



# Key tax changes in the Baltics

2024



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# Key tax rates in Estonia



# Key tax rates in Estonia



## 2024 tax rates at glance

- Corporate income tax rates:
  - « Standard rate 20% (20/80 on net distribution)
  - « Reduced tax rate 14% (14/86 on net distributions) in case of regularly distributed dividends
- Personal income tax rate 20%
- Non-taxable income (basic exemption) is up to 654 EUR per month and up to 7848 EUR per calendar year depending on individual's annual gross income
- Fixed non-taxable income (basic exemption) in retirement age is up to 776 EUR per month and up to 9312 EUR per year
- Social tax rates:
  - « Employer's liability 33.8% (consists of 33% social tax and 0.8% unemployment insurance premium)
  - « Employee's liability 1.6% unemployment insurance and 2% voluntary contribution to second pillar pensions fund
- The minimum wage is 820 EUR per month, 4.86 EUR per hour
- VAT standard rate 22%, reduced rate 9% and 5%
- VAT registration threshold 40 000 EUR



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# Key Estonian tax changes 2024 - 2025



## Changes in Value Added Tax

- As of 1 January 2024, the standard VAT rate increased from 20% to 22%
  - « Taxable persons have a right to apply 20% rate until 31st December 2025 in case of long-term contracts concluded before 1st May 2023, if the contract provides that the applicable VAT rate is 20% and does not provide for a change of price due to changes in VAT rate, which might be particularly relevant to the transactions involving immovables.
  - « Until 31st December 2025 taxable persons using cash accounting may pay VAT at 20% on the supply generated after 31st December 2023 as long as the invoice was issued, and goods/services delivered before 1st January 2024.
- As of 1 January 2024, the payment service providers have an obligation to store data on recipients who receive more than 25 cross-border payments per quarter and provide such data to tax authority.

## Changes in personal income tax

- As of 1 January 2024, private individuals can no longer deduct from their taxable income:
  - « increased basic exemption upon provision of maintenance to child (previously 1848 EUR for second child and 3048 EUR for third child)
  - « increased basic exemption for spouse (previously up to 2160 EUR if the joint annual income does not exceed 50 400 EUR)
  - « housing loan interest (previously up to 300 EUR per year)
- Those changes will apply to 2024 income tax return submitted in 2025, such deductions are still applicable for 2023 income tax return submitted from February 2024.
- From 1 January 2025, the personal income tax rate will increase from 20% to 22%
- From 1 January 2025, resident private persons will have the right to deduct from their taxable income the basic exemption of 700 EUR per month i.e., 8400 EUR per year, regardless of income earned.



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## Changes in corporate income tax

- From 1 January 2025, the corporate income tax rate on gross distributions will increase from 20% to 22% i.e., 22/78 on net distributions.
- From 1 January 2025, reduced tax rate of 14% on regularly distributed dividends will be abolished and all type of profit distributions will be taxed at 22/78 tax rate
- From 1 January 2025, the corporate income tax (gross) rate on advanced income tax paid by credit institutions will increase from 14% to 18%



## Changes in excise duty

- From 1 January 2024, the excise duty rate on alcohol, cigarettes, smoking tobacco, and tobacco liquids will increase by 5% each year for next three years (2024-2026).
- From 1 January 2024, the minimum amount of excise duty payable on cigars and cigarillos will increase by 5% each year for next three years (2024-2026).

## Planned changes in motor vehicle tax

- The legislation is still in development and is planned to come into force as of 1 January 2025
- Currently legislation outlines a registration fee for the first registration of motor vehicle in Estonian traffic register (both old and new vehicles) and an annual fee that is calculated based on vehicle characteristics (such vehicle CO<sub>2</sub> emissions, weight, age etc.)



**For more information please see our pan-Baltic tax system comparison**



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# Key tax rates in Latvia





# Key tax rates in Latvia



## 2024 tax rates at glance

- Corporate income tax (CIT) rate:
  - « Standard rate 20 % is applied to the gross amount, or 20/80 (effective rate 25%) of the net cost.
- Personal income tax (PIT) rates:
  - « 20% for annual income up to EUR 20 004;
  - « 23% for part of annual income exceeding EUR 20 004 up to EUR 78 100;
  - « 31% for part of annual income above EUR 78 100;
  - « 20% for income from capital gains;
  - « 10% for income from property.
- Non-taxable minimum is applicable to income up to EUR 1 800 per month.
- Social tax rates:
  - « Employee's liability is 10.50%;
  - « Employer's liability is 23.59%;
  - « Solidarity tax rate 25% for annual income above EUR 78 100.
- Minimum object of mandatory social tax contributions EUR 700 per month.
- Value added tax standard rate 21%, reduced rates 12% and 5%.
- Value added tax registration threshold EUR 50 000.
- The minimum wage EUR 700 per month.
- Micro-enterprise tax rate (consists of State social insurance mandatory contributions, personal income tax for micro-enterprise owner) – 25%.



