



## TAX NEWS

### THE EXPLANATION REGARDING DECLARATION AND TAX TREATMENT OF AN INCOME RECEIVED USING PEER-TO-PEER LENDING PLATFORMS HAS BEEN PREPARED

The State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania (hereinafter – STI under MF) has prepared the explanation regarding the application of the provisions of the Lithuanian Law on Personal Income Tax concerning situations when natural persons grant or undertake to grant consumer credits to other natural persons using peer-to-peer lending platforms.

The explanation states that:

- Interest paid using the platforms are assigned to B class income;
- Consumer credit granted by a natural person to other natural person using peer-to-peer lending platform is not considered to be an individual economic activity;
- The transfer (sale) of a natural person's right of claim to consumer credit using the platform to other natural persons is not considered to be an individual economic activity;
- Fines and interest on arrears for non-compliance with contractual obligations (not paying or delayed payment of interest) are assigned to A class income.

More information can be found [here](#).

### AMENDMENT OF THE FILING RULES OF THE REPORT ON TRANSACTIONS WITH ASSOCIATED PARTIES (FORM FR0528)

On 31 March 2016 the Head of the STI under MF adopted an order No VA-35 by which the filing rules of the report on transactions with associated parties (form FR0528) (hereinafter – the Rules) have been amended. By the aforementioned order, Subparagraph 2 of Paragraph 4 of the Rules has been amended, explaining that, inter alia, economic transactions related to the formation, increase or reduction of share capital are excluded when calculating the value of EUR 90,000 (submission of the form FR0528 becomes mandatory after exceeding this amount). Besides, the Rules were amended with editorial changes related to the submission of declarations using the electronic declaration system of the STI under MF.

The order comes into force as of 1 October 2016.

More information can be found [here](#).

### THE DEADLINE FOR SUBMISSION OF THE REPORT REGARDING OPENED OR CLOSED FOREIGN BANK ACCOUNTS BY LITHUANIAN RESIDENTS HAS BEEN POSTPONED UNTIL 31 DECEMBER 2016

On 23 March 2016 the Head of the STI under MF has issued an order No VA-24 by which filing and submission rules of the report on opened and closed bank accounts in foreign credit, payment and e-money organizations (form FR0526) have been amended and supplemented.

The amendments indicate that the submission deadline for the above mentioned report is extended from 1 May 2016 to 31 December 2016.

More information can be found [here](#).

## Contacts

**Kristine Jarve**  
Partner  
Tax & Legal Department  
+370 5 255 3000  
[kjarve@deloittece.com](mailto:kjarve@deloittece.com)

**Lina Krasauskienė**  
Senior Manager  
Tax & Legal Department  
+370 5 255 3000  
[lkrasauskiene@deloittece.com](mailto:lkrasauskiene@deloittece.com)

**Tomas Davidonis**  
Attorney at Law,  
Senior Manager  
+370 5 255 3000  
[tdavidonis@deloittece.com](mailto:tdavidonis@deloittece.com)

## AMENDMENTS OF THE RULES REGARDING THE SUBMISSION OF TAX RETURNS

In accordance with the amendment of Article 75 of the Lithuanian Law on Tax Administration (hereinafter – Law on TA), coming into force as of 1 October 2016, on 30 March 2016 the Head of the STI under MF has issued an order No VA-29 by which the rules on the submission of tax returns, extension of the deadline for submitting them and taxpayers' temporary relief from the submission of tax returns and / or the submission of other documents indicated in legal acts (hereinafter – the Rules) have been amended.

- The Rules indicate that tax returns will have to be submitted via electronic means only, except for annual personal income tax return of resident or non-resident and in cases when electronic submission of the return is not possible due to objective reasons.
- The Rules were supplemented with the provision indicating that in case the information systems of the STI under MF are not working, and submission deadline indicated in the specific tax laws or other legal acts expires, upon the restoration of the ability to use them, a taxpayer has to submit the return within a reasonable period of time.
- The Rules indicate that internal rules of the information systems may establish other submission order and special procedures in case it is impossible to use information systems of the STI under MF.
- The Rules were supplemented with some general terms regarding the submission of documents and other data using electronic means.
- The Subparagraph 26.3 was supplemented, according to which, the taxpayer (a non-profit entity) could be recognized as not performing economic activities in case the entity is not receiving any income, including financial support received by this non-profit entity. The aforementioned subparagraph came into force as of 1 April 2016.

