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## LAW OF THE REPUBLIC OF LITHUANIA ON INCOME TAX OF INDIVIDUALS

2 July 2002 No. IX-1007

Vilnius

### CHAPTER I GENERAL PROVISIONS

#### **Article 1. Purpose and Scope of the Law**

1. This Law shall establish the procedure for imposing income tax on the income of individuals.

2. This Law shall apply in the territory of the Republic of Lithuania.

3. The provisions of this Law shall be in compliance with the EU legal acts listed in the Appendix to this Law.

*Article amendments:*

No. [IX-2103](#), 08/04/2004, *Official Gazette*, 2004, No. 60-2118 (24/04/2004)

#### **Article 2. Definitions**

1. **Territory of the Republic of Lithuania** (hereinafter referred to as **Lithuania**) shall mean the territory of the Republic of Lithuania and the area adjacent to the territorial waters of the Republic of Lithuania where, under the laws of the Republic of Lithuania and international law, the Republic of Lithuania has the right to explore and exploit the seabed and underground natural resources.

2. **Individual** shall mean any resident or non-resident of Lithuania.

3. **Resident of Lithuania** shall mean a natural person who is considered a resident of Lithuania under the provisions of Article 4 of this Law.

4. **Non-resident of Lithuania** shall mean a natural person who is not considered a resident of Lithuania under the provisions of Article 4 of this Law.

5. **Royalties** shall mean remuneration for the right to use any work under a copyright licensing agreement, remuneration for the neighbouring rights granted, income received as remuneration for the right to use an object of industrial property or franchise under a license agreement, remuneration for information concerning industrial, commercial or scientific experience (*know-how*).

6. **Deposit** shall mean a depositor's sum of money in a commercial bank, branch, credit union or any other credit institution under deposit and/or account contracts, with the exception of other monetary means, with respect to which a depositor has claims arising from financial transactions with deposits conducted by a credit institution or from the investment services provided.

7. **Individual activity** shall mean any independent activity in pursuit whereof an individual aims at deriving income or any other economic benefit over a continuous period:

1) independent commercial or industrial activities of any nature, with the exception of activity involving sale and/or lease of property immovable by nature, and transactions in financial instruments;

**RLA note.** These provisions shall apply to the calculation and declaration of income of 2014 and subsequent tax periods (Law No. [XII-427](#)).

2) independent creative, scientific, professional activities, including professional services, and other similar independent activities;

3) independent sports activities;

4) independent performing activities.

8. **Sports activities** shall mean activities of a sportsman (an individual exercising a certain physical or mental activity based on certain rules and organised in a particular form specifically established for such an activity) involving preparation for and participation in competitions. A coach, as defined in the Law of the Republic of Lithuania on Physical Education and Sports, for the purposes of this Law shall not be considered a sportsman.

9. **Performing activities** shall mean activities of a performing artist (actor, singer, musician, conductor, dancer or another individual acting, singing, reading, reciting or otherwise performing literary, artistic, folklore performances or circus shows) involving preparation for and participation in a public appearance. Performing artists shall not include individuals who are involved in the creation of a work or in preparation for a public appearance, but do not participate in the public performance of that work or public appearance.

10. **Creative activities** shall mean the creation of works that may be protected by copyright, as well as the transfer of property rights in those created works.

11. **Derivative financial instruments** shall mean financial instruments specified in subparagraphs 4, 5, 6, 7, 8, 9 and 10 of paragraph 4 of Article 3 of the Law of the Republic of Lithuania on Markets in Financial Instruments.

**RLA note. These provisions shall apply to the calculation and declaration of income of 2014 and subsequent tax periods (Law No. [XII-427](#)).**

12. **Permanent establishment** shall be interpreted according to the Law of the Republic of Lithuania on Corporate Income Tax (hereinafter referred to as the Corporate Income Tax).

13. **Fixed base** shall mean the expression of independent activities of a non-resident of Lithuania, with the exception of sports and performing activities (hereinafter in this paragraph referred to as the activities), in Lithuania. A non-resident of Lithuania is deemed to carry out his activities through his fixed base in Lithuania, provided he: permanently carries out his activities in Lithuania; or carries out his permanent activities in Lithuania through his dependent representative (agent). The definition of the permanency of activities of a non-resident of Lithuania, as well as the criteria of dependence or independence of a representative (agent) of a non-resident of Lithuania shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

14. **Income** shall mean positive income, attributed income of the European economic interest grouping, contributions (or a part thereof) returned after terminating life insurance contracts or leaving a pension fund, as well as remuneration received for the work done, services provided, rights transferred or granted, property or means sold or otherwise transferred and invested and/or any other benefit in cash and/or in kind, with the exception of:

1) shares issued to shareholders free of charge, in proportion to the number of their shares, or the sum whereby the par value of the shares issued earlier has been increased as a result of the increase of the authorised capital, as well as the amount by which the value of member shares or interests has been increased as a result of the increase of the authorised capital for holders of member shares or interests, in proportion to the value of their member shares or interests, as well as funds (a part thereof) and/or assets (a part thereof) received when the authorised capital of an entity is reduced, according to the reduction part of the authorised capital consisting from the contributions made by the members of the entity;

2) real property recovered under the Law of the Republic of Lithuania on the Restoration of the Rights of Ownership of Citizens to the Existing Real Property, as well as savings restored under the Law of the Republic of Lithuania on the Restoration of Savings of the Population;

3) profit or a part thereof of a European economic interest grouping received by an individual (a participant of the European economic interest grouping);

4) the output VAT amount calculated in respect of the goods supplied and services provided by an individual (to an individual);

5) amounts (except for the expenses of an individual compensated by a person connected to the individual concerned through employment relations or corresponding relations) allocated to cover expenses related to accommodation, catering, participation registration or travel, provided those expenses are related to voluntary work that is organised in accordance with the procedure established by the legal acts, the duties of work or individual activities of an individual;

6) benefit received by individuals, if it is impossible to determine individual benefit of a specific person;

7) difference in the value of assets resulting from operations effected between the entities indicated in subparagraph 2 of paragraph 1 of Article 41 of the Law of the Republic of Lithuania on Corporate Income Tax in the course of reorganisations or transfers specified in paragraph 2 of Article 41 of the Law on Corporate Income Tax where the shares (interests, member shares) are acquired by means of an exchange of the shares (interests, member shares) held by members of an entity for the shares (interests, member shares) of another entity, with the exception of cash payments for the difference in the price of the shares;

8) difference in the value of assets resulting from operations effected between the entities indicated in subparagraph 1 of paragraph 1 of Article 41 of the Law of the Republic of Lithuania on Corporate Income Tax in the course of reorganisations or transfers specified in paragraph 2 of Article 41 of the Law on Corporate Income Tax where the shares (interests, member shares) are acquired by means of an exchange of the shares (interests, member shares) held by members of an entity for the shares (interests, member shares) of another entity, with the exception of cash payments for the difference in the price of the shares.

**15. Income in kind** shall mean any property received into ownership or beneficial use (without acquiring the ownership right), or services received gratuitously, in exchange or at a favourable price (at less than the fair market value set for a particular individual due to the influence of certain interests or transactions), as well as any other benefit (if a benefit giver had a purpose of giving benefit to a particular person), when the equivalent of the property, services or other benefit received in monetary terms would be included in income under the provisions of this Law.

**16. Income sourced in Lithuania:**

1) income from any activity in Lithuania;

2) income from the lease of property immovable by nature located in Lithuania;

3) income received from the sale, other transfer into ownership of movable property, if such property according to the legal acts of the Republic of Lithuania requires legal registration and this property is (or must be) registered in Lithuania, as well as income received for real property located in Lithuania;

4) other income not specified in subparagraphs 1–3 of this paragraph that was received from residents of Lithuania, from Lithuanian entities, from foreign entities through their permanent establishments and from non-permanent residents of Lithuania through their fixed bases, except for income received by non-permanent residents of Lithuania from activity in foreign states.

**17. Income sourced outside Lithuania** shall mean all the income except for the income listed in paragraph 16 of this Article.

**18. Positive income** shall mean the income or a part thereof of a controlled foreign tax entity included in the income of a permanent resident of Lithuania on the last day of a tax of period a controlled foreign tax entity in proportion to the number of shares (stakes, shares in a cooperative organization) owned by such permanent resident of Lithuania, voting rights or rights to a fraction of distributable profit, or the exclusive rights to acquire them in accordance with the procedure laid down in this Article.

**RLA note. The provisions of paragraph 18 shall apply for the calculation and declaration of income for tax periods of 2019 and subsequent years.**

*Amendments to a paragraph of the Article:*

*No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939*

**19. Related persons** shall be deemed related, provided they on any day of the current tax period or the tax period preceding the current tax period are one of the following:

1) an individual who is a member of an entity and that entity, or

2) an individual who is a member of the managing bodies of an entity and that entity, or 3) an individual whose spouse, fiancé or cohabitant is a member of the managing bodies of an entity and that entity, or

4) an individual and his spouse, fiancé, cohabitant; an individual and persons related to him by consanguinity (in the direct line up to the second degree, in the collateral line up to the fourth degree) or by marriage (an individual and the relatives of his spouse (in the direct line up to the second degree, in the collateral line up to the second degree)); an individual and the relatives of his cohabitant (in the direct line up to the second degree, in the collateral line up to the second degree); an individual and the spouses or cohabitants of his relatives (in the direct line up to the first degree, in the collateral line up to the second degree) as well as the relatives of the said spouses or cohabitants (in the direct line up to the first degree, in the collateral line up to the second degree), or

5) two individuals who are members of the same entity and each of whom directly or indirectly controls over 25% of shares (interests, member shares) in that entity, or

6) two individuals who are members of the same entity and each of the individuals, together with other persons (a spouse, fiancé, cohabitant or relatives of the said cohabitant (in the direct line up to the second degree, in the collateral line up to the second degree), persons related to him by consanguinity (in the direct line up to the second degree, in the collateral line up to the fourth degree) or by marriage (an individual and the relatives of his spouse (in the direct line up to the second degree, in the collateral line up to the second degree)), also the spouses or cohabitants of his relatives (in the direct line up to the first degree, in the collateral line up to the second degree) as well as the relatives of the said spouses or cohabitants (in the direct line up to the first degree, in the collateral line up to the second degree), controls directly or indirectly over 25% of the shares (interests, member shares) in that entity, or 7) an individual and his fixed base.

**20. Actual market price** shall mean the amount for which assets may be exchanged or mutual obligations settled between willing independent buyers or sellers in a direct transaction.

**21. Target territory** as this term is defined in the Law on Corporate Income Tax.

*Amendments to a paragraph of the Article:*

*No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 12/20/2018, i. c. 2018-20939*

**22. Business certificate** shall mean a document issued in accordance with the procedure prescribed by this Law and implementing legal acts, which confirms the payment of the required fixed amount of income tax for carrying on independent activities and/or lease of property immovable by nature, if these activity types are included in the list of activities that is established by the Government of the Republic of Lithuania.

**23. Entity** shall mean any Lithuanian entity and any foreign entity.

**24. Member of an entity** shall mean any person who has title to the assets of an entity or any person who fails to secure title to the assets of an entity, but acquires rights and (or) duties arising from obligations relating to the entity.

**25. Lithuanian entity** shall mean any legal entity established in accordance with the procedure prescribed by legal acts of the Republic of Lithuania, as well as a branch or representative office of any foreign entity established in accordance with the procedure prescribed by laws of the Republic of Lithuania that does not constitute a permanent establishment of that foreign entity.

**26. Foreign entity** shall mean any foreign legal entity or organisation having its registered office in a foreign state and established or otherwise organised under the legal acts of that foreign state as well as any other entity established, incorporated or otherwise organised abroad.

**27. Controlled entity** shall mean any entity deemed to be under the control of a resident of Lithuania (hereinafter referred to as the controlling person), provided:

1) it is controlled by the controlling person on the last day of the tax period, and

2) the controlling person holds directly or indirectly over 50% of the shares (interests, member shares) in the controlled entity or other rights to a portion of distributable profits or preemptive rights to the acquisition thereof, or

3) the controlling person, together with related persons, holds over 50% of the shares (interests, member shares) in the controlled entity or other rights to a portion of distributable profits or pre-emptive rights to the acquisition thereof, and the portion controlled by the controlling person

accounts for at least 10% of the shares (interests, member shares) or other rights to a portion of distributable profits or pre-emptive rights to the acquisition thereof.

27<sup>1</sup>. **A controlled foreign tax entity (hereinafter referred to as a controlled foreign entity)** is a foreign entity in which a permanent resident of Lithuania, either alone or together with associated persons, directly or indirectly owns on the last day of a tax period of such foreign entity more than 50 per cent of shares (stakes, shares in a cooperative organization), voting rights or rights to a fraction of distributable profit, or the exclusive rights to acquire them.

**RLA note. The provisions of paragraph 27<sup>1</sup> shall apply for the calculation and declaration of income for tax periods of 2019 and subsequent years.**

*Supplemented with a paragraph of the Article:*

*No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939*

28.**Property** shall mean any movable and immovable property, financial instruments, as well as other intangible property.

**RLA note. These provisions shall apply to the calculation and declaration of income of 2014 and subsequent tax periods (Law No. [XII-427](#)).**

29.**Property related to individual activities** shall mean any property (or a part thereof) used by an individual solely for his individual activities, with the exception of individual activities conducted under a business certificate.

30.**Permanent place of residence** shall mean any place where a natural person has a possibility to reside and which is established, maintained and used by him.

31.**Employment relations or corresponding relations** shall mean relations when work is carried out under employment contracts, as well as any other activity performed on the basis of legal ties corresponding (by agreement as regards remuneration for work, workplace and duties, work discipline, etc.) to relations between an employer and employee created under the employment contract.

32.**Associated persons** shall mean persons (entities or natural persons) where they meet at least one of the following criteria:

1) they are related persons;

2) they may have an influence over each other resulting in the conditions of their mutual transactions or economic operations being other than those where a maximum economic benefit is sought by each of the said persons.

33.**Income from agricultural activity** shall mean income from producing agricultural products as defined in the Law of the Republic of Lithuania on Agriculture, Food Industry and Rural Development, income from providing services to agriculture that are included in the list approved by the Government of the Republic of Lithuania or an institution authorised by it, as well as income received from selling food products made from agricultural products from own farms.

34.**Income incidental to employment relations or relations in their essence corresponding to employment relations** shall mean income received from activity specified in paragraph 31 of this Article, as well as the amount received by the owner of an individual enterprise from the individual enterprise, by a general partner of a partnership from the partnership, or by a member of a limited partnership from the limited partnership, which does not exceed the amount which is the basis for calculating and paying state social insurance contributions of the owner of an individual enterprise or a general partner of a partnership or a limited partnership in accordance with the provisions of the Law of the Republic of Lithuania on State Social Insurance.

35. Shall be repealed with effect from 01/01/2018.

*Amendments to a paragraph of the Article:*

*No XIII-841, 07/12/2017, published in the Register of Legal Acts on 20/12/2017, i. c. 2017-20568*

36.**Financial instrument** shall be interpreted according to the Law of the Republic of Lithuania on Markets in Financial Instruments, as well as other securities.

**RLA note. These provisions shall apply to the calculation and declaration of income of 2014 and subsequent tax periods (Law No. [XII-663](#)).**



37. **Non-equity securities** shall be interpreted according to the Law of the Republic of Lithuania on Securities, as well as other securities.

*RLA note. These provisions shall apply to the calculation and declaration of income of 2014 and subsequent tax periods (Law No. [XII-663](#)).*

38. Other terms in this Law shall be interpreted as defined in the Law of the Republic of Lithuania on Tax Administration (hereinafter referred to as the “Law on Tax Administration”) and the Civil Code of the Republic of Lithuania (hereinafter referred to as the “Civil Code”), and the Criminal Code of the Republic of Lithuania (hereinafter referred to as the “Criminal Code”) to the extent they do not contravene this Law (except for the cases explicitly stated in the Civil Code).

*Article paragraph amendments:*

No. [XII-1465](#), 18/12/2014, published in the RLA on 31/12/2014, ID code 2014-21225

*Article amendments:*

No. [IX-1973](#), 22/01/2004, Official Gazette, 2004, No. 25-749 (14/02/2004)

No. [IX-2103](#), 08/04/2004, Official Gazette, 2004, No. 60-2118 (24/04/2004)

No. [IX-2419](#), 23/08/2004, Official Gazette, 2004, No. 134-4837 (02/09/2004)

No. [X-260](#), 21/06/2005, Official Gazette, 2005, No. 81-2943 (30/06/2005)

No. [X-457](#), 20/12/2005, Official Gazette, 2005, No. 153-5636 (31/12/2005)

No. [X-1485](#), 10/04/2008, Official Gazette, 2008, No. 47-1750 (24/04/2008)

No. [XI-111](#), 23/12/2008, Official Gazette, 2008, No. 149-6033 (30/12/2008)

No. [XI-385](#), 22/07/2009, Official Gazette, 2009, No. 93-3977 (04/08/2009)

No. [XI-1152](#), 23/11/2010, Official Gazette, 2010, No. 145-7410 (11/12/2010)

No. [XI-1501](#), 22/06/2011, Official Gazette, 2011, No. 86-4143 (13/07/2011)

No. [XI-2166](#), 29/06/2012, Official Gazette, 2012, No. 83-4340 (14/07/2012)

No. [XII-427](#), 27/06/2013, Official Gazette, 2013, No. 75-3756 (13/07/2013)

No. [XII-663](#), 12/12/2013, Official Gazette, 2013, No. 140-7047 (30/12/2013)

No. [XII-1465](#), 18/12/2014, published in the RLA on 31/12/2014, ID code 2014-21225

### **Article 3. Payers of Income Tax**

Income tax shall be paid by any individual who has derived and/or earned income.

