

# Lithuanian tax news (3/33/17)

This article offers a summary of recent legislative developments in Lithuania.

## Personal Income Tax and Social Insurance Tax

Amended rates of social insurance contributions (SIC) came into force on 1 July 2017 for employers having fixed-term contracts of employment with their employees and for other individuals working on a legal basis other than employment.

In the case of a fixed-term employment contract the employer is liable to pay twice as high an amount of unemployment SIC compared to a contract for an indefinite period (the contribution is higher by 1.6 percentage points) and the total standard rate of SIC for the employer (including a contribution to the Guarantee Fund) is 32.78%.

An additional compulsory contribution to the Long-Term Employment Fund has come into force and the rate of unemployment SIC has been increased. However, because of the reduced pension SIC for employees on indefinite employment contracts, employers continue to pay the standard rate of SIC, i.e. 31.18% (including a contribution to the Guarantee Fund). The SIC rates for board and supervisory board members receiving remuneration for their functions and income from distributed funds, as well as self-employed persons and individuals working under a business certificate, authors, performers, athletes etc have been reduced by 0.5–1 percentage points.

## Filing information about members of multinational groups

Under section 61 of the Tax Administration Act, a multinational enterprise (MNE) group as defined in Directive 2011/16/EU and in international agreements for the exchange of information on MNE group members, is required to file reports with the National Tax Office, giving details of revenue, profit and loss, corporate income tax payable and paid, authorised share capital, number of employees, and tangible assets (except for cash and cash equivalents) for each jurisdiction in which the group operates.

Identification details for each member of the MNE group, details of their main activities and other data specified as information to be reported under the international agreements for the exchange of information on MNE group members, should also be filed. The amendments came into force on 5 June 2017.

## Offsetting tax arrears

Section 14 of the Tax Administration Act has been supplemented with subsection 8, which provides that according to executive documents, where the National Tax Office represents the State under the Civil Procedure Code, before filing executive documents in accordance with the procedure laid down by the Civil Procedure Code, for the offset of tax arrears to the government, section 87(1) will apply *mutatis mutandis*. Under section 87(1), any amount of tax a taxpayer has overpaid will be offset against his tax arrears under the procedure established by the central tax administrator. The amendments will come into force on 1 January 2018.

## The new Labour Code: posted employees

With the new Labour Code taking effect, the Posted Employee Guarantees Act is no longer in force. The new Labour Code transposes the provisions of section 4 of the Posted Employee Guarantees Act, which establishes the necessity of applying Lithuanian mandatory provisions to an employee being posted to Lithuania temporarily.

These provisions relate to maximum work periods and minimum rest periods, minimum paid annual leave, minimum pay, including overtime rates, work at night, on rest days and public holidays, etc. The provisions relating to minimum pay, including overtime rates, work at night, on rest days and public holidays will not apply to an employee posted for up to 30 days.