

Tax & Legal Alert

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Tax & Legal Alert

provides the latest information on changes in Lithuanian legislation most urgent to our clients.

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Tax news

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New Government program

During the period of 20-24 December 2008 the Seimas adopted draft amendments to various laws related to the anti-crisis plan. The draft amendments have not been published yet. As soon as they come into force, a special "Tax and Legal Alert" edition will be issued, where all the amendments will be summarized.

Amendments to the official commentary on the PIT Law

On 10 November 2008 amendments to the official commentary on the PIT Law were announced. According to the amendments, scholarships granted by municipality and foreign administrative offices should be assigned to non-taxable income.

On 14 November 2008 amendments to the official commentary on the PIT Law were published based on the supplements to the PIT Law dated 15 May 2008, which will be applicable starting from 1 January 2009. The tax-exempt amount for individuals raising children was increased. However, the individual tax-exempt minimum will no longer be applicable for single parents as well as parents with three or more children. (Please see "Tax and Legal Alert", No. 98)

New edition of rules related to registration of foreign legal persons for tax purposes

On 9 November 2008 the Order of the Head of the Tax Authorities No. VA-58 amended the rules on registration of foreign legal persons for tax purposes.

The amendment regulates registration as a result of a tax audit or tax investigation, e.g. when the Tax Authorities become aware of economic activities of a foreign taxable person performed through a permanent establishment which is not entered into the Register of Taxpayers.

Moreover, a new edition of the registration/deregistration form FR0227 was issued. The Order is applicable starting from 1 January 2009.

Decision related to scientific research and experimental development (R&D) expenses

On 19 November 2008 the Government Decision No. 1183 established the rules on definition of R&D expenses: salaries and business trip expenses of employees directly participating in R&D activities, expenses of raw materials and services acquired, etc. According to the CIT Law, such expenses could be 3 times deductible from the income.

This decision will be applicable to the calculation of taxable profits for 2008 and later periods.

Legal news

Amendments to the Law on Companies

On 11 November 2008 amendments to the Law on Companies were adopted. Starting from 1 January 2009 the adoption of Board decisions will be more restrictive. A decision will be treated as adopted only when more than a half of the elected Board members casted their votes, if the articles of association of the company do not establish any larger majority of votes. Currently Board decisions are adopted when the number of votes "for" exceeds the number of votes "against".

The new edition of the Law on Companies supplemented rules for reorganization of companies and established the cases when preparation of a report of an intended reorganization and interim financial statements is not compulsory.

The Law stresses the importance of the general shareholders' meeting protocol. Such protocol or other documents where the decisions of general shareholders' meeting are drawn are treated as official documents which must be stored according to the Lithuanian legislation.

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