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# Key Latvian tax changes as of 2024



## Changes in the value added tax (VAT) law

As of 1st January 2024:

- **VAT rate of 12%** is applicable to supplies of fresh fruits, berries and vegetables specific to Latvia, which are determined in the annex of the VAT law.
- The participation fee determined by the registered associations or foundations for participating in sports competitions as well as the fee for sports lessons provided by said associations or foundations **is not subject to VAT.**
- **VAT will not be charged** for the stay of children in children's camps, which are organized in accordance with the requirements of the regulatory acts regulating the field of education.
- Inland taxpayer **is entitled not to register** in the State Revenue Service (SRS)'s register of VAT payers if the total value of the taxpayer's supplied goods and provided services during the previous 12 months has not exceeded **EUR 50 000.**
- The amount of VAT as input tax is not fully deductible for the costs related to the maintenance of the representative car which occur within a period of **60 months** counting from the moment when the car is registered in the property or possession of the person.
- The value of the bad debt per recipient of goods or services will be determined at **EUR 1 000** without VAT. By complying with the provisions of the VAT law the taxpayer can reduce the amount paid into the state budget without a court judgment on debt recovery from the recipient of goods or services and without a bailiff's act on the impossibility of recovery (exceeding EUR 1 000 a court judgment or a bailiff's act is also required).
- The VAT Law sets out obligation for payment service providers to keep records, store and provide information to the Tax authorities regarding payees and cross-border payments.



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## Changes in the personal income tax (PIT) law

As of 1st January 2024:

- Contributions to Pan-European Private Pension Product (PEPP) funds is treated as **PIT eligible expenditures**.
- **Tuition fee paid by the employer** to the employee for the employee's studies to obtain higher education in state-accredited educational institutions of Latvia, in educational institutions of European Union (EU) member states and European Economic Area (EEA) countries is not considered as income from paid work and **is not a subject to PIT**, if the obtainment of higher education is related to acquiring abilities, knowledge and skills, which are required by the employer.
- Threshold for life, health and accident insurance premiums paid into registered private pension funds and insurance companies is increased to **EUR 750**.
- **Exemption from PIT** is applied to the employee's expenses paid by the employer and related to remote work, which are covered by the employer, if their total monthly amount for full-time work **does not exceed EUR 40**.

## Changes in the corporate income tax (CIT) law

As of 1st January 2024:

- Credit institutions and consumer credit service providers will have to make **a surcharge (advance) CIT payment of 20% of the previous year profit**.
- Fuel and operating expenses arising from the use of the representative car, which is registered in the company's continuous possession or holding for **more than 60 months**, will not create a CIT taxable base.

## Changes in the micro-enterprise tax (MET) law

As of 1st January 2024:

- A single MET rate of **25%** is determined.

## Changes in the gambling and lotteries tax (GLT) law

As of 1st January 2024:

- The tax for roulette and card and dice game is increased to **EUR 33 696** per table.
- The tax on gaming machines is increased to **EUR 6 204** for each place of play of each gaming machine.
- The tax rate is increased to **12%** from the revenues of the organization of gambling for gambling organized using telecommunications.



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## Changes in Excise duties

	Until 29.02.2024 (EUR)	From 01.03.2024 (EUR)
Beer (100 l)	8.20, but not less than 15.20	9, but not less than 16.70
Wine (100 l)	111	122
Fermented beverages (100 l) with the absolute alcohol content up to 6% by volume	64	70
Fermented beverages (100 l) with the absolute alcohol content above 6% by volume	111	122
Intermediate products (100 l) with the absolute alcohol content up to 15% by volume	111	122
Intermediate products (100 l) with the absolute alcohol content from 15% to 22% by volume	185	203
Other alcoholic beverages (per 100 l of absolute alcohol)	1724	1862
Non-alcoholic beverages (100 l) with a sugar content from 8 grams per 100 ml	14	17.50 also for energy drinks
Cigars and cigarillos (1000 units)	126.7	164.7
Cigarettes (1000 units)	104 but not less than 135.90	119.60 but not less than 156.30
Smoking tobacco (1000 g)	91.9	105.7
Heated tobacco (1000 g)	218	251
E-liquids, their components (1 ml)	0.2	0.24
Tobacco substitutes (1000 gr)	120	138
Oil Products also if them added biodiesel or paraffinized diesel fuel, obtained from biomass (1000 l)	-	148





## Changes in the natural resources tax (NRT) law

- **Hydrocarbons, textiles and disposable plastic-containing products** (wet wipes, balloons, filters for tobacco products and filters intended for use with tobacco products) as well as **plastic-containing fishing gears** are defined as the subject of NRT.
- As of 1st July 2024 the NRT is increased to **EUR 110** for M1 and N1 category vehicles, that are permanently registered in Latvia for the first time.
- As of 1st July 2024 the NRT is applicable to **textiles**.
- As of 1st January 2025 the NRT is applicable to **wet wipes, balloons and plastic-containing fishing gears**.
- Gradual increase of NRT rate for disposal of hazardous waste, domestic waste and industrial waste.

