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STATE TAX INSPECTORATE UNDER THE MINISTRY OF FINANCE OF THE REPUBLIC OF LITHUANIA THE HEAD

ORDER ON THE SUBMISSION AND EXAMINATION OF A TAXPAYER'S REQUEST FOR APPROVAL OF THE TRANSFER PRICING RULES OF A FUTURE CONTROLLED TRANSACTION, THE ISSUANCE OF A BINDING DECISION BY THE TAX ADMINISTRATION AND THE SUBMISSION TO THE TAX ADMINISTRATION OF A REPORT ON COMPLIANCE WITH THE TRANSFER PRICING RULES OF A FUTURE CONTROLLED TRANSACTION

15 September 2025, No VA-81
Vilnius

Pursuant to Article² of Law 37 of the Republic of Lithuania on Tax Administration and subparagraph 22.9 of the Regulations of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania, as approved by Order No 110 of the Minister for Finance of the Republic of Lithuania of 29 July 1997 approving the Regulations of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania:

1. I hereby approve the attached:

1.1. Rules on the submission and examination of a taxpayer's request for approval of the transfer pricing rules of a future controlled transaction, on the issuance of a binding decision by the tax administration and on the submission to the tax administration of a report on compliance with the transfer pricing rules of a future controlled transaction;

1.2. Decision Form FR1163 on the approval/amendment/ extension of transfer pricing rules for a future controlled transaction ('Decision FR1163');

1.3. Template PLN212 of the annual report on compliance with the transfer pricing rules of the future controlled transaction ('Report PLN212').

2. I hereby repeal Order No VA-106 of the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania of 21 October 2011 approving the Rules for the submission of a taxpayer's request for approval of the transfer pricing principles of a future controlled transaction, the examination of the request and the adoption and amendment of a binding decision by the tax authorities, as amended and supplemented.

3. I hereby establish that:

3.1. this Order shall enter into force on 1 January 2026;

3.2. the Report PLN212 concerns those future controlled transactions for which Decision FR1163 was adopted after the date of entry into force of this Order.

Head

Mrs Edita Janušienė

APPROVED

By the Order No VA-81 of
15 September 2025 of
the Head of State Tax Inspectorate
under the Ministry of Finance
of the Republic of Lithuania

**RULES FOR THE SUBMISSION AND EXAMINATION OF A TAXPAYER'S
REQUEST FOR APPROVAL OF THE TRANSFER PRICING RULES OF A FUTURE
CONTROLLED TRANSACTION, THE ISSUANCE OF A BINDING DECISION BY
THE TAX ADMINISTRATION AND THE SUBMISSION TO THE TAX
ADMINISTRATION OF A REPORT ON COMPLIANCE WITH THE TRANSFER
PRICING RULES OF A FUTURE CONTROLLED TRANSACTION**

**CHAPTER I
GENERAL PROVISIONS**

1. The Rules on the submission and examination of a taxpayer's request for approval of the transfer pricing rules for a future controlled transaction, the issuance of a binding decision by the tax administration and the submission to the tax administration of a report on compliance with the transfer pricing rules for a future controlled transaction (hereinafter 'the Rules') lay down the procedure for the submission and examination of the requests referred to in Article 37² of the Law on Tax Administration of the Republic of Lithuania (hereinafter 'the LTA'), which are listed in paragraph 4 of the Rules, the documents to be submitted with those requests, the procedure for the adoption of a decision by the tax administration on the approval/amendment/extension of the transfer pricing rules for a future controlled transaction in Form FR1163, approved by this Order of the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania (hereinafter 'Decision FR1163'), the procedure for the completion and submission to the tax administration of the annual report on compliance with the transfer pricing rules for a future controlled transaction in Form PLN212, approved by this Order of the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania (hereinafter 'Report PLN212'). The Rules shall lay down the procedure for the submission and examination of requests referred to in subparagraphs 4.4 to 4.5 of these Rules in so far as this is compatible with international agreements and agreements between competent authorities (competent persons).

2. These Terms and Conditions are prepared in accordance with Regulation (EU) 2016/679 of the European Parliament and of the 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 (General Data Protection Regulation; hereinafter referred to as "Regulation (EU) 2016/679"), the LTA, the Law of the Republic of Lithuania on Corporate Income Tax (hereinafter referred to as "LIT"), the Law of the Republic of Lithuania on Public Administration, the Rules for the Implementation of Article 40(2) of the Law of the Republic of Lithuania on Corporate Income Tax and Article 15(2) of the Law of the Republic of Lithuania on Personal Income Tax approved by Order No 1K-123 of the Minister for Finance of the Republic of Lithuania of 9 April 2004 "On the Rules for the Implementation of Article 40(2) of the Law of the Republic of Lithuania on Corporate Income Tax and Article 15(2) of the Law of the Republic of Lithuania on Personal Income Tax", the Rules for the Initiation and Conduct of the Mutual Agreement Procedure approved by Order No VA-57 of the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania of 12 July 2018 "On the Rules for the Initiation and Conduct of the Mutual Agreement Procedure"

(hereinafter referred to as “MAP Rules”) and other Lithuanian legal acts regulating tax administration.

3. For the purposes of these Rules, the following definitions shall apply:

3.1. **The prior alignment of the transfer pricing rules** of a future controlled transaction consists of aligning the transfer pricing rules of the taxpayer’s future controlled transaction, i.e. the transfer pricing method, comparisons, the price (price range) resulting from the pricing method, critical assumptions leading to the choice of pricing rules, and other issues related to the justification of the arm’s length principle (ALP) of the future controlled transaction, with the tax administration for a given tax period.

3.2. **‘Future transaction’** means a transaction, transaction or any group of transactions by a taxpayer that will commence after the date of submission to the tax authorities of the request referred to in subparagraphs 4.1, 4.3 and 4.4 of these Rules. Where the long-term transaction took place before the request referred to in subparagraphs 4.1, 4.3 and 4.4 of these Rules was submitted to the tax authorities, the future transaction shall include transactions taking place after the date on which such request was submitted to the tax authorities. These rules apply only to future transactions entered into between associates, i.e. controlled transactions, so these rules regard a future transaction as a future controlled transaction.

3.3. **Critical assumptions** are the conditions for the validity of the transfer pricing rules of a future controlled transaction, i.e. the economic, legal, administrative, governance and other circumstances that determine whether the chosen transfer pricing method will allow for a proper pricing of the future controlled transaction in line with the arm’s length principle and that determine the validity of the prior reconciliation of the transfer pricing rules of the future controlled transaction. Critical assumptions must be based on reliable and verifiable data, be tailored to the specific situation under assessment (type of controlled transactions, transfer pricing methods, business conditions, etc.) and be substantial.

