

## ESTONIA

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**Amendments to Estonia's Aliens Act: Stricter Controls, Digitalization, and Economic Prerequisites**

## LATVIA

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**New Procedure for Co-Ownership Division and Closed Auctions Enters into Force**

## LITHUANIA

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**Constitutional Court of the Republic of Lithuania: Limiting Partnership to Opposite-Sex Couples Violates the Constitution**

# Amendments to Estonia's Aliens Act: Stricter Controls, Digitalization, and Economic Prerequisites

May 2025

A major change in Estonia's immigration and labour policy framework was marked on 26 March 2025, when the Riigikogu (Estonian Parliament) adopted important amendments to the Aliens Act. Modernizing the migration system, strengthening immigration control, preventing the abuse of residence permits and visas, and making sure Estonia doesn't turn into a gateway for illegal labour entry into the EU are the main goals of these reforms.

## New Preconditions for Short-Term and Temporary Agency Employment

A fundamental principle of the amendments pertains to the tightening of eligibility criteria for short-term employment and temporary residence permits. Following the entry into force of the amendments on 1 January 2026, employers seeking to register short-term foreign workers will be required to satisfy three primary conditions:

1. Be registered in the Estonian commercial register or be a company based in another European Economic Area (EEA) member state;
2. Operate as a temporary work agency;
3. Demonstrate actual economic activity in Estonia or another EEA member state for a continuous six-month period prior to the application.

Exemptions apply to legal persons under public law and posted workers, who are not required to be listed in the Estonian commercial register.

## Economic Activity: A Central Requirement

Perhaps the most consequential change is the expanded requirement for "actual economic activity." Going forward, companies applying for temporary residence permits for foreign employees must have conducted tangible business activity in Estonia for at least one year.

Exceptions are made for:

- Posted workers;
- Academic and research professionals employed by qualifying institutions;
- Startups, due to their inherently nascent business structure;
- Film production companies, given the project-based nature of their activities.

These distinctions acknowledge the operational uniqueness of certain sectors while preserving the law's restrictive intent.

## Toward Full Digitalization

The amendments also signify the transition of the residence permit process to its complete digitalisation. All communication with the state is required to be directed through the Police and Border Guard Board, thereby eliminating paper-based interactions and third-party intermediaries. The objective of this initiative is to enhance administrative efficiency and oversight.

## National Security and Migration Integrity

Officials from the Ministry of the Interior underscore that these measures are not just bureaucratic - there is a national security dimension. According to Janek Mägi, director of the Border Guard and Migration Policy Department, the revised regulations seek to curtail the practice of setting up shell companies to funnel labour into the EU via Estonia.

This tightening is expected to deter misuse of Estonia as a transit state for entry into the broader EU labour market and limit potential exploitation of the residence permit system.



## Business and Labour Market Implications

The private sector's reaction has been mixed. While the Estonian Employers' Confederation supports steps that promote lawful employment, its chairman, Arto Aas, has voiced concern over the increased administrative burden and the potential deterrent effect on foreign talent. Aas emphasized that Estonia's already stringent immigration policies hurt its global competitiveness - especially in light of an annual labour shortage estimated at 6,000 workers.

The Estonian Employers' Confederation advocates for a more flexible immigration quota and streamlined procedures to attract skilled workers amid fierce regional competition.

## Conclusion

The revised Aliens Act of Estonia is a delicate balancing act between regulatory integrity and economic necessity. The implementation of such measures has been demonstrated to have a dual impact on the international mobility of labour. On the one hand, it has been shown to enhance the efficiency of immigration control measures and to address legal ambiguities. However, it has also been demonstrated to serve to increase the barriers experienced by foreign workers when attempting to enter the country. The potential ramifications of these modifications on Estonia's labour market, its capacity for innovation, and its global reputation are yet to be ascertained. These will become evident as the novel system attains full operational capacity over the ensuing years.

# New Procedure for Co-Ownership Division and Closed Auctions Enters into Force

May 2025

As of 1 April 2025, significant amendments to the Civil Procedure Law have entered into force, operationalizing earlier adopted provisions of the Civil Law related to the division of co-ownership. Among the key changes is the introduction of a new form of auction – a closed auction between co-owners.

