

# Key Tax changes in Lithuania as of 2023



## Changes in tax administration – increase of penalties

1. **Increase in penalties as of 01/05/2023.** As of 1<sup>st</sup> of May 2023, penalties for illegally reduced taxes – State tax inspectorate (STI) or Customs section will increase from 20 to 100% of the estimated amount of additional taxes to be paid (previously from 10 to 50%). Penalties will not be imposed if the taxpayer himself notices an error and voluntarily corrects it before the STI or Customs starts a tax audit.

Since companies are also at risk of being included into the public list of taxpayers not meeting the minimum reliable tax payer criteria in case of any tax calculation errors exceeding EUR 15,000, it is recommended to perform detailed yearly tax reviews proactively, without waiting for audits from the STI or Customs agencies.

2. **Other changes in tax administration.** Article 61<sup>3</sup> of the Law on Tax Administration establishes new requirements:

- Payment service providers have an obligation to collect and store records of international payment transactions carried out through them and to submit payment record data to the State Tax Inspectorate;
- Payment service providers (both recipient and payer) must keep payment records for 3 calendar years from the end of the calendar year in which the international payment transaction was completed.
- As of 01/05/2023 online platform operators providing data must also collect data and provide yearly reports to the State Tax Inspectorate. The information must be about sellers using the income from certain activities that have been enabled through the platform, all transactions, and other information related to tax calculation and declaration.

## Changes affecting payroll

As of 1<sup>st</sup> of January 2023, the MMW (minimum monthly wage) before taxes is 840 euros.

As of 1<sup>st</sup> of January 2023, the valid MHR (minimum hourly rate) before tax is 5.14 euros.

# Key Tax changes in Lithuania as of 2023



As of 1<sup>st</sup> of January, 2023 NTI (non-taxable income amount) formulas are:

Monthly NTI:

$NTI = 625 - 0.42 \times (\text{gross wage} - \text{MMW})$  if monthly gross wage  $\leq 1,926$  euros.

$NTI = 400 - 0.18 \times (\text{gross wage} - 642)$  if monthly gross wage  $> 1,926$  euros.

Annual NTI:

$ANTI = 7,500 - 0.42 \times (\text{annual income} - 12 * \text{MMW})$  if annual gross wage  $\leq 23,112$  euros.

$ANTI = 4,800 - 0.18 \times (\text{annual income} - 12 \times 642)$  if monthly gross wage  $> 23,112$  euros.

NTI for persons with limited working capacity:

\* For persons with 0-25 percent work capacity, the monthly NTI is 1,005 euros.

• For persons with 30-55 percent work capacity, the monthly NTI is 935 euros.

## Social insurance rate change for participants in Pensions savings scheme

Participants in Pensions savings scheme contribution rate increases from 2,7% to 3%. The rates for those whose rate was already 3%, nothing changes.

Below you can find example calculations of employee social security contributions from earnings using the progressive pension method.

|                           | 2022  | 2023  |  |
|---------------------------|---|---|--|
| Gross monthly salary, EUR | Employee's Social insurance contribution having chosen the progressive pension accumulation method (19,5 % + 2,7 %) | Employee's Social insurance contribution having chosen the progressive pension accumulation method (19,5 % + 3 %) | Decrease in net salary due to change in the percentage of additional pension accumulation, EUR |
| 750,00                    | 166,50  | 168,75  | 2,25   |
| 1000,00                   | 222,00  | 225,00  | 3,00   |
| 1500,00                   | 333,00  | 337,50  | 4,50   |
| 2000,00                   | 444,00  | 450,00  | 6,00   |

## Amendments to the Law on Value-Added Tax

1. The Parliament registered amendments on reduced VAT rates (to Article 19 of the VAT Law). The most important change is that the 9% reduced VAT rate for restaurants, cafes, and catering establishments is extended until 31/12/2023.

# Key Tax changes in Lithuania as of 2023



2. As of 01/01/2023 amendments to Article 62 of the VAT Law entered into force, allowing VAT deduction for class M1 electric cars, the value of which does not exceed EUR 50,000 (including VAT). The deduction does not cover hybrid cars. We also remind you that according to the general VAT deduction rules, VAT deduction is possible only when the property is used for VAT-taxable activities.

3. Article 71 (7) of the Law on VAT has been changed after the investigation of EU Commission. From 01/01/2023, in accordance with Article 71 (7) of the Law on VAT a person (alone or together with other related persons) controlling several legal entities does not have to submit applications for registration as a VAT payer, if the total amount received or receivable for the goods and services provided in the course of economic activity exceeded the limit of 45,000 euros per year (last 12 months), if the mentioned persons can prove that:

- 1) none of their management bodies and/or individual members of the management body are the same person; **and**
- 2) their actual economic activities are not of the same nature, and they do not act for each other's benefit or interests.