*Article amendments:*

No. [XI-111](#), 23/12/2008, Official Gazette, 2008, No. 149-6033 (30/12/2008)

### **Article 4. Resident of Lithuania**

1. A resident of Lithuania shall mean:

- 1) any natural person whose permanent place of residence during the tax period is in Lithuania, or
- 2) any natural person whose place of personal, social or economic interests during the tax period is in Lithuania rather than in a foreign country, or
- 3) any natural person who is present in Lithuania continuously or intermittently for 183 days or more during the tax period. Rules for calculating the period of 183 days shall be established by the Government of the Republic of Lithuania or an institution authorised by it, or
- 4) any natural person who is present in Lithuania continuously or intermittently for 280 days or more during successive tax periods and stayed in Lithuania continuously or intermittently for 90 days or more during one of those tax periods, unless otherwise provided by paragraph 3 of this Article. Rules for calculating the periods of 90 and 280 days shall be established by the Government of the Republic of Lithuania or an institution authorised by it, or
- 5) any natural person who is a citizen of the Republic of Lithuania and does not satisfy the criteria set forth in subparagraphs 3 and 4 of this paragraph; however, remuneration under the employment contract or corresponding contracts is paid to such a natural person, or his costs of living in another country are covered from the state or municipal budgets of Lithuania.

2. A natural person, although satisfying the provisions laid down in subparagraphs 3, 4 and 5 of paragraph 1 of this Article, shall not be considered a resident of Lithuania, provided he is:

1) a foreign state diplomat, a member of administrative-technical or support staff of a diplomatic mission, consular institution or international organisation, who is not a citizen of the Republic of Lithuania (except for stateless persons, whose permanent place of residence or place of personal, social or economic interests during the tax period is in Lithuania), or

2) not a citizen of the Republic of Lithuania who receives income connected only with employment relations or corresponding relations for work in Lithuania from a foreign country, its political or territorial administrative unit or local authorities, or

3) not a citizen of the Republic of Lithuania who is only engaged in individual activities in Lithuania through his fixed base, which is the sole purpose of his arrival in Lithuania.

3. If a natural person who is considered a resident of Lithuania for not less than three successive tax periods departs from Lithuania permanently in the tax period immediately following the aforesaid periods and during the tax period of his departure stays in Lithuania for less than 183 days, he shall be considered a resident of Lithuania until the day of his departure. Criteria for the permanent departure from Lithuania shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

4. If a natural person who is considered a resident of Lithuania for not less than three successive tax periods departs from Lithuania permanently for a target territory in the tax period immediately following the aforesaid periods, the provisions laid down in paragraph 3 of this Article shall not apply to him where that natural person is related to Lithuania by significant commercial interests. Such a natural person shall be considered a resident of Lithuania for the entire tax period of departure and two subsequent tax periods. Significant commercial interests shall be in place where:

1) a natural person is the owner of an individual (personal) enterprise in Lithuania and/or controls over 25% of the shares (interests, member shares) of a Lithuanian entity, or

2) over 30% of income during the tax period consists of income sourced in Lithuania.

5. A natural person who is not considered a resident of Lithuania under the provisions of paragraph 1 of this Article may, under the procedure prescribed by the Government of the Republic of Lithuania, apply to the tax administrator for recognition as a resident of Lithuania, provided his income sourced in Lithuania (with the exception of the income taxed during that tax period by applying income tax reliefs provided under double taxation treaties of the Republic of Lithuania) during the tax period accounts for not less than 90 of gross income derived during the tax period, with the exception of the income referred to in Article 17 of this Law.

#### **Article 5. Scope of Income Tax**

1. Income tax shall be imposed on any income derived by an individual.

2. The scope of income tax of a resident of Lithuania shall be income sourced in and outside Lithuania, with the exception of the case specified in paragraph 3 of this Article.

3. The scope of income tax of a resident of Lithuania shall be income sourced in Lithuania, provided that individual:

1) is considered a resident of Lithuania under subparagraphs 3 and 4 of paragraph 1 of Article 4 or paragraph 3 of Article 4 of this Law, and

2) is a citizen of a country other than the Republic of Lithuania, and

3) during the same tax period, for the purposes of income tax or equivalent tax, is considered a resident of the foreign country, which is a party to, and under the application of a double taxation treaty, and the tax administrator is informed of that fact by the competent person of that other country.

4. The scope of income tax of a non-resident of Lithuania shall be income from individual activities carried on from a fixed base as well as income received or earned in foreign countries and attributed to the said fixed base in Lithuania in the event that such income relates to the activities of a non-resident of Lithuania carried on from a fixed base in Lithuania, as well as income sourced in Lithuania and received otherwise than through a fixed base:

1) interest, except for the interest on non-equity securities of the Government;

**RLA note. These provisions shall apply to the calculation and declaration of income of 2014 and subsequent tax periods (Law No. [XII-663](#)).**

- 2) income from distributed profit and payments to members of the board and the supervisory board;
- 3) income from the lease of property immovable by nature located in Lithuania;
- 4) royalties, including the cases specified in paragraph 6 of this Article;
- 5) income connected with employment relations or corresponding relations;
- 6) income from sports activities, including income directly or indirectly related to those activities, irrespective of whether it is paid directly to a sportsman or any third party acting on behalf of that sportsman;
- 7) income from performing activities, including income directly or indirectly related to those activities, irrespective of whether it is paid directly to a performing artist or any third party acting on behalf of that performing artist;
- 8) proceeds from the sale or other transfer into ownership of movable property if that type of property is subject to legal registration under legal acts of the Republic of Lithuania and is (or must be) registered in Lithuania, as well as immovable property located in Lithuania;
- 9) compensations for violation of copyright or related rights.

5. (Repealed on 30 December 2008)

6. In the case of transfer of a computer (software) programme, the provisions laid down in subparagraph 4 of paragraph 4 of this Article shall apply where the transfer concerns works not protected by copyright and where the following rights are granted by the computer (software) programme:

- 1) the right to make copies of the computer (software) programme with the purpose of distributing them to the public or otherwise transferring into ownership, renting or lending, or
- 2) the right to prepare derivative computer (software) programmes based on the copyrighted computer (software) programmes, or
- 3) the right to publicly display the computer (software) programme.

*Article amendments:*

No. [X-1485](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1750 (24/04/2008)

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)

No. [XII-427](#), 27/06/2013, *Official Gazette*, 2013, No. 75-3756 (13/07/2013)

No. [XII-663](#), 12/12/2013, *Official Gazette*, 2013, No. 140-7047 (30/12/2013)

## **Article 6. Rates of Income Tax**

1. Unless otherwise provided in this Article, the rates of income tax shall be 15 per cent.

1<sup>1</sup>. The resident's income from the employment relationship or from the relationship that is consistent with the essence of employment relationship (except for the sickness, maternity, paternity, childcare and long-term work benefits), profit sharing or remuneration for activities in the supervisory board or board, loan committee, that is paid instead of profit sharing or together with profit sharing, the income received under copyright agreements from a person/entity related to the resident through employment relationship or through the relationship that is consistent with the essence of employment relationship, as well as the income for management activities received under a civil (service) contract by managers of small partnerships who, according to the Law of the Republic of Lithuania on Small Partnerships, are not members of those small partnerships are taxed as follows:

- 1) the annual part of income that does not exceed the amount equal to 84 average national wages (hereinafter – AW), that applies to calculate the basis of the state social insurance contributions of 2020 of the insured persons, is taxed by applying the rate of the income tax of 20%;
- 2) the annual part of income that exceeds the amount equal to 84 AWs, that applies to calculate the basis of the state social insurance contributions of 2020 of the insured persons, is taxed by applying the rate of the income tax of 32%.

**RLA note. The provisions of paragraph 1<sup>1</sup> shall apply for the calculation and declaration of income for a tax period of 2020.**

*Amendments to a paragraph of the Article:*

No XIII-1335, 28/06/2018, (from 01/01/2019)

No XIII-1704, 11/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20943



No [XIII-2649](#), 12/12/2019, published in the Register of legal Acts on 21/12/2019, i. c. 2019-20990

1<sup>2</sup>. An annual proportion of income from relations other than employment or other than similar relations that are essentially compatible with employment relations (except for income from non-salaried occupations, income from distributable profit, profit sharing or remuneration for activities in Supervisory Board or Management Board, loan committee, paid instead of profit sharing or along with profit sharing, income received under copyright contracts from a person related to the resident through employment or similar relations that are essentially compatible with employment relations, also the income received under civil (service) agreement by directors of Small Partnerships who according to the Law of the Republic of Lithuania on Small Partnerships are not the members of those Small Partnerships for management activities) that exceeds an amount equal to 120 average wages that applies for the calculation of a base of state social insurance contributions of insured persons of a current year, is taxed by applying a 20 per cent income tax rate.

**RLA note. The provisions of paragraph 1<sup>2</sup> shall apply for the calculation and declaration of income for tax periods of 2019 and subsequent years.**

*The income from employment or from similar relations that are essentially compatible with employment relations (except for sickness, maternity, paternity, child care and long-term work benefits) calculated for a tax period of 2019 and paid in 2018 is taxed in accordance with the procedure set forth in paragraph 1<sup>1</sup>.*

*Supplemented with a paragraph of the Article:*

*No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977*

*Amendments to a paragraph of the Article:*

*No XIII-1704, 11/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20943*

2. A 5 per cent income tax rate applies for the income from activities other than non-salaried occupations received from the sale or other disposal of waste.

3. A fixed income tax set by municipal councils is paid for the income received during a tax period tax levies on which are paid at the time of acquiring a business license. The municipal councils have the right to apply at the expense of their budget advantages of a fixed income tax for the income received from activity being pursued under a business license.

4. A fixed income tax can be levied on the income from non-salaried occupations that does not exceed 45 000 euros over a tax period (in cases where activities of several types are pursued, the income shall be totalized). The income from non-salaried occupations that exceeds an amount of 45 000 euros over a tax period is taxed by applying the income tax rate set forth in paragraph 1 of this Article. A proportion of a fixed income tax paid for a tax period (or for a part thereof), that proportionally falls within that part of a tax period when the resident's income from non-salaried activity exceeded an amount of 45 000 euros, shall be included in an amount of income tax to be paid by the resident on that income.

5. A fixed income tax can be levied on the income from the leasing and letting of immovable property (in case of leasing and letting several objects of this type, the income shall be totalized) that does not exceed 45 000 euros over a tax period. The income from the leasing and letting of immovable property that exceeds 45 000 euros over a tax period is taxed by applying the income tax rate set forth in paragraph 1 of this Article. A proportion of a fixed income tax paid for a tax period (or for a part thereof), that proportionally falls within that part of a tax period when the resident's income from the leasing and letting of immovable property is taxed by applying the income tax rate set forth in paragraph 1 of this Article, shall be included in an amount of income tax to be paid by the resident on that income.

*Article amendments:*

*No. [IX-1708](#), 04/07/2003, Official Gazette, 2003, No. 75-3474 (30/07/2003)*

*No. [IX-1913](#), 18/12/2003, Official Gazette, 2003, No. 123-5585 (30/12/2003)*

*No. [IX-2202](#), 29/04/2004, Official Gazette, 2004, No. 73-2535 (30/04/2004)*

*No. [X-235](#), 07/06/2005, Official Gazette, 2005, No. 76-2743 (18/06/2005)*

*No. [X-329](#), 05/07/2005, Official Gazette, 2005, No. 88-3293 (21/07/2005)*

*No. [X-450](#), 15/12/2005, Official Gazette, 2005, No. 153-5634 (31/12/2005)*

*No. [X-746](#), 04/07/2006, Official Gazette, 2006, No. 82-3249 (27/07/2006)*

*No. [X-1424](#), 18/01/2008, Official Gazette, 2008, No. 15-510 (05/02/2008)*

*No. [X-1485](#), 10/04/2008, Official Gazette, 2008, No. 47-1750 (24/04/2008)*

*No. [XI-111](#), 23/12/2008, Official Gazette, 2008, No. 149-6033 (30/12/2008)*

No. [XI-706](#), 30/03/2010, *Official Gazette*, 2010, No. 41-1931 (10/04/2010)  
No. [XI-1152](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7410 (11/12/2010)  
No. [XI-1154](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7412 (11/12/2010)  
No. [XI-2166](#), 29/06/2012, *Official Gazette*, 2012, No. 83-4340 (14/07/2012)  
No. [XI-427](#), 27/06/2013, *Official Gazette*, 2013, No. 75-3756 (13/07/2013)  
No. [XI-431](#), 27/06/2013, *Official Gazette*, 2013, No. 75-3759 (13/07/2013)  
No. [XI-663](#), 12/12/2013, *Official Gazette*, 2013, No. 140-7047 (30/12/2013)  
No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977  
No XIII-1704, 11/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20943

#### **Article 7. Tax Period**

1. The tax period of income tax shall coincide with the calendar year.
2. The first tax period of the tax on the income derived by a non-resident of Lithuania through his fixed base in Lithuania shall be the calendar year during which the fixed base was or should have been registered.

*Article amendments:*

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)

## **CHAPTER II RECOGNITION OF INCOME**

#### **Article 8. Recognition of Income**

1. Income shall be recognised at the moment of its receipt, unless otherwise stated in this Article.
2. The moment of the receipt of income, except for positive income and attributed income of a European economic interest grouping, shall be the moment when:
  - 1) income in any form is actually received. If income is received in a foreign country, the total amount of income shall be considered as the income actually received, irrespective of the sum of income tax or equivalent tax withheld from that income and/or paid in that country, or
  - 2) payments are made in any form, if under this Law the obligation to withhold income tax from the income of an individual lies with a tax withholder.
3. The last day of a tax period of a controlled foreign entity is considered to be a moment of receiving positive income of a tax period. If a tax period of a controlled foreign entity is not established, a tax period of a controlled foreign entity is considered to be coinciding with the calendar year.

**RLA note. The provisions of paragraph 3 shall apply for the calculation and declaration of income for tax periods of 2019 and subsequent years.**

*Amendments to a part of the Article:*

No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939

4. The moment of receiving attributed income of a European Economic Interest Grouping shall be the last day of the Grouping's financial period during which the income was earned and (or) received.
5. The income of an individual who engages in individual activity and is a registered payer of value added tax or attributes fixed assets to individual activity and uses fixed assets in the activity shall be recognised under the accrual accounting principle. The application of the accrual accounting principle shall begin during the tax period when the individual who engages in individual activity is registered as a payer of value added tax or attributes assets to individual activity. Individuals who engage in individual activity, who switch from cash accounting to accrual accounting, shall include the buyers' debts carried over to the year during which the said accounting principle is applied in the income after repayment, but not later than within three years from the beginning of the tax period during which the accrual accounting principle was introduced. Individuals who engage in individual activity, after introducing the accrual accounting principle, shall apply it till the end of their activity.
6. Provisions of paragraph 5 of this Article shall not apply to individuals engaging in sports activities, performing activities, and activities whose income is taxed by acquiring a business certificate.

*Article amendments:*

No. [IX-2103](#), 08/04/2004, *Official Gazette*, 2004, No. 60-2118 (24/04/2004)

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)

No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939

## CHAPTER III SPECIAL PROVISIONS FOR DETERMINING CERTAIN INCOME

### Article 9. Income in Kind

1. The following shall not be recognised as income received in kind:

1) non-monetary gifts and winnings (prizes) received by the individual from a person not connected to the individual by labour relations or corresponding relations, if the value of the gifts and winnings does not exceed 100 Euro;

**RLA note.** *The provisions of subparagraph 1 shall apply for the purpose of calculating and declaring income for the tax period of 2015 and subsequent tax periods.*

*Article subparagraph amendments:*

No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614

2) an individual's benefit received after a person connected to the individual concerned through employment relations or corresponding relations pays (fully or partially) for healthcare services provided to the individual where required by legal acts;

3) work clothes, footwear, work tools, equipment and other property and/or benefit granted by a person connected to an individual through employment relations or corresponding relations to the individual for use (without transferring into ownership) when the person connected to the individual through employment relations or corresponding relations covers the expenses related to the use of granted property, if these work clothes, footwear, work tools, equipment and other property are used exclusively to fulfil work functions;

4) an individual's benefit received after another person pays directly to educational institutions for the individual's education which results in higher education and/or qualification;

5) income tax, social insurance contributions and compulsory health insurance contributions paid to the budget by another person on behalf of an individual.

2. Income received in kind shall be recognised according to the procedure stipulated in Article 8. Benefit received as a result of repair or reconstruction of assets that belong to an individual by the right of ownership shall be recognised as received when the assets are returned to the individual.

3. Procedure for the assessment of income received in kind shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

4. The value of income in kind shall be calculated by the giver of the income in kind, and when the giver of the income in kind is not authorised as per this Law to calculate, deduct and pay the income tax, the calculation shall be done by the individual who received income in kind himself.

5. In cases when the recipient of income in kind compensates the giver of income in kind for a part of the value of granted assets or service, this amount shall be subtracted from the value of income in kind.

6. In cases when an individual receives income in kind not directly from a person connected to the individual by labour relations or corresponding relations, but from a person connected to such a person, as defined in this Law or in the Law on Corporate Income Tax, such income in kind shall be recognised as income of the individual connected to employment relations or corresponding relations.

7. When income in kind is received from a person connected to the individual by labour relations or corresponding relations not directly by an individual, but by members of his family (spouse, child (adopted child), such income in kind shall be recognised as income connected to employment relations or corresponding relations of an individual connected to the giver of income in kind by labour relations or corresponding relations.

*Article amendments:*

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)

No. [XI-385](#), 22/07/2009, *Official Gazette*, 2009, No. 93-3977 (04/08/2009)

#### **Article 10. Income from Individual Activities**

1. Income from individual activities shall include income derived from individual activities, including proceeds from the lease, sale or other transfer into ownership of the property related to individual activities, except for property immovable by nature.

