinafter collectively referred to as ‘the Parties’ and each individually as ‘the Party’, have entered into the present Agreement on Incentive Award and Use of Funds from the Klaipėda City Municipality Budget (hereinafter referred to as ‘the Agreement’).

The Agreement shall be concluded after completion of all procedures established by the Description of the Procedure for Administration of Incentive for Creating New Jobs in Klaipėda City Municipality (hereinafter referred to as ‘the Description’) approved by Decision No. [*number*] ‘On the Approval of the Description of the Procedure for Administration of Incentive for Creating New Jobs in Klaipėda City Municipality’ of the Klaipėda City Municipality Council of [*date*]. The basis for concluding the Agreement: Order No. [*number*] [*title*] of the Director of Klaipėda City Municipality Administration of [*date*].

**CHAPTER 1**

**SUBJECT AND VALUE OF THE AGREEMENT**

1. The subject of the Agreement is an incentive award for creating [*enter a number*] new jobs in the territory of the Klaipėda City Municipality. It shall be considered that all terms and conditions concerning the creation of [*enter a number*] new jobs are specified in the application for incentive, which is an integral part of the Agreement.

2. Agreement value (amount of the incentive): EUR [*amount*].

3. The targeted use of the funds: to reimburse the expenses incurred.

4. Source of financing: The Improvement of Business Conditions by Supporting SMEs measure (02.01020104) under the Economic Development Programme (No. 02).

**CHAPTER 2**

**AGREEMENT PERFORMANCE TERM**

5. The Agreement shall be valid for 24 months of the date of entry into force.

**CHAPTER 3**

**SETTLEMENT AND PAYMENT**

6. Payment of the incentive amount shall be carried out in two stages: Stage 1: 50 percent of the incentive amount is paid to the applicant after 6 months of the date of entry into force of the Agreement, if the requirements set out in Items 11.1 and 11.2 of the Agreement are met; Stage 2: the remaining 50 percent of the incentive amount is paid after 12 months of the date of entry into force of the Agreement, if the requirements set out in Item 11.3 of the Agreement are met.

7. The expenses not exceeding the amount specified in Item 2 of the Agreement incurred by the Incentive Recipient shall be compensated for by way of reimbursement of expenses, provided that the Incentive Recipient duly and timely fulfils all obligations specified in Item 1 above. Payment shall be made no later than within 30 calendar days of the date of receipt of the documents supporting the expenses incurred. The payments to reimburse the expenses shall be made after submission of the following documents:

7.1. A statement from the State Social Insurance Fund on the number of employees in the enterprise on the settlement date according to the staff list;

7.2. Depersonalised copies of employment contracts of the employees hired for newly created job positions, which shall indicate the following: the employee’s workplace, term of employment contract and remuneration amount;

7.3. A document confirming the expenses of renting an office in Klaipėda city. The rent term suitable for receiving the payment under the Stage 1 shall be a 6-month term of the date of entry into force of the Agreement, and that for receiving the payment under the Stage 2 shall be a 6-month term of the term fixed for the Stage 1.

8. The Incentive Recipient’s invoices for payment have to be submitted to the Municipality only in electronic form:

8.1. Using the *E. sąskaita* information system (available at www.esaskaita.eu);

8.2. The electronic invoices complying with the European standard on electronic invoicing, the reference of which was published in the Commission Implementing Decision (EU) 2017/1870 of 16 October 2017 on the publication of the reference of the European standard on electronic invoicing and the list of its syntaxes pursuant to Directive 2014/55/EU of the European Parliament and of the Council (OJ L 266, 17.10.2017, p. 19), may be submitted via electronic means chosen by the Service Provider.

8.3. The Municipality accepts and processes electronic invoices using the tools available in the *E. sąskaita* information system. An electronic invoice shall be understood as an invoice issued, transmitted, and received in an electronic format that allows it to be processed automatically and electronically.

**CHAPTER 4**

**OBLIGATIONS OF THE PARTIES**

9. **The Municipality undertakes to:**

9.1. Create all conditions and to provide the Incentive Recipient with all information or documents necessary for the fulfilment of contractual obligations;

9.2. Accept and pay for the duly provided services within the terms and in accordance with the procedure established by the Agreement.

10. **The Municipality has the right** not to pay if the obligations set out in Item 1 of the Agreement are fulfilled inadequately.

11. **The Incentive Recipient undertakes to:**

11.1. Create [number] new jobs in the territory of Klaipėda City Municipality within 6 months of the date of entry into force of the Agreement;

11.2. Upon implementation of the requirements set out in Item 11.1 above but not later than within 20 business days of the deadline specified in same Item 11.1, submit the documents specified in Item 7 above substantiating the creation of jobs and expenses incurred;

11.3. Maintain the created jobs throughout the entire duration of the Agreement, regardless of the exact date of the creation thereof;

11.4. Notify the Municipality in writing in the event of inability to fulfil the obligations set out in Item 1 above immediately upon the occurrence of such circumstances but no later than within the term specified in Item 11.1 above.