More information can be found [here](#).

## THE AMENDMENT OF THE OFFICIAL COMMENTARY OF THE LITHUANIAN LAW ON TAX ADMINISTRATION

The STI under MF has updated the official commentary of the Law on TA explaining the provisions of Articles 55-1 and 61-1 relating to the obligations of the financial market participants and the third parties as regards to the information which has to be provided to the tax authorities. Moreover, the official commentary of Article 68 was supplemented with Paragraph 3 which explains the provisions of the Law on TA providing the right to the tax authorities to check the correctness of a tax declared in the return and to recalculate it regardless the limitation period of the submission and adjustment of the return (in case the adjusted return is submitted less than 90 days before the end of limitation period).

More information regarding Articles 55-1 and 68 can be found [here](#), regarding Article 61-1 – [here](#).

## RECAST OF SIGNING RULES OF THE AGREEMENT BETWEEN THE TAX AUTHORITIES AND A TAXPAYER ON TAX AND RELATED AMOUNTS

On 5 April 2016 the Head of the STI under MF has issued an order No VA-42 by which the signing rules of the agreement between the tax authorities and a taxpayer on tax and related amounts (hereinafter – the Rules) have been recast.

The new wording of the Rules has been complemented with the section (Chapter 4) where procedural steps of the agreement process were specified and the deadlines for appropriate actions have been set.

Moreover, the recast version of the Rules indicates that a proposal to sign an agreement may be initiated either by the taxpayer or the tax authorities in any stage of tax investigation, tax audit or other tax disputes.

More information can be found [here](#).

## LEGAL NEWS

### DATA ON SOLE SHAREHOLDER: NEW OBLIGATION FOR LIMITED LIABILITY COMPANIES

On 12 April 2016 new amendments to the regulation on Information System of Legal Persons' Stakeholders (hereinafter – JADIS) were adopted, whereby a new obligation for private limited companies to provide data on sole shareholder was established.

In addition to other amendments, it is established that as from 1 January 2017 the data on sole shareholder (owning 100% of shares) of Lithuanian limited liability companies will be stored at JADIS.

Currently, limited liability companies in Lithuania are required to provide data to JADIS only if the company is owned by more than one member (shareholder).

More information is available [here](#).

### TEMPORARY RESIDENCE PERMITS IN LITHUANIA: NEW REQUIREMENTS AND EXCEPTIONS

Regulation on issue of temporary residence permits in Lithuania was amended by the order of the Minister of the Interior on 13 April 2016.

Amendments related to requirement for a foreigner (over 14 years old) to submit certificate(s) on criminal background:

- Criminal background certificate(s) are required to be provided to the migration authority from all foreign states where an applicant had resided for two-year period before coming to Lithuania (except for the cases when a person resided in a particular country for less than 6 months within 12 month period);
- Criminal background certificate(s) should be issued not earlier than 6 months before applying for a temporary residence permit.

New amendments also establish that criminal background certificate is not required under the following circumstances:

- Foreigner already holds a valid temporary residence permit and his place of residence is registered in Lithuania;
- Criminal background certificates are not issued in particular foreign country. In this case, a respective document of competent authority of that country (confirming that certificate cannot be issued) should be provided;
- Foreigner would clearly incur disproportionately high costs in terms of time and money (in this case, a foreigner should provide duly substantiated request indicating circumstances which preclude him/her from fulfilling this requirement). Migration department decides separately on the request.

By new amendments it was also established that documents confirming foreigner's premises for residence in Lithuania (i.e. consent issued by owner of premises, ownership documents, etc.), may be submitted to the migration authority after the Migration department has adopted a decision on issue/change of temporary residence permit, i.e. when applying for residence permit card.

The amendments entered into force on 14 April 2016.

More information is available [here](#).

#### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see [www.deloitte.lt](http://www.deloitte.lt) for a more detailed description of DTTL and its member firms.

Deloitte provides audit, tax, consulting, financial advisory and legal services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte’s more than 225,000 professionals are committed to making an impact that matters.

#### **Disclaimer**

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this communication, rendering professional advice or services. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.