2. The list of individual activities whose income may be taxed by acquiring a business certificate shall be established by the Government of the Republic of Lithuania.

*Article amendments:*

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)

No. [XI-1152](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7410 (11/12/2010)

#### **Article 11. Income Received in the Case of the Liquidation of an Entity**

1. In the case of the liquidation of an entity an individual (member of an entity) shall be considered to sell his shares (interests, member shares).

2. Where in the case of the liquidation of an entity property is transferred to its member, income shall be the fair market value of the property, which is transferred to the member of that entity in the case of its liquidation, on the day of the transfer of the right of ownership to that property to the member of that entity.

#### **Article 12. Income from Distributed Profit**

1. Income from distributed profit shall mean dividends as well as income of an entity of unlimited civil liability from the entity, except for the part of the income of an entity of unlimited civil liability from the entity attributed to income connected to employment relations or corresponding relations.

2. Dividends shall also include the means received by a member of an entity as a result of the distribution of the profit thereof or the reduction of the authorised capital thereof, which consists of contributions of non-members of the entity, and/or the fair market value of the property transferred to a member of an entity on the day of the transfer of the right of ownership to that property to the member of the entity, except for the part of the income of a member of a limited partnership from the partnership attributed to income connected to employment relations or corresponding relations. When the authorised capital of an entity is reduced, it shall be considered that the members of the entity first receive the part of the authorised capital that was formed by increasing the authorised capital by using the funds of the entity, not contributions of the members of the entity.

*Article amendments:*

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)

No. [XI-1152](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7410 (11/12/2010)

No. [XI-2166](#), 29/06/2012, *Official Gazette*, 2012, No. 83-4340 (14/07/2012)

#### **Article 13. Positive Income**

1. Positive income shall be taxed according to the provisions of this Article if:

1) a controlled foreign entity is registered or otherwise organised in the targeted territory, or  
2) the passive income of a controlled foreign entity exceeds 1/3 of the total income of a tax period of this controlled foreign entity, and

3) an actual corporate tax of a controlled foreign entity calculated of the income of this controlled foreign entity according to the rules of corporate tax or similar tax applicable in that foreign state is lower than 50 per cent of an actual corporate tax which would have been calculated of the income of this controlled foreign entity according to the provisions of the Law on Corporate Income Tax. For the purposes of this item, no account shall be taken of the income that has been earned by a controlled foreign entity through a permanent establishment in another foreign state which is not taxed in a foreign state where a controlled foreign entity is registered or otherwise organised. For the purposes of this item, only the passive income of a controlled foreign entity is included in positive income.

2. The provisions of this Article shall not apply where a controlled foreign entity, which meets the conditions referred to in items 2 and 3 of paragraph 1 of this Article, has employees and uses the assets to secure an actual economic activity in the state where this controlled foreign entity is registered or otherwise organised.

3. For the purposes of this Article, the following shall be considered to be passive income:

1) interest and other income from financial assets;

2) royalties and any other income from intellectual property;

3) income from distributable profit (including dividends received from other entities and dividends distributed but not paid to a permanent resident of Lithuania) and income from transfer of shares (stakes, shares in a cooperative organisation), of voting rights or of the rights to a fraction of a distributable profit, or of the exclusive rights to acquire them;

4) income from activities of providing insurance and financial services

5) income of entities that receive income related to the supply of goods and provision of services from goods and services acquired from the associated persons and sold to them without generating any added value or by generating little added value.

4. Positive income does not include:

1) benefits deemed to be unauthorized deductions according to this Law or that are not deemed to be costs incurred deducted from income and that were received by a controlled foreign entity from a permanent resident of Lithuania;

2) dividends distributed in proportion to the number of shares (stakes, shares in a cooperative organisation) owned by a permanent resident of Lithuania, voting rights or rights to a fraction of distributable profit, or the exclusive rights to acquire them, but not paid to this resident of Lithuania, that do not exceed an amount of positive income of the previous tax period that has been calculated according to paragraph 5 of this Article, and that are paid out in five successive tax periods. If these dividends are not paid out in five successive tax periods, all dividends calculated during that time are included in positive income.

5. Non-taxable income, deductions permitted or deductions permitted of limited values that are related to earning of that income can be deducted in calculating positive income according to the provisions of the Article 11 of the Law on Corporate Income Tax. In the event that a negative amount is calculated this amount does not reduce the income of a permanent resident of Lithuania.

6. If a permanent resident of Lithuania has more than one controlled foreign entity, the positive income of each of them is calculated separately.

7. The same income of a controlled foreign entity may be taxed in the Republic of Lithuania only once.

8. Dividends paid out to a permanent resident of Lithuania by a controlled foreign entity are not taxed if the income on the basis of which the dividends were paid out was included in the income of this permanent resident of Lithuania as positive income. But if dividends paid out to a permanent resident of Lithuania by a controlled foreign entity exceed the income that was included in the income of this permanent resident of Lithuania as positive income, then a portion of dividends paid that exceeds the positive income of a permanent resident of Lithuania shall be taxed as income from distributed profit.

9. When a permanent resident of Lithuania transfers its portion of a controlled foreign entity and any portion of the income received from such transfer was formerly included in positive income, when calculating an amount of income tax to be paid for this income, that portion of income shall not be considered to be an object of income tax of a resident of Lithuania.

**RLA note. The provisions of Article 13 shall apply for the calculation and declaration of income for tax periods of 2019 and subsequent years.**

*Amendments to the Article:*

No [XIII-1698](#), 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939

### **Article 13<sup>(1)</sup>. Determination and Taxation of European Economic Interest Grouping's Attributable Income and Allowable Deductions, Including the Costs Incurred**

1. A European Economic Interest Grouping's income and costs, which are attributed to income received by an individual from individual activities and allowable deductions relating to



income derived from individual activities, shall be calculated in accordance with the same procedure as they are calculated in respect of an entity under the provisions of paragraphs 1 and 4 of Article 39<sup>(1)</sup> of the Law on Corporate Income Tax.

2. An individual (member of a European Economic Interest Grouping) shall attribute his share of income of a European Economic Interest Grouping to his own income, irrespective of whether or not the grouping's profits have been paid out to him, and shall pay taxes on such income in accordance with the procedure laid down in this Law.

3. The costs incurred by a European Economic Interest Grouping and attributed to allowable deductions under the provisions of this Law, which shall be attributed to allowable deductions relating to income derived from individual activities, shall be attributed to allowable deductions of the individual engaging in individual activities relating to income derived from individual activities.

4. The apportioned income and costs of a European Economic Interest Grouping shall be expressed in Euro according to the official exchange rate of the Euro against foreign currencies established as per the Law of the Republic of Lithuania on Accounting on the day of apportionment of the income and costs.

**RLA note. The provisions of paragraph 4 shall apply for the purpose of calculating and declaring income for the tax period of 2015 and subsequent tax periods.**

*Article paragraph amendments:*

No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614

*An article added to the Law:*

No. [IX-2103](#), 08/04/2004, Official Gazette, 2004, No. 60-2118 (24/04/2004)

*Article amendments:*

No. [XI-111](#), 23/12/2008, Official Gazette, 2008, No. 149-6033 (30/12/2008)

#### **Article 14. Assessment of Income Received by Mariners during a Voyage**

Income received by mariners for work during a voyage shall be determined in accordance with the procedure prescribed by the Government of the Republic of Lithuania or an institution authorised by it.

#### **Article 15. Adjustment of the Value of Transactions or Economic Operations and Revaluation of Income or Benefits**

1. For the purpose of calculating taxable income in accordance with the procedure laid down in this Law, individuals must recognise the amount which is in line with the actual market price of a transaction or economic operation as income from such transaction or economic operation and they must recognise the total amount of costs incurred during a transaction or economic operation which is in line with the actual market price of such transaction or economic operation as allowable deductions or limited allowable deductions.

2. Where the conditions created or prescribed by mutual transactions or economic operations between associated persons are other than those created or prescribed by a mutual transaction or economic operation between non-associated persons, any profit (income) that would be attributed, if no such conditions existed, to one of such persons but due to such conditions is not attributed to him, may be included in the income of that person and taxed accordingly. The rules for implementing the provisions of this paragraph shall be established by the Minister of Finance.

3. For the purpose of calculating taxable income in accordance with the procedure laid down in this Law, individuals must revalue their income or benefits in the cases and according to the procedure established by the Government of the Republic of Lithuania or an institution authorised by it.

*Article amendments:*

No. [IX-1973](#), 22/01/2004, Official Gazette, 2004, No. 25-749 (14/02/2004)

### **CHAPTER IV PROCEDURE FOR THE CALCULATION OF TAXABLE INCOME**

## **Article 16. Procedure for the Calculation of Taxable Income**

1. Unless otherwise provided in this Article, for the purpose of calculating taxable income the following shall be deducted from income in accordance with the procedure prescribed by this Law:

- 1) tax-exempt income;
- 2) income received from activities conducted under a business certificate;
- 3) allowable deductions related to the receipt or earning of income from individual activities, in accordance with the procedure prescribed by Article 18 of this Law;
- 4) the acquisition price of property other than that related to individual activities that is sold or otherwise transferred into ownership during the tax period, as well as expenses related to the sale or other transfer into ownership of that property, in accordance with the procedure prescribed by Article 19 of this Law;
- 5) tax exempt income in calculating taxable income of one month of a tax period, or annual tax exempt income in calculating taxable income of a tax period, or a part thereof (in cases provided for in the Article 29 of this Law) – in accordance with this Law;

*Amendments to an item of the Article:*

*No XIII-841, 07/12/2017, published in the Register of Legal Acts on 20/12/2017, i. c. 2017-20568*

6) costs incurred by a permanent resident of Lithuania (in calculating taxable income of a tax period that is subject to the income tax rates set forth in paragraphs 1, 1<sup>1</sup> and 1<sup>2</sup> of the Article 6 of this Law) - in accordance with the procedure laid down in the Article 21 of this Law.

**RLA note. The provisions of item 6 shall apply for the calculation and declaration of income for tax periods of 2019 and subsequent years.**

*Amendments to an item of the Article:*

*No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977*

2. For the purpose of calculating the taxable income of a non-resident of Lithuania from individual activities through his fixed base, the following shall be deducted from gross income derived or earned through his fixed base:

- 1) tax-exempt income from individual activities carried out through that fixed base, and/or
- 2) allowable deductions related to the receipt or earning of that income from individual activities through that fixed base.

4. An individual shall have the right to decide not to deduct the expenses referred to in subparagraph 4 of paragraph 1 of this Article from the income.

*Article amendments:*

*No. XI-111, 23/12/2008, Official Gazette, 2008, No. 149-6033 (30/12/2008)*

*No. XI-1152, 23/11/2010, Official Gazette, 2010, No. 145-7410 (11/12/2010)*

*No. XI-2166, 29/06/2012, Official Gazette, 2012, No. 83-4340 (14/07/2012)*

*No. XII-427, 27/06/2013, Official Gazette, 2013, No. 75-3756 (13/07/2013)*

*No XIII-841, 07/12/2017, published in the Register of Legal Acts on 20/12/2017, i. c. 2017-20568*

*No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977*

## **Article 17. Tax-exempt Income**

1. The following income shall be exempt from tax:

1) benefits paid on the death of an individual by a person who was connected with the individual through employment relations or corresponding relations to his spouse, children (adopted children) or parents (adoptive parents), as well as benefits paid by a person connected with the individual through employment relations or corresponding relations on the death of that individual's spouse, children (adopted children), parents (adoptive parents);

2) benefits paid from the state and municipal budgets as well as non-pension benefits paid by administrative bodies of the State Social Insurance Fund, with the exception of sickness benefits, maternity, paternity, childcare and long-term work allowances;

3) benefits by non-profit entities to their members paid out from the funds accumulated from membership fees, with the exception of benefits that are paid to individuals connected with those

entities through employment relations or corresponding relations and that are not indicated in the other subparagraphs of this paragraph;

4) benefits paid in cases of natural disasters, provided they are paid out based on the decisions of state or municipal institutions;

5) compensations of the amounts set forth by laws and other legal acts of the Republic of Lithuania, including direct benefits stipulated in legal acts to maintain the level of income, as well as compensations, the amounts whereof are not set forth, but the payment whereof is regulated by laws of the Republic of Lithuania and resolutions of the Government of the Republic of Lithuania, including compensations for the infringement of copyright or neighbouring rights, but excluding compensations paid to an individual when the employment contract or the corresponding contract is terminated, and monetary compensations for unused holiday;

6) compensations paid for damages or losses incurred due to war actions or previous political persecution;

7) non-life insurance benefits to compensate, in full or in part, for expenses, damages or losses, as well as insurance contributions returned to an individual if a non-life insurance contract is terminated, except for the part of contributions to be returned after terminating agreements on accident and sickness insurance concluded before 1 January 2003, where the aforementioned part was subject to reliefs of the income tax of natural persons;

8) benefits under life insurance contracts the term whereof is not less than 10 years and which were concluded before 1 January 2003, as well as sums paid to an individual after terminating such life insurance contracts, with the exception of the part of contributions to be returned if such life insurance contracts are terminated earlier than after 10 years after conclusion, where the aforementioned part was subject to reliefs of the income tax of natural persons or was subtracted from the income according to the procedure laid down in this Law; benefits according to life insurance contracts whose term is shorter than 10 years and which were concluded before 1 January 2003, and sums received by the individual if such life insurance contracts are terminated, except for the part of such benefits received after expiry of such life insurance contracts, which is equal to the part of contributions, or the part of contributions to be returned if such life insurance contracts are terminated, which were subject to reliefs of the income tax of natural persons or which were subtracted from the income according to the procedure laid down in this Law;

9) after the end of the term of the insurance contract, the received life insurance benefit according to the life insurance contract concluded from 1 January 2003 to 31 December 2012 and stipulating that the insurance benefit shall be paid not only after an insurance event, but also after the end of the term of the insurance contract, if the term of the life insurance contract comprises at least 5 years and at the moment of receiving the benefit the recipient of the benefit is 55 years old or at the moment of receiving the benefit the capacity for work of the recipient of the benefit is rated at 0–25 per cent or 30–40 per cent, or the recipient of the benefit is a disabled child rated as requiring permanent special nursing care, as well as sums paid to the individual if such a contract is terminated, if the contract was terminated after at least 5 years since the day when it was concluded and the individual is 55 years old or at the moment of receiving the benefit the capacity for work of the recipient of the benefit is rated at 0–25 per cent or 30–40 per cent, or the recipient of the benefit is a disabled child rated as requiring permanent special nursing care;

9<sup>1</sup>) after the end of the term of the insurance contract, the received life insurance benefit according to the life insurance contract concluded after 1 January 2013 and stipulating that the insurance benefit shall be paid not only after an insurance event, but also after the end of the term of the insurance contract, if the term of the life insurance contract comprises at least 5 years and at the moment of receiving the benefit not more than 5 years remain till the recipient of the benefit attains pensionable age stipulated in the Law on State Social Insurance Pensions of the Republic of Lithuania (hereinafter referred to as the Law on State Social Insurance Pensions) that was valid at the moment of concluding the life insurance contract, or at the moment of receiving the benefit the capacity for work of the recipient of the benefit is rated at 0–25 per cent or 30–40 per cent, or the recipient of the benefit is a disabled child rated as requiring permanent special nursing care, as well as sums paid to the individual if such a contract is terminated, if the contract was terminated after at least 5 years since the day when it was concluded and not more than 5 years remain till the recipient

of the benefit attains pensionable age stipulated in the Law on State Social Insurance Pensions of the Republic of Lithuania that was valid at the moment of concluding the life insurance contract or at the moment of receiving the benefit the capacity for work of the recipient of the benefit is rated at 0–25 per cent or 30–40 per cent, or the recipient of the benefit is a disabled child rated as requiring permanent special nursing care;

10) after the end of the validity term of the insurance contract, the received life insurance benefit according to the life insurance contract concluded after 1 January 2003 and stipulating that the insurance benefit shall be paid not only after an insurance event, but also after the end of the term of the insurance contract, if the term of the life insurance contract comprises at least 10 years and at the moment of receiving the benefit the recipient of the benefit is younger than 26 years old, as well as sums paid if such a contract is terminated, if the contract was terminated after at least 10 years since the day when it was concluded and the recipient of the benefit is younger than 26 years old;

11) after the end of the validity term of the insurance contract, the received part of life insurance benefits that exceeds life insurance contributions paid according to the life insurance contract concluded after 1 January 2003 and stipulating that the insurance benefit shall be paid not only after an insurance event, but also after the end of the term of the insurance contract, if the term of the life insurance contract comprises at least 10 years, as well as a part of the sum paid if such a contract is terminated, which exceeds life insurance contributions paid according to this contract, if the contract was terminated after at least 10 years since the day when it was concluded; 12) after the end of the validity term of the life insurance contract concluded after 1 January 2003, the part of the received life insurance benefit, which is equal to the contributions paid according to this contract, which were paid by individuals and which were not subtracted from income according to the procedure stipulated in this Law, as well as contributions returned after the termination of the life insurance contract concluded after 1 January 2003, which were paid by individuals and which were not subtracted from income according to the procedure stipulated in this Law, as well as the part of the pension benefit that was received from the pension fund established in accordance with the Law on the Additional Voluntary Pension Scheme or the Law on Occupational Pension Scheme or laws of other foreign states regulating similar provisions of pension schemes and is equal to paid contributions, which were paid by individuals and which were not subtracted from income according to the procedure stipulated in this Law, and paid pension contributions returned to the individual if the individual leaves a pension fund and does not join another pension fund, which were paid by individuals and which were not subtracted from income according to the procedure stipulated in this Law;

13) benefits according to life insurance contracts that are paid in the case of death, injury or illness of the insured;

