**DESCRIPTION OF THE PROCEDURE FOR CALCULATING AND PAYING THE REMUNERATION FOR THE PROVISION OF SERVICES FOR THE TRANSPORTATION OF PASSENGERS BY LOCAL REGULAR TRANSPORT ROUTES**

**CHAPTER I**

**GENERAL PROVISIONS**

1. The Description of the procedure for calculation and payment of remuneration for the services for passenger transportation by local regular transport routes (hereinafter “the Description of the procedure”) regulates the procedure for calculation and payment of the Carrier's remuneration for the service of transportation of passengers by local regular transport routes provided to Vilnius City Municipality.
2. The Description of the procedure has been prepared in accordance with the Description of the procedure for the compensation (reimbursement) of carriers' expenses (lost Income) related to the application of transport concessions approved by the Resolution of the Government of the Republic of Lithuania "On the Implementation of the Law of the Republic of Lithuania On the Implementation of the Law of the Republic of Lithuania on Transport Concessionary Tickets" No. 478, dated 28 April 2000, as well as with the approved Procedure Description for the Distribution of the Revenues from the Tickets Sold and the Revenues from the Revenues from the Compensation of the Carriers (Lost Income) for the Sale of the Tickets with Discounted Tickets for the Carriers Operating under the Common System of Tickets of Public Transport.
3. Terms used in the Description of the Procedure:
   1. Persons:
      1. Authorized Body - municipal enterprise "SUSISIEKIMO PASLAUGOS”.
      2. Municipality: Vilnius City Municipality Administration.
      3. Carrier: **(to be inserted).**
   2. Documents:
      1. “The Contract” - shall mean a tripartite contract between the Carrier, the Municipality and the Authorized Body on the provision of services for the transportation of passengers by regular local transport routes.
   3. Other concepts:
      1. "Remuneration" means the amount of money paid to the Carrier, which includes the revenue actually collected from passengers during the month for the carriage of passengers on regular routes, the amount of compensation for travel benefits granted to passengers and the amount of the Carrier's compensation for losses.
      2. “Zero mileage” means the number of kilometres driven by the vehicle off-route to start and finish the route, i.e. the mileage driven by the vehicle from the garage/parking place to the start of the route before starting the route, and after finishing the route, on the way back from the end of the route to the garage/parking place. Vehicles with zero mileage must carry passengers according to the schedule, if the schedule so provides. The number of kilometres travelled by the replacement vehicle from the garage (parking space) to the point of entry into the scheduled route shall not be considered as mileage and shall not be paid.
      3. “Route” means a street or road route on which passengers are carried by a vehicle at a fixed frequency, by picking up or setting down passengers during the journey only at stops designated for that purpose, in accordance with predetermined schedules.
      4. "Replacement vehicle" means a vehicle intended for the carriage of passengers and meeting the requirements of the Conditions of Contract applicable to vehicles, replacing a vehicle serving the route which has broken down.
      5. “Service” means a service for the carriage of passengers on regular local transport routes.
      6. “Mileage” means the number of kilometres travelled by the vehicle when carrying passengers on the route. The number of kilometres travelled by the replacement vehicle from the garage (parking space) to the point of entry into the scheduled route shall not be considered as mileage.
      7. "Vehicle" means a motor vehicle intended for the carriage of passengers and meeting the requirements of the terms of the Contract.
   4. Legislation:
      1. Description of the procedure for compensation of concessions (hereinafter “the Description of the procedure for compensation of concessions”) means a description of procedure on the compensation (reimbursement) of costs (loss of income) incurred by passenger transport operators in connection with the application of transport concessions (with relevant amendments and supplements)a approved by Decree No. 478 of the Government of the Republic of Lithuania of 28 April 2000 "On the Implementation of the Law on Transport Concessions of the Republic of Lithuania";
      2. Description of the procedure for revenue allocation (hereinafter “the Description of the procedure for revenue allocation”) is a Description of the procedure for the distribution of revenue from the sale of public transport tickets and compensation (loss of revenue) for the sale of discounted tickets to carriers operating under a common public transport ticketing system approved by the Order No. 30-617 of the Director of the Municipal Administration of 21 March 2016 "On the Approval of the procedure for the allocation of the revenue from the sale of tickets, compensation (loss of revenue) for the sale of discounted tickets to carriers operating under the single public transport ticketing system".