## Changes in corporate taxation

1. **Anti-avoidance measures against hybrid entities.** As of 01/01/2023, the new rule for eliminating causes of non-conformities in the special tax procedure of CIT will enter into force. This rule eliminates one of the causes of tax discrepancies - different legal regulations and treatment of taxation for hybrid entities. It is recommended to taxpayers review their group structures as soon as possible, to identify such hybrid entities, if any.

2. **Amendments to large-scale investment projects regime.** The amendment to Article 58 of the Corporate Income Tax establishes that during the implementation of a large-scale project, the preferential income tax regime corresponding to the income from the use of intellectual property can be applied only to those taxpayers who factually carry out activities related to scientific research and experimental development.

3. **Tax exemption on assets taken for public needs.** Starting from the year 2023, remuneration received for land and/or other property taken for public needs will no longer be subject to corporate income tax. Similar provision was also implemented in the Law on Personal Income Tax, allowing same exemption for such remunerations received by individuals.



# Key Tax changes in Lithuania as of 2023



## Changes in Personal Income Tax (PIT)

As of 2023 individual activity / freelancer regime taxpayers who are not obliged to apply the accrual accounting principle will be able to choose which (cash or accrual) accounting principle to apply. A resident engaged in the individual activity will have to start applying the principle of accrual accounting in the tax period in which he has chosen to recognize the income of individual activity. In addition, a resident who carries out an individual activity and chooses to apply the principle of accrual accounting must apply it until the end of the activity.

## Intrastat reporting changes:

|   | Was until 31.12.2022 | Is from 01.01.2023 |
|---|----------------------|--------------------|
| Intrastat import (from the EU) reporting threshold                    | 280 000 EUR          | 500 000 EUR        |
| Intrastat export (to the EU) reporting threshold                      | 200 000 EUR          | 300 000 EUR        |
| Thresholds for providing the statistical value of imports (to the EU) | 5 000 000 EUR        | 7 000 000 EUR      |
| Thresholds providing the statistical value of exports (to the EU)     | 8 000 000 EUR        | 10 000 000 EUR     |

## Increase in excise duties and related changes

1. As of 1<sup>st</sup> of January 2023, excise duties on several goods will be increased. You can find the full list [here](#).

2. Paragraph 2 of Article 6 of the Excise Law has been amended. It now stipulates that the owner of a warehouse of excise goods must keep records of all operations performed in the warehouse. The procedure for accounting of operations carried out in the warehouse of excise goods (including mandatory use of measurement and accounting tools, and requirements for their use) shall be established by the Government or its authorized institution. Thus, with this amendment, the Government Authorized Institution (State Tax Inspectorate) is additionally tasked with determining not only the accounting procedure for operations performed in the warehouse of excise goods but also the mandatory use of measuring and accounting tools and the requirements for their use in the warehouse of excise goods.



# Key Tax changes in Lithuania as of 2023



3. Abolished duty for taxpayers to register as payers of excise for electricity usage.

There are also other changes related to excise duties, taxpayers paying excise duties are advised to contact their tax advisers for individual advice.

## Amendments to the Law on Joint Stock Companies

On 17/11/2022, the Parliament announced amendments to the Law on Joint Stock Companies. The essence of the changes:

1. As of 1<sup>st</sup> of May 2023, the minimum amount of a limited liability company authorized capital has been reduced from 2,500 euros to 1,000 euros;
2. The possibility for shareholders to participate in general meetings of shareholders remotely has been approved. This leads to the possibility of organizing shareholder meetings remotely from 30<sup>th</sup> of November 2022. For electronic voting, the company must prepare a description of the procedure for participation and voting in the general meeting of shareholders by means of electronic communication. It is also important to ensure the verification of personal identity and the security of transmitted information.

## Postponement of i.EKA smart cash registers

STI has delayed the date by which it recommends companies to contact a certified cash register service company for the installation of a new type of i.EKA cash register until 1<sup>st</sup> of March 2023. More detailed information about i.EKA is available here (<https://www.vmi.lt/evmi/i.eka>).

## Changes in the tax for environmental pollution

As of 2023, the tax for environmental pollution will additionally have to be paid for pollution from equipment using organic solvents that must be registered. Also, the tax for waste disposed of in a landfill increases from 10 to 50 EUR/t.

**Every situation is unique, so we invite you to consult with our tax advisory experts about the issue you are concerned about:**



Vykintas Valiulis  
Partner, Head of tax advisory  
[Vykintas.Valiulis@lt.gt.com](mailto:Vykintas.Valiulis@lt.gt.com)



Vilma Priluckytė  
Senior tax project manager  
[Vilma.Priluckyte@lt.gt.com](mailto:Vilma.Priluckyte@lt.gt.com)

Subscribe to our newsletter and be updated permanently

Subscribe here