14) life insurance contributions paid by the employer on behalf of the employee according to the life insurance contract concluded before 31 December 2012, when the term of the insurance contract comprises at least 10 years or when the insurance benefit is paid when the insured attains the age of 55, and insurance contributions for additional (voluntary) health insurance, when the object of insurance is payment for the healthcare services of the insured, and the sum of pension contributions to the pension account in a pension fund, which within a tax period does not exceed 25 per cent of the employee's income related to labour relations calculated during the tax period;

14<sup>1</sup>) life insurance contributions paid by the employer on behalf of the employee according to the life insurance contract concluded before 1 January 2013, when the term of the insurance contract comprises at least 10 years or when the insurance benefit is paid when not more than 5 years remain till the insured attains pensionable age stipulated in the Law on State Social Insurance Pensions that was valid at the moment of concluding the life insurance contract, and insurance contributions for additional (voluntary) health insurance, when the object of insurance is payment for the healthcare services of the insured, and the sum of pension contributions to the pension account in a pension fund, which within a tax period does not exceed 25 per cent of the employee's income related to labour relations calculated during the tax period;

15) life insurance contributions paid on behalf of individuals by other individuals according to life insurance contracts as well as pension contributions to the pension account in a pension fund;

16) a pension benefit received from a pension fund according to a pension savings scheme concluded before 31 December 2012, if the term of the pension savings scheme comprises at least 5 years and the member of the pension fund receiving the benefit attained the age of 55 or at the moment of receiving the benefit the capacity for work of the recipient of the benefit is rated at 0–25 per cent or 30–40 per cent, as well as the sum paid when an individual leaves a pension fund and does not join another pension fund, if leaving the pension fund occurs after at least 5 years from the day of concluding the pension savings scheme and the member of the pension fund who receives the pension benefit attained the age of 55;

16<sup>1</sup>) a pension benefit received from a pension fund, if according to a pension savings scheme concluded after 1 January 2013 the term of this scheme comprises at least 5 years and when not more than 5 years remain till the member of the pension fund attains pensionable age stipulated in the Law on State Social Insurance Pensions that was valid at the moment of concluding the pension savings scheme or at the moment of receiving the benefit the capacity for work of the recipient of the benefit is rated at 0–25 per cent or 30–40 per cent, as well as the sum paid when an individual leaves a pension fund and does not join another pension fund, if leaving the pension fund occurs after at least 5 years from the day of concluding the pension savings scheme and not more than 5 years remain till the member of the pension fund attains pensionable age stipulated in the Law on State Social Insurance Pensions that was valid at the moment of concluding the pension savings scheme;

17) pensions and unearned income received from the state budget of the Republic of Lithuania, municipal budgets and the budget of the State Social Insurance Fund, as well as from international organisations and foreign state funds;

18) pension annuities received from a life insurance company or from another payer of pension annuities which is stipulated by the laws regulating the payment of pension annuities;

*Article subparagraph amendments:*

No [XIII-2941](#), 19/05/2020, published in the RLA on 25/05/2020, i. c. 2020-11079

19) (repealed on 13/07/2013);

20) interest received on non-equity securities (except for non-equity securities issued by a person connected with the individual through employment relations or corresponding relations if the person connected with the individual through employment relations or corresponding relations pays more interest on those non-equity securities to the individual than to other holders of the same non-equity securities), interest on non-equity securities of the Lithuanian Government and governments of foreign states as well as their political or territorial administrative subdivisions and local authorities, interest on deposits in banks and other credit institutions of Lithuania and foreign states, if the deposit sum does not exceed 500 Eur per tax period, if non-equity securities were acquired or deposit agreements were concluded after 1 January 2014;

**RLA note. The provisions of subparagraph 20 shall apply for the purpose of calculating and declaring income for the tax period of 2016 and subsequent tax periods.**

*Article subparagraph amendments:*

No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614

No. [XII-2162](#), 10/12/2015, published in the RLA on 21/12/2015, ID code 2015-20135

20<sup>1</sup>) interest on non-equity securities (except for non-equity securities issued by a person connected with an individual through employment relations or corresponding relations, if the person connected with the individual through employment relations or corresponding relations pays to the individual higher interest on those non-equity securities than to the other holders of the same securities), if those non-equity securities were acquired before 31 December 2013 and the redemption of the non-equity securities commences not earlier than 366 days after the date of the issue of those non-equity securities;

20<sup>2</sup>) an amount of interest on consumer credit granted through a peer-to-peer lending platform in accordance with the procedure laid down by the Law of the Republic of Lithuania on Consumer Credit or by the relevant law of the country of the European Economic Area, also an amount of interest for funds provided through a crowdfunding platform in accordance with the



procedure laid down by the Law of the Republic of Lithuania on Crowdfunding or by the relevant law of the country of the European Economic Area, not exceeding 500 euros over a tax period;

*Supplemented with an item of the Article:*

*No XIII-841, 07/12/2017, published in the Register of Legal Acts on 20/12/2017, i. c. 2017-20568*

21) interest on securities of the governments of the states of the European Economic Area as well as political or territorial administrative subdivisions of the states of the European Economic Area that were acquired before 31 December 2013;

22) interest received on deposits in banks and other credit institutions of the states of the European Economic Area, if deposit agreements were concluded before 31 December 2013;

23) income from agricultural activity, if the individual receiving the income is not obligated to register and is not registered as a payer of value added tax during the tax period;

24) income of individuals from selling forest goods (mushrooms, berries, nuts, herbs) that they picked themselves, if the income does not exceed 3 000 Eur per tax period;

**RLA note. The provisions of subparagraph 24 shall apply for the purpose of calculating and declaring income for the tax period of 2015 and subsequent tax periods.**

*Article subparagraph amendments:*

*No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614*

25) income received as charity in accordance with the procedure prescribed by the Republic of Lithuania Law on Charity and Sponsorship (hereinafter referred to as the “Law on Charity and Sponsorship”);

*Amendments to the paragraph of the Article:*

*No [XII-2203](#), 17 December 2015, published in the Register of Legal Acts (TAR), 30 December 2015, ID code 2015-21005*

26) income received by inheritance, which is subject to tax under legal acts of the Republic of Lithuania on estate tax; income received by gift from spouses, children (adopted children) and parents (adoptive parents), brothers, sisters, grandchildren and grandparents; as well as the sum (value) of income received by gift from other individuals during the tax period, which shall not exceed 2 500 Euro;

**RLA note. The provisions of subparagraph 26 shall apply for the purpose of calculating and declaring income for the tax period of 2015 and subsequent tax periods.**

*Article subparagraph amendments:*

*No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614*

27) income from the sale or other transfer into ownership of property other than that related to individual activities, which is derived from the sale or other transfer into ownership of property not indicated in subparagraphs 28, 30, 53 and 54 of this paragraph, and the difference between the acquisition price of that property and other expenses referred to in Article 19 of this Law, which are related to the sale or other transfer into ownership of that property, which shall not exceed 2 500 Euro during the tax period;

**RLA note. The provisions of subparagraph 27 shall apply for the purpose of calculating and declaring income for the tax period of 2015 and subsequent tax periods.**

*Article subparagraph amendments:*

*No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614*

28) income from the sale or other transfer into ownership of property other than that related to individual activities, which was derived from the sale or other transfer into ownership of movable property if that type of property (including property movable by nature, which is recognised as immovable by law), if that type of property is subject to legal registration under legal acts of the Republic of Lithuania and this property is registered in a state of the European Economic Area according to established procedure, if such property was acquired more than 3 years prior to the sale or other transfer into ownership; income from the sale or other transfer into ownership of property, which was derived during the tax period from the sale or other transfer into ownership of property

immovable by nature not specified in subparagraphs 53 and 54 of this paragraph and located in a state of the European Economic Area, if such property was acquired more than 10 years prior to the sale or other transfer into ownership;

**RLA note. The provisions of subparagraph 28 shall apply for the purpose of calculating and declaring income for the tax period of 2016 and subsequent tax periods.**

*Article subparagraph amendments:*

No. [XII-2162](#), 10/12/2015, published in the RLA on 21/12/2015, ID code 2015-20135

29) *repealed on 13/07/2013;*

30) income from the sale or other transfer into ownership of financial instruments or from the sale of derivative financial instruments, except for financial instruments issued by entities established in target territories, and the difference between the acquisition price of these financial instruments and other expenses referred to in Article 19 of this Law, which are related to the sale or other transfer into ownership, which shall not exceed 500 Euro during the tax period. This relief shall not apply if a shareholder sells the shares or otherwise transfers them into ownership to the entity that issued the shares, when securities shall be interpreted as sold according to Article 11 of this Law, as well as when shares that were received in the case stipulated in subparagraph 1 of paragraph 14 of Article 2 of this Law are sold or otherwise transferred (if the nominal value of the shares is increased, the relief shall not apply to the part of income that is equal to the sum of increasing the nominal value of a share);

**RLA note. The provisions of subparagraph 30 shall apply for the purpose of calculating and declaring income for the tax period of 2016 and subsequent tax periods.**

*Article subparagraph amendments:*

No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614

No. [XII-2162](#), 10/12/2015, published in the RLA on 21/12/2015, ID code 2015-20135

31) amounts to compensate for damage to property, except for losses of income, amounts awarded by court as indemnity for damage to property, as well as reimbursement of expenses related to social, medical and professional rehabilitation under the provisions of the Law of the Republic of Lithuania on Safety and Health at Work;

32) support awarded by court or received under an agreement;

33) scholarships and allowances to students and pupils of educational establishments paid from the funds of the Lithuanian state budget and municipal budgets; and also scholarships paid to students and pupils of educational establishments of entities (except for non-profit entities) under tripartite agreements signed by the entity, educational establishment and a student or pupil to cover educational and living expenses of the student or pupil if, during the period of payment of the scholarship, the recipient of scholarship is not the owner of over 10 % of shares (interests, member shares) or an employee of the entity which pays the scholarship or a member of the family of the owner of over 10 % of shares (interests, member shares) or an employee of such entity and if the scholarship is not related to the work performed or being performed or services provided or being provided for such entities by the recipient of scholarship and the annual amount of the scholarship does not exceed 2 500 Eur during the tax period;

*Article subparagraph amendments:*

No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614

No. [XII-1573](#), 26/03/2015, published in the RLA on 13/04/2015, ID code 2015-05687

34) scholarships to students and pupils of educational establishments financed from the funds of non-profit entities established in accordance with the procedure prescribed by laws of the Republic of Lithuania and foreign countries, provided the payment of scholarships is provided in legal acts regulating activities of those entities and a recipient of a scholarship is not a member, employee of the entity paying the scholarship or a member of the family of a member or employee of that entity, as well as provided that scholarship is not related to the work carried out or intended to be carried out, or the services provided or intended to be provided for those entities by a recipient of that scholarship;

*Article subparagraph amendments:*

35) state scholarship and municipal scholarships;

36) premiums granted by means of a tendering procedure from the state or municipal budgets of the Republic of Lithuania, from the budgets of a foreign state, its political or territorial administrative unit, local authority, also premiums granted by decisions of the Government or of the councils of the municipalities of the Republic of Lithuania, and premiums for the winners of professional art competitions granted by the decisions of organizations of artistic creators from the funds of these organizations, also state awards for athletes and their coaches;

*Amendments to an item of the Article:*

No XIII-1547, 18/10/2018, published in the Register of Legal Acts on 31/10/2018, i. c. 2018-17454

37) sports competition prize if such a prize has been set up and is granted by non-governmental organizations, international sports federations or members of these federations, Lithuanian sports federations leading Olympic, Paralympic sports movements, sports movements of vision, hearing impaired, handicapped people and those of reduced mobility in Lithuania, also nominal gifts donated in accordance with the laws of the Republic of Lithuania;

*Amendments to an item of the Article:*

No XIII-1547, 18/10/2018, published in the Register of Legal Acts on 31/10/2018, i. c. 2018-17454

38) lottery winnings, provided they are paid out by entities of the states of the European Economic Area subject to lottery turnover tax in accordance with the procedure prescribed by laws of these states;

39) the value of prizes and gifts received over a tax period from a person related to the resident through employment or similar relations that are essentially compatible with employment relations not exceeding 200 euros, also benefit of the resident that arose from payment (full or partial) for rail or public transport tickets intended for the resident to travel to and from work by a person related to the resident through employment or similar relations that are essentially compatible with employment relations;

*Amendments to an item of the Article:*

No XII-1129, 23/09/2014, published in the Register of Legal Acts on 03/10/2014, i. c. 2014-13614

No XIII-841, 07/12/2017, published in the Register of Legal Acts on 20/12/2017, i. c. 2017-20568

40) prizes of sports competitions, other prizes and winnings not specified in subparagraphs 37 and 38 of this paragraph that are not in excess of 200 Eur, provided they are received from the same person not more than 6 times during the tax period;

**RLA note.** *The provisions of subparagraph 40 shall apply for the purpose of calculating and declaring income for the tax period of 2015 and subsequent tax periods.*

*Article subparagraph amendments:*

No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614

41) donations and gifts received during the political campaign and used for that campaign in accordance with the procedure prescribed by legal acts of the Republic of Lithuania;

42) income received by the clergy, servers at religious ceremonies and service staff (except for persons performing construction, repair and restoration works) of religious communities, associations and centres (higher church authorities) as maintenance as well as income received by the clergy, servers at religious ceremonies and service staff (except for persons performing construction, repair and restoration works) of traditional religious communities, associations and centres (higher church authorities) from traditional religious communities, associations and centres for services provided to traditional religious communities, associations and centres or for works performed, if the provided services or the works performed are incidental to employment relations or relations in their essence corresponding to employment relations;

43) late payment interest provided for by legal acts of the Republic of Lithuania on payments for agricultural produce;

44) (repealed on 04/08/2009);

45) income received by mariners of a vessel registered in the register of sea-going vessels of a state of the European Economic Area for work during a voyage, as defined in Article 14 of this Law;

46) pension benefits received from a pension funding company under the provisions of the Law on Pension Funding or the laws of other foreign countries regulating equivalent pension funding provisions;

47) income received from the funds of the European Communities, which is incidental to employment relations or relations in their essence corresponding to employment relations and which was taxed for the benefit of the European Communities as well as benefits, compensations and contributions paid on behalf of individuals received from the funds of the European Communities provided for in the decision of the European Parliament of 28 September 2005 adopting the statute for members of the European Parliament (2005/684/EC, Euratom);

48) benefits received by persons elected in the Republic of Lithuania or sent on a business trip, transferred or otherwise sent by decisions of state institutions of the Republic of Lithuania to international governmental organisations, EU institutions or foreign state institutions as well as to civilian international operations and missions run by such organisations or institutions (hereinafter referred to as the “organisations”) as reimbursement for the expenses incurred by the said persons in relation to their activities in such organisations, the payment of which is regulated by the legal acts valid in respect of these organisations;

49) late-payment interest in the amounts determined by the law for delayed payment of income incidental to employment relations;

50) in case of liquidation of an entity, the property (cash) of a member of the entity (individual) whose source are compensations received under the EU financial support to the Republic of Lithuania programmes for handing over fishing vessels for metal scrap and which is treated as income from the sale of the property (shares, interests and member shares) previously own by the member of the entity (individual);

51) benefits received by individuals deriving income from agricultural activity, which are paid to sharers (members) of a cooperative company (cooperative) by distributing the profit received by the cooperative company (cooperative), if during the tax period for which these benefits are paid the profit (or a part thereof) of the cooperative company (cooperative) is taxed in accordance with paragraph 6 of Article 5 of the Law on Corporate Income Tax;

52) awards initiated by non-profit seeking organisations acting for purposes for the public benefit stipulated in the Law of the Republic of Lithuania on Charity and Sponsorship that are given for merits in the fields of Lithuanian culture, society and science, provided that such winners of the awards are established by way of competition and the commission evaluating the nominations for an award consists of at least 10 members, the majority of whom are representatives of institutions, agencies or organisations of science and studies system and the artists’ organisations;

53) income derived from the sale or other transfer into ownership of housing (including corresponding land) located in a state of the European Economic Area, if the housing for 2 years prior to the sale or other transfer into ownership was the place of residence of the individual declared in accordance with legal acts;

54) income derived after the sale or other transfer into ownership of housing (including corresponding land) located in a state of the European Economic Area, which was the place of residence of the individual declared in accordance with legal acts for a period of time shorter than the one specified in subparagraph 53 of this paragraph, where such income within one year after the sale or other transfer into ownership of such housing is used to acquire other housing located in a state of the European Economic Area, which is declared as the place of residence of the individual in accordance with legal acts;

55) income that does not exceed 1 750 Eur during a tax period, which was received as remuneration for services provided according to a service voucher, where the provision of such services is regulated by the Law of the Republic of Lithuania on the Provision of Agricultural and Forestry Services according to a Service Voucher.

**RLA note. The provisions of subparagraph 55 shall apply for the purpose of calculating and declaring income for the tax period of 2015 and subsequent tax periods.**

*Article subparagraph amendments:*

No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614

57) reward for a valuable information about violation provided to a competent institution in accordance with the procedure laid down by the Law of the Republic of Lithuania on Whistle-blower Protection.

*Supplemented with an item of the Article:*

No XIII-1849, 20/12/2018, published in the Register of Legal Acts on 28/12/2018, i. c. 2018-21881

58) the benefit of an employee under options from the employer or a person related to the employee, that the employee received after the acquisition of shares free of charge or at a reduced price, if the shares are acquired not earlier than 3 years after the right to an option was granted.

