



Tax and Legal Newsletter

June 2016

Audit and consulting company, Deloitte Lithuania, is glad to introduce you with Tax and Legal Newsletter. In this edition, you will be presented with the latest tax and legal news prepared by our Managers from Tax and Legal Department.

Tax News

The rules of submission of tax returns were amended

On 20 May 2016 State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania (hereinafter – STI under MF) has issued an order VA-69, which amended the rules of submission, submission deadline extension and temporary exemption from submission of tax returns and (or) other documents provided in legislation.

According to the amended rules, beginning with 1 October 2016 Lithuanian legal persons will be obliged to submit tax returns by electronic means, though EDS system only. This arrangement will not apply in cases when submission of tax returns through electronic means will cause a manifestly disproportionate administrative burden or for objective reasons, i.e. the rules of filing relevant tax returns do not provide electronic submission or the alternative way of submission of relevant tax return is provided.

More information is available [here](#).

The list of tax returns, which shall be submitted through electronic system, is available on STI under MF's website and can be found [here](#).

Minimum monthly wage and minimum hourly wage were increased

On 22 June 2016 Government of the Republic of Lithuania adopted the resolution No. 644, concerning new minimum monthly wage (hereinafter – MMW) – 380 euro and new minimum hourly wage – 2.32 euro, which are applicable since 1 July 2016.

In line with the increasing MMW, social security and health insurance contributions, depending on MMW, are also increasing:

- Beginning with 1 July 2016 monthly health insurance contribution, which is equal to 9% of MMW and is applicable to owners of personal enterprises, members of collective, limited or small partnerships amounts to 34.20 euro;
- Beginning with 1 July 2016 monthly health insurance contribution, which is equal to 3% of MMW and is applicable to individuals, engaged in agricultural activities (where economic size of agricultural holding is of 2 or less economic size units) amounts to 11.40 euro;
- Beginning with 1 July 2016 monthly social security contribution, which is equal to 26.3% of MMW and is applicable to owners of personal enterprises, members of collective, limited or small partnerships amounts to 99.94 euro.

More information is available [here](#).

SODRA reform

On 29 June 2016 during the extraordinary meeting of Parliament of the Republic of Lithuania, the recast of Law on State Social Security of the Republic of Lithuania, which reforms SODRA system, was approved. Amongst other amendments, it is provided that the following persons will qualify for pension social insurance:

Contacts:



Kristine Jarve
Partner
Tax and Legal Department
Tel: +370 5 255 3000
Email: kjarve@deloittece.com



Lina Krasauskienė
Senior Manager
Tax and Legal Department
Tel: +370 5 255 3000
Email: lkrasauskiene@deloittece.com



Tomas Davidonis
Attorney at Law
Tax and Legal Department
Tel: +370 5 255 3000
Email: tdavidonis@deloittece.com

- Persons who receive a remuneration for being a member of Supervisory Board, Management Board or Credit Committee;
- Managers of small partnerships, who are not considered to be their members according to the Law on Small Partnership of the Republic of Lithuania.

Additionally, social security contributions will not be calculated depending on share option, in case when the right to exercise share option is given not earlier than after 3 years.

Should be noted that the rate of social security contributions will be further on affirmed by the Law on Confirmation of Indicators of State Social Security Fund Budget concerning the particular year. However, the rate of unemployment insurance contributions in cases of fixed term employment contracts, set by the mentioned law, will be doubled in size.

The estimation of "ceiling" of the contributions will depend on the average salary in the country, i.e. the average of the monthly bruto wages of the last four quarters announced by the Statistics Lithuania.

The rate of social security contributions which finance the base part of the pensions will be reduced by 1 percent in 2017.

The amendments regarding SODRA reform will come into force from 1 January 2017.

More information is available [here](#).

Legal News

President of the Republic of Lithuania has put a veto on the new Labour Code

In June 2016 the Lithuanian Parliament passed the new Labour Code. President of the Republic of Lithuania has put a veto and asked the Parliament to reconsider the law by objecting 22 out of 260 provisions of the new Labour Code. It is noteworthy to mention several proposals which were made by the President:

- to remove the provision concerning contracts of undetermined scope;
- to establish licensing requirement for temporary employment undertakings;
- to conclude a fixed-term employment contract for work of a permanent nature only in cases provided by collective agreements;
- to remove the provision concerning compulsory establishment of work councils in the companies.

Currently it is not clear, when the new Labour Code will be reconsidered by the Parliament.

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 <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.