## Intrastat reporting changes

As of 1st January 2024:

- Credit institutions and consumer credit service providers will have to make **a surcharge (advance) CIT payment of 20% of the previous year profit**.
- Fuel and operating expenses arising from the use of the representative car, which is registered in the company's continuous possession or holding for **more than 60 months**, will not create a CIT taxable base.

## Changes in the micro-enterprise tax (MET) law

As of 1st January 2024:

- The threshold value for Intrastat reporting of the import of goods from the EU is increased to **EUR 350 000**.

## Changes in the practice of the SRS

- In-depth cooperation program of the SRS is cancelled by the end of 2023, therefore, a new taxpayer rating system will be implemented.
- Instead of previously used different types of taxpayer inspections, will be implemented one single type – the tax control.



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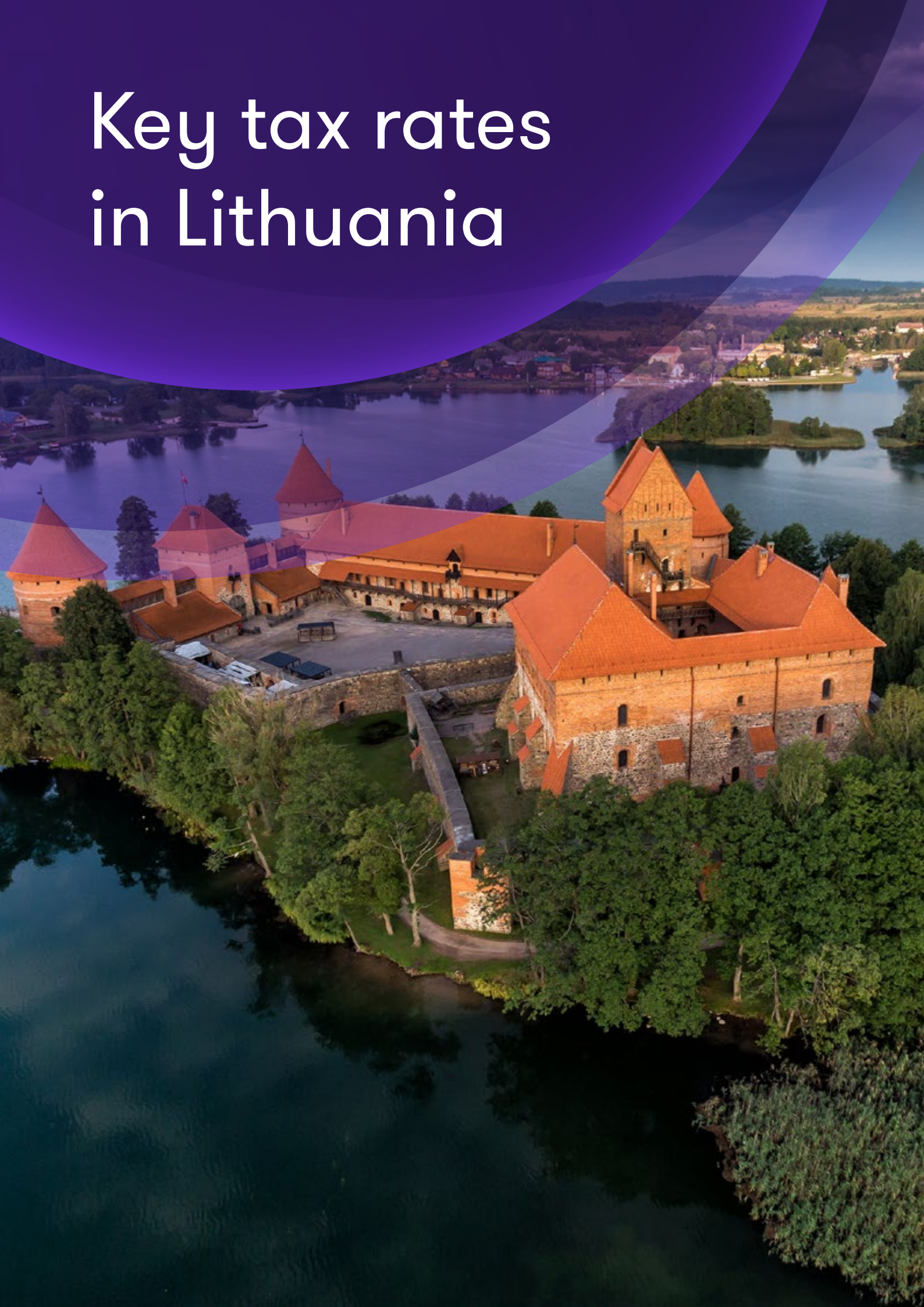