## Closed Auctions Now Mandatory Before Open Sales

Under the amended framework, when executing a judgment ordering the sale of immovable property (or a share thereof), the procedure must begin with a closed auction among co-owners, unless the court has explicitly ordered an open auction. This auction is conducted by a sworn bailiff, who authorizes only co-owners to participate. While the closed auction will be visible on the e-auction platform, third parties may not take part.

## Auction Starting Price Based on Market Value

Both the closed auction and the initial open auction will begin from the market value of the property, as determined by a certified property valuer, rather than the forced sale value used in debt recovery cases. This ensures fair compensation for co-owners being excluded from the property. The aim is to avoid bad faith situations where co-owners acquire another's share at artificially reduced prices.

## Execution Rules Depend on Legal Basis

The amendments also introduce a differentiated system for covering enforcement costs, which varies depending on the specific provision of the Civil Law invoked in the judgment. For example, if the division is based on Section 1075 of the Civil Law, costs are to be shared equally among all co-owners, reflecting the presumption that the division benefits them all.

## Execution Not Blocked by Insolvency

Importantly, the initiation of insolvency, legal protection, or out-of-court legal protection proceedings by a co-owner – or even the termination of a co-owner – will no longer be grounds to halt or terminate enforcement proceedings related to co-ownership division.

## Background of the Reform

The legal framework for closed auctions was originally added to the Civil Law via Section 1074.1 in May 2022. This provision allows a majority of co-owners (by share size) to request the alienation of a co-owner's share who, by abusing their rights or failing in their duties, causes significant harm. Such a share is to be transferred to one or more other co-owners for monetary compensation or sold in a closed auction. If this fails or is deemed inappropriate, the court may order an open auction.

To implement this regime, Section 617.1 of the Civil Procedure Law was introduced, detailing the enforcement of judgments on co-ownership division. It supplements other relevant norms, such as Section 565 (governing the return of enforcement documents) and aligns with Chapter 73 of the law regarding enforcement against immovable property, unless otherwise specified.

## Significance for Practice

Although these amendments offer a more equitable and structured process for dividing co-owned property, legal practitioners, including the Latvian Council of Sworn Bailiffs, approach the new rules cautiously. The real test will be how effectively the framework balances the interests of co-owners and prevents misuse in practice.

# Constitutional Court of the Republic of Lithuania: Limiting Partnership to Opposite-Sex Couples Violates the Constitution

May 2025

On 17 April 2025, the Constitutional Court of the Republic of Lithuania delivered a landmark ruling concerning the regulation of the legal institute of partnership. The case was initiated by the Government of the Republic of Lithuania, which requested the Court to examine whether Article 3.229 of the Civil Code - restricting partnership to a man and a woman - is compatible with the Constitution.

The Court held that such a provision is unconstitutional. According to the Constitution, a committed cohabitation relationship - partnership - may be formed between two individuals regardless of their gender. The Court emphasized that the right to family life and human dignity must be protected equally for all individuals.

The ruling further noted that no law currently exists to establish the procedure for forming and registering a partnership. This means that the legislature has failed to fulfill its constitutional obligation to create a legal framework allowing people in long-term relationships outside of marriage to formalize and protect their union. The Constitutional Court stressed that the legislature has delayed this duty for more than 24 years - an unjustifiably long period that far exceeds any reasonable legislative timeline. As a result, cohabiting couples who are not married remain without access to legal protections under partnership.

The Court underscored that such legislative inaction creates legal uncertainty, undermines legitimate public expectations, erodes trust in the legal system, and violates the constitutional principles of legal certainty, legal security, and responsible governance. It also reiterated that the Constitution requires the state to regulate not only marriage-based family relationships, but also other forms of family life based on cohabitation.

With this ruling, the Constitutional Court drew a firm line: continued legislative inaction is no longer acceptable. The legislature must act without delay to ensure that partnership relations are legally recognized and applicable in

practice - rather than remaining "frozen" in the Civil Code as unenforceable provisions.

Until such legislation is adopted, courts are authorized to register partnerships as civil acts based on the constitutional imperative.

The ruling entered into force on the day of its publication. The legal framework must be revised without delay - this is a constitutional duty of the legislature, essential to ensuring equal rights for all individuals.

The full text of the ruling is available on the website of the Constitutional Court of the Republic of Lithuania:

<https://lrkt.lt/lt/teismo-aktai/paieska/135/ta3121/content>