**RLA note. The provisions of subparagraph 58 apply to income under options that were entered into from 1 February 2020.**

*Supplemented with subparagraph of the Article:*

No [XIII-2311](#), 11/07/2019, published in the RLA on 23/07/2019, i. c. 2019-12110

2. The reliefs laid down in subparagraphs 7, 8, 9, 9<sup>1</sup>, 10, 11, 12, 13, 14, 14<sup>1</sup>, 15, 16, 16<sup>1</sup>, 17, 18, 20, 20<sup>1</sup>, 23, 24, 27, 28, 30, 32, 33, 34, 36, 39, 40, 42, 46 and 53 of paragraph 1 of this Article, as well as the relief to income received by gift from persons other than a spouse, children (adopted children), parents (adoptive parents), brothers, sisters, grandchildren and grandparents laid down in subparagraph 26 shall not apply if the respective income of an individual is received from foreign entities registered or otherwise organised in target territories, or from individuals whose permanent place of residence is in a target territory.

3. The relief granted under subparagraph 14 of paragraph 1 of this Article shall apply when contributions paid according to contracts concluded before 30 April 2004, when the recipient of contributions is not a foreign entity registered or otherwise organised in target territories, and according to contracts concluded after 1 May 2004, when the recipient of contributions is an entity registered or otherwise organised in a state of the European Economic Area.

4. The relief granted under subparagraph 14<sup>1</sup> of paragraph 1 of this Article shall apply when the recipient of contributions is an entity registered or otherwise organised in a state of the European Economic Area.

5. The advantages set forth in items 20 and 202 of paragraph 1 of this Article may apply on a non-resident of Lithuania only after the end of a tax period at the time of submitting an Annual Income Tax Return.

*Amendments to a paragraph of the Article:*

No XIII-841, 07/12/2017, published in the Register of Legal Acts on 20/12/2017, i. c. 2017-20568

6. The reliefs provided for in subparagraphs 9, 9<sup>1</sup> and 10 of paragraph 1 of this Article shall apply if the beneficiary indicated in the insurance contract has not changed since the date of conclusion of the insurance contract except for the cases where the beneficiary has changed due to death of the beneficiary or the end (start) of a marriage or if the beneficiary, i.e. own child (adopted child, foster child), was replaced with another own child (adopted child, foster child) and if the beneficiary changed till 31 December 2016.

**RLA note. The provisions of paragraph 6 shall apply in calculation and declaration of income for the year 2017 and subsequent tax periods.**

*Supplemented by the paragraph of the Article:*

No [XIII-170](#), 22 December 2016, published in the Register of Legal Acts (TAR), 29 December 2016, ID code 2016-29860

*Article amendments:*

No. [IX-1252](#), 10/12/2002, Official Gazette, 2002, No. 123-5539 (24/12/2002)

No. [IX-1535](#), 22/04/2003, Official Gazette, 2003, No. 42-1925 (01/05/2003)

No. [IX-1708](#), 04/07/2003, Official Gazette, 2003, No. 75-3474 (30/07/2003)

No. [IX-1790](#), 16/10/2003, Official Gazette, 2003, No. 102-4586 (31/10/2003)



No. [IX-1913](#), 18/12/2003, *Official Gazette*, 2003, No. 123-5585 (30/12/2003)  
No. [IX-1973](#), 22/01/2004, *Official Gazette*, 2004, No. 25-749 (14/02/2004)  
No. [IX-2103](#), 08/04/2004, *Official Gazette*, 2004, No. 60-2118 (24/04/2004)  
No. [IX-2202](#), 29/04/2004, *Official Gazette*, 2004, No. 73-2535 (30/04/2004)  
No. [IX-2491](#), 12/10/2004, *Official Gazette*, 2004, No. 158-5757 (30/10/2004)  
No. [IX-2529](#), 02/11/2004, *Official Gazette*, 2004, No. 167-6108 (17/11/2004)  
No. [X-237](#), 09/06/2005, *Official Gazette*, 2005, No. 76-2744 (18/06/2005)  
No. [X-260](#), 21/06/2005, *Official Gazette*, 2005, No. 81-2943 (30/06/2005)  
No. [X-450](#), 15/12/2005, *Official Gazette*, 2005, No. 153-5634 (31/12/2005)  
No. [X-543](#), 30/03/2006, *Official Gazette*, 2006, No. 41-1462 (13/04/2006)  
No. [X-580](#), 25/04/2006, *Official Gazette*, 2006, No. 50-1801 (06/05/2006)  
No. [X-585](#), 27/04/2006, *Official Gazette*, 2006, No. 48-1702 (29/04/2006)  
No. [X-746](#), 04/07/2006, *Official Gazette*, 2006, No. 82-3249 (27/07/2006)  
No. [X-799](#), 19/07/2006, *Official Gazette*, 2006, No. 82-3263 (27/07/2006)  
No. [X-834](#), 03/10/2006, *Official Gazette*, 2006, No. 111-4197 (19/10/2006)  
No. [XI-104](#), 22/12/2008, *Official Gazette*, 2008, No. 149-6028 (30/12/2008)  
No. [X-885](#), 09/11/2006, *Official Gazette*, 2006, No. 127-4821 (25/11/2006)  
No. [X-1485](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1750 (24/04/2008)  
No. [X-1543](#), 15/05/2008, *Official Gazette*, 2008, No. 63-2381 (03/06/2008)  
No. [XI-105](#), 22/12/2008, *Official Gazette*, 2008, No. 149-6029 (30/12/2008)  
No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)  
No. [XI-176](#), 19/02/2009, *Official Gazette*, 2009, No. 25-978 (05/03/2009)  
No. [XI-385](#), 22/07/2009, *Official Gazette*, 2009, No. 93-3977 (04/08/2009)  
No. [XI-541](#), 09/12/2009, *Official Gazette*, 2009, No. 153-6882 (28/12/2009)  
No. [XI-1063](#), 14/10/2010, *Official Gazette*, 2010, No. 125-6386 (23/10/2010)  
No. [XI-1152](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7410 (11/12/2010)  
No. [XI-2412](#), 13/11/2012, *Official Gazette*, 2012, No. 136-6966 (24/11/2012)  
No. [XII-251](#), 23/04/2013, *Official Gazette*, 2013, No. 46-2251 (07/05/2013)  
No. [XII-427](#), 27/06/2013, *Official Gazette*, 2013, No. 75-3756 (13/07/2013)  
No. [XII-663](#), 12/12/2013, *Official Gazette*, 2013, No. 140-7047 (30/12/2013)

#### **Article 18. Allowable Deductions Related to the Receipt of Income from Individual Activities**

1. Expenses which are incurred in the normal course of business by a resident of Lithuania engaged in individual activities and which are related to income from individual activities actually derived during the tax period shall be treated as allowable deductions, unless this Article provides otherwise. Expenses which are incurred in the normal course of business by a non-resident of Lithuania carrying on individual activities from a fixed base and which are related to the income from individual activities actually derived during the tax period shall be treated as allowable deductions, unless this Article provides otherwise.

2. Not more than 50% of incurred promotional costs may be deducted from an individual's income from individual activities; however, these deducted costs cannot exceed 2% of the individual's income from individual activities during a tax period. Promotional costs shall be expenses of an individual for the benefit of specific persons in order to establish new business connections or maintain existing ones with other individuals or entities, except for persons connected with the individual through employment relations or corresponding relations, spouses, cohabitants, children (adopted children), parents (adoptive parents), and entities where the individual controls directly or indirectly over 25% of the shares (interests, member shares). Expenses stipulated in paragraph 5 of Article 22 of the Law of the Republic of Lithuania on Corporate Income Tax shall not be attributed to promotional costs.

3. The following shall not be attributed to allowable deductions of a resident of Lithuania engaged in individual activities:

- 1) costs of acquiring residential buildings and premises;
- 2) acquisition costs of passenger cars, with the exception of those that are used only for providing transportation services or driving instruction services and/or are leased;
- 3) costs of creating computer (software) programmes;

- 4) costs of acquiring computer (software) programmes, if these programmes were acquired from associated persons or from entities registered or otherwise organised in target territories or from individuals whose permanent place of residence is in a target territory;
- 5) value added tax paid to the budget as well as the income tax stipulated in this Law;
- 6) value added tax of purchase (import) included by an individual who is a payer of value added tax in the value added tax deduction;
- 7) paid default interest, fines and late payment interest paid to the budget and state monetary funds and other sanctions for violations of legal acts;
- 8) costs of sponsorship and gifts;
- 9) allowable deductions attributed to non-taxable income;
- 10) payments to foreign individuals whose permanent place of residence is in target territories;
- 11) compensation for damage caused by an individual;
- 12) payments from which the individual had to withhold the income tax or the corporate income tax, but did not withhold it;
- 13) payments to foreign entities that are registered or otherwise organised in target territories, if the individual who is making the payments fails to prove to the local tax administrator, in accordance with the procedure established by the central tax administrator, that such payments are related to the usual activities of the paying individual and the receiving foreign entity and that the foreign entity receiving the payments manages the property that is required for carrying out such usual activities, and if the payment and the economically justifiable economic operation are related.
- 14) expenses incurred while engaging in acts prohibited by the Criminal Code, including bribes.

*A new subparagraph added to the article:*

*No. [XII-1465](#), 18/12/2014, published in the RLA on 31/12/2014, ID code 2014-21225*

4. Expenses of a non-resident of Lithuania carrying on individual activities from a fixed base that are not attributed to allowable deductions and are listed in paragraph 3 of this Article, including:

- 1) interest paid to a non-resident of Lithuania carrying on individual activities from a fixed base, if the non-resident of Lithuania is a recipient of such interest;
- 2) royalties paid to a non-resident of Lithuania carrying on individual activities from a fixed base, if the non-resident of Lithuania is a recipient of such royalties.

5. The procedure of attributing other expenses relating to income derived from individual activities of a resident of Lithuania engaged in individual activities and a non-resident of Lithuania carrying on individual activities from a fixed base to allowable deductions or limited allowable deductions as well as the procedure of calculating them shall be determined by the Government of the Republic of Lithuania or an institution authorised by it.

6. repealed with effect from 01/01/2018.

*Amendments to a paragraph of the Article:*

*No XIII-841, 07/12/2017, published in the Register of Legal Acts on 20/12/2017, i. c. 2017-20568*

7. Losses incurred during a tax period by individuals engaged in individual activities specified in paragraph 5 of Article 8 of this Law may be carried forward to the following fiscal year according to the procedure stipulated in Article 18<sup>1</sup> of this Law. The sum of allowable deductions of other individuals engaging in individual activities cannot exceed the income from individual activities received during that tax period.

8. Expenses must be substantiated by documents bearing all the obligatory particulars of accounting documents required by the Law of the Republic of Lithuania on Accounting and other legal acts, unless the Government of the Republic of Lithuania or an institution authorised by it determines that specific particulars are not obligatory for respective documents.

9. Expenses in cases of purchasing goods and services from foreign entities and individuals may be substantiated by documents issued by foreign entities and individuals, if these documents allow identifying the contents of the economic operation.

10. Expenses relating to individual activities where income from such activities is taxed under a business certificate shall not be treated as allowable deductions and may not be deducted from income for the purpose of calculating taxable income.

11. Social insurance contributions and compulsory health insurance contributions paid by an individual from the income from individual activities shall be attributed to allowable deductions during the tax period when the income from individual activities, on the basis of which the contributions are calculated, was received or earned.

12. When taxable income from individual activities is calculated, according to the individual's choice, instead of incurred expenses specified in other paragraphs of Article, an amount comprising 30% of received (earned) income from individual activities may be recognised as the allowable expenses of the individual who engages in individual activities. This provision shall not apply when income from individual activities or a part thereof is received by the individual from a person connected to the individual by labour relations or corresponding relations. The individual who chooses to calculate taxable income from individual activities according to the procedure laid down in this paragraph shall not be obligated to provide documents substantiating the deducted amount.

13. The amount of bad debts incurred during a tax period shall be deducted from income recognised under the accrual accounting principle if that amount was included in the individual's income from individual activities. The portion of costs attributed to bad debts incurred during the tax period shall be deducted from income recognised under the cash accounting principle where the appearance of such debts was recorded in the accounting documents of income from individual activities. Where a debtor or another person later repays the bad debts deducted, the total amount of the debts repaid shall be attributed to income. Debts shall be considered as bad debts if the individual cannot recover them after a period of at least one year from including the amount of debt in the income from individual activities or from the recording of the appearance of such debts in the accounting documents of income from individual activities or if the debtor has died or has been pronounced dead or has been liquidated or has gone bankrupt. In all of the above cases, the individual must prove that the debts are bad and that efforts have been made to recover such debts. The procedure for providing proof of bad debts and of efforts made to recover them as well as the procedure for calculation of the amounts of such debts shall be established by the Government of the Republic of Lithuania or an institution authorised by it. The provisions of this paragraph shall not apply where the debtor and the creditor are related persons or have become related over the tax period following the tax period during which the debt was recognised as a bad debt and was included in allowable deductions in accordance with the procedure laid down in this paragraph.

*Article amendments:*

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)

No. [XI-385](#), 22/07/2009, *Official Gazette*, 2009, No. 93-3977 (04/08/2009)

No. [XI-1152](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7410 (11/12/2010)

### **Article 18<sup>1</sup> Carrying Forward of Losses for the Tax Period**

1. If individuals who engage in individual activities and are specified in paragraph 5 of Article 8 of this Law, after deducting non-taxable income and allowable deductions from the income from individual activities of a tax period receive losses for the tax period (hereinafter referred to as tax losses), the sum of these tax losses shall be carried forward to the next tax period.

2. If individuals who engage in individual activities incur losses for more than one tax period, tax losses of earlier periods shall be carried forward first. Tax losses incurred subsequently shall be carried forward only after the tax losses for the previous periods have been covered.

3. Tax losses may be carried forward indefinitely; however, such carrying forward shall be terminated if the individual terminates the activity that resulted in these tax losses.

4. repealed with effect from 01/01/2018.

*Amendments to a paragraph of the Article:*

No XIII-841, 07/12/2017, published in the Register of Legal Acts on 20/12/2017, i. c. 2017-20568

*An article added to the Law:*

**Article 18<sup>2</sup>. Calculation of income tax to be paid on income from non-salaried occupations**

1. An amount of income tax to be paid on income from non-salaried occupations is determined by subtracting an amount of income tax credit calculated in accordance with paragraphs 2 and 3 of this Article from an amount obtained after applying for the annual taxable income the income tax rate set forth in the Article 6(1) of this Law.

2. When calculating an income tax to be paid on income from non-salaried occupations, when annual taxable income from non-salaries occupations does not exceed 20 000 euros per year, an applicable income tax credit shall be calculated according to a formula shown below:

$$\text{Income tax credit} = \text{annual taxable income from non-salaried occupations} \times 0,1.$$

3. When calculating an income tax to be paid on income from non-salaried occupations, when annual taxable income from non-salaries occupations exceeds 20 000 euros per year, an applicable income tax credit shall be calculated according to a formula shown below:

$$\begin{aligned} \text{Income tax credit} &= \text{annual taxable income from non-salaried occupations} \\ &\times (0,1 - 2/300\,000 \times (\text{annual taxable income from non-salaried occupations} - 20\,000)). \end{aligned}$$

4. If income tax credit calculated according to a formula set forth in paragraph 3 of this Article is negative, then it is assumed to be zero.

*Supplemented with the Article:*

*No XIII-841, 07/12/2017, published in the Register of Legal Acts on 20/12/2017, i. c. 2017-20568*

**Article 19. Acquisition Price of Property other than that Related to Individual Activities that is Sold or Otherwise Transferred into Ownership and of Sold Derivative Financial Instruments, as well as the Related Expenses Incurred by the Sale or Other Transfer into Ownership of that Property and Derivative Financial Instruments**

1. Upon the sale or other transfer into ownership of property other than that related to individual activities, except for base metal scrap and/or property (or a part thereof) immovable by nature attributed to the property of individual activities, as well as after the sale of derivative financial instruments, the following may be deducted from the income received in accordance with the provisions of this Article:

- 1) acquisition price of the property;
- 2) obligatory payments stipulated in legal acts that are related to the sale of this property or other transfer into ownership or to the sale of a derivative financial instrument.

2. The acquisition price of property shall include the expenses incurred in the acquisition of the property, including the obligatory payments stipulated in legal acts that are related to the acquisition of this property, as well as the expenses on the renovation and/or overhaul, as defined in the Law of the Republic of Lithuania on Construction, of the property conducted at own or spouse's expense (including the repaid amount of the funds borrowed for that purpose). Where the property is manufactured by an individual himself, the acquisition price of the property shall comprise all the expenses on the manufacture, renovation and/or overhaul of that property (including the repaid amount of the funds borrowed for that purpose). If the property (or a part thereof) that is sold or otherwise transferred into ownership is attributed or was attributed at any

time to the property of individual activities, the acquisition price of the property shall be reduced by the part of the acquisition price of the property deducted from the income from individual activities. If the individual cannot provide objective substantiation regarding what specific (based on acquisition date) part of homogeneous property, which is not defined by individual characteristics and was acquired during several transactions, is being transferred, the earliest acquisition price (or a part thereof) paid for such property (or a part thereof) shall be deducted from the income first.

3. Allowable deductions include only the amounts supported with documents bearing all the obligatory particulars of accounting documents required by the Law of the Republic of Lithuania on Accounting and other legal acts, and/or with valid transactions, and/or with documents issued by foreign entities and individuals where those documents allow identifying the contents of the economic transaction.

4. In the case specified in Article 11 of this Law, the acquisition price of the sold shares (interests, member shares) shall be equal to:

1) the value of total contributions made by an individual to the capital of an entity for the shares (interests, member shares) sold in the case specified in Article 11 of this Law. The value of contributions shall be equal to their value at the moment of contribution, including the increase of the value of the property (where contributions were made in kind) as a result of the indexation or revaluation of the property, if the entity was obligated to conduct it by legal acts of the Republic of Lithuania, and/or

2) the acquisition price of shares (interests, member shares) on the secondary market, when those shares (interests, member shares) were acquired on the secondary market.