3.4. Other terms used in these Rules shall be understood as defined in other legislation governing tax administration.

CHAPTER II SUBMISSION OF REQUESTS

SECTION I TYPES OF REQUESTS AND GENERAL REQUIREMENTS

4. These Rules shall apply to the submission of the following requests (hereinafter collectively referred to as “requests”):

4.1. a taxpayer’s request for the advance approval of the transfer pricing rules of a future transaction (hereinafter – a request for approval);

4.2. a taxpayer’s request for the amendment of the advance approval of the transfer pricing rules of a future transaction (hereinafter – a request for amendment);

4.3. a taxpayer’s request for the extension of the validity of the approved transfer pricing rules of a future transaction (hereinafter – a request for extension);

4.4. a taxpayer’s request referred to in Article 37²(11) of the Law on Tax Administration, i.e. a request for approval which also requests the central tax administrator to conclude an agreement with the tax administration (competent authority) of another foreign state pursuant to the double taxation conventions concluded and applied by the Republic of Lithuania or pursuant to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, ratified by the Law of the Republic of Lithuania on the Ratification of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (hereinafter – the MLI), insofar as this is not contrary to the relevant international agreements and unless the central tax administrator and the foreign

tax administration (competent authority) agree otherwise (hereinafter – a request for a bilateral agreement);

4.5. a taxpayer's request in respect of past taxable periods (hereinafter – a request for past periods).

5. The requests referred to in subparagraphs 4.1 to 4.3 of the Rules may be submitted by any taxpayer and the requests referred to in subparagraphs 4.4 and 4.5 of the Rules may be submitted by taxable entities designated as liable to corporate tax in Lithuania.

The request may be submitted by the taxpayer or by a person authorised by the taxpayer. Proof of authorisation must be attached when the application is made by an authorised person. The application must be signed by the taxpayer or by a person authorised by the taxpayer.

6. Requests other than those referred to in subparagraphs 4.2 and 4.5 of the Rules may be made by the taxpayer only in respect of future controlled transactions. These requests may not include controlled transactions that have taken place, i.e. transfer pricing rules relating to controlled transactions that have already taken place cannot be agreed with the tax administrator. Exceptions are provided for in the case of a request for a change in matching referred to in subparagraph 4.2 of the Rules as regards the period between the start of the changes referred to in subparagraph 16.2 of the Rules and the date from which a change in the agreed transfer pricing rules of a future controlled transaction is requested, as well as in the case of a request for past periods referred to in subparagraph 4.5 of the Rules.

7. Requests may relate to one or more future controlled transactions. The taxpayer may choose which future controlled transactions will be submitted to the tax administrator for approval. It is recommended that these are transactions where transfer pricing is complex due to the complexity, uniqueness, limited ability to find comparable uncontrolled transactions and other circumstances, raising reasonable doubts about the correctness and reliability of setting transfer pricing rules for such transactions.

The requests referred to in subparagraphs 4.4 and 4.5 of the Rules may only be made in respect of controlled transactions between taxpayers referred to in subparagraph 5 of the Rules and taxpayers from foreign countries with which Lithuania has concluded and applies DTCs.

8. Applications may not be made for the amount of the tax.

9. Applications must be submitted by the taxpayer to the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania (hereinafter 'the STI under the MoF'). The application may be sent by post, by e-mail to APA.Lithuania@vmi.lt, delivered directly when the person or their representative arrives at the STI at the MoF, or submitted electronically via the electronic services authorised by the State Tax Inspectorate's e-STI portal in the My STI area (hereinafter 'My STI').

When submitting an application by email to APA.Lithuania@vmi.lt, the taxpayer must either submit a digital copy of the signed application or sign the application with a qualified electronic signature that meets the requirements set out in Regulation (EU) 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market or be formed in a manner that allows the applicant to identify or verify the authenticity of the application. A reply is sent to the taxpayer who submitted the request by e-mail to APA.Lithuania@vmi.lt within three working days at the latest, confirming receipt of the request by the State Tax Inspectorate under the Ministry of Finance. If the taxpayer does not receive an acknowledgement of receipt of the request (for example, if the email was not delivered to the mailbox APA.Lithuania@vmi.lt due to size or other systemic failures), he must contact the STI under the MoF again.

If the taxpayer submits the request at the STI under the MoF, he or she shows the identity document or identity document to the receiving STI under the MoF's civil servant or employee, who compares the information contained in the person's request with that contained in the identity document.

A taxpayer who has submitted a request via My STI shall be authenticated using the functionalities of My STI set out in the Rules for the use of My STI in the field of electronic

services authorised by the e-STI portal of the State Tax Inspectorate, approved by Order No VA-91 of the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania of 3 October 2012 approving the Rules for the use of My STI in the field of electronic services authorised by the e-STI portal of the State Tax Inspectorate.

10. The applications referred to in subparagraphs 4.1 to 4.3 of the Rules must be submitted in the official language. The taxpayer may also submit the requests referred to in subparagraphs 4.4 and 4.5 of the Rules, as well as annexes to any request, in English. Requests submitted in languages other than those referred to in this subparagraph and their annexes must, at the request of the tax administration (competent person), be translated into the official language for requests referred to in subparagraphs 4.1 to 4.3 of the Rules or, optionally, into the official language or English for requests referred to in subparagraphs 4.4 and 4.5 of the Rules.

11. Prior to the submission of the request, the taxpayer may contact the tax administration to arrange a meeting to discuss issues related to the submission of the request and the approval, amendment, extension of the transfer pricing rules of the future controlled transaction. The taxpayer can apply for a meeting by e-mail to APA.Lithuania@vmi.lt or electronically via My STI.

When requesting a meeting, the taxpayer must at the same time provide information (indicating the activity, the transactions planned to be included in the request, the participants in the transaction, the transfer pricing rules to be applied for the future transaction, the time period and other information deemed relevant by the taxpayer that is relevant to the taxpayer's questions regarding the submission of the request) that allows the tax administration to assess the appropriateness of the request, possible problems and risks. When providing additional information, the taxpayer may refer *mutatis mutandis* to the provisions of Sections 2 to 5 of this Chapter of the Rules, which set out the requirements for the type of request in question.

Upon receipt of the taxpayer's request for the organisation of a meeting, the tax authority assesses that request. After having established, on the basis of the information provided by the taxpayer, that the appointment meets the substantive requirements of this paragraph, the tax authority propose a date for the appointment, which may not be later than 30 days after the taxpayer has made the appointment. For practical questions relating to the organisation of the meeting, the civil servant responsible for the STI under the MoF communicates with the person who submitted the request by e-mail or telephone. When arranging the date and time of the meeting, the taxpayer shall be informed about the means intended to be used for the transmission of audio and video, provided that the taxpayer does not object to the use of such means, the purpose of their use, the procedure for verifying the identity of the meeting participants, and any other information necessary for the meeting.