**CHAPTER II**

**CALCULATION AND PAYMENT OF REMUNERATION**

1. The Carrier's rates for the provision of public passenger transportation services (S) per 1 km by type of vehicle are set out in Article 8.3 of the Contract. If the Rates are indexed, the Rates set out in the Authorized Body's letter of notification of the revised Rates (as set out in Annex 13 to the Contract) shall apply.
2. The amount of the remuneration payable to the Carrier, C, is calculated according to the following formula:

**Ci = [((Ri– Rin) x Mi + Mi0)x Si] - B + D**

where:

Ci,Ri,Rin,Mi,Mi0,Si mean monthly values for individual vehicle types, calculated for each route separately, i.e:

“C” means the remuneration paid to the Carrier for services rendered during the reporting period;

“R” means the planned number of journeys per month on the route, with vehicles travelling from the start of the route to its return to the start of the route, pcs;

“Rn“ means the number of unfulfilled journeys per month on the route, pcs.;

“M” means the length of the route when the vehicle travels from the start of the route to its return to the start of the route, km;

“M(0)“ means zero mileage, km;

“S” means“ public passenger transportation service rate per 1 km, by type of vehicle, Eur;

“B” means the penalty applicable for improper performance of the Contract. The penalties applicable to the Carrier and the amounts thereof are laid down in the Contract;

“D” means the incentive measures laid down in the Contract;