5. When an individual sells or otherwise transfers into ownership the shares (interests, member shares) received in the cases specified in subparagraphs 7 and 8 of paragraph 14 of Article 2 of this Law in exchange for the shares (interests, member shares) of the acquired entity, the acquisition price of the shares (interests, member shares) sold or otherwise transferred into ownership shall be equal to the acquisition price of the shares (interests, member shares) held in the acquired entity.

6. The Government of the Republic of Lithuania shall have the right to set rules for the determination of the acquisition price of property in certain cases.

*Article amendments:*

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)

No. [XI-1152](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7410 (11/12/2010)

No. [XII-427](#), 27/06/2013, *Official Gazette*, 2013, No. 75-3756 (13/07/2013)

No. [XII-663](#), 12/12/2013, *Official Gazette*, 2013, No. 140-7047 (30/12/2013)

## **Article 20. Tax-Exempt Amount of Income**

1. Tax-exempt amount of income (hereinafter – TEA) applies not only to the income related to the employment relationship or to the relationship that is consistent with the essence of employment relationship. The annual TEA, unless otherwise provided in paragraph 6 of this Article, cannot exceed EUR 4,800 if the annual income of the resident (hereinafter – the AIR) does not exceed the amount of twelve payments of the minimum monthly wages that were in force on 1 January of the current calendar year. When the TEAI exceeds the amount of twelve payments of the minimum monthly wages that were in force on 1 January of the current calendar year, the annual TEA, unless otherwise provided in paragraph 6 of this Article, cannot exceed the amount calculated according to the formula shown below:

The annual TEA applicable to the resident = 4 800 – 0.19 x (the AIR – twelve payments of the minimum monthly wages that were in force on 1 January of the current calendar year).

**RLA note.** Paragraph 1 is valid from 1 July 2020 to 31 December 2020. The established tax-exempt amount of income applies from 1 January 2020 in declaring the income for the tax period of 2020 and in calculating



the personal income tax. By the mutual agreement between the person/entity deducting the tax and the resident who has received the income related to the employment relationship or to the relationship that is consistent with the essence of employment relationship on the tax-exempt amount of income that was applied before the entry into force of the Law No XIII-3084 (1 July 2020) and that has changed after the entry into force of this law, the personal income tax can be recalculated by 31 December 2020. At the end of the tax period of 2020, due to the tax-exempt amount of income that has changed, the payable personal income tax is recalculated when the resident, under the procedure established in Article 27 of the Law on Personal Income Tax, submits the Annual Income Tax Return and the resulting overpayment of the personal income tax is credited or returned under the procedure established in the Law of the Republic of Lithuania on Tax Administration.

*Amendments to the Paragraph of the Article:*

No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977

Nr. [XIII-2649](#), 12/12/2019, published in the Register of Legal Acts on 21/12/2019, i. c. 2019-20990

No [XIII-3084](#), 23/06/2020, published in the Register of Legal Acts on 29/06/2020, i. c. 2020-14359

2. Unless otherwise specified in Paragraph 6 of this Article, during the tax period the TEA applies as follows:

1) for the resident whose income related to the employment relationship or to the relationship that is consistent with the essence of employment relationship per month does not exceed one payment of the minimum monthly wages that were in force on 1 January of the current year, then the monthly TEA applied is 400 euros;

2) for the resident whose income related to the employment relationship or to the relationship that is consistent with the essence of employment relationship per month exceeds one payment of the minimum monthly wages that were in force on 1 January of the current year, then the applicable monthly TEA is calculated according to the formula shown below:

The monthly TEA applicable to the resident =  $400 - 0.19 \times$  (the monthly income of the resident related to the employment relationship or to the relationship that is consistent with the essence of employment relationship - one payment of the minimum monthly wages that were in force on 1 January of the current year.

**RLA note.** Paragraph 1 is valid from 1 July 2020 to 31 December 2020. The established tax-exempt amount of income applies from 1 January 2020 in declaring the income for the tax period of 2020 and in calculating the personal income tax. By the mutual agreement between the person/entity deducting the tax and the resident who has received the income related to the employment relationship or to the relationship that is consistent with the essence of employment relationship on the tax-exempt amount of income that was applied before the entry into force of the Law No XIII-3084 (1 July 2020) and that has changed after the entry into force of this law, the personal income tax can be recalculated by 31 December 2020. At the end of the tax period of 2020, due to the tax-exempt amount of income that has changed, the payable personal income tax is recalculated when the resident, under the procedure established in Article 27 of the Law on Personal Income Tax, submits the Annual Income Tax Return and the resulting overpayment of the personal income tax is credited or returned under the procedure established in the Law of the Republic of Lithuania on Tax Administration.

*Amendments to the Paragraph of the Article:*

Nr. [XIII-1335](#), 28/06/2018, published in the RLA on 30/06/2018, i. c. 2018-10977

Nr. [XIII-2649](#), 12/12/2019, published in the RLA on 21/12/2019, i. c. 2019-20990

Nr. [XIII-3084](#), 23/06/2020, published in the RLA on 29/06/2020, i. c. 2020-14359

3. If the TEA calculated according to the formula described in paragraph 1 or 2 of this Article is negative, it shall be considered that it is equal to 0.

4. TEA during a tax period shall only be applied to a resident of Lithuania if the resident, who is entitled to TEA according to the provisions of paragraph 2 of this Article, submits a free-format request at one of the sources of income connected with employment relations or corresponding relations. In accordance with the provisions of paragraph 2 of this Article, only the benefits (the main salary, bonuses and premiums) connected with employment relations or corresponding relations paid every month shall be taken into consideration during a tax period.

5. An individual shall have the right to waive the application of TEA or a part thereof during a tax period even if it may be applied to the individual according to paragraph 2 or 6 of this Article.

6. The monthly TEA, that applies to persons with the established working capacity level of 0-25%, or to persons who have reached retirement age for whom, in accordance with the procedure laid down in the legal acts, a level of significant special needs is established, or to persons for whom, in accordance with the procedure laid down in the legal acts, a severe level of disability is established, is 645 euros. The monthly TEA, that applies to persons with the established working capacity level of 30-55%, or to persons who have reached retirement age for whom, in accordance with the procedure laid down in the legal acts, a level of medium or low special needs is established, or to persons for whom, in accordance with the procedure laid down in the legal acts, a moderate or mild level of disability, is established, is 600 euros. Upon the occurrence or expiry of the entitlement to the monthly TEA referred to in this Paragraph, this amount shall start to be applied or cease to be applied on the income received in a month other than that in which entitlement to it has occurred or expired. The amount of the annual TEA, that is applicable to the residents specified in this Paragraph, is equal to the amount of the TEA that is applicable to them in the relevant months of the tax period according to the provisions of this Paragraph, plus part of the annual TEA calculated for these residents in accordance with Paragraph 1 of this Article, that is proportional to the number of months of the tax period in which they were not entitled to the TEA under the provisions of this Paragraph

**Note of the RLA.** The provisions of Paragraph 6 apply in calculating and declaring the income of 2020 and later tax periods.

*Amendments to the Paragraph of the Article:*

Nr. [XIII-1335](#), 28/06/2018, published in the RLA on 30/06/2018, i.c. 2018-10977

No [XIII-2649](#), 12/12/ 2019, published in the RLA on 21/12/2019, i. c. 2019-20990

7. The annual income of the resident is equal to an amount of the resident's taxable income of a tax period (with the exception of taxable income that is subject to the tax rate set forth in Article 6 (2) of this Law, also income tax levies on which were paid at the time of acquiring a business license, and benefits paid after the expiry or termination of a life insurance or pension accumulation contract that do not exceed an amount of contributions paid) without subtracting the costs referred to in the Article 21 of this Law and a monthly tax exempt income applicable for the resident.

8. In cases where income from employment or from similar relations that are essentially compatible with employment relations is received for a period which is longer than one month of a tax period, then income from employment or from similar relations that are essentially compatible with employment relations is calculated for each month of a tax period separately for which this income was calculated to be paid out by applying a monthly tax exempt income of that tax period.

9. Tax exempt income can be applied for a non-resident of Lithuania only after the end of a tax period at the time of submitting an Annual Income Tax Return. Tax exempt income is applied for a non-resident of Lithuania taking into account the provisions of paragraphs 1, 3, 6 and 7 of this Article.

10. In cases set forth in the Article 29 of this Law, a part of a monthly tax exempt income calculated in accordance with the procedure laid down by that Article shall be subtracted from income.

*Article amendments:*

No. [IX-1321](#), 28/01/2003, Official Gazette, 2003, No. 15-601 (12/02/2003)

No. [IX-1848](#), 25/11/2003, Official Gazette, 2003, No. 116-5254 (12/12/2003)

No. [X-235](#), 07/06/2005, Official Gazette, 2005, No. 76-2743 (18/06/2005)

No. [X-358](#), 29/09/2005, Official Gazette, 2005, No. 121-4332 (11/10/2005)

No. [X-962](#), 07/12/2006, Official Gazette, 2006, No. 141-5396 (28/12/2006)

No. [X-1543](#), 15/05/2008, Official Gazette, 2008, No. 63-2381 (03/06/2008)

No. [XI-105](#), 22/12/2008, Official Gazette, 2008, No. 149-6029 (30/12/2008)

No. [XI-111](#), 23/12/2008, Official Gazette, 2008, No. 149-6033 (30/12/2008)

No. [XI-176](#), 19/02/2009, Official Gazette, 2009, No. 25-978 (05/03/2009)

No. [XI-1152](#), 23/11/2010, Official Gazette, 2010, No. 145-7410 (11/12/2010)

No. [XII-427](#), 27/06/2013, Official Gazette, 2013, No. 75-3756 (13/07/2013)

## **Article 21. Deductible Expenses Incurred by an Individual**

1. The following expenses incurred by a resident of Lithuania during the tax period may be deducted from his income:

1) life insurance premiums paid under life insurance contracts for his own benefit or for the benefit of his spouse, minor children (adopted children, foster children rated as requiring permanent family custody (care)), disabled children (adopted children, foster children rated as requiring permanent family custody (care) under 18 years of age and older, adult persons who before reaching full age were rated as requiring permanent foster family care (care)), who were rated as requiring special permanent nursing care, as well as children (adopted children, foster children under permanent family custody (care) under 18 years of age and older rated as requiring permanent foster family care (care), adult persons, who before reaching full age were rated as requiring permanent foster family care (care)), who were rated as totally disabled before 30 June 2005, where such contracts provide for the payment of insurance benefits not only in the case of an insurance event but also upon the expiry of the insurance contract;

2) pension contributions paid for his own benefit or for the benefit of his spouse or disabled children (adopted children, foster children under permanent family custody (care)) 18 years of age and older, rated as requiring permanent special nursing care, children (adopted children, foster children under permanent family custody (care) under 18 years of age and older, adult persons who before reaching full age were rated as requiring permanent foster family care (care)), who were rated as totally disabled before 30 June 2005, to pension funds, or pension funds of occupational pension funds of pension associations and/or equivalent entities operating in a state of the European Economic Area;

2<sup>1</sup>) pension contributions to pension funds, to pension funds of associations of participants of occupational pension funds and/or of entities that are similar to them operating in the countries of the European Economic Area or in the Member State of the Organization for Economic Cooperation and Development that are paid by a permanent resident of Lithuania as additional cumulative pension contributions according to the provisions of the Article 8(4) of the Law of the Republic of Lithuania on the Accumulation of Pensions and that exceed 3% of the income of that resident on which contributions of the state social insurance are calculated;

**RLA note. The provisions of item 2<sup>1</sup> shall apply for the calculation and declaration of income for tax periods of 2019 and subsequent years.**

*Supplemented with an item of the Article:*

*No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977*

3) payments for vocational training and/or studies (where higher education and/or qualification are obtained upon graduation, and also for first doctoral studies and art post-graduate studies) made by studying residents of Lithuania. Where payments for vocational training or studies are made from borrowed funds (a loan is taken out from a credit institution for such purpose), the repaid amount of the loan during the tax period may be deducted from income;

4) amounts paid for works of finishing and any repair of buildings and other structures, excluding renovation (modernization) of multi-apartment buildings that have been carried out for the benefit of a permanent resident of Lithuania or of his/her spouse, for car repair services provided, also for childcare services for minors under 18 (care services for adoptive children, foster children for whom a permanent custody (guardianship) has been established) when these works are performed and these services are provided by a taxpayer registered in the Republic of Lithuania or by a person who is under the obligation to register for the purposes of taxes.

**RLA note. The provisions of item 4 shall apply for the calculation and declaration of income for tax periods of 2019, 2020, 2021.**

*Supplemented with an item of the Article:*

*No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977*

2. Where a studying resident of Lithuania is not an income taxpayer or has no possibility to exercise his right to deduct payments for vocational training or studies specified in subparagraph 3 of paragraph 1 of this Article from his income, such expenses may be deducted by his parents

(adoptive parents), guardians, carers and/or spouse from their income under the provisions of the said subparagraph.

3. The total amount of deductible costs referred to in paragraph 1 of this Article cannot exceed 25 per cent of the amount of taxable income that is subject to the income tax rates set forth in paragraphs 1, 1<sup>1</sup> and 1<sup>2</sup> of the Article 6 of this Law that has been calculated in accordance with the procedure laid down in paragraph 1 of the Article 16 of this Law, after subtracting the amounts referred to in items 1 to 5 of paragraph 1 of the Article 16 of this Law. An amount of costs referred to in items 1, 2 and 21 of paragraph 1 of this Article in any case cannot exceed 1500 euros, and an amount of costs referred to in item 4 of paragraph 1 of this Article cannot exceed 2000 euros.

**RLA note. The provisions of paragraph 3 shall apply for the calculation and declaration of income for tax periods of 2019, 2020, 2021.**

*Amendments to a paragraph of the Article:*

*No XIII-170, 22/12/2016, published in the Register of Legal Acts on 29/12/2016, i. c. 2016-29860*

*No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977*

4. Expenses shall be deducted only from the income of a resident of Lithuania for the purpose of calculating income tax for the tax period and filing an annual income tax return.

5. The provisions of paragraph 1 of this Article shall not apply if a permanent resident of Lithuania pays the relevant contributions to foreign entities registered or otherwise organized in the targeted territories, for contributions paid by a permanent resident of Lithuania for the purpose of acquiring pension annuities, for permanent residents of Lithuania referred to in the Article 4(3) of this Law, also for cumulative pension contributions to pension accumulation company according to the provisions of paragraphs 1 and 2 of the Article 8 of the Law on the Accumulation of Pensions when item 2 of paragraph 1 of this Article applies.

**RLA note. The provisions of paragraph 5 shall apply for the calculation and declaration of income for tax periods of 2019 and subsequent years.**

*Amendments to a paragraph of the Article:*

*No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977*

6. The provisions of subparagraph 1 of paragraph 1 of this Article shall apply to life insurance contracts concluded after 1 May 2004, if the recipient of contributions according to these contracts is an entity registered or otherwise organised in a state of the European Economic Area or in a member state of the Organisation for Economic Cooperation and Development.

**RLA note. The provisions of paragraph 6 shall apply for the purpose of calculating and declaring income for the tax period of 2016 and subsequent tax periods.**

*Article paragraph amendments:*

*No. [XII-2162](#), 10/12/2015, published in the RLA on 21/12/2015, ID code 2015-20135*

7. The provisions of subparagraph 2 of paragraph 1 of this Article shall apply if the recipient of the contributions is a foreign entity registered or otherwise organised in a state of the European Economic Area or in a member state of the Organisation for Economic Cooperation and Development.

**RLA note. The provisions of paragraph 7 shall apply for the purpose of calculating and declaring income for the tax period of 2016 and subsequent tax periods.**

*Article paragraph amendments:*

*No. [XII-2162](#), 10/12/2015, published in the RLA on 21/12/2015, ID code 2015-20135*

*Article amendments:*

*No. [IX-1708](#), 04/07/2003, Official Gazette, 2003, No. 75-3474 (30/07/2003)*

*No. [IX-2070](#), 23/03/2004, Official Gazette, 2004, No. 50-1633 (06/04/2004)*

*No. [IX-2202](#), 29/04/2004, Official Gazette, 2004, No. 73-2535 (30/04/2004)*

*No. [IX-2272](#), 15/06/2004, Official Gazette, 2004, No. 98-3628 (24/06/2004)*

*No. [IX-2491](#), 12/10/2004, Official Gazette, 2004, No. 158-5757 (30/10/2004)*

*No. [X-358](#), 29/09/2005, Official Gazette, 2005, No. 121-4332 (11/10/2005)*

*No. [X-450](#), 15/12/2005, Official Gazette, 2005, No. 153-5634 (31/12/2005)*

*No. [X-746](#), 04/07/2006, Official Gazette, 2006, No. 82-3249 (27/07/2006)*

No. [X-834](#), 03/10/2006, *Official Gazette*, 2006, No. 111-4197 (19/10/2006)  
No. [X-885](#), 09/11/2006, *Official Gazette*, 2006, No. 127-4821 (25/11/2006)  
No. [X-1067](#), 03/04/2007, *Official Gazette*, 2007, No. 43-1629 (19/04/2007)  
No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)  
No. [XI-1152](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7410 (11/12/2010)  
No. [XII-663](#), 12/12/2013, *Official Gazette*, 2013, No. 140-7047 (30/12/2013)  
No. [XII-2162](#), 10/12/2015, published in the RLA on 21/12/2015, ID code 2015  
No XIII-170, 22/12/2016, published in the Register of Legal Acts on 29/12/2016, i. c. 2016-29860  
No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977

## **CHAPTER V**

### **PROCEDURE FOR CALCULATION, PAYMENT, DECLARATION AND REFUND OF INCOME TAX**

#### **Article 22. Classification of Income according to the Procedure for Tax Payment**

1. According to the procedure for tax payment, income of an individual (including income that is exempt from tax under the provisions of this Law) shall be divided into two categories: A and B.
  2. Classified as income of class A:
    - 1) income not specified in item 1 of paragraph 3 of this Article that was received from Lithuanian entity, from foreign entity through its permanent establishment and from a non-resident of Lithuania through its permanent base, including income from sports activities, performer's activities received from these persons, income of residents from non-salaried and other than non-salaried occupations for forest sold or other transfer of ownership of standing timber, roundwood, waste, also interest and income received by non-residents of Lithuania for a real object located in Lithuania that was sold or for other transfer of ownership of such object, or for movable object if an object of this type is subject to mandatory registration according to the legal acts of the Republic of Lithuania and this object is (or must be) registered in Lithuania, and
    - 2) income from employment or from similar relations that are essentially compatible with employment relations, income from sports activities, performer's activities, interest and royalties received from a permanent resident of Lithuania, also income from non-salaried and other than non-salaried occupations received from a permanent resident of Lithuania carrying out individual waste purchase activities for waste sold or other transfer of ownership of waste, also income received by a permanent resident of Lithuania carrying out individual activities from the leasing and letting of immovable property, except for income on which a fixed income tax is paid.
  3. Classified as income of class B:
    - 1) income from gambling and lottery winnings, income received as remuneration in providing services under the service receipt received from Lithuanian entity, from foreign entity through its permanent establishment and from a non-resident of Lithuania through its permanent base when the Law of the Republic of Lithuania on Law on the Provision of Agricultural and Forestry Services under the Service Receipt establishes the provisions of such services, income of the participant of an entity with unlimited civil liability who is a permanent resident of Lithuania received from such entity with unlimited civil liability, from the member of small partnership who is a permanent resident of Lithuania, income received from such small partnership, income from the realization of derivatives, income from non-salaried occupations not specified in item 1 of paragraph 2 of this Article, income from sale or other transfer of ownership of property on non-salaried activities and of immovable object classified as a property of non-salaried activities, also interest received by a permanent resident of Lithuania;
    - 2) other income not classified as income of class A.