SECTION TWO

COMPLETION OF THE REQUEST FOR APPROVAL

12. The request for approval submitted by the taxpayer must include:

12.1. the name, identification number (code), registered address (mail address), contact telephone number, e-mail address of the taxpayer who submitted the request for approval;

For each future transaction in respect of which a request for approval is made, the participant's name, identification number (personal identification number), registered address (correspondence address), including the country's name;

12.3. information on the legal and/or economic links between the participants in the future transaction (i.e. information on the origin (exchange) of the links, associated persons (with their names, identification numbers (personal codes), head office addresses (correspondence addresses)), the structure of the group to which the participants in the transaction belong and the links between the entities belonging to the group (percentage of

ownership, control), a description of monetary, financial or other data flows between associated persons, etc.);

12.4. Information on the business of the participants in the future transaction (the group to which the participants in the future transaction belong): an analysis of the relevant industry and market trends, economic circumstances (crisis, pandemic, etc.) that may affect the group's business in the future, the business strategy envisaged for the period of validity of the alignment of the forward transfer pricing rules (this may include the business strategy of the previous year if different from the future business strategy). That strategy may include the various forecasts used for future planning, information on expected trends, possible competitive effects, marketing, manufacturing, R & D strategy, etc.;

12.5. information justifying the complexity of the pricing of the future transaction (e.g. one participant in the transaction is not a taxpayer registered in Lithuania, it is difficult to find comparable uncontrolled transactions, it is necessary to apply the profit split method, etc.) and other reasons that led to the need for advance approval of the transfer pricing rules of the future transaction;

12.6 Details of the future transaction subject to the request for approval:

12.6.1. subject matter of the transaction;

12.6.2. functions performed by counterparties/participants;

12.6.3. risk-taking by counterparties/participants;

12.6.4. assets used by the parties (participants) to execute the transaction;

12.7. the reasons for requesting specific types of transactions and the inclusion of particular associated persons;

12.8. the tax period for which the taxpayer wishes to apply the prior alignment of the transfer pricing rules;

12.9. justification of the arm's length nature of the future transaction:

12.9.1. the transfer pricing method chosen, the justification for its choice (reasons for the choice);

12.9.2. sampling and analysis of comparisons (indicating the search criteria used, methodology, data on rejected and selected comparable uncontrolled transactions and/or enterprises and data sources). Where an adjustment has been made for differences in comparable transactions, a calculation of how this has been done and an explanation of how such adjustments have led to greater comparability shall be provided. The information referred to in this paragraph must be provided in a document format that enables the information to be organised, filtered, and analysed, including the identification of relationships between data fields (e.g. an Excel spreadsheet);

12.9.3. application of the transfer pricing method (calculations based on financial information provided, projections, comparable and other data, adjustments);

12.9.4. the value (price) or range of values (prices) obtained from the chosen transfer pricing method that will be considered to be consistent with the ALP;

12.10. critical assumptions;

12.11. information on ongoing or past tax disputes in Lithuania or abroad that may affect the transfer pricing rules of the future transaction for which the request for approval is made;

12.12. whether the subject matter of the request for approval relates to issues that have been subject to a binding decision (whether on transfer pricing or other tax law issues) in foreign states;

12.13. confirmation by the taxpayer that the taxpayer will cooperate and ensure that it will endeavour to answer as fully and as quickly as possible any reasonable questions from the tax administration in relation to the request for approval;

12.14. a statement by the taxpayer that the data/information provided is correct, indicating that all relevant circumstances to align the transfer pricing rules of the future transfer have been provided.

13. Together with the request for approval, the taxpayer (legal entity) must provide the

financial data (annual financial statements) of the three previous tax periods (prior to the request for approval) of the participants (legal entities) in the future transaction and the available analysis (trends) of the relevant (depending on the type of future transaction) indicators (e.g. gross margin, operating margin).

14. The request for approval must be accompanied by documents or copies of documents (evidence) confirming the circumstances set out in the request for approval and supporting the data contained in the request for approval (e.g. a licensing, sales, marketing, etc. agreement concluded, a draft agreement drawn up, a record of intent and other documents).

15. In addition to the information referred to in paragraphs 12-14 hereof, the taxpayer may also provide other information and data available to him which are relevant to the prior alignment of the transfer pricing rules of the future transaction.

SECTION THREE COMPLETION AND SUBMISSION OF A REQUEST FOR AMENDMENT

16. A request for amendment may be made where:

16.1. the tax administration has issued Decision FR1163 pursuant to subparagraph 47.1 or 47.2 of the Rules in response to the taxpayer's previous request for approval; and

16.2. the adoption of Decisions FR1163, referred to in subparagraphs 47.1 or 47.2 of the Rules, results in a change in operational, economic market conditions or the adoption of tax legislation which replaces, supplements or repeals the provisions of the tax legislation on which Decision FR1163, referred to in subparagraph 16.1 of the Rules, was based, thereby rendering the application of the future transfer pricing rules referred to in this Decision FR1163 difficult, but without violating the critical assumptions referred to in Decision FR1163, namely: there is no need to change the transfer pricing model resulting from the functional analysis of the transaction and the transfer pricing method to be used, but there is a need to make changes to other transfer pricing rules, consistent with critical assumptions, in order to adapt these rules to the changes that have occurred.

17. A request for amendment must be submitted by the taxpayer to the tax administration as soon as he becomes aware of the changes (planned changes) in the activity, economic market conditions or tax legislation referred to in subparagraph 16.2 of the Rules, but not later than 180 days before the expiry of Decision FR1163 referred to in subparagraph 16.1 of the Rules.

18. A request for amendment submitted by a taxpayer must include:

18.1. the title, date and number of Decision FR1163, which approved the transfer pricing rules of the future transaction to be amended;

18.2. the information referred to in subparagraphs 12.1, 12.2, 12.11 to 12.14 of the Rules;

18.3 information on when and under what circumstances the taxpayer became aware of the changes in activity, economic market conditions or tax legislation referred to in subparagraph 16.2 of the Rules;

18.4. the reasons for the referral, i.e. the information referred to in subparagraphs 12.3, 12.4, 12.6 and 12.9.2 to 12.9.4 of the Rules, insofar as the changes referred to in subparagraph 16.2 of the Rules are concerned. This information shall make it possible to identify the changes that have occurred, assess their impact on the approved transfer pricing rules and identify and justify changes to the relevant transfer pricing rules;

18.5. Proposed amendments to the approved transfer pricing rules. These changes should not affect the transfer pricing model, transfer pricing method and critical assumptions referred to in the adopted Decision FR1163;

18.6. the date from which the change to the approved transfer pricing rules is requested. That date may precede the date of the request for amendment, but the taxpayer must justify it and disclose that he has made reasonable efforts to contact the tax authorities as soon as possible after the facts referred to in subparagraph 16.2 of the Rules have come to his attention.

19. Together with the request for amendment the taxpayer must provide the financial data (annual accounts) of the participants (legal entities) in the future transaction which is the subject of Decision FR1163, which seeks to amend the approved transfer pricing rules, for the tax periods subsequent to the submission of the request for amendment which is the subject of Decision FR1163, in so far as they have already fallen due for the preparation of the financial statements.

20. A request for amendment must be accompanied by documents or copies thereof (evidence) substantiating the circumstances set out in the request for amendment and substantiating the data submitted (e.g. analysis (trends) of relevant indicators (e.g. gross, operating profitability, depending on the type of controlled transaction) carried out to determine the impact of the changes referred to in subparagraph 16.2 of the Rules).

