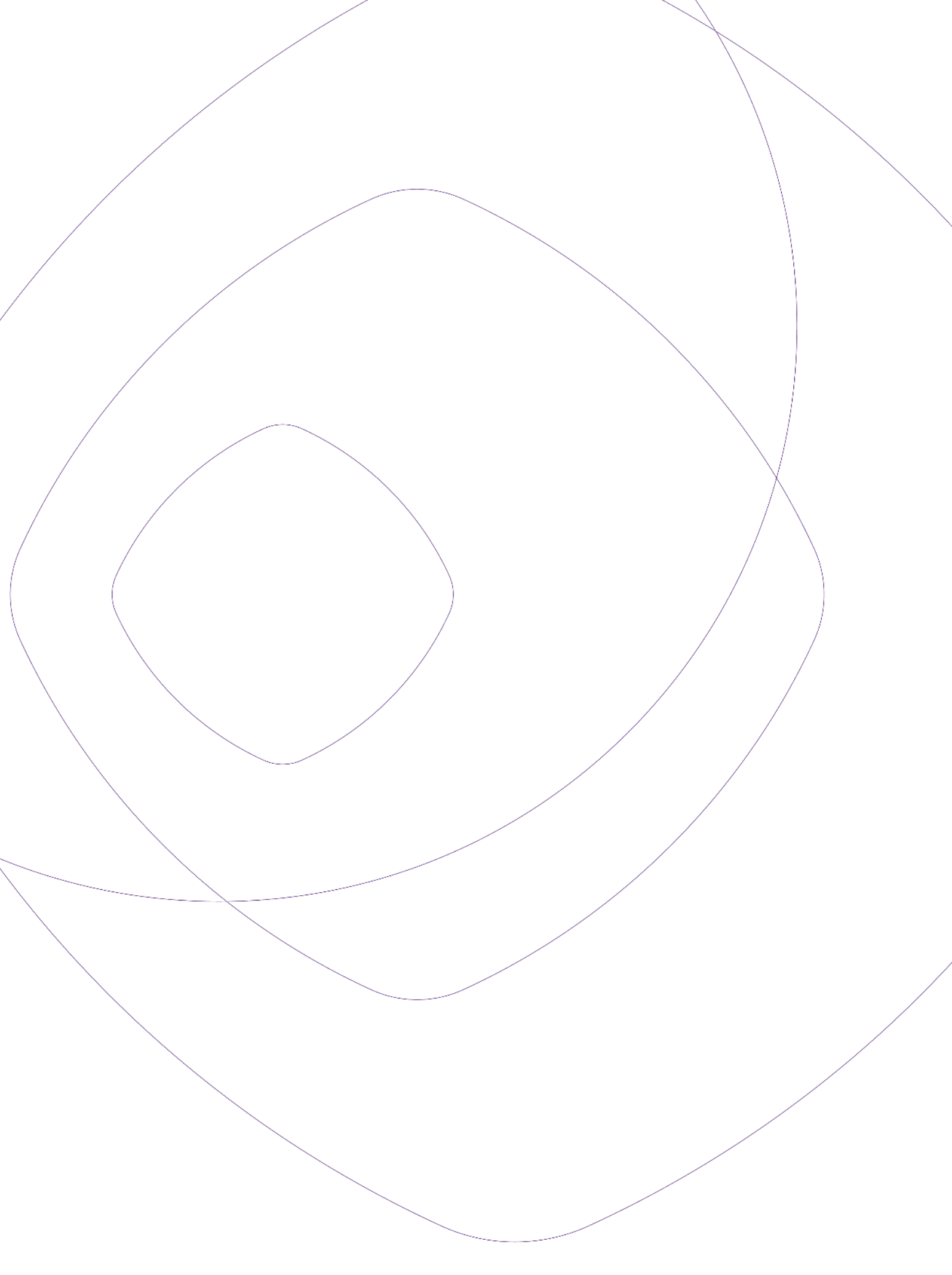


# Key tax changes in Lithuania 2024







# Key Tax rates in Lithuania

## 2024 tax rates at glance

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

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# Key Lithuanian tax changes as of 2024

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## Tax reform postponed

- It is official, that planned tax reform was put on hold in Lithuania;
- The tax reform package consisted of draft amendments to seven laws;
- Higher taxes were planned for some of the self-employed, more persons would have had to pay real estate tax, the procedure for applying some benefits would have changed, and a minimum unemployment benefit would have been introduced;
- Nonetheless, the reform stalled due to lack of political agreement.