*Article amendments:*

No. [IX-1848](#), 25/11/2003, *Official Gazette*, 2003, No. 116-5254 (12/12/2003)  
No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)  
No. [XI-1152](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7410 (11/12/2010)  
No. [XI-2166](#), 29/06/2012, *Official Gazette*, 2012, No. 83-4340 (14/07/2012)



No. [XI-2412](#), 13/11/2012, *Official Gazette*, 2012, No. 136-6966 (24/11/2012)  
No. [XI-427](#), 27/06/2013, *Official Gazette*, 2013, No. 75-3756 (13/07/2013)  
No. [XI-663](#), 12/12/2013, *Official Gazette*, 2013, No. 140-7047 (30/12/2013)  
No. XIII-841, 2017-12-07, *published in the RLA*, No. 20568 (20/12/2017)

### **Article 23. Procedure for Calculation, Withholding and Payment of Income Tax Charged in Respect of Category A Income**

1. In paying out amounts attributable to category A income of an individual under the procedure for tax payment, a resident of Lithuania, a Lithuanian entity, a permanent establishment or a non-resident of Lithuania engaged in individual activities through his fixed base, in the capacity of tax withholders, must calculate, withhold and pay into the budget income tax established by this Law, where those payments are not attributed to tax-exempt income under the provisions of this Law. If payments made in connection with employment relations or relations in their essence corresponding to employment relations for the relevant month of the tax period are paid out in instalments, income tax shall be withheld from the last instalment (on the total amount of instalments paid out for that month), except for the payments made in connection with employment relations or relations in their essence corresponding to employment relations for December of the relevant tax period where income tax must be calculated on the total amount of instalments paid out in that month if the last instalment is paid out later than on the last day of that month. If the last instalment of income incidental to employment relations or relations in their essence corresponding to employment relations for the relevant month of the tax period is not paid out within 10 working days after the end of that month, income tax shall be calculated in respect of the total amount of instalments paid out during that month.

2. Where an individual submits a request in a free-form format to the withholding agent regarding the application of the TEA and where, in accordance with the provisions of Article 20 of this Law, TEA may be applied to such an individual during the tax period, the corresponding TEA shall be deducted by the withholding agent by calculating the taxable income connected only with employment relations or corresponding relations according to the procedure stipulated in Article 20 of this Law.

3. A resident of Lithuania, Lithuanian entity, permanent establishment or non-resident of Lithuania who carries on individual activities from a fixed base, acting in the capacity of a withholding agent, must pay the income tax, withheld from the income paid out before the 15<sup>th</sup> day of the relevant month of the tax period and attributed in accordance with the tax payment procedure to A class income, to the budget before the 15<sup>th</sup> day of the same month, while the income tax withheld from the income paid out after the 15<sup>th</sup> day of the relevant month of the tax period must be paid to the budget before the last day of the same month.

4. Where a withholding agent pays out income incidental to employment relations or relations in their essence corresponding to employment relations for the relevant month of the tax period in instalments and pays out the total amount of income during the relevant month of the tax period, the withholding agent must pay the income tax withheld in accordance with the procedure laid down in paragraph 1 of this Article to the budget before the 15<sup>th</sup> day of that month (if the last instalment was paid out before the 15<sup>th</sup> day of that month) or before the last day of that month (if the last instalment was paid out after the 15<sup>th</sup> day of that month).

5. Where a withholding agent pays out income incidental to employment relations or relations in their essence corresponding to employment relations for the relevant month of the tax period in instalments and the last instalment is paid out within 10 working days of the month following the month for which income incidental to employment relations or relations in their essence corresponding to employment relations is paid out, the withholding agent must pay the income tax withheld in accordance with the procedure laid down in paragraph 1 of this Article to the budget before the 15<sup>th</sup> day of the month in which the last instalment was paid out, with the exception of income incidental to employment relations or relations in their essence corresponding to employment relations paid out for December of the relevant tax period where income tax on the total amount of the instalments paid out during that month must be paid to the budget before the last day

of December of the relevant tax period if the last instalment is paid out later than on the last day of that month.

6. Where a withholding agent pays out income incidental to employment relations or relations in their essence corresponding to employment relations for the relevant month of the tax period in instalments and the last instalment is not paid out within 10 working days of the month following the month for which income incidental to employment relations or relations in their essence corresponding to employment relations is paid out, it shall be deemed that the withholding agent had to pay the income tax withheld in accordance with the procedure laid down in paragraph 1 of this Article to the budget before the 15<sup>th</sup> day of the month for which income incidental to employment relations or relations in their essence corresponding to employment relations is paid out (if the last instalment was paid out before the 15<sup>th</sup> day of that month) or before the last day of that month (if the last instalment was paid out after the 15<sup>th</sup> day of that month).

*Article amendments:*

No. [IX-1848](#), 25/11/2003, *Official Gazette*, 2003, No. 116-5254 (12/12/2003)

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)

#### **Article 24. Returns of Income Tax Withheld from Category A Income**

1. A tax withholder who during the tax period makes payments which under the procedure for tax payment are attributable to category A income of an individual must declare the payments made, as well as the amount of income tax withheld and paid by filing tax returns.

2. Returns of income tax withheld from category A income shall be monthly and yearly. A monthly tax return indicating the total amount of income attributed to taxable income and paid out during that month as well as the total amount of income tax withheld during the same month, and also, in cases envisaged by the central tax administrator, the amounts of income attributed to taxable income and paid out to every individual during that month as well as the amounts of income tax withheld and paid during the same month in respect of every individual shall be filed for each month of the tax period before the 15<sup>th</sup> day of the following month of the same tax period. An annual tax return indicating the total amount of income attributed to taxable and non-taxable income and paid out during the tax period as well as the total amount of income tax withheld and paid during that tax period, and also the amounts of income attributed to taxable and non-taxable income and paid out to every individual as well as the amounts of income tax withheld and paid during that tax period in respect of every individual shall be filed for the tax period before the 15<sup>th</sup> day of the second month of the following tax period.

3. The forms of returns of income tax withheld from category A income as well as the procedure for completing and filing tax returns shall be established by the central tax administrator. The central tax administrator shall have the right to establish a list of non-taxable income which is not declared in the returns of income tax withheld from category A income as well as certain tax-exempt amounts of income which, if not exceeded, are not declared in the returns of income tax withheld from category A income.

*Article amendments:*

No. [IX-1848](#), 25/11/2003, *Official Gazette*, 2003, No. 116-5254 (12/12/2003)

No. [X-1485](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1750 (24/04/2008)

#### **Article 25. Procedure for Declaration, Calculation and Payment of Income Tax in Respect of Category B Income of a Resident of Lithuania**

1. Income tax on income attributable to category B income under the procedure for tax payment shall be declared, calculated and paid by a resident of Lithuania himself or his authorised person in accordance with the procedure prescribed by this Law.

2. Income tax on income attributable to category B income under the procedure for tax payment, which is derived during the tax period, shall be declared, calculated and paid in accordance with the procedure prescribed by Article 27 of this Law.

**Article 26. Payment of the Fixed Income Tax in Respect of Income Derived from Activities Conducted under a Business Certificate, and the Procedure for the Issue of a Business Certificate**

Income tax of the fixed amount shall be paid into the budget prior to the issue of a business certificate. The procedure for the issue of a business certificate shall be established by the Government of the Republic of Lithuania.

**Article 27. Calculation, Declaration and Payment of Income Tax in Respect of Income Derived during the Tax Period, Refund of Overpaid Amounts and Submission of an Annual Income Tax Return**

1. Unless otherwise provided by this Article, a resident of Lithuania who during the tax period has derived income must, at the close of the tax period, before 1 May of the calendar year following that tax period (unless otherwise provided by paragraph 3 of this Article or by Article 28 of this Law), himself or through his authorised person file his annual income tax return with the tax administrator for the previous tax period and declare therein all the income derived during the previous tax period and income tax calculated thereon.

2. Unless otherwise provided by this Article, a resident of Lithuania shall have the right not to file an annual income tax return if the following conditions are met:

1) the resident does not wish to exercise the right to have the annual additional TEA according to Article 20 and/or the expenses specified in paragraph 1 of Article 21 of this Law deducted from the income, and

2) during the respective tax period, the resident received only category A income incidental to employment relations or relations in their essence corresponding to employment relations and the applicable TEA does not have to be recalculated according to the procedure stipulated in Article 20 of this Law. Such an individual shall also have the right not to file an annual income tax return in those cases when he receives income not specified in the first sentence of this subparagraph, if this income is included in the list of non-taxable income that does not require filing a tax return compiled by the central tax administrator.

3. The individual who had a business certificate or registered individual activities during a tax period shall be obligated to file an annual income tax return even if no income from individual activities was received. The individual who is obligated to declare owned assets according to the Law on Declaration of Assets of Individuals, except for the individual who wishes to receive monetary social support or support to purchase of lease housing and except for individuals who file reference declarations of assets of individuals and are specified in subparagraph 22 of paragraph 1 of Article 2 of the Law on Declaration of Assets of Individuals, shall be obligated to file an annual income tax return irrespective of the exceptions stipulated in paragraph 2 of this Article. The individual who is obligated to declare owned assets according to the Law on Declaration of Assets of Individuals must, after the first of May of the calendar year for which the declaration of assets of the individual is submitted, independently or via an authorised person submit the annual income tax return to the tax administrator for the previous tax period in accordance with the time limits for submitting the declaration of assets of the individual.

*Article paragraph amendments:*

No. [XII-1217](#), 09/10/2014, published in the RLA on 30/10/2014, ID code 2014-15178

4. The form of an annual income tax return as well as the procedure for completing and filing it shall be established by the central tax administrator. The central tax administrator shall have the right to establish a list of non-taxable income which is not declared in annual income tax returns as well as certain tax-exempt amounts of income which, if not exceeded, are not declared in annual income tax returns, and if only such amounts of income are received, a tax return is not filed.

5. A resident of Lithuania who has an obligation under this Article to file annual income tax returns must pay to the budget the difference between the amount of income tax calculated in his annual income tax return for the tax period and the amount of income tax paid (withheld) during the tax period by the deadline set in this Article for filing an annual income tax return.

6. A permanent resident of Lithuania who has received positive income during a tax period must submit an Annual Income Tax Return accompanied by an Annex of the form established by the central tax administrator that must contain information about shares (stakes, shares in a cooperative organisation) of controlled foreign entities owned either directly or indirectly, or together with the associated persons, voting rights or the rights to a fraction of a distributable profit, or the exclusive rights to acquire them, also the name and address of the registered office of a controlled foreign entity, the list of the managers of a controlled foreign entity. A permanent resident of Lithuania must keep the balance sheet and the statement of profit and loss of a controlled foreign entity for a minimum period of 10 years.

**RLA note. The provisions of paragraph 6 shall apply for the calculation and declaration of income for tax periods of 2019 and subsequent years.**

*Amendments to a paragraph of the Article:*

*No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939*

7. Where an overpayment is calculated in the annual income tax return filed by a resident of Lithuania, it may be entered or refunded in accordance with the procedure laid down in Law on Tax Administration.

8. In the cases specified in Article 29 of this Law, a resident of Lithuania shall not file an annual income tax return.

9. A non-resident of Lithuania, following the end of a tax period, must himself or through a person duly authorized by him submit to the tax administrator until the 1st of May of the calendar year that follows after that tax period an Annual Income Tax Return of the preceding tax period if:

1) during the preceding tax period a non-resident of Lithuania received in the Republic of Lithuania income classified as income of classes A and/or B that are not specified in the Article 30 of this Law, and

2) there arises his obligation to recalculate a payable income tax taking into account the provisions of paragraphs 1<sup>1</sup> and 1<sup>2</sup> of this Law

**RLA note. The provisions of paragraph 9 shall apply for the calculation and declaration of income for tax periods of 2019 and subsequent years.**

*Supplemented with a paragraph of the Article:*

*No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939*

*No XIII-1704, 11/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20943*

*Article amendments:*

*No. [IX-1535](#), 22/04/2003, Official Gazette, 2003, No. 42-1925 (01/05/2003)*

*No. [IX-1848](#), 25/11/2003, Official Gazette, 2003, No. 116-5254 (12/12/2003)*

*No. [IX-1913](#), 18/12/2003, Official Gazette, 2003, No. 123-5585 (30/12/2003)*

*No. [IX-2491](#), 12/10/2004, Official Gazette, 2004, No. 158-5757 (30/10/2004)*

*No. [X-235](#), 07/06/2005, Official Gazette, 2005, No. 76-2743 (18/06/2005)*

*No. [X-1485](#), 10/04/2008, Official Gazette, 2008, No. 47-1750 (24/04/2008)*

*No. [XI-111](#), 23/12/2008, Official Gazette, 2008, No. 149-6033 (30/12/2008)*

*No. [XI-691](#), 18/03/2010, Official Gazette, 2010, No. 34-1614 (25/03/2010)*

*No. [XII-273](#), 09/05/2013, Official Gazette, 2013, No. 54-2678 (25/05/2013)*

*No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939*

*No XIII-1704, 11/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20943*

## **Article 28. Declaration and Payment of Income Tax by a Natural Person who has become a Resident of Lithuania in Respect of Income Received during the Tax Period**

Where a natural person has become a resident of Lithuania under the provisions of subparagraph 4 of paragraph 1 of Article 4 of this Law, an annual income tax return for the calendar year during which he arrived to Lithuania must be filed and income tax paid not later than by 31 December of the calendar year following the year of his arrival.

**Article 29. Declaration and Payment of Income Tax by a Natural Person Departing from Lithuania Permanently in Respect of Income Derived during the Tax Period of Departure**

1. With the exception of the case specified in paragraph 2 of this Article, a resident of Lithuania departing from Lithuania permanently must prior to his departure file an income tax return of a natural person departing from Lithuania permanently, as well as calculate and declare the income derived during that tax period before the date of departure and pay income tax before the date of departure, including tax on income specified in subparagraph 54 of paragraph 1 of Article 17 of this Law, if the condition stipulated in the aforementioned subparagraph is not met before the date of departure. Such a resident of Lithuania must also file an annual income tax return and pay income tax in accordance with the procedure prescribed by this Law, unless otherwise provided by this Article.

2. A natural person who is deemed to be a resident of Lithuania under paragraph 3 of Article 4 of this Law departing permanently from Lithuania shall, prior to his departure, file an income tax return of a natural person departing permanently from Lithuania, calculate and declare the income received during that tax period before the date of departure, and pay income tax before the date of departure, including tax on income specified in subparagraph 54 of paragraph 1 of Article 17 of this Law, if the condition stipulated in the aforementioned subparagraph is not met before the date of departure.

3. The part of the annual TEA and the annual additional TEA applied to the income declared under paragraph 2 of this Article shall be calculated in accordance with the procedure prescribed by the Government of the Republic of Lithuania or an institution authorised by it.

*Article amendments:*

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)

**Article 30. Procedure for Calculation, Declaration and Payment of Income Tax by a Non-resident of Lithuania on Income Derived from Individual Activities through the Fixed Base. Income Tax Return of a Nonresident of Lithuania on Income Derived from Individual Activities through the Fixed Base**

1. A non-resident of Lithuania who received income during the tax period from individual activities carried on from a fixed base must, after the end of the tax period and before 1 May of the calendar year following that tax period, file an annual income tax return on income derived from individual activities through the fixed base and declare therein all the income received during the relevant tax period from individual activities carried on from a fixed base and the income tax calculated in respect of such income in accordance with the procedure laid down in this Law.

2. Income tax on the income derived by a non-resident of Lithuania from individual activities through the fixed base during the tax period, which is calculated in the annual income tax return on the income from individual activities through the fixed base shall be paid into the budget before the deadline set in this Article for the submission of an annual income tax return on the income from individual activities through the fixed base.

3. Where a non-resident of Lithuania derives through the fixed base income related to such activities and attributed under this Law to category A income, the income tax payable under the annual income tax return on income from individual activities through the fixed base shall be reduced by the amount of income tax withheld from and paid on that category A income.