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# Key tax rates in Lithuania



# Key tax rates in Lithuania



## 2024 tax rates at glance

- Corporate income tax rates:
  - « Standard rate 15%
  - « Increased rate 20% (for credit institutions)
  - « Reduced rates 5%, 0%
- Personal income tax rates 15%, 20% and 32%
- Basic exemption for personal income tax: up to 747 EUR per month/ 8964 EUR per year\*
- Social Tax (employee, withheld) 19.5%
- Social Tax (employer, on top) 1.77%
- Voluntary pension contribution (employee) 3%
- Minimum wage 924 EUR per month / 5.65 EUR per hour
- VAT standard rate 21%
- VAT reduced rates 9%; 5%
- VAT registration threshold 45 000 EUR



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# Key Lithuanian tax changes as of 2024



## Changes in the corporate income tax (CIT) law

As of 1st January 2024:

- Corporate income tax reliefs for companies funding films' production and for investments into fixed assets were both prolonged for 4 (2028-2024=4) years, until year 2028.;
- Corporate income tax relief for very large investment projects (more than 20-30mEUR) rules were tweaked from 2025, see [here](#) for more information;
- NEW mandatory disclosure of information for periods starting from 2024-06-22 and beyond (i.e. in most cases – starting year 2025):
  - « Applicable for International Groups of Companies incl. subs. if 2 years' group income >750mEUR.
  - « Published information, by country: income, profit, pre-tax profit, amount of income tax, amount of income tax **paid**, accumulated retained earnings
  - « Will have to be made available **to the public** incl. via website.

## Changes in the personal income tax (PIT) law

As of 1st January 2024, key indicators relevant for PIT calculation were updated:

Date	Until 31.12.2023	Starting from 01.01.2024
Minimum wage/gross	840 EUR	924 EUR
Non-taxable minimum monthly/yearly income (if salary does not exceed minimum wage)	625 EUR (7 500 EUR)	747 EUR (8 964 EUR)
Average wage (applied for calculating the base of state social insurance contributions of insured persons)	1 684.90 EUR	1 902.70 EUR

Average wage is utilized to calculate personal income tax and apply specific rates for different kinds of personal income.

## Changes in the value added tax (VAT) law

As of 31 December 2023, preferential VAT rate of 9% was abolished for catering services and takeaway food provided by restaurants, cafes and similar service institutions. Standard VAT 21% rate applies from 1st January 2024.



## Changes in the excise duties law

The changed rates of excise duties can be found [here](#).

## Provision of data of international money transfers (CESOP)

As of 1st January 2024:

- Data will have to be provided by payment service providers specified in Article 6(1-4) of the Law on Payments of the Republic of Lithuania. The obligation to provide data on cross-border payments from 1st January 2024 (quarterly) is for:
  1. credit institutions;
  2. electronic money institutions;
  3. payment institutions;
  4. postal money forwarding systems (giro) institutions providing payment services.
- First data submission for 2024 I quarter - no later than **30th of April 2024**.
- What data to provide? -> LT tax authorities explanations - See [here](#)

[Source 1](#)

[Source 2](#)



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## Other changes of the Lithuanian tax legislation

As of 1st January 2024:

- Internet platforms / apps now have liability to report to Tax authorities their users' related data on their income etc. (brief reminder of 2022 news item part of DAC-7 directive package)
- Tax authorities will now also be able to block non-compliant internet platforms without a separate court order, faster than before
- List of non-compliant / tax haven jurisdictions – Russia was added, Paraguay removed
- Rules for settlements with Tax authorities were adopted, establishing criteria according to which the decision is taken whether a Tax authority should make a settlement (a peace agreement) with a legal or individual person in civil or administrative proceedings.



## Changes of commentaries (tax authorities' interpretations of tax legislation)

Several commentaries of tax laws were changed by Tax authorities, notably:

- Company cars: tax authorities tightened the administration of income in kind – travel work-home are now by default considered as „income in kind“, unless the duties of the employee require departure from home directly to work outside of usual workplace (client's site etc.).
- Tax authorities comment that plug-in hybrid cars can now also benefit from input VAT deductibility if <50k EUR value incl. VAT and used for VAT taxable activities, same as for other electric vehicles.
- Workations: tax authorities now see them as by default **not business trips**, but rather remote work. No per-diems can be paid for workations.
- It is very likely that tax authorities' comments will be changed more often as no longer Ministry of Finance approval is needed. However – courts refuse to allow tax authorities power to create completely new tax rules or requirements, as only Parliament is entitled to do so, as per Lithuania's Constitution.



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