1. If the Carrier carries passengers on more than one route, the total remuneration payable to the Carrier shall be calculated in accordance with the formula laid down in clause 5 of this Annex by adding together the remuneration calculated for all routes by type of vehicle. The mileage of the replacement vehicle is paid according to the type of vehicle released indicated in the vehicle release schedule.
2. Zero-mileage kilometres shall not exceed 1 (one) per cent of the total monthly mileage of the route.
3. The Carrier is paid 100% of the mileage for the journeys fully (100%) completed. If more than 50 % but less than 75 % of the journey is completed, payment shall be made for no more than 50 % of the journey mileage (50 % of the journey mileage is defined as the journey of the vehicle on a specific route, comprising either the departure from the departure point (A) and arrival at the terminal stop (B), or the departure from the terminal stop (B) and arrival at the departure point (A)). If more than 75% of the journey is completed, but less than 100%, a maximum of 75% of the journey is paid.
4. Allocation of part of the remuneration (C) - for the carriage of passengers on the routes during the month - of the revenue actually collected from passengers for tickets (P) sold at the Authorized Body's points of sale:
   1. The revenue collected from passengers at the Authorized Body's points of sale (P) shall be allocated to the Carrier operating in the common public transport ticketing system in accordance with the Description of Procedure of Revenue Allocation or another equivalent legislation (in the event that the Description of Revenue Allocation Procedure ceases to be valid);
   2. The Authorized Body, having allocated the revenue from tickets collected from passengers in accordance with the Description of the Procedures of Revenue Allocation, shall submit to the Carrier a statement of the Carrier's share of the revenue in respect of the month under review by the 10th day of the following month (or, in the case of a non-working day, by the first working day following the working day of the month);
   3. The Carrier, at the end of the reporting calendar month, shall submit to the Authorized Body a VAT invoice for the supply of the service by the 10th day of the following month (or, in the case of a non-working day, by the first working day thereafter), for the proportion of the revenue calculated in accordance with the Description of procedures for the distribution of revenue;
   4. The Authorized Body shall transfer to the Carrier the share of the revenue calculated in accordance with the Description of the procedure for the allocation of revenue within 5 working days of receipt of the VAT invoice.
5. Payment of part of remuneration (C) - Compensation for concessionary tickets (A):
   1. The Carrier's costs (loss of revenue) related to the application of transport concessions (A) shall be reimbursed in accordance with the Description of the compensation procedures for the reimbursement of concessions. The Carrier's costs (loss of revenue) related to the application of transport concessions shall be compensated (reimbursed) from the funds earmarked for this purpose in the municipal budget. The municipality will pay compensations for the concessions (loss of income) to the Carrier through the Authorized Body;
   2. If the Carrier provides passenger transportation services on more than one route under the Contract, the revenue actually collected from passengers during the month for the carriage of passengers on regular transport routes and the compensation due to the Carrier in respect of the travel benefits provided to passengers as provided for in the Law of the Republic of Lithuania on Transport Facilities shall be allocated to each route in accordance with the description of the procedure for the distribution of revenue;
   3. The Carrier shall instruct the Authorized Body to report to the Municipality on behalf of the Carrier on the discounted tickets sold by the driver;
   4. After the end of the reporting calendar month, the Authorized Body shall submit to the Carrier, by the 10th day of the following month (or the first working day thereafter in case of a public holiday), reports on the sale of discounted tickets on regular local bus routes in accordance with Annex 2 of the Description of the Procedure for Compensation of Concessions;
   5. After the end of the reference calendar month, the Authorized Body shall submit to the Municipality, by the 10th day of the following month (or, if it is a non-working day, by the first working day following the non-working day of the month), the reports on the discounted tickets sold on local (city) regular bus routes (according to the Annex 2 of the Description of the procedure for compensation of concessions) and the VAT invoice;
   6. The amount of the reimbursement for concessionary tickets for each month shall be transferred by the Municipality to the Authorized Body on the basis of the VAT invoice submitted by the Authorized Body for the reimbursement of the concessionary tickets (loss of income) by the 21st day of the month following the reference month. And the Authorized Body shall pay the amount of the reimbursement of concessionary tickets for each month to the Carrier on the basis of the VAT invoice submitted by the Carrier for the reimbursement of the concessions (loss of revenue) by the 22nd day of the month following the reference month;
   7. If the Municipality fails to comply with the obligation set out in clause 11.6 of the Description of the procedure, i.e. by the 21st day of the month following the reference month to transfer the reimbursements for concessionary tickets to the Authorized Body, the Authorized Body shall accordingly fail to comply with clause 11.6 of the Description, i.e. by not transferring the funds to the Carrier in accordance with the VAT invoice submitted by the Carrier for the reimbursement of the concessions (loss of revenue) by the 22nd day of the month following the reference month.
6. Payment of part of the remuneration (C) - Compensation for losses (K):
   1. The amount of compensation (K) for losses incurred by the Carrier in connection with the operation of the service is calculated according to the following formula:

K = [((Ri– Rin) x Mi + Mi0)x Si] – P – A) - B + D, where: A - the compensation for the period for the reference month for the concessionary travel granted to passengers), B - the fine for non-compliance with the Contract. The penalties and amounts applicable to the Carrier are set out in the Contract, and “D” are the incentives are set out in the Contract;

* 1. The Carrier's losses incurred when carrying passengers on local regular (urban) transport routes shall be compensated from the funds earmarked for this purpose in the municipal budget. The Municipality shall pay compensation for damages directly to the Carrier;
  2. After the end of the reference calendar month, the Carrier shall submit to the Authorized Body, by the 15th day of the following month, reports on the losses incurred in connection with the Contract (Annex 1 to the Description), certificates signed by the head of the undertaking and the chief financial officer stating the values of the components of the formulae (R, Rn, M, M0, S, P, A) laid down in Chapter II of the Description of the procedure for the calculation of losses indicating how each of these values has been determined or calculated, and the VAT invoice issued to the Municipality;
  3. In order to ascertain as to the correctness of the data contained in the statements received from the Carrier, the Authorized Body may request from the Carrier any other additional statements or documents directly or indirectly related to the calculation of the loss on the basis of which the statements were drawn up or may inspect the necessary documents at the undertaking of the Carrier;
  4. The Authorized Body shall, after assessing the reports and other supporting documents submitted by the Carrier, submit them and the Carrier's VAT invoice to the Municipality by the 25th of the current month;
  5. The Municipality, after assessing the documents submitted by the Authorized Body, shall transfer the funds to the Carrier before the last calendar day of the current month;
  6. The Municipality shall be entitled to transfer to the Carrier the part of the compensation for damages for which the data is sufficient, if the time allowed for the verification of the remaining data is insufficient and the Municipality or the Authorized Body has decided to further verify the correctness of the data submitted by the Carrier. The duration of the follow-up check is up to 2 months;
  7. The Municipality shall have the right not to compensate for the part of the Carrier's losses for which the Carrier fails to provide additional reports or documents or the necessary documents cannot be found at the Carrier's registered office and the accuracy of the data provided cannot be ascertained;
  8. If the Carrier is found to be in breach of the requirements of the legislation on accounting and reporting, or to falsify or distort reports, the Municipality shall be entitled to impose the sanctions provided for in the Description of the procedure:

