

# Changes in the Lithuanian tax legislation in 2018

At the end of 2017 the Parliament passed changes to the laws on Personal income (LPIT), Value added (LVAT) and Corporate income (LCIT) taxes in Lithuania.

Listed below are the most important tax changes taking effect in 2018.

## Regarding tax-exempt amount of income (TEI) and additional tax-exempt amount of income (ATEI):

### Changes in TEI and ATEI

	2017	2018 and onwards
TEI	310 EUR	380 EUR
TEI for employees with a working capacity of 30-55%	320 EUR	390 EUR
TEI for employees with a working capacity of 0-25%	380 EUR	450 EUR
TEI not applicable for income above	1.000 EUR	1.160 EUR
ATEI	Applicable to parents with under-aged children	No longer applicable

## Regarding taxation of income from individual activities

Starting from 2018, taxation on income from individual activities will no longer depend on the type of professional activity (as was before 2018) but on the size of the net positive income earned during the year.

### Taxation of income from individual activities

	Taxation 2018 and onwards
Income 35.000 EUR and higher	15%
Income between 20.000 EUR and 35.000 EUR	Between 5% and 15%
Income 20.000 EUR and smaller	5%

More information can be found here: <https://e-seimas.lrs.lt/portal/legalAct/lt/TAP/5f7f4170d37111e782d4fd2c44cc67af>

## Regarding main changes in the Corporate income tax

- The tax relief for investments into fixed assets will be continued - for the period starting from 2018 up to 2023 the taxable income can be reduced by up to 100% (previously up to 50%).

### Tax relief for investments

	2009 - 2017	2018 - 2023
Maximum reduction of taxable income	50%	100%

- Capital gains from the sale of subsidiary shares will be tax exempt if prior to the transaction at least 10% of the company shares were held for 2 years (previously holding at least 25% of shares was required).

### Tax exemption for capital gains

	2017	2018 and onwards
Percentage of shares needed to be held for at least 2 years in order for the income from their sale to be tax exempt	25%	10%

- Not more than 50% (previously 75%) of costs incurred from representational activities can be deducted from the taxable income and the deducted amount cannot be larger than 2% of the revenue for the tax period.  
*\*Costs incurred from betting or gambling are not regarded as representational.*

### Representation cost deductibility

	2017	2018 and onwards
Tax on profits generated from the commercialization of inventions	15%	5%

- All new small start-up businesses will be exempt from paying the CIT for 1 year.

## Additional requests and contacts

If you have any questions regarding these tax changes, please don't hesitate to contact us via e-mail: [vykintas.valiulis@lt.gt.com](mailto:vykintas.valiulis@lt.gt.com)