21. In addition to the information referred to in paragraphs 18-20 of the Rules, the taxpayer may also provide other information, data that is available to him or her and material to a change in the transfer pricing rules of a controlled transaction (for example, interim financial statements or drafts thereof, if it is not possible to comply with subparagraph 19 of the Rules).

SECTION FOUR COMPLETION AND SUBMISSION OF A REQUEST FOR EXTENSION

22. A request for extension may be submitted where:

22.1. the tax administration has issued Decision FR1163 pursuant to subparagraph 47.1 or 47.2 of the Rules following a previous request for approval by the taxpayer; and

22.2. after the expiry of Decision FR1163 referred to in subparagraph 22.1 of the Rules, the taxpayer plans to continue the execution of the same controlled transaction under the same terms of the future transaction and under the same transfer pricing rules as those approved by Decision FR1163, i.e. the transfer pricing method and critical assumptions for future periods.

23. The taxpayer must submit a request for extension to the tax authorities at least 180 days before the expiry of Decision FR1163 referred to in subparagraph 22.1 of the Rules, by providing the information specified in this section of the Rules.

24. The request for extension submitted by the taxpayer must include:

24.1. the title, date and number of the Decision FR1163, which approved the transfer pricing rules of the future transaction to be extended;

24.2. the information referred to in subparagraphs 12.1, 12.2, 12.8, 12.9.2 to 12.9.4, 12.11 to 12.14 of the Rules;

24.3. updated information in accordance with sub-paragraphs 12.3 and 12.4 of the Rules (if there have been changes);

24.4. information on the implementation of the previously adopted Decision FR1163 pursuant to subparagraphs 12.6 and 12.9 of the Rules, except for the reporting periods covered by the PLN212 Report, provided that no changes have occurred since the submission of the PLN212 Report in relation to the application of the transfer pricing rules referred to in Decision FR1163;

24.5. information to assess the compliance of the on-going future transaction with the conditions of the controlled transaction for which transfer pricing rules have been approved and the appropriateness of the validity of previously agreed transfer pricing rules (i.e. the transfer pricing method and critical assumptions that remain relevant for future periods) in accordance with subparagraphs 12.6 and 12.9.1 and 12.10 of the Rules. The critical assumptions referred to in the previous decision FR1163 shall be updated only to the extent necessary to align them with the information provided for the continued controlled transaction under subparagraphs 12.9.2-12.9.4 of the Rules and with the new economic circumstances.

25. A request for extension must be accompanied by the documents referred to in paragraphs 13 and 14 of the Rules, as regards the subject matter of the request for extension

and provided that this information has not previously been communicated to the tax authorities in connection with the requests referred to in these Rules or in order to comply with the obligations laid down in these Rules. For example, if the future controlled transaction is intended to be executed under the same contract as was provided with the request for approval, this contract does not have to be provided. The taxpayer then has to submit only the amendments to the contract that occurred after the submission of the aforementioned request for approval, if they were made and are relevant. Similarly, if the relevant information has been attached to the PLN212 report in accordance with paragraph 67 of the Rules, it does not need to be submitted additionally to the tax administration, but in such a case it must be indicated when this information was provided.

26. In addition to the information referred to in paragraphs 24 and 25 of the Rules, the taxpayer may also provide other information available to him or her, data relevant to the application for extension of the future transfer pricing rules.

SECTION FIVE COMPLETION AND SUBMISSION OF A REQUEST FOR BILATERAL AGREEMENT AND A REQUEST FOR PAST PERIODS

27. The requests referred to in subparagraphs 4.4 and 4.5 of the Rules shall be made in order to avoid international double taxation that may arise as a result of possible action by the tax authorities of another State in assessing the tax liability of an associated person who is a party to a future transaction. These requests shall be made in accordance with the Rules and the provisions of the relevant DTC.

28. Upon submission by the taxpayer of the requests referred to in subparagraphs 4.4 and 4.5 of the Rules, a mutual agreement procedure may be initiated, which shall be conducted in accordance with the MAP Rules. A mutual agreement procedure shall be initiated when requests similar to those referred to in subparagraphs 4.4 and 4.5 of the Rules have been submitted to the competent authority of the State of residence by an associated person who will carry out the future controlled transaction (the controlled transaction) with the taxpayer in accordance with the requirements of the legislation of that State. The initiation and execution of the mutual agreement procedure is decided jointly by the competent authorities of both States (or more if the transactions involve taxpayers from more than two States).

29. A request for past periods may be made where all of the following conditions are met:

29.1. the taxpayer has submitted a request for a bilateral agreement, irrespective of whether this request is already subject to Decision FR1163 referred to in subparagraphs 47.1 or 47.2 of the Rules, or jointly submits both requests referred to in subparagraphs 4.4 and 4.5 of the Rules;

29.2. the taxpayer has carried out a similar controlled transaction with the same associated person before the request for a bilateral agreement, the terms of which meet the conditions for carrying out the future transaction that is the subject of the request for a bilateral agreement, and therefore the same transfer pricing rules may apply to both the previous and the future transaction;

29.3. the controlled transaction carried out in previous tax periods was actually subject to other transfer pricing rules, which are intended to be aligned with the transfer pricing rules of the future transaction;

29.4. The request for past periods concerns tax periods in respect of which, at the time of submission of the request for past periods, corporate income tax may be calculated and recalculated pursuant to Article 68(4) of the LTA, in application of Article 40(2) of the LIR, that is to say, for the current calendar year and the five preceding calendar years, calculated back from 1 January of the year in which the tax is calculated or recalculated. Such a request shall be made at least 90 days before the expiry of the time limit for the calculation

(recalculation) of the fee referred to in the first sentence of this subparagraph;

29.5. no tax audit or tax dispute involving the taxpayer has been initiated, is ongoing, or has been completed in respect of the taxpayer's tax liabilities relating to the controlled transactions specified in the request for past periods for the taxable period covered by the request.

30. A request for past periods may be examined only where the legislation of the state of residence of the associated person also provides for the possibility of resolving issues relating to the approval of the transfer pricing rules applicable to controlled transactions carried out in prior periods (*a roll-back advance pricing arrangement*).

31. The request for a bilateral agreement submitted by the taxpayer must include:

31.1. the information referred to in paragraph 12 of the Rules;

31.2. information whether an analogous request has been made (planned to be made) to the competent person of the counterparty.

32. A request for bilateral agreement must be accompanied by the documents referred to in paragraphs 13 and 14 of the Rules.

