



## Tax and Legal Newsletter

March 2017

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 experts from Tax and Legal Department.

## Tax News

### **Simplified VAT invoice register data submission into i.SAF system**

As of 1 October 2016 all entities registered for value added tax (hereinafter – VAT) in Lithuania should provide data on VAT invoices through i.MAS subsystem i.SAF by electronic means. Previously VAT invoice data was provided by filling data through i.SAF portal or by submitting *xml* format file into the i.SAF system. On 29 March 2017 the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania (hereinafter – STI under MF) announced that data could be provided through the use of *Web Service*. This enables transmitting information to STI under MF automatically and administering notifications received from i.MAS system.

More information is available [here](#).

### **Treatment of sponsorship to religious communities for corporate income tax purposes**

STI under MF issued an explanation regarding the corporate income tax (hereinafter – CIT) treatment of entities engaged in economic activities of television and radio broadcasting that provide sponsorship to religious communities.

It is stressed in the explanation that, according to the Article 2 Paragraph 2 of the Lithuanian Law on Charity and Sponsorship, sponsorship is voluntary and non-remunerated supply of sponsorship items that are in line to the goals and means indicated in the aforementioned Law. However, in cases where entities engaged in economic activities of television and radio broadcasting supply sponsorship to religious communities in exchange of possibility to install their telecommunication equipment on immovable property owned by such religious communities, Article 28 Paragraph 2 of the Lithuanian Law on CIT that stipulates a reduction of taxable profit of up to 40 percent in relation to dispensing sponsorship, cannot be applied.

Such treatment originates from inconsistency with the principle of non-remuneration stipulated in Article 2 Paragraph 2 of the Lithuanian Law on Charity and Sponsorship.

More information is available [here](#).

### **The Official Commentary to the Lithuanian Law on Value Added Tax has been complemented**

STI under MF has complemented the Official Commentary of Article 19 paragraph 4 of the Lithuanian Law on VAT with respect to law No. XII-2749 on amendments of Article 19 of the Lithuanian Law on VAT, adopted by the Lithuanian Parliament on 8 November 2016 wherein a reduced VAT rate of 5 percent for non-reimbursable prescription medicines, which taxable amount of outer packaging exceeds EUR 300, was established.

The Official Commentary provides that:

- a) Prescription medicine acquisition of which is non-reimbursable from the Mandatory Health Insurance Fund is to be treated as acquisition of non-reimbursable prescription medicine;
- b) Reduced 5 percent VAT rate applies to output VAT of non-reimbursable prescription medicines purchased from other Member States or imported from third countries, provided the

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taxable value of medicine in single outer packaging exceeds EUR 300.

More information is available [here](#).

### **New list of services falling within the scope of the local reverse-charge mechanism applied in respect of construction services**

STI under MF, in cooperation with Ministry of Environment of the Republic of Lithuania, issued a new list of services falling within the scope of construction works within the meaning of Article 2 Paragraph 90 of the Lithuanian Law on Construction. The aim of such publications is to ensure consistency of tax law application considering that construction works may be subject to local VAT reverse-charge mechanism.

More information is available [here](#).

### **Preliminary advance CIT returns prepared**

STI under MF prepared preliminary returns for advance payment of CIT for 2017 (form FR0430 v2). Forms can be found at electronic declaration system - EDS (<http://deklaravimas.vmi.lt>) under section 'Deklaravimas' ('Reporting') and sub-section 'Preliminarios deklaracijos' ('Preliminary returns').

More information is available [here](#).

### **Updated publications**

STI under MF informs that the following publications have been updated:

- ['Obligations by the purchaser to calculate VAT on goods and / or services acquired from foreign entities'](#);
- ['Individual enterprise taxation peculiarities'](#);
- ['Aide-memoire for acquisition of Business license'](#);
- ['Non-resident personal income taxation'](#).

## **Tax News**

### **Recognition of foreigner's professional experience as equivalent to higher education qualification**

On 22 March 2017 the Government of Lithuania adopted the Regulation on Recognition of Professional Experience as Equivalent to Higher Education Qualification (hereinafter – the Regulation). The Regulation is relevant to the third country nationals who intend to apply for the EU Blue Card in Lithuania, but do not hold higher education diploma.

The Regulation provides that employer, intending to employ a third country national having appropriate professional experience of at least 5 years, has to provide the following documents:

- foreigner's employment contracts, supporting his/her professional experience of at least 5 years;
- documents issued by foreign employer(s) with detailed description of foreigner's competences, work duties, duration of professional activities;
- documents issued by the foreign state authorities, confirming that foreign employers were legally established during the employment period of the foreigner;
- documents issued by the foreign state authorities on payment of taxes (with respect to foreigner's employment contracts);
- other documents (if any) supporting the competences acquired by the foreigner.

If the foreigner has gained professional experience as self-employed individual, a list of different documents is required.

The decision on the recognition of professional experience is adopted by the Commission formed by the Minister of Economy. Decision should be taken within 1 month.

The Regulation came into force on 28 March 2017.

More information is available [here](#).



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