## VAT changes – no more 9% rate for restaurants / catering

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 personal income tax (PIT) law

As of 1<sup>st</sup> January 2024:

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

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

Source [here](#).

Source (for non-taxable income) [here](#).

## More about monthly nontaxable income:

1) If monthly income related to an employment relationship or alike > 924 (the minimum monthly salary valid for current calendar year), however, does not exceed 2 167 EUR, the following formula is applicable:

Monthly nontaxable income = 747 – 0,5 x (earned monthly income related to employment relationship – minimum monthly salary applicable for the calendar year).

2) If monthly income related to an employment relationship or alike exceeds EUR 2 167 EUR, the following formula is applicable:

Monthly nontaxable income = 400 – 0,18 × (earned monthly income related to employment relationship – 642).

## Rules for settlements with Tax authorities

- The New rules establishing criteria according which the decision is taken whether a Tax authority should make a settlement (a peace agreement) with a legal or individual tax in civil or administrative proceedings;
- Before the rules came into effect, there were no clear criteria, when Tax authorities should make a peace agreement or not with the tax payer;
- Agreements are confidential;
- Based on the new rules the legal and individual tax payers shall be given certain points (from 0 till 4) based on different conditions. If certain points are collected, then Tax authorities will be able to make a settlement;

For example:

*“If a legal tax payer undertakes to pay 50% or more of the amount of the claim before the signing of the settlement in civil or administrative proceedings, 3 points are awarded” <...>*

*“If the settlement agreement established that an individual tax payer pays within 6 months period, then 3 points awarded.”*

[Source](#)

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

As of 1<sup>st</sup> January 2024:

- Corporate income tax reliefs for companies funding films' production and for investments into fixed assets were both prolonged for +5 years, until year 2028.;
- Corporate income tax relief for very large investment projects (more than 20-30m EUR) 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 >750m€.
- 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.
- Similar measures in Latvia (already in legislation) and Estonia (draft legislation).

[Source](#)

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

As of 1<sup>st</sup> 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 1 January 2024 (quarterly) is:
  - 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 April 30, 2024.
- What data to provide? -> LT tax authorities explanations - [See here](#)

[Source 1](#)

[Source 2](#)

## Other changes of Lithuanian tax legislation

As of 1<sup>st</sup> 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

## Changes in the excise duty law

The changed rates of excise duties, you can find [here](#).

## Changes of commentaries (tax authorities' interpretations)

- Cars: tax authorities tightened the administration of income in kind – travel work-home are now by default income in kind, unless ...
- ... the work is such that it can require departure from home directly to work outside of usual workplace (client's site etc.) (exception remains)
- But also cars – plug-in hybrids can now also benefit from input VAT deductibility if <50k EUR value incl. VAT and used for VAT taxable activities.
- Workcations: tax authorities now see them as not business trips but rather remote work only. No per-diems can be paid for workcations. Exceptions?
- Tax authorities' comments will be changed more often as no longer Ministry of Finance approval needed. However – courts refuse to allow tax authorities power to invent new tax rules – only Parliament can do that as per Lithuania's Constitution. See recent case law on tax loss transfer between group companies – court denied tax authorities' interpretation.

**Take away – the law is still the primary source for tax rules, tax authorities can't invent new requirements, and taxpayers can make their rights count, and tax advisors can help.**



# Contact us

If you have any questions, please do not hesitate to contact us:



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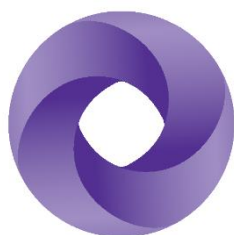
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