33. The taxpayer's request for past periods must include:

33.1. the title, date and number of the request for a bilateral agreement submitted (together) in relation to the prior alignment of the transfer pricing rules that are intended to be applied also to a similar controlled transaction in the past that is the subject of the request for past periods;

33.2. information on a controlled transaction that meets the conditions set out in paragraph 29 of the Rules shall be provided *mutatis mutandis* in accordance with the requirements of paragraph 12 of the Rules, with the exception of subparagraphs 12.5, 12.7 and 12.10. The information provided must disclose the actual terms of the controlled transaction that took place and make it possible to ascertain their identity with the terms of the future transaction which is the subject of the request referred to in subparagraph 33.1 of the Rules. The information shall be provided in accordance with subparagraph 12.9 of the Rules, *mutatis mutandis*, and shall disclose which transfer pricing rules have actually been applied to the past transaction, if any, and which transfer pricing rules are intended to be applied;

33.3. information on the operational and tax results of the transfer pricing rules requested for the relevant tax periods covered by the request for past periods;

33.4. information on whether an analogous application is submitted/planned to be submitted to the competent authority of the counterparty.

34. A request for past periods must be accompanied by the documents referred to in paragraphs 13 and 14 of the Rules as regards the subject matter of the request for past periods and if this information has not been provided at the time of the request for a bilateral agreement referred to in subparagraph 33.1 of the Rules.

35. In addition to the information referred to in this Section of the Rules, a taxpayer may also provide, in the context of the requests referred to in subparagraphs 4.4 and 4.5 of the Rules, other information, data that is relevant to the alignment of the transfer pricing rules of a future transaction or a completed controlled transaction that is available to him.

CHAPTER III EXAMINATION OF REQUESTS

36. The tax administration must process the requests referred to in subparagraphs 4.1 to 4.3 of the Rules within 90 calendar days of receipt of the relevant request.

37. The time limit for dealing with the requests referred to in subparagraphs 4.1 to 4.3 of the Rules may be extended by a decision of the tax administration by a further 90 calendar days if such requests require further investigation (i.e. where, for the purpose of evaluating the transfer pricing of the future transaction in respect of which the request has been submitted and adopting a well-founded Decision FR1163, it is necessary to assess additional information

submitted by the taxpayer and/or data available in the tax administrator's databases). The extension of the time limit for processing the relevant request shall be notified in writing to the taxpayer or his authorised representative before the expiry of the time limit referred to in subparagraph 36 of the Rules.

38. The processing of the requests referred to in subparagraphs 4.1 to 4.3 of the Rules shall be suspended and the taxpayer shall be informed thereof in the manner laid down in Article 164(4) of the LTA in the following cases:

38.1. in the event of tax or other legal disputes the outcome of which involves and may influence the determination of future transfer pricing rules. The tax authority shall inform the taxpayer in writing of the suspension of the application referred to in subparagraph 4.1 to 4.3 of the Rules without delay, but no later than within 10 calendar days of receipt of the information on the aforementioned disputes. The date of dispatch of the letter shall be deemed to be the date of suspension of the processing of the request concerned;

38.2. where the tax authorities contact the taxpayer who made the request referred to in subparagraph 4.1 to 4.3 of the Rules to obtain additional information in accordance with the provisions of subparagraphs 42 and 43 of the Rules. The date of dispatch of the additional information notice issued by the tax authorities shall be deemed to be the date of suspension of the processing of the request concerned;

38.3. where the tax administrator seeks the consent of a taxpayer who has submitted a request referred to in subparagraphs 4.1–4.3 of these Rules to amendments proposed by the tax administrator to the transfer pricing rules of the future transaction specified in the relevant request, in accordance with paragraph 48 of these Rules. The date of dispatch of the tax administrator's notice requesting such consent shall be regarded as the date on which the examination of the relevant request is suspended.

39. The suspended examination of requests referred to in subparagraphs 4.1 to 4.3 hereof shall be resumed when:

39.1. a decision taken by a competent institution in a dispute referred to in subparagraph 38.1 hereof shall enter into force. The date of the resumption of the examination of the relevant application is the date of receipt of the decision of the competent authority by the STI at the MoF;

39.2. the tax authority receives all the documents and/or data specified in the notification sent to the taxpayer. The date of the resumption of the examination of the application in question is the date of receipt of those documents and/or data by the STI under the MoF;

39.3. the tax administration receives the taxpayer's reply on the acceptance/disagreement of the proposed changes to the transfer pricing rules of the future transaction in the notification to the taxpayer or when the deadline specified in the notification to the taxpayer to reply expires. The date of resumption of the examination of the relevant application is the date of receipt of the taxpayer's reply by the STI under the MoF or the day following the date by which the taxpayer was required to submit a reply, but did not submit it.

40. Requests referred to in subparagraphs 4.4 and 4.5 of the Rules shall be processed *mutatis mutandis* in accordance with the time limits and procedures laid down in the MAP Rules.

41. During the examination of the request, the taxpayer is entitled to submit the additional documents necessary for the adoption of Decision FR1163. For the requests referred to in subparagraphs 4.1 to 4.3 of the Rules, additional documents must be submitted to the tax authorities no later than 20 calendar days before the expiry of the time limit for processing such a request. During the examination of the applications referred to in subparagraphs 4.4 and 4.5 of the Rules, additional documents may be provided to the competent authority during the ongoing mutual agreement procedure until the conclusion of the agreement between the competent authority, unless the competent authority decide otherwise in the specific case.

42. When examining a request, the tax administration (competent authority) shall have the right to request from the taxpayer additional information, documents and/or data necessary

to properly assess the position presented by the taxpayer and which may reveal circumstances relevant to the prior alignment of the transfer pricing rules of a controlled transaction, to provide an explanation, and may request the taxpayer to provide a brief overview of its business prospects, to arrange, on its own initiative or at the request of the taxpayer, a meeting with the taxpayer's representatives to discuss issues that have arisen. Meetings shall be organised in accordance with subparagraph 11 of these Rules.

43. The tax administration (competent authority) shall specify the data and/or documents to be submitted in addition, the deadline for their submission, as well as the deadline for the submission of the documents to be translated and their translation, in a notification addressed to the taxpayer.

44. If the taxpayer fails to provide the translation of the requested information, documents and/or data within a reasonable period specified by the tax authorities, the request referred to in one of subparagraphs 4.1 to 4.3 of the Rules shall not be considered further. The taxpayer must be notified in writing no later than 14 calendar days after the expiry of the deadline for submitting information, documents and/or data, translations to the tax authorities.

Failure by the taxpayer to provide the requested information within the prescribed time limits during a mutual agreement procedure concerning the requests referred to in subparagraphs 4.4 and 4.5 of these Rules may result in the termination of that procedure in accordance with Chapter IV of the MAP Rules, with the final decision being taken by the competent authorities in consultation with each other.

