

Tax & Legal Alert Lithuania No. 225

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Tax News

Excise Duties

Amended Combined Nomenclature headings of energy products come into force on 15 September 2018

Order No. [VA-35](#) of the Head of the Tax Authority dated 23 May 2018.

Corporate income tax

The publication “Taxation of individual enterprises” has been amended

The announcement of the Tax Authority No. [KD-6156](#) dated 3 May 2018.

The publication “Taxation of non-profit organisations” has been amended

The announcement of the Tax Authority No. [\(18.10-31-1E\) RM-16410](#) dated 30 April 2018.

Accounting news

European Commission Regulations on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) amended February-April 2018

- Commission Regulation (EU) [No. 2018/182](#) dated 7 February 2018 amending Regulation (EC) No. 1126/2008 adopts certain international accounting standards regarding IAS 28 “*Investments in Associates and Joint Ventures*”, IFRS 1 “*First-time Adoption of International Financial Reporting Standards*”, IFRS 12 “*Disclosure of Interests in Other Entities*”. The amendments of IFRS 12 should be applied for annual periods beginning on or after 1 January 2017. The amendments of IAS 28 and IFRS 1 are effective for annual periods starting at or after 1 January 2018.
- Commission Regulation (EU) [No. 2018/289](#) dated 26 February 2018 amending Regulation (EC) No. 1126/2008 adopts certain international accounting standards regarding IFRS 2 “*Share-based Payment*”. The amendments of IFRS 2 are effective for annual periods starting at or after 1 January 2018.

- Commission Regulation (EU) [No. 2018/400](#) dated 14 March 2018 amending Regulation (EC) No. 1126/2008 adopts certain international accounting standards regarding IAS 40 "*Investment Property*". The amendments of IAS 40 are effective for annual periods starting at or after 1 January 2018.
- Commission Regulation (EU) [No. 2018/498](#) dated 22 March 2018 amending Regulation (EC) No. 1126/2008 adopts certain international accounting standards regarding IFRS 9 "*Prepayment features with Negative Compensation*". These amendments should be applied for annual periods starting at or after 1 January 2019.
- Commission Regulation (EU) [No. 2018/519](#) dated 28 March 2018 amending Regulation (EC) No. 1126/2008 adopts certain international accounting standards regarding the Interpretation 22 of the International Financial Reporting Interpretations Committee (IFRIC 22) "*Foreign Currency Transactions and Advance Consideration*". Interpretation should be followed for annual reporting periods starting at or after 1 January 2018.

Legal News

On 25 May, the EU General Data Protection Regulation came into force

Regulation (EU) [2016/679](#) of European Parliament and Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC.

Amendments to the draft Law on the Legal Protection of Personal Data

As the EU Data Protection Reform is being implemented, certain peculiarities of processing personal data and other processing issues of personal data, which must be regulated for the proper application of the General Data Protection Regulation, will be specified in the new version of the Law on Protection of Personal Data.

Currently, the draft Law on the Legal Protection of Personal Data submitted for improvements according to proposals of Legal Department of the Office of Parliament.

Draft Law No [XIIIP-2096](#) amending Law on the Legal Protection of Personal Data No. I-1374.

Better regulation of security of electronic transactions

The Law on Electronic identification and Electronic Transactions Assurance Services aims to strengthen confidence in electronic transactions, providing basis to ensure security of electronic transactions between persons, businesses and public authorities and allowing business development.

Upon entry into force of this law, the Law on Electronic Signature shall expire.

Law on Electronic Identification and Electronic Transaction Assurance Services No [XIII-1120](#).

From 1 June the protection of commercial secrets is regulated in the new Law on Legal Protection of Commercial Secrets

The peculiarities of new regulation are described in more detail in "Tax & Legal Alert" No [214](#).

Law on the Protection of Commercial Secrets No [XIII-1125](#).

Amendments to the Civil Code No [XIII-1127](#) and the Code of Civil Procedure [No XIII-1126](#) related to the Law on the Protection of Commercial Secrets.

Suggested amendments to the Labour Code

The draft law on the amendment of the Labour Code suggests to clarify the concept of workplace, to adjust the concept of working time and the procedure for changing work schedules, to harmonize the concept of passive standby shifts at home with EU Directive 2003/88 and to allow extend validity of collective agreements to all employees of the company or to individual employees who submit an application.

Draft Law No [XIIIP-2196](#) amending Articles 34, 111, 115, 118, 193 and 197 of the Labour Code.

Procedure for Issuing Work Permit to Foreigners updated

The term of validity of the vacancy notice registered with the territorial labour exchange office has been changed, the terms for processing documents and procedures in the labour exchange office has been shortened, updated what information the employer, intending to employ foreigner, who is not exempted from the obligation to obtain a work permit, is required to provide.

Order of the Minister of Social Security and Labour of the Republic of Lithuania for approval of the Description of the Procedure for Issuing Work Permit to Foreigners No [A1-133](#).

Commercial Case-Law

Precedent has been formed on the application of economically advantageous criteria in public procurements

The Supreme Court of Lithuania specified that in cases where economically advantageous tenders of suppliers are not assessed by specific dimension (for example, physical size), but by the description of the specified criteria, the contracting authority is obliged to describe as accurately as possible the evaluation criteria on which the specific economically advantageous points of the tender will be allocated.

In addition, descriptions (which contain obligations or approvals by the suppliers) on the economically advantageous quality criteria must be linked to various aspects of performance of the public procurement contract, included in the public procurement contract and carried out.

Ruling of the Supreme Court of Lithuania in case No [e3K-3-178-378/2018](#) dated 3 May 2018.

Rules of the Register of Legal Persons is in conflict with the Constitution

Constitutional Court ruled that legal regulation specified in the Rules of the Register of Legal Persons, stipulating that the owner can deregister from his premises only the registered office of legal person in liquidation or bankruptcy, is in conflict with the Constitution.

Ruling of Constitutional Court of the Republic of Lithuania No [KT10-N6/2018](#) dated 4 May 2018.

Advance payment might not be returned in case it was agreed on penalty

Supreme Court ruled that a party who has paid an advance payment for performance of a preliminary contract has the right to request it back except when it might be concluded from the concept of preliminary agreement that parties agreed on the penalty if obligations under preliminary agreement are not fulfilled.

Ruling of the Supreme Court of Lithuania in case No [e3K-3-209-695/2018](#) dated 10 May 2018.

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