

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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Tax Authorities are auditing transfer pricing documentation

The Lithuanian Tax Authorities started to audit companies involved in international transactions with related parties and paying management fees. The Tax Authorities specifically review the transfer pricing documentation covering transactions with related parties. The documentation is required to be provided within the period established by the legislation – 30 days.

Amendments to the Commentary of the Law on VAT

On 27 March 2008 the Tax Authorities amended the Commentary of the Law on VAT. According to the amendments, the place of supply of cinema movies, television movies as well as television programs shall be deemed to be Lithuania only if the copyright is not transmitted to the client. This provision shall not be applicable for the advertisement production services, as the place of supply of such services shall be determined in accordance to the location of the client.

On 28 March 2008 the Tax Authorities supplemented the Commentary of the Law on VAT related to the avoiding double taxation on the import of goods, that are installed or assembled in Lithuania. These amendments came into force as at 1 December 2007 (Tax & Legal Alert, issue Nr. 92).

The Commentary explains that the relief from import VAT may be applicable, if the following requirements are fulfilled:

- The goods are installed or assembled by the supplier or on his behalf under the agreement and the supporting documents are submitted to the customs;
- The suppliers of goods are taxpayers not established in Lithuania;
- The goods are supplied to a Lithuanian VAT payer and the goods include equipment or production lines or other goods that have to be installed or assembled.

Draft amendments to the Law on VAT

On 20 March 2008 draft amendments to the Law on VAT were proposed to the Lithuanian Parliament. The amendments suggest to apply the reduced VAT rate for meat and meat products. Currently the reduced VAT rate is applicable to chilled meat and edible offals.

Draft amendments to the Law on CIT

On 1 April 2008 draft amendments to the Law on CIT were proposed to the Lithuanian Parliament. According to the draft legislation, the CIT at 19% rate would be applicable for taxable profit and income from distributed profits as from taxable period started in 2009.

Suggestion to reduce the land lease tax

On 7 March 2008 a draft Order of the Lithuanian Government was proposed. According to the draft legislation, the Lithuanian Government suggests to reduce the minimal rate of land lease tax from 1.5% to 0.1% as of 1 January 2009.

The Official Commentaries on the articles of Double Taxation Treaties

On 6 March 2008 the Tax Authorities informed that the Official Commentary on the 7th article of Double Taxation Treaties was prepared. All Commentaries prepared by the Tax Authorities are published on the official internet page of the Lithuanian Tax Authorities (<http://www.vmi.lt/lt/?itemId=10017212>).

Legal news

Amendments to the Law on Petitions

On 27 March 2008 amendments to the Law on Petitions came into force. According to the amendments, the petition right provided by the Constitution of Lithuania can be realised electronically. The petition submitted electronically should be signed using an electronic signature.

Amendments to the Law on Copyright and related rights

On 13 March 2008 amendments to the Law on Copyright and related rights came into force. Henceforth the items of art or their copies may be exposed without the permission of the author even on pursuance of direct or indirect commercial benefit. However, if the item of art is shown in the above mentioned way, the item of art or its ownership rights have to be transferred to another person or legal entity and the author should be informed that public exposition is a part of economic activities of the person who acquired an item of art.

Draft amendments to the Law on Company Bankruptcy

Currently draft amendments to the Law on Company Bankruptcy are discussed by the Lithuanian Parliament. The main purpose of the legislation is fastening the bankruptcy process and protection of the creditors' interests, i.e. to fasten the transmission of assets of the bankrupted company to the asset manager.

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