11.5. Submit to the Municipality a statement from the State Social Insurance Fund on the number of employees in the enterprise according to the staff list three times: the first time – after 6 months of the date of entry into force of the Agreement, the second time – after 12 months of the date of entry into force of the Agreement, and the third time – after 24 months of the date of entry into force of the Agreement but not later than within 10 business days after the set deadlines;

11.6. Where any job/jobs for the creation of which an incentive has been granted is/are cancelled earlier than provided for in Item 11.3 of the Agreement, repay the Municipality the funds allocated to compensate for the creation of the respective job/jobs;

11.7. Notify the Municipality in writing in the event of inability to fulfil the requirements set out in Item 11.3 above immediately upon the occurrence of such circumstances;

11.8. Independently obtain the material resources necessary for the fulfilment of the obligations established by the Agreement;

11.9. In implementing the Agreement, co-operate with the Economic Development Group of Klaipėda City Municipality and provide quick response to their remarks and wishes;

11.10. At its own expense and in a timely manner, correct any inaccuracies and remove reasoned shortcomings indicated by the Municipality;

11.11. Indemnify the Municipality for the losses incurred through the fault of the Incentive Recipient: due to non-performance of contractual obligations, violation of the requirements of normative documents;

11.12. Comply with all written instructions of the Municipality related to the performance of the Agreement that are lawful and not in conflict with the provisions of the Agreement;

11.13. Inform the Municipality in writing immediately about any circumstances that prevent or may prevent the Incentive Recipient from properly ensuring the fulfilment of contractual obligations;

11.14. Properly perform other obligations provided for in the Agreement and applicable legal acts.

12. **The Incentive Recipient has the right** to receive payment in accordance with the terms, conditions and procedure set out in the Agreement.

**CHAPTER 5**

**LIABILITY OF THE PARTIES**

13. Where the Municipality fails to make payments within the set term, the Municipality, upon the written request of the Incentive Recipient, shall pay the Incentive Recipient default interest of 0.02% of the initial value of the Agreement for each day of delay.

14. A penalty of EUR 100 shall be imposed on the Incentive Recipient in case of poor quality or late implementation of the obligations set out in Item 1 of the Agreement and in other instances of violation of the Agreement by drawing up a violation report for each identified instance of violation. The violation report shall be drawn up in the presence of the representative of the Incentive Recipient. If the said person does not arrive at the agreed time or refuses to participate, the violation report shall be drawn up in his/her absence. The penalty shall be deducted from the amount payable to the Incentive Recipient.

15. **The Parties hereby agree that the following will be considered an essential violation of the Agreement:**

15.1. A violation that meets the criteria set out in Article 6.217 (2) of the Civil Code of the Republic of Lithuania, notwithstanding that such were not defined in the Agreement.

15.2. A violation, where the Incentive Recipient, having received a respective written notice, delays the performance of contractual obligations without objective reasons.

**CHAPTER 6**

**OTHER TERMS AND CONDITIONS OF THE AGREEMENT**

16. **Early termination of the Agreement:** The Agreement shall be terminated if the Incentive Recipient goes bankrupt, or is liquidated, or suspends its activities, or if a similar situation arises in accordance with the procedure provided for by laws and other legal acts.

17. Upon giving the Incentive Recipient a notice concerning an essential violation of the Agreement, the Agreement shall be terminated within 30 calendar days of the date of sending the notice to the Incentive Recipient. Where the notice is sent by e-mail, it shall be considered that the day of sending and the day of receipt coincide.

18. The Incentive Recipient shall not have the right to terminate the Agreement unilaterally in the absence of the grounds specified in the Agreement or in the legal acts of the Republic of Lithuania. Where the Incentive Recipient terminates the Agreement unilaterally, the Incentive Recipient shall pay a penalty of 10% of the original value of the Agreement.

19. ***Force Majeure*:**

19.1. Either Party may be released from liability, in whole or in part, due to special and unavoidable events - *force majeure,* which shall be established and proved by the affected Party in accordance with the Civil Code of the Republic of Lithuania, if the affected Party has immediately notified the other Party of such an obstacle and the effects thereof on the performance of the obligations.

19.2. The concept of *force majeure* and the rights, obligations, and liability of the Parties upon occurrence of *force majeur*e shall be defined and regulated by Article 6.212 of the Civil Code of the Republic of Lithuania and the Rules of Exemption from Liability in the Event of *Force Majeure* (Resolution No. 840 ‘On Approval of the Rules of Exemption from Liability in the Event of *Force Majeure*’ of the Government of the Republic of Lithuania of 15 July 1996).

19.3. The events where the goods required for the performance of the obligations are not available on the market, the Party does not have the necessary financial resources or the Party’s covenantees are in breach of their obligations shall not be considered *force majeure* events. The events that affect the Party’s activities but the possibility of occurrence of which the Parties have taken into account when concluding the Agreement shall also not be considered to be *force majeure* events, i.e., events occasionally occurring in Lithuania, decisions of state or municipal authorities that cause either Party’s reorganisation, privatisation, liquidation, change of nature of activities, suspension (hindrance), and other events that should be considered *force majeure* but are likely to occur in Lithuania at the time of concluding the Agreement.