45. The tax authority shall not process the application and shall notify the taxpayer in writing no later than 30 calendar days from the date of receipt of the request, stating the reasons, if:

45.1. it is not possible to identify the applicant or verify the authenticity of the application;

45.2. the request concerns the amount of the tax;

45.3. the request, with the exception of those referred to in subparagraphs 4.2 and 4.5 of the Rules, relates to controlled transactions that have already taken place;

45.4. the requests referred to in subparagraphs 4.4 and 4.5 of the Rules are made by a non-authorized person and/or the subject-matter of such a request does not meet the requirements of the second paragraph of paragraph 7 of the Rules and/or does such a request not concern potential international double taxation;

45.5. the request for past periods has not been submitted in accordance with subparagraph 29.4 or 29.5 of the Rules or cannot be processed for the reason set out in subparagraph 30 of the Rules;

45.6. the request was not submitted in accordance with the restrictions laid down in paragraph 46 hereof;

45.7. the request does not comply with the other requirements laid down in the Rules, in which case it shall be indicated which requirements the request does not comply with;

45.8. where, in submitting a request referred to in subparagraphs 4.2 or 4.3 of these Rules, the taxpayer has failed to submit at least one Form PLN212 Compliance Report in relation to the implementation of the FR1163 Decision whose approved transfer pricing rules are sought to be amended or whose validity is sought to be extended.

46. A taxpayer's same controlled transaction with the same associated person in the same tax period may, in the absence of a change in circumstances, be the subject of only one request, as referred to in paragraph 4 of the Rules, and of only one decision, FR1163, as referred to in subparagraph 47.1 or 47.2 of the Rules. A request for a bilateral agreement shall take precedence over other requests.

CHAPTER IV
ADOPTION OF THE BINDING DECISION FR1163 BY THE TAX
ADMINISTRATION

47. After examining the taxpayer's request, and having assessed the material submitted with that request, the tax authority shall take one of the following decisions:

47.1. to approve the transfer pricing rules of the future transaction specified in the relevant request, the amendment thereof, or the extension of the validity of previously approved transfer pricing rules of the controlled transaction, as well as to approve the transfer pricing rules of a transaction that has already been carried out where a request for past periods has been submitted;

47.2. to change the transfer pricing rules in the relevant request for a future transaction or a transaction that has already taken place in the context of a request for past periods, where this would allow a more appropriate reflection of the transfer pricing that would be agreed upon by non-associated persons;

47.3. to refuse approval of the transfer pricing rules of the future transaction specified in the relevant request, of any amendments to such rules, or of any extension of their validity, and, in the case of a request for past periods, to refuse approval of the transfer pricing rules applicable to a transaction that has already been undertaken.

48. When examining the requests referred to in subparagraphs 4.1–4.3 of these Rules, the tax administrator shall, before adopting the FR1163 Decision referred to in subparagraph 47.2 of these Rules, agree with the taxpayer the proposed amendments to the transfer pricing rules of the future transaction. If the taxpayer does not agree to the amendments to the transfer pricing rules of the future transaction proposed by the tax administrator and specified in the relevant request, or if no response is received within 30 calendar days from the date on which the tax administrator requested the taxpayer to indicate its agreement or disagreement, the FR1163 Decision referred to in subparagraph 47.3 of these Rules shall be adopted.

For the requests referred to in subparagraphs 4.4 and 4.5 of the Rules, obtaining the taxpayer's consent/disagreement, as well as the subsequent steps of the mutual agreement procedure, shall be carried out in accordance with the provisions of Chapter VI of the MAP Rules.

49. Decision FR1163, referred to in subparagraphs 47.1 and 47.2 of the Rules, shall state:

49.1. place, date and number of decision FR1163, grounds for decision FR1163;

49.2. the name, identification number (code), registered address (mail address) of the taxpayer concerned by Decision FR1163;

49.3. the period of validity of Decision FR1163;

49.4. details of the future transaction (participants in the transaction, subject matter, terms and conditions: the circumstances of execution, the obligations of counterparties, the risks assumed and the assets used, etc.), including information relating to the changes referred to in subparagraph 16.2 hereof and an assessment of their impact;

49.5. information demonstrating that the price of the future transaction complies with the ALP, including the transfer pricing method, the formula used to calculate the transaction value (price), comparable data, the expected range of results, and other relevant information;

49.6. transfer pricing rules for the future transaction and the conditions for the validity of these rules (critical assumptions). Decision FR1163, referred to in subparagraph 47.2 of the Rules, must disclose the transfer pricing rules specified by the taxpayer in the relevant request, the changes made by the tax administration to the transfer pricing rules accepted by the taxpayer and the justification for these changes.

49.7. an obligation for the taxpayer to immediately inform the tax administrator of any material change in the information provided in the request and/or in the critical assumptions on the basis of which the Decision FR1163 was adopted, so that the tax administrator may assess whether the continued application of the FR1163 Decision remains justified;

49.8. appeal procedure against Decision FR1163.

50. Where an FR1163 Decision is adopted not approving the transfer pricing rules of a

future transaction or, in the case of a request for past periods, not approving the transfer pricing rules of a controlled transaction that has already been undertaken, the Decision FR1163 shall include the following information:

50.1. place, date and number of Decision FR1163, grounds for Decision FR1163;

50.2. the name, identification number (code), registered address (mail address) of the taxpayer concerned by Decision FR1163;

50.3. the reasons/circumstances which led to the adoption of Decision FR1163.

51. Decision FR1163 may also include other information relevant to substantiate compliance with the ALP of the transfer pricing rules of a future transaction or a controlled transaction that has already taken place in the context of a request for past periods, as well as information on the steps to be taken by the taxpayer in the event of a change in the information contained in the request and/or in the critical assumptions on which Decision FR1163 is based.

52. Decision FR1163 shall be signed by the head of the STI under the MoF or by a person authorised by him.

53. Decision FR1163 shall be served on the taxpayer by the means specified in Article 164(1) of the LTA.

54. Following the adoption of Decision FR1163 referred to in subparagraph 47.1 or 47.2 of the Rules, the tax administration undertakes to apply the transfer pricing rules set out in Decision FR1163 for a future transaction or a controlled transaction that has already taken place in the context of a request for past periods, subject to the restrictions laid down in paragraphs 57 to 59 of the Rules, when monitoring whether the requesting taxpayer has correctly calculated, declared and paid taxes.

CHAPTER V VALIDITY AND SUPERVISION OF DECISION FR1163 BINDING ON TAX AUTHORITIES

55. Unless otherwise provided by the LTA or the Law of the Republic of Lithuania on the Resolution of Double Taxation Disputes, Decisions FR1163, referred to in subparagraphs 47.1 and 47.2 of the Rules, with the exception of the corresponding Decision FR1163, adopted after examination of the request for past periods, shall take effect from the date of their adoption and shall be valid for the entire period of execution of the transaction, but for no longer than the current and five calendar years from the date of the respective Decision FR1163. Decisions FR1163 referred to in subparagraphs 47.1 and 47.2 of the Rules, taken following the examination of requests for past periods, shall be valid for a maximum of the current calendar year and the previous five calendar years, counting back from 1 January of the year in which the request for past periods was submitted.

An FR1163 Decision adopted in response to a taxpayer's request for amendment shall remain valid no longer than until the expiry of the FR1163 Decision being amended.

56. The tax administration shall have the right, in accordance with the procedure laid down by law, to verify whether the taxpayer complies with the transfer pricing rules of the future transaction approved by Decision FR1163 or to request the taxpayer to provide information on the actual compliance with the agreed controlled transfer pricing rules.