12.9.1. Deduct from the calculated compensation for the previous month the amount of money overpaid in previous months (the difference between the compensation actually paid according to the Carrier's claim and the revised calculated compensation for the previous month);

1. After the Municipality or the Authorized Body has made payments under the Contract and the Description, the contributions shall be applied first to the earliest arrears, second to the payment of late payment penalties (if accrued in accordance with the Contract), and third to the payment of interest (if accrued).
2. The Carrier undertakes to carry out calculations of the economic indicators of passenger carriage (fares, revenues and costs) and to provide them, at the request of the Municipality or the Authorized Body, no later than within 15 (fifteen) days from the date of receipt of the relevant request.

Description of the procedure for calculation and payment of remuneration for the provision of passenger transport services on regular local transport routes.

Annex 1

(Report form template)

(company name, code, address)

To \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Municipality

Report on the level of compensation for losses incurred by the Carrier in the carriage of passengers by local regular (urban/suburban) transport services for \_\_\_\_\_\_\_\_\_\_ of 20\_\_

\_\_\_\_\_\_ / \_\_\_ 20\_\_ No. \_\_\_\_\_\_\_\_\_\_\_

(place of conclusion)

|  |  |  |
| --- | --- | --- |
| Mileage of passenger transportation on local regular (urban/suburban) transport routes, including zero mileage, km  **[((Ri– Rin) x Mi + Mi0)**, where:  **R** means the number of planned journeys, pcs.  **Rn** means the number of cancelled journeys, pcs.  **M** means the length of route, km  **M(o)** means zero mileage, km | **In total:** |  |
| *Type of vehicle* |  |
| *Type of vehicle* |  |
| *Type of vehicle* |  |
| *Type of vehicle* |  |
| *Type of vehicle* |  |
| Rates for the carriage of passengers on local regular (urban/suburban) transport routes, Eur/km **(S**), Eur/km | **Total (weighted):** |  |
| *Type of vehicle* |  |
| *Type of vehicle* |  |
| *Type of vehicle* |  |
| *Type of vehicle* |  |
| *Type of vehicle* |  |
| Costs incurred in the carriage of passengers on local (urban/suburban) regular transport routes, Eur  **[((Ri– Rin) x Mi + Mi0)x S]** |  | |
| Revenue from the carriage of passengers on local (urban/suburban) regular routes, Eur **(P**) |  | |
| Remuneration from the municipal budget for the loss of income as a result of concessions for passengers for the use of regular local (urban/suburban) buses (trolleybuses) established by the Law on Transport Concessions of the Republic of Lithuania, Eur **(A**) |  | |
| Penalties **(B**) for breaches due to incorrect execution of the public service contract (reducing the grant), EUR |  | |
| Carrier incentives (**D**) | - | |
| Amount of compensation for losses incurred by the Carrier in connection with the provision of the service **(K**) (Eur)  **K = [((Ri– Rin) x Mi + Mi0)x Si] – P – A) - B + D** |  | |

Director of the company                                            (signature)                                     (Full name)

                                          (L. S.)

Chief Executive Financial Officer of the Company

(position) (signature) (full name)

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