



Tax and Legal Newsletter

October 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 Managers from Tax and Legal Department.

Tax News

STI issued a clarification regarding taxation of transportation and auxiliary services related to goods being exported from / imported into EU

On 16 October 2017 the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania (hereinafter - STI under MF) issued a clarification in relation to application of Court of Justice of the European Union (hereinafter – CJEU) ruling in case No. C-288/16 in Lithuania.

In the case No. C-288/16 CJEU ruled that zero rate value added tax (hereinafter – VAT) could be applicable only in cases where services related to transportation of goods being transported out of EU under the transit procedure, where service provider using transport of customer is responsible for driving, repairing, fueling, filling and submission of customs documentation, cargo safety, delivery to consignee, and all necessary works in loading and unloading the cargo, are rendered directly to the sender or consignee of the goods.

Taking into consideration the developments in CJEU and the provisions of the Official Commentary of Article 45 of the Lithuanian Law on VAT, STI under MF explains that transportation and auxiliary services related to goods being exported out of / imported into EU can be taxed with zero rate VAT not only in cases where such services are directly rendered to the sender / consignee of the goods in question, but also in cases where such services are rendered to undisclosed intermediaries.

More information is available [here](#).

Compensations received for the field work are exempt from PIT

On 17 October 2017, STI published an announcement, according to which compensations received for the field work should be treated the same way as the compensations received for a movable work as provided in Article 144 Para 8 of the Lithuanian Labour Code.

Therefore, compensations which are paid to employees for their field work, could be subject to a tax relief provided in Article 17 Para 1 Point 5 of the Law on Personal Income Tax (hereinafter - PIT), i.e. compensations, not exceeding 50% of the basic (tariff) wage for the time actually worked in the field, are not subject to PIT in Lithuania.

More information is available [here](#).

Taxation of non-competition payments

On 23 October 2017, the STI under MF published an announcement, in which it explained that non-competition payments should be taxed in accordance to the rules established in the Lithuanian Law

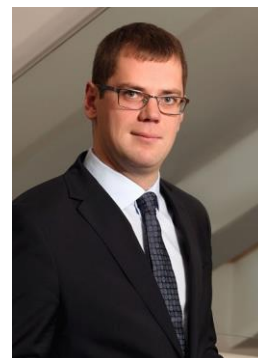
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on PIT irrespectively of when they are paid - during the term of the valid employment contract or after the termination of the employment contract. Hence, these payments should be treated as employment related income and be subject to PIT at a rate of 15% accordingly.

More information is available [here](#).

Legal News

Implementation of ICT Directive in Lithuania: changes to the Regulation on Issuance of Temporary Residence Permits

On 16 October 2017, amendments to the Regulation on Issuance of Temporary Residence Permits in Lithuania (the Regulation) were adopted. Together with the Law on Legal Status of Foreigners, it implements EU Directive 2014/66/EU on intra-corporate transfers (ICT Directive).

Key novelties introduced by amendments to the Regulation are the following:

1. New specific documents, which are required for ICT application, established (i.e. assignment letter with details of the transfer, issued by the home company, higher education diploma, CV of the transferee, etc.);
2. The host company in Lithuania is entitled to act on behalf of the transferee and submit application to issue or replace ICT permit to the territorial migration office where the transferee is intending to register place of residence in Lithuania;
3. Notification procedure on short-term mobility of ICT permit holder from another EU country is introduced. The host company in Lithuania is required to submit a written notification form to the Migration Department at least 30 days before the intended arrival to Lithuania.

The Regulation entered into force on 17 October 2017.

More information is available [here](#).

Increase of the minimum salary

On 11 October 2017, the Parliament adopted a Ruling regarding increase of minimum salary in Lithuania. As from 1 January 2018, the minimum hourly gross salary will be EUR 2.45 and monthly gross salary will be EUR 400.

More information is available [here](#).

Amendments to the Civil Code concerning consumer rights enter into force

On 1 November 2017, the amendments of the Civil Code of the Republic of Lithuania concerning consumer rights came into force.

The main novelty of adopted amendments is the established maximum 14 days time-period during which the seller must return money paid by the consumer. Such regulation is applicable in cases when the seller does not have suitable goods for replacement or when consumer terminates the sale-purchase contract due to improper quality of goods.

More information is available [here](#).

Obligation to provide information about shareholders of public institutions

On 1 November 2017, amendments to the Law on Public Institutions come into force.

According to these amendments, the administrator of information system on participants of legal entities (hereinafter – JADIS) has to be provided with the following information: data about shareholders of the public institution, date of acquisition of their rights, date of transfer of their rights, their contribution value. Information has to be submitted within 5 days of becoming a shareholder and in other cases provided by the law.

In addition, in case data about shareholders remain unchanged during the period from 31 October 2017 until 1 May 2018 (applicable for public institutions established before 31 October 2017), information about their shareholders has to be submitted to the JADIS administrator until 1 July 2018.

More information is available [here](#).



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