57. The county State Tax Inspectorates and the STI under the MoF shall not apply Decisions FR1163 referred to in subparagraphs 47.1 and 47.2 of the Rules if, when checking whether a taxpayer has correctly calculated, declared and paid taxes, they find that:

57.1. the taxpayer has provided incorrect, inaccurate or incomplete information/data on the future transaction in the request or has not provided all circumstances relevant for the assessment of the transfer pricing rules of the future transaction that were relevant to the assessment of the position provided by the taxpayer;

57.2. the actual conditions of the future transaction or of a controlled transaction that has already taken place when the request for past periods was examined, which had a material

impact on the adoption of Decision FR1163, do not meet the conditions set out by the taxpayer in the relevant request;

57.3. critical assumptions, business conditions, economic circumstances or other rules agreed with the tax administration relating to the transfer pricing of a future transaction have changed, unless the taxpayer demonstrates that these changes could not and/or did not affect the transfer pricing rules of the future transaction.

58. In the event that, during the period of validity of Decisions FR1163 referred to in subparagraphs 47.1 and 47.2 of the Rules, tax legislation is adopted which replaces, supplements or repeals the tax provisions referred to in such Decisions FR1163 of the tax administration which are directly related to the respective Decision FR1163, Decisions FR1163 shall cease to have effect from the date of entry into force of those acts, unless there are grounds for applying with a request for amendment in accordance with paragraph 16 of the Rules.

59. If, after the date of adoption of Decisions FR1163 referred to in subparagraphs 47.1 and 47.2 of these Rules, interpretations of the laws and other legal acts of the Supreme Administrative Court of Lithuania or of the judicial bodies of the European Union contrary to Decisions FR1163 are published in the Bulletin of the Supreme Administrative Court of Lithuania or in the Official Journal of the European Union to which these Decisions FR1163 conflict, such Decisions FR1163 shall remain in force until the date of publication of these interpretations. The tax administration shall amend the period of validity of the relevant Decision FR1163 and shall inform the taxpayer thereof without delay and no later than within 3 working days from the date of publication of the relevant interpretation.

60. Decisions FR1163, referred to in subparagraphs 47.1 and 47.2 of the Rules, shall be valid only for a future transaction or, in the case of a request for past periods, the controlled transaction already undertaken, which is specified in a particular taxpayer's request.

61. The provisions of Chapter VII of the MAP Rules shall apply *mutatis mutandis* to the implementation of Decisions FR1163 referred to in subparagraphs 47.1 and 47.2 of the Rules, taken following the examination of requests for past periods.

CHAPTER VI

SUBMISSION OF THE ANNUAL REPORT ON COMPLIANCE WITH THE TRANSFER PRICING RULES OF THE FUTURE CONTROLLED TRANSACTION PLN212

62. A taxpayer in respect of whom Decision FR1163, referred to in subparagraphs 47.1 or 47.2 of the Rules, has been adopted shall, unless the relevant Decision FR1163 has been adopted following the examination of a request for past periods, submit a Report PLN212 to the tax authorities for each tax period in which Decision FR1163 was in force. The Template PLN212 of the Report must disclose compliance with Decision FR1163, i.e. information on the actual application of the approved transfer pricing rules during the reporting period, by disclosing whether there have been any material changes in the taxpayer's business that would prevent the application of Decision FR1163, whether the taxpayer has consistently and appropriately applied the agreed transfer pricing method and whether the critical assumptions remain relevant and valid.

63. Paragraph 1 of the PLN212 Report, entitled 'General information', states:

63.1. the name of the taxpayer;

63.2. taxpayer identification number (code);

63.3. title, date and number of Decision FR1163; the State(s) concerned in a bilateral/multilateral agreement;

63.4. reference year or period covered by the Report PLN212. The reference year shall correspond to the calendar year and the reference period shall be indicated where it does not correspond to the calendar year;

63.5 information on controlled transaction:

63.5.1. name, identification number (personal identification number), country of registration of the associated person(s) being a party to the controlled transaction;

63.5.2. the type of controlled transaction (e.g. pharmaceutical distribution, centralised procurement services, etc.);

63.5.3. the transfer pricing method(s) used;

63.5.4. price or type of profitability indicator used to determine the price corresponding to the ALP (depending on the transfer pricing method used, this may be, for example, operating profit margin, mark-up on total costs or other indicator);

63.5.5. 'Price/range corresponding to the ALP' means a specific size/indicator or a defined range corresponding to the ALP;

63.5.6. the price actually applied or the value of the profitability indicator actually obtained in the controlled transaction during the reporting period.

Report PLN212 shall be supplemented by as many rows as necessary to provide information under subparagraph 63.5 for each controlled transaction (counterparty) for which the relevant Decision FR1163 on the approval of transfer pricing rules has been adopted. Where the transfer pricing rules of the future transaction and actual prices are the same, the information may be combined.

64. In Part 2 of Form PLN212, entitled 'Compliance with Critical Assumptions', the taxpayer shall confirm whether the critical assumptions set out in the FR1163 Decision have been complied with. Where one or more critical assumptions have not been complied with, the taxpayer shall indicate which assumptions were not complied with, the reasons for such non-compliance, the manner and extent of the non-compliance, and the impact thereof on the price of the controlled transaction.

65. In Part 3 of Form PLN212, entitled 'Financial Analysis', the taxpayer shall provide details of the financial data (e.g. revenue, costs and profit) and financial indicators used in determining the arm's length price, together with the formulas or calculation principles applied.

66. In Part 4 of Form PLN212, entitled 'Adjustments Made', the taxpayer shall indicate whether any transfer pricing adjustments to the price of controlled transactions were made during the reporting period in order to comply with the transfer pricing rules approved in the FR1163 Decision and shall explain the adjustment methodology and calculations applied.

67. In Part 5 of the PLN212 Report, entitled 'Other relevant information', the taxpayer shall provide an overview of the impact of the economic circumstances of the reference year on the controlled transactions carried out, as well as, where available, information on changes in the management, structure, functions performed, risks assumed, assets used, relevant business, market or other changes that occurred during the reference year and that are relevant and may be relevant to the assessment of the validity of Decision FR1163. To substantiate this information, the taxpayer should provide supporting documentation (e.g. the financial statements for the reporting period of the foreign entity that is a party to the controlled transaction, documents evidencing any amendments to the relevant agreements, where such amendments have been made, and any other relevant supporting documents).

68. The PLN212 Report should be accompanied by documents relating to the implementation of Decision FR1163. In detailing the information provided in paragraphs 65 and 66 of the Rules (including the adjustments made), a document must be provided that discloses the calculations made, the indicators used and the formulas used. The document must be provided in an editable format that allows the tax administration to verify the correctness of the calculations.

69. The duly completed Template PLN212 must be submitted after the end of the tax period by the fifteenth day of the sixth month of the following tax period (by 15 June of the following year if the tax period is a calendar year). If Decision FR1163 has been adopted following the examination of a request for a bilateral agreement, the taxpayer must submit the Report(s) in PLN212 for all tax periods completed during the examination of the request for a bilateral agreement within 6 months of the date of receipt of this Decision FR1163.

