

Tax & Legal Alert

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Tax & Legal Alert

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

In this issue:

- Amendments to the Law on PIT and Commentary of the Law on PIT
- Amendments to the rules on electronic filing of tax returns
- Amendments to the Law on Companies



Tax news

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Increase of tax exempt minimum for individuals raising children

On 15 May 2008 amendments to the Law on Personal Income Tax (PIT) came into force. According to the amendments, the increased additional tax exempt minimum will be applicable to individuals raising children as from 1 January 2009. However, the individual tax exempt minimum will no longer be applicable for single parents as well as parents with three or more children.

Supplement to the Commentary of the Law on PIT

On 19 May 2008 the Commentary of the Law on PIT was supplemented by the Lithuanian Tax Authorities. The Commentary clarifies that in cases of reorganization or transfer as provided in the Law on Corporate Income Tax (CIT), the date of acquisition of shares of one company in exchange for shares of another company should be treated the date of registration of bylaws of the company, the shares of which are acquired by the individual. If the part of the shares owned is transferred in exchange for the shares of another company or the book value of these shares is decreased, the acquisition date of shares held would not change.

On 20 May 2008 the Commentary was also supplemented by the provision that investment income from the distributed profit of the investment fund received by the participant of the investment fund should be subject to PIT at 15% rate as other income from distributed profit.

New edition of the Rules on Filing the Option to Calculate VAT

On 8 May 2008 the new edition of the Rules on Filing the Option to Calculate VAT was announced. The main introduction is related to the cancellation of the option to calculate VAT. According to the new rules, a taxable person may cancel his choice within 24 months after the option was made, if the taxable person filed the notification, however, he did not perform any VAT taxable transactions indicated in the notification.

Amendments to the Rules on Electronic Filing of Tax Returns

On 21 May 2008 new edition of the Rules on Submitting Documents Electronically and new edition of agreement form PRC904 to submit documents electronically were announced by the Order of Head of the Tax Authorities No. VA-31. The Order also approved the notification form PRC905 on the means of identification in electronic declaration system. The amendments came into force as from 30 May 2008.

Amendments to the Rules on Adjustment of the Registration Data of the Legal Entity in the Taxpayers' Register

On 24 May 2008 the Order of Head of the Tax Authorities announced the new edition of the Rules on Adjustment of the Registration Data of the Legal Entity in the Taxpayers' Register. According to the new edition of the rules, a taxpayer will be obliged to inform the Tax Authorities about the change in his internet address, address for the correspondence as well as change of the attorney, the type of ownership rights or owners of the premises of division. The new edition of the rules will come into force as from 1 July 2009.

Legal news

Amendments to the Law on Companies

On 15 May 2008 amendments to the Law on Companies came into force. The amendments are related to the implementation of Directive 2006/68/EC of the European Parliament and Council and are aimed to simplify provisions related to share capital of companies. The amendments comprise the following:

- Provisions of the Law on reduction of share capital when funds are paid out to shareholders were simplified. According to the new provisions, the requirement not to have any long-term liabilities before the funds are paid out will not be applicable in case of reduction of the share capital, provided that written consent of all creditors is received.
- Provisions of the Law on payment for shares by contributions in kind were simplified. According to the new provisions, if the share capital is increased and the newly issued shares are paid for by contributions in kind, the requirement to perform an independent valuation of the contributions in kind can be disregarded in certain cases. Namely, the requirement is not applicable if the independent valuation was performed not later than 6 months ago, except for securities and money market instruments. In case the shares are paid for by securities or money market instruments, the requirement should not be applicable if the securities or money market instruments are traded on regulated market of EU or EEA countries.

The aforementioned amendments shall be applicable as from 1 July 2008.

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