



Tax and Legal Newsletter

October 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

Launch of the Smart tax administration system (i.MAS)

On 30 September 2016 the Smart tax administration system (i.MAS) has been launched for the self-control purposes instead of the planned 1 October.

State tax inspectorate under the Ministry of Finance of Republic of Lithuania (hereinafter – STI under MF) has received the first data on the i.MAS subsystems of electronic bills of lading (i.VAZ) and electronic VAT invoices (i.SAF) just couple minutes right after the launch of the system. The first bill of lading was submitted to i.VAZ subsystem by bread bakery from Western Lithuania couple of minutes after the launch. On 1 October, couple minutes after midnight another bill of lading was submitted by another bread bakery from Northern Lithuania. It has been notified that companies due to their specifics and the requirements for data reporting are using the i.VAZ subsystem more actively.

More information is available [here](#).

The registration of taximeters without “memory” discontinued

Starting with 30 October 2016 STI under MF is no longer registering or re-registering the old-type taximeters owned by taxi service providers, which meet the rules applied until 30 October 2006. However, if these taximeters had been employed before the date, they might be used further on as long as they possess a valid metrological verification. The no longer used taximeters must be unregistered.

STI under MF will be able to register the taximeters only if they possess a legal metrological verification and if they meet the requirements set in the rules of legal metrological regulation of means of measurement, which are set in the Lithuanian Law on Metrology. Any county state tax inspectorate may be applied to regarding the registration of taximeters.

More information is available [here](#).

New edition of the rules of disclosure of non-confidential information about the taxpayer for the third parties

The order of the head of STI under MF dated at 27 October 2016 No. VA-133 “Regarding the alteration of the rules of disclosure of non-confidential information about the taxpayer for the third parties, confirmed by the order of the head of STI under MF No. VA-147” will be published in the register of legal acts, by which the rules of disclosure of non-confidential information about the taxpayer for the third parties (hereinafter – the rules) have been set out in the new edition.

The main amendments of the rules:

- The excessive provisions (which are the object of the standards of the taxpayer service and not of the referred rules) have been abolished.
- Rules have been supplemented taking the organizational changes of STI into account, indicating that the information via phone may be provided not only by the support departments of county state tax inspectorates, but the information department of STI under MF as well.

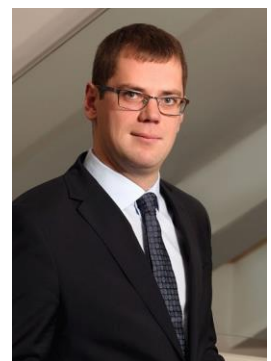
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- One-stop principle of service has been embedded, which means that the request for information about the taxpayer may be submitted optionally either for county state tax inspectorate or STI under FM.
- Availability of receiving the non-confidential information about the taxpayer has been increased.
- The information about the taxpayers – legal persons having tax debts will be published.

More information is available [here](#).

The law on charity and aid of Republic of Lithuania has been amended

On 12 October 2016 the Lithuanian Parliament adopted the law No. XII-2679 on amendments of articles 1 and 2 of law No. XII-2202 on amendments of Law on Charity and Aid of Republic of Lithuania No. I-172 (hereinafter – LCA), which came into force on 18 October 2016.

The main amendments:

- Article 5 of LCA supplemented with part 3, which prohibits the companies controlled by the state or municipalities, in which the shares owned by state and/or municipalities allows to have more than 50 percent of the votes at the general meeting of the shareholders, to support (provide with the aid) their shareholders and associated legal persons excluding the ones operating in education, culture, sport and social services and healthcare fields.

The tightened provision of support and aid by the companies controlled by the state and municipalities will allow to avoid abuses when these companies support their participants, thus, reducing their taxable income (according to the provisions of Law on Corporate Income Tax of Republic of Lithuania, the exemption may be applied as long as the amount of the aid does not exceed 40 percent of the taxable income).

- Article 11 of LCA obligates the companies controlled by the state and municipalities, in which the shares owned by the state and/or municipalities allows to have more than 50 percent of the votes at the general meeting of the shareholders, to publish information on their websites about the aid provided (recipient, purpose, amount, period of time) no later than during a month since the provision of aid.

More information is available [here](#).

The commentary on the article 28 of Law on VAT has been supplemented

STI under MF has prepared amendment of the commentary of the article 28 part 4 of the Law on Value Added Tax (hereinafter - VAT) in accordance with the Ministry of Finance of Republic of Lithuania (writing No. ((14.16-01)-5K-1618660)-6K-1606717 by Ministry of Finance of Republic of Lithuania dated at 27 September 2016).

In the amended commentary it is noted that the below listed services that are not indicated in the mentioned article may be also attributed to the financial services that are not VAT taxable:

- Delivery and pay out of insurance and other allowances;
- Delivery and pay out of pensions and other allowances;
- Admission of contributions for electricity, rent, gas, telecommunications and utilities, insurance, other contributions and taxes.

More information is available [here](#).

Article 7 part 1, article 12 paragraph 8 and article 17 part 1 paragraph 3 of the Law on CIT have been amended

On 20 October 2016 STI under MF announced about the amendments made on the commentaries of the article 7 part 1, article 12 paragraph 8 and article 17 part 1 paragraph 3 of the Law on Corporate Income Tax (hereinafter – Law on CIT). Provisions of the amendments were set in accordance with the Ministry of Finance of Republic of Lithuania (writing No. (14.16-01)-5K-1614905-6K-1606006).

The main amendments:

- Commentary of article 7 part 1 of the Law on CIT has been supplemented by the new paragraph No. 30 regarding attribution of transport outage income to the taxable income.
- Commentary of article 17 part 1 of the Law on CIT has been supplemented by the new paragraph No. 6.31 regarding attribution of transport outage expenses to the allowable deductions.
- Commentary of article 12 paragraph 8 of the Law on CIT has been supplemented by new paragraph “Transport outage income that is not considered as forfeit (refer to the paragraph 30 of the commentary of article 7 part 1 of the Law on CIT)”.
- Commentary of article 31 part 1 paragraph 3 of the Law on CIT has been supplemented by new paragraph “Transport outage expenses that are not considered as forfeit (refer to the paragraph 6.31 of the commentary of article 17 part 1 of the Law on CIT)”.

More information is available [here](#).

Legal News

The Law on Crowdfunding has been adopted

On 3 November 2016 Lithuanian Parliament adopted the Law on Crowdfunding, which establishes crowdfunding legal basis and criteria, procedure of inclusion in and exclusion from the public list of crowdfunding platform operators, fundraising order, investment limitations, etc.

The Law will enter into force on 1 December 2016.

More information is available in Deloitte announcement [here](#).

Amendments regarding remote identity verification

On 26 October 2016 the Government of Lithuania adopted the Resolution, which amends the provisions regarding remote identity verification of the clients of financial institutions and other entities.

Remote identity verification of the client will be possible in the following cases:

- 1) When information about the person's identity is certified by a qualified electronic signature;
- 2) When information about the person's identity is certified by electronic identification means issued in European Union;
- 3) When electronic means, which enable transmission of direct image, are used in one of the following ways:
 - Originals of identity document (or equivalent Lithuanian residence permit) are captured during the direct image transmission and client's identity is certified by electronic signature;
 - Client's image and originals of identity document (or equivalent Lithuanian residence permit) are captured during the direct image transmission.

Amendments will enter into force on 1 December 2016.

More information is available [here](#).



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