70. A separate Report Form shall be completed for each tax period.

71. The Report PLN212 must be submitted by the taxpayer to the STI under the MoF. The Report PLN212 can be sent by e-mail to vmi@vmi.lt or submitted electronically via My STI. The reporting taxpayer shall be identified in accordance with the methods laid down in paragraph 9 of the Rules hereof.

72. Failure to submit, belated submission or incorrect entry of data in the form PLN212 shall give rise to liability under Lithuanian legislation.

CHAPTER VII FINAL PROVISIONS

73. Requests are examined in accordance with the established procedure by the Large Taxpayers Monitoring and Consulting Department of the STI under the MoF. Large Taxpayers Monitoring and Consulting Department of the STI under the MoF shall act as the competent authority for the request referred to in subparagraphs 4.4 and 4.5 of the Rules. Requests are examined and Decisions FR1163 are taken in accordance with tax laws, international treaties, the principles of fairness, reasonableness, equality of taxpayers, non-discrimination and independence.

74. If a civil servant of the Large Taxpayers Monitoring and Consulting Department of the STI under the MoF is liable to have a conflict of private interests with regard to a taxpayer whose application is being examined, or if there are other circumstances which give rise to doubts as to the civil servant's impartiality, the civil servant must refrain from examining such an application and from drafting, considering and adopting Decision FR1163 in accordance with the procedure laid down by the Law of the Republic of Lithuania on the reconciliation of public and private interests.

75. In implementing the Rules, the tax administration processes data of natural persons for the purpose of processing applications, taking Decisions FR1163 and monitoring compliance with the transfer pricing rules and other obligations of the taxpayer set out therein, in accordance with Regulation (EU) 2016/679, the LTA and other legal acts governing data processing and tax administration.

76. Data subjects' rights shall be implemented in accordance with the procedure laid down in the description of the implementation of data subjects' rights by the State Tax Inspectorate approved by Order No VA-33 of the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania of 7 May 2018 approving the description of the implementation of data subjects' rights by the State Tax Inspectorate.

APPROVED
By the Order No VA-81 of
15 September 2025 of
the Head of State Tax Inspectorate
under the Ministry of Finance
of the Republic of Lithuania

(Form FR1163 for the decision on the approval/amendment/extension of transfer pricing rules for a future controlled transaction)



**STATE TAX INSPECTORATE
UNDER THE MINISTRY OF FINANCE OF THE REPUBLIC OF LITHUANIA**

**DECISION
ON APPROVING/AMENDING/EXTENDING THE TRANSFER PRICING RULES
OF A FUTURE CONTROLLED TRANSACTION FR1163**

(choose the appropriate type of solution)

..... No.....
(date) (Reference number)

.....
(place)

The State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania (code 188659752, address Vasario 16-1 g. 14, Vilnius) has examined _____
(taxpayer's name)

(tax identification number (code), registered address (address for correspondence))

_____ request _____
(date of request) (type, number of application)

and pursuant to Article 37⁽²⁾ of the Law of the Republic of Lithuania on Tax Administration,

and decides _____
(indicate the decision to be taken (to accept/amend/not to accept the

_____ transfer pricing rules of the future transaction or transaction that have occurred, their

_____ amendment, extension), grounds for acceptance, information on the future/already completed

_____ transaction and its compliance justification for the arm's length principle, critical

_____ assumptions, validity of the decision, reason for changing pricing rules or not accepting the

_____ future transaction transfer pricing principles, obligations on the taxpayer and other

_____ information as appropriate)

This decision may be appealed, in accordance with the procedure established by the Law on Pre-Trial Administrative Dispute Resolution of the Republic of Lithuania or the Law on Administrative Proceedings of the Republic of Lithuania, within 1 (one) month from the date of service of this decision, at the appellant's choice, either to the Lithuanian Administrative Disputes Commission (A. Goštauto st. 12-100, LT-01108 Vilnius) or to the Regional Administrative Court by lodging a complaint with any of its divisions: the Vilnius Division (Žygimantų st. 2, LT-01102 Vilnius), the Kaunas Division (A. Mickevičiaus st. 8A, LT-44312 Kaunas), the Klaipėda Division (Galinio Pylimo st. 9, LT-91230 Klaipėda), the Šiauliai Division (Dvaro st. 80, LT-76298 Šiauliai), or the Panevėžys Division (Respublikos st. 62, LT-35158 Panevėžys).

(position/title)

(signature)

(name, surname)

APPROVED
By the Order No VA-81 of
15 September 2025 of
the Head of State Tax Inspectorate
under the Ministry of Finance
of the Republic of Lithuania

(Report on compliance with the annual transfer pricing rules of the future controlled transaction, Template PLN 2122)

**ANNUAL REPORT ON COMPLIANCE WITH THE TRANSFER PRICING RULES
OF THE FUTURE CONTROLLED TRANSACTION PLN212**

1. General:

1. Name of the taxpayer (name, surname)	
2. Taxpayer Identification Number (code)	
3. Title, date and number of the decision on the approval/amendment/extension of transfer pricing rules for a future controlled transaction (hereinafter 'the decision'), in the form approved by the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania, the State(s) concerned in the bilateral/multilateral agreement	
4. The period of validity of the ruling;	
5. Reference year/period	
6. Details of the controlled transaction*:	
6.1. Controlled transaction type	
6.2. Party(ies) to the controlled transaction, identification number (personal identification number), country of registration	
6.3. Pricing method used	
6.4. Type of profitability indicator	
6.5. Arm's length price/range	
6.6. Value of the actual profitability indicator for the reference year	

Note: *This report shall be supplemented by as many rows as necessary to provide information under this item for each controlled transaction (counterparty) for which the relevant decision on the approval of pricing rules has been taken. Where the transfer pricing rules of the future transaction and the prices actually applied are the same, the information may be combined.

2. Meeting critical assumptions.

(Confirmation that the critical assumptions of the Decision have been respected. If one or more critical assumptions have not been met, an explanation shall be given of the assumptions, the reasons for non-compliance and the extent to which this has affected the price) _____

3. Financial analysis.

(Details how the price corresponding to the ALP was calculated: which financial data and indicators have been used and which formulae have been used, e.g. mark-up on service cost=(gross margin/service cost)*100; data may be provided in a separate document showing the calculations made) _____

4. Adjustments made.

(Indicate the adjustments, if any, made during the reporting period, the principles of the adjustment and the calculations; adjustments may be presented in a document disclosing the calculations made) _____

5. Other relevant information.

(Overview of the impact of the economic circumstances of the reporting year on the controlled transactions carried out, as well as, if any, on the management, structure, functions performed, risks assumed, assets used, business, market or other relevant changes that have occurred during the reporting year) _____

Annexes:

1. (Document, in editable format, disclosing calculations made, indicators used and formulas used) _____

2. _____

3. _____

This report has been completed by (Name Surname).....