19.4. If either Party considers that any *force majeure* events preventing the Party from performing its obligations have occurred, the Party shall immediately (not later than within 3 business days of the occurrence of such events or of the time when the Party becomes aware of the occurrence of such events) inform the other Party thereof, stating the nature, likely duration, and potential effects of such events. Unless otherwise specified in writing by the Municipality, the Incentive Recipient shall continue to perform his/her obligations under the Agreement as far as possible and shall seek alternative means to perform those of his/her obligations the performance of which is not prevented by *force majeure.*

19.5. The Incentive Recipient confirms that the Incentive Recipient is not aware of any *force majeure* events that could not be foreseen or avoided or removed by any means by the Parties to the Agreement and that would make it impossible to perform, in full or in part, their obligations under the Agreement.

19.6. If the Party affected by *force majeure* has taken all reasonable precautions and made every effort to reduce the related costs and has taken all reasonable steps to perform the Agreement properly, the failure of the Party to fulfil the obligations under the Agreement shall not be deemed a violation of the Agreement or non-performance of the obligations under the Agreement. The grounds for releasing the Party to the Agreement from liability shall arise from the moment of occurrence of *force majeure* or, if a respective notice is not given in due time, from the moment of notification. Failure to notify of *force majeure* in a timely manner shall render the defaulting Party partially liable for damages that otherwise could have been avoided.

19.7. Where *force majeure* lasts for more than 80 calendar days, either Party shall have the right to terminate the Agreement by notifying the other Party in writing 40 calendar days in advance. If, after the expiry of the said 40-calendar day period, the *force majeure* persists, the Agreement shall be terminated and the Parties shall be released from its further performance in accordance with the terms and conditions of the Agreement.

20. **Dispute resolution procedure:** Any dispute, disagreement or claim arising out of or in connection with the Agreement shall be resolved through negotiation in accordance with the Civil Code, other legal acts, and the documents of the application for incentive. In the event of failure to resolve the above disputes, disagreements or claims through negotiation within 15 calendar days, the Parties agree to have them resolved in accordance with the procedure established by the Code of Civil Procedure of the Republic of Lithuania by filing a claim with the court within the jurisdiction of which the Service Recipient has its registered office according to the data of the Register of Legal Entities

21. **Other provisions of the Agreement:**

21.1. The Agreement shall only enter into force after signature thereof by authorised representatives of both Parties.

21.2. The Agreement shall be valid until the contractual obligations have been fulfilled.

21.3. Termination of the Agreement shall not release the Parties from the proper fulfilment of the contractual obligations arising under the Agreement prior to the termination thereof.

21.4. No terms and conditions of the Agreement may be changed during the validity term of the Agreement.

21.5. Each Party shall bear its own costs in connection with the signature and performance of the Agreement, except as expressly provided for in the Agreement.

21.6. Where any provisions of the Agreement are declared invalid, all other provisions of the Agreement shall remain in force.

22. **Final provisions:**

22.1. All notifications, requests, other documents, or correspondence relating to the Agreement shall be sent by e-mail or fax, delivered with signed confirmation of receipt, the originals of the said documents shall in all cases be delivered to the other Party in person or sent by registered or courier mail to addresses of each of the Parties specified in the Agreement. Where a notification is sent by e-mail or fax, it shall be considered that the day of sending and the day of receipt coincide. Each Party shall inform the other Party in writing about any change in its address or other legal details immediately but no later than within 3 business days of the date of the relevant change. Until the receipt of the notification concerning the change of address delivered in accordance with the prescribed procedure, all letters (notifications) delivered to the previous address shall be deemed to have been received.

22.2. The Agreement is drawn up in Lithuanian.

22.3. The Agreement is made in two copies: one copy for each of the Parties.

23. **The annexes attached to the Agreement are an integral part thereof**, the documents comprising the Agreement shall be considered as mutually explanatory (the documents kept at the Municipality): application for incentive [indicate the legal entity registration number (code) and name of the applicant, application code, and the date of submission of the application].

24. **Municipality’s person responsible for the performance and control of the Agreement:** Reda Švelniūtė, Head of the Economic Development Group, tel.: (8 46) 39 60 63, e-mail: reda.svelniute@klaipeda.lt; coordinates the performance of the Agreement. In the event of a change of the persons responsible for the performance and control of the Agreement, the Service Recipient shall provide relevant information by giving a separate written notice.

**CHAPTER 7**

**LEGAL DETAILS OF THE PARTIES**

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| [**Name of the Municipality**]  [*Address*]  Code:  C/A: LT  [*Bank name*]  Bank code  Tel.:  (Position)  *L. S.*  *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*  *(Signature)*  (Forename and surname) | [***Name of the Incentive Recipient***]  [*Address*]  Code:  C/A: LT  [*Bank name*]  Bank code  Tel.:  (Position)  *L. S.*  *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*  *(Signature)*  (Forename and surname) |