4. Forms of income tax returns of a non-resident of Lithuania on the income from individual activities through the fixed base, as well as the procedure for completing and filing thereof shall be established by the central tax administrator.

5. The provisions of this Article shall not apply to the income derived by a non-resident of Lithuania from activities conducted under a business certificate.

*Article amendments:*

No. [X-1485](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1750 (24/04/2008)

No. [XI-111](#), 23/12/2008, *Official Gazette*, 2008, No. 149-6033 (30/12/2008)



**Article 31. Procedure for Calculation, Declaration and Payment of Income Tax by a Non-resident of Lithuania in Respect of Category B Income not Specified in Article 30 of this Law. Income Tax Return of a Nonresident of Lithuania in Respect of Category B Income not Specified in Article 30 of this Law**

1. A non-resident of Lithuania who during the tax period has derived any income attributed to category B income not specified in Article 30 of this Law must calculate income tax on that income and pay it into the budget, as well as file the relating income tax return not later than within 25 days after the receipt of that income.

2. The form of an income tax return of a non-resident of Lithuania on category B income, as well as the procedure for completing and filing thereof shall be established by the central tax administrator.

*Article amendments:*

No. [X-1485](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1750 (24/04/2008)

**Article 32. Adjustment of Income Tax on Certain Income from the Sale of Property**

1. A person who has derived income from Lithuanian entities, foreign entities through their permanent establishments or non-residents of Lithuania through their fixed bases from the sale or other transfer into ownership of movable property if that type of property is subject to legal registration under legal acts of the Republic of Lithuania and is (or must be) registered in Lithuania, or immovable property located in Lithuania, as well as income from non-individual activities from the sale or other transfer into ownership of non-felled forest and roundwood, from which income tax has been withheld in accordance with the procedure prescribed by Article 23 of this Law, shall have the right to apply to the tax administrator for the adjustment of income tax on the property sold, i.e. to have income tax adjusted by deducting the expenses specified in Article 19 of this Law from the proceeds derived.

2. The tax administrator shall adjust income tax only where supporting documents conforming to the requirements laid down in Article 19 of this Law are produced in respect of such expenses.

3. Applications for the adjustment of income tax shall be filed in accordance with the procedure established by the central tax administrator.

4. Tax overpayments shall be refunded in accordance with the procedure laid down in the Law on Tax Administration.

*Article amendments:*

No. [IX-1848](#), 25/11/2003, *Official Gazette*, 2003, No. 116-5254 (12/12/2003)

No. [X-1485](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1750 (24/04/2008)

No. [XII-663](#), 12/12/2013, *Official Gazette*, 2013, No. 140-7047 (30/12/2013)

## **CHAPTER VI OBLIGATIONS AND LIABILITY**

**Article 33. Obligations of a Lithuanian Entity, Permanent Establishment and Individual Making Payments**

1. In making payments, which under the procedure for tax payment are attributed to category A income of individuals, to individuals, a resident of Lithuania, a non-resident of Lithuania through the fixed base, as well as a Lithuanian entity or a foreign entity through the permanent establishment shall, upon a request of an individual, issue statements which shall specify the payments calculated and paid out, the TEA applied, as well as the sum of income tax withheld and paid. If a resident is made payments by a foreign entity through its permanent establishment, those statements shall be issued to that resident by a person authorised by the foreign entity. If a resident is made payments by a non-resident of Lithuania through his fixed base, those statements may be issued to the resident by that non-resident of Lithuania or a person authorised by him. Statements shall be drafted and issued free of charge within 10 working days from the date of the request.

2. In making payments, which under the procedure for tax payment are attributed to category B income, to individuals during the tax period, a Lithuanian entity, a foreign entity through its permanent establishment or a non-resident of Lithuania through his fixed base must, by 1

February of the calendar year following that tax period, submit to the tax administrator statements on such payments made to individuals. If a resident is made payments by a foreign entity through its permanent establishment, those statements shall be submitted to the tax administrator by a person authorised by the foreign entity. If a resident is made payments by a nonresident of Lithuania through his fixed base, those statements shall be submitted to the tax administrator by that non-resident of Lithuania or a person authorised by him.

3. The forms of statements on the income calculated and paid out, the procedure for completing and submitting them, and the amount of income which, if not exceeded, may not be reported to the tax administrator shall be established by the central tax administrator.

4. A Lithuanian entity or foreign entity which receives payments specified in Article 21 of this Law shall issue, at the request of a resident of Lithuania, original documents or their copies confirming such payments. The aforementioned documents or copies thereof shall be drafted, approved and issued free of charge within 10 working days from the date of receipt of the request.

*Article amendments:*

No. [IX-1660](#), 01/07/2003, *Official Gazette*, 2003, No. 73-3340 (23/07/2003)

No. [IX-2059](#), 16/03/2004, *Official Gazette*, 2004, No. 47-1550 (30/03/2004)

No. [X-1485](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1750 (24/04/2008)

### **Article 34. Obligations of the Tax Administrator**

1. The individuals and withholding agents are issued free of charge with the forms of Tax Returns and methodological instructions for their completion. The tax authority assists the individuals from Lithuania, having arrived to the tax authority and at their request, in filling in Tax Returns and/or applications to transfer part of the amount of the income tax that is payable on the basis of the Annual Income Tax Return, and if an individual - resident of Lithuania does not submit the Annual Income Tax Return, then the tax authority assists such a resident in filling in an application to transfer part of the amount of the income tax withheld by a withholding agent.

*Article amendments:*

No. [XIII-2692](#), 17/12/2019, published in the Register of Legal Acts on 27/12/2019, i.c. 2019-21324

2. At the request of a resident of Lithuania, the tax administrator must, after the end of the tax period, issue a certificate indicating the income received by a resident of Lithuania during the tax period and the income tax paid thereon in Lithuania. At the request of a non-resident of Lithuania, the tax administrator must issue a certificate indicating the income received in Lithuania by a non-resident of Lithuania and the income tax paid thereon. The procedure for issuing such certificates shall be established by the central tax administrator.

3. The tax administrator, at the request of a permanent resident of Lithuania, following the end of a tax period, must in accordance with the procedure established by the Government or by the authority authorized by it transfer to persons (except for trade unions or groups of trade unions), who are entitled to support under the Law on Charity and Sponsorship, up to 2 per cent of an amount of income tax payable under the Annual Income Tax Return, and if a permanent resident of Lithuania does not submit an Annual Income Tax Return, then up to 2 per cent of an amount of income tax deducted by a person responsible for the deduction of the tax.

4. The tax administrator, at the request of a permanent resident of Lithuania, following the end of a tax period, must in accordance with the procedure established by the Government or by the authority authorized by it transfer a part of an amount of income tax payable under the Annual Income Tax Return, and if a permanent resident of Lithuania does not submit an Annual Income Tax Return, then a part of an amount of income tax deducted by a person responsible for the deduction of the tax:

1) 1 per cent – to political parties which are registered in the Register of Legal Entities in the manner prescribed by law, comply with the requirements of the law on the number of members of a political party, and which are not subject of a reorganization or liquidation procedure, and / or

2) 1 per cent – to trade unions or groups of trade unions which are entitled to support under the Law on Charity and Sponsorship.

5. The amount of income tax transferred pursuant to paragraph 4 of this Article shall not be included in the amount of income tax transferred pursuant to paragraph 3 of this Article.

6. Upon a request of an individual, the tax administrator must, within 10 working days of the submission of that request, issue a statement on the individual activities carried out by a resident of Lithuania or on the registered fixed base in Lithuania of a non-resident of Lithuania.

7. The provisions of Paragraphs 3 and 4 of this Article shall not apply in cases where a permanent resident of Lithuania, having submitted an application referred to in those paragraphs, who must submit an Annual Income Tax Return, fails to submit an Annual Income Tax Return before the expiry of the deadline set forth in the Article 27(1) of this Law or in the Article 28 of this Law.

**RLA note. The Article 34 shall apply for the calculation and declaration of income for tax period of 2018.**

*Article amendments:*

No. [IX-1848](#), 25/11/2003, *Official Gazette*, 2003, No. 116-5254 (12/12/2003)

No. [XI-1778](#), 06/12/2011, *Official Gazette*, 2011, No. 153-7206 (15/12/2011)

No XIII-1325, 28/06/2018, published in the Register of Legal Acts on 04/07/2018, i. c. 2018-11319

No XIII-1705, 11/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20944

### **Article 35. Obligations of the Taxpayer**

1. A resident of Lithuania, having exercised the right to deduct from the income the expenses specified in Article 21 of this Law, must retain the original copies of the proofs of payment or the notarised copies thereof for at least 10 years after the submission of the Annual Income Tax Return for the relevant tax period.

2. A resident of Lithuania, having started pursuing individual activity of any type, must inform the tax authority thereof under the procedure established by the central tax authority.

*Amendments to the Article:*

No [XIII-2692](#), 17/12/ 2019, published in the Register of Legal Acts on 27/12/2019, i. c. 2019-21324

### **Article 36. Liability**

1. Where an individual fails to meet the requirements prescribed in paragraph 4 of Article 20 of this Law for filing a request to have the TEA applied in respect of him, which has resulted in an underpayment of income tax, he shall be liable for the infringement in accordance with the procedure prescribed by the laws and other legal acts of the Republic of Lithuania.

2. Fines shall be imposed and/or default interest shall be calculated for violations of this Law in accordance with the procedure prescribed by laws and other legal acts of the Republic of Lithuania.

*Article amendments:*

No. [X-1485](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1750 (24/04/2008)

## **CHAPTER VII DEDUCTION OF INCOME TAX PAID IN FOREIGN COUNTRIES**

### **Article 37. Elimination of Double Taxation of Income Received in Foreign Countries**

1. Income received by a resident of Lithuania in a foreign country, which is a Member State of the European Union or with which the Republic of Lithuania has concluded a treaty for the avoidance of double taxation and brought it into effect, except for interest, dividends and royalties received in the said country, shall not be subject to income tax in the Republic of Lithuania in accordance with procedure laid down in this Law where income tax or equivalent tax has been paid, in accordance with the procedure prescribed, on such income in that foreign country. A resident of Lithuania may deduct the amount of income tax or equivalent tax paid in a foreign country on interest, dividends and royalties received in the said country, which is a Member State of the European Union and with which a treaty for the avoidance of double taxation has been concluded and brought into effect, from the amount of income tax calculated in accordance with the procedure laid down in this Law. The provisions of this paragraph shall apply only where documentary evidence is submitted concerning the income received during the relevant tax period in a foreign country and the amount of income tax or equivalent tax paid on such income.

2. A resident of Lithuania may deduct the amount of income tax or equivalent tax paid in a foreign country other than specified in paragraph 1 of this Article on income received in that country

during the relevant tax period from the amount of income tax calculated in accordance with the procedure laid down in this Law. The provisions of this paragraph shall apply only where documents certified by the tax administrator of a foreign country have been submitted concerning the income received in that country during the relevant tax period and the amount of income tax or equivalent tax paid on that income. The provision of this paragraph shall not apply for the purpose of calculating income tax in respect of the income received in a country included in the List of Target Territories established by the Minister of Finance.

3. repealed from 01/01/2019

*Amendments to a paragraph of the Article:*

*No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939*

4. Where the amount of income tax calculated in respect of the income received in a foreign country in accordance with the procedure laid down in this Law is lower than the amount of income tax or equivalent tax paid on that income in the said foreign country, only the amount of income tax calculated in accordance with the procedure laid down in this Law shall be deducted, except for the cases specified in paragraph 6 of this Article.

5. If a resident of Lithuania receives income in several foreign countries during the tax period, the amount of income tax to be deducted shall be calculated separately in respect of the income received in every country.

6. Was repealed as from 31/05/2017.

*Amendments to a paragraph of the Article:*

*No XIII-376, 23/05/2017, published in the Register of Legal Acts on 30/05/2017, i. c. 2017-09156*

*Article amendments:*

*No. IX-2202, 29/04/2004, Official Gazette, 2004, No. 73-2535 (30/04/2004)*

*No. X-235, 07/06/2005, Official Gazette, 2005, No. 76-2743 (18/06/2005)*

*No. X-467, 22/12/2005, Official Gazette, 2006, No. 4-100 (12/01/2006)*

*No XIII-376, 23/05/2017, published in the Register of Legal Acts on 30/05/2017, i. c. 2017-09156*

*No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939*

## CHAPTER VIII ENTRY OF THE TAX INTO THE BUDGET

### Article 38. Inclusion of Income Tax

1. The paid income tax and paid (recovered) tax underpayment, except for the income tax and the tax underpayment referred to in paragraph 2 of this Article shall be entered into the State and/or municipality budgets in accordance with the procedure prescribed in the Law on the Approval of the Financial Indicators of the State Budget and Municipal Budgets for the respective year.

2. A fixed amount of income tax on income from activities exercised under a business certificate and the tax underpayment shall be entered in the budget of a municipality by the decision of the council of which the specific fixed amount of income tax has been set.

**RLA note. Article 38 shall apply in inclusion of the income tax and paid (recovered) tax underpayment for the year 2017 and subsequent years.**

*Amendments to the Article:*

*No IX-1848, 25 November 2003, Official Gazette Valstybės žinios, 2003, No 116-5254 (12 December 2003)*

*No X-1424, 18 January 2008, Official Gazette Valstybės žinios, 2008, No 15-510 (5 December 2008)*

*No XI-541, 9 December 2009, Official Gazette Valstybės žinios, 2009, No 153-6882 (28 December 2009)*

*Amendments to the Article:*

*No XIII-87, 13 December 2016, published in the Register of Legal Acts (TAR), 23 December 2016, ID code 2016-29275*

## CHAPTER IX FINAL PROVISIONS

### Article 39. Application of the Law and Proposals to the Government

1. This Law shall come into force as of 1 January 2003.

2. The provisions laid down in subparagraph 7 of part 14 of Article 2 of this Law concerning the difference in the prices of shares paid in cash as well as the provisions of Article 15 shall apply from 1 January 2004.

3. The Government of the Republic of Lithuania or an institution authorised by it, as well as the central tax administrator shall draft and approve all the legal acts necessary for the implementation of this Law not later than 3 months prior to the entry into force of this Law.

4. From 1 January 2003, the following shall be repealed:

1) The Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons (Official Gazette, 1990, No. [31-742](#); 1991, No. [6-170](#), No. [19-501](#), No. [22-569](#); 1992, No. [7-150](#), No. [14-388](#); 1993, No. [30-681](#), No. [59-1144](#); 1994, No. [30-531](#), No. [58-1135](#); 1995, No. [34-814](#), No. [44-1077](#); 1996, No. [11-285](#), No. [35-858](#), No. [46-1104](#), No. [62-1464](#), No. [71-1716](#), No. [73-1747](#); 1997, No. [28-662](#), No. [61-1443](#), No. [63-1474](#); 1998, No. [8-162](#), No. [90-2481](#); 1999, No. [19515](#), No. [33-947](#), No. [55-1770](#), No. [60-1950](#), No. [66-2121](#), No. [109-3174](#), No. [113-3290](#); 2000, No. [5-127](#), No. [34-955](#), No. [53-1522](#), No. [64-1911](#), [1943](#), No. [84-2534](#), No. [89-2747](#), No. [90-2781](#), No. [113-3603](#); 2001, No. [39-1329](#), No. [41-1421](#), No. [62-2217](#), [2236](#), No. [110-3993](#), [3994](#), No. [111-4023](#); 2002, No. [62-2492](#));

2) The Law of the Republic of Lithuania “On the Extension of the Validity of the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1993, No. [2-27](#));

3) The Law of the Republic of Lithuania “On the Extension of the Validity of the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1993, No. [70-1305](#));

4) Article 2 of the Law of the Republic of Lithuania “On Supplementing Tax Laws of the Republic of Lithuania” (Official Gazette, 1996, No. [1-3](#));

5) The Resolution of the Supreme Council of the Republic of Lithuania “On the Entry into Force of the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1990, No. [31-743](#));

6) The Resolution of the Supreme Council of the Republic of Lithuania “On the Application of the First Subparagraph of the Resolution of the Supreme Council of the Republic of Lithuania “On the Entry into Force of the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1991, No. [5-141](#));

7) The Resolution of the Supreme Council of the Republic of Lithuania “On the Procedure for the Entry into Force of Article 10 of the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1991, No. [6-169](#));

8) The Resolution of the Supreme Council of the Republic of Lithuania “On the Entry into Force of the Law of the Republic of Lithuania Amending Article 5 of the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1991, No. [22-570](#));

9) The Resolution of the Supreme Council of the Republic of Lithuania “On Amending Subparagraph 8 of the Resolution of the Supreme Council of the Republic of Lithuania “On the Entry into Force of the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1991, No. [22-571](#));

10) The Resolution of the Supreme Council of the Republic of Lithuania “On the Minimum Standard of Living and the Minimum Exempt from Income Tax of Natural Persons” (Official Gazette, 1991, No. [20-523](#));

11) The Resolution of the Supreme Council of the Republic of Lithuania “On Amending and Supplementing the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1992, No. [7-151](#));

12) The Resolution of the Supreme Council of the Republic of Lithuania “On the Entry into Force of the Law of the Republic of Lithuania “On Amending and Supplementing the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1992, No. [14-389](#));



13) The Resolution of the Seimas of the Republic of Lithuania “On the Application of the Law of the Republic of Lithuania “On Amending and Supplementing the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1993, No. [31-717](#));

14) The Resolution of the Seimas of the Republic of Lithuania “On the Implementation Procedure of the Law of the Republic of Lithuania “On Amending the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons” (Official Gazette, 1993, No. [59-1145](#));  
*Article amendments:*

No. [IX-1660](#), 01/07/2003, *Official Gazette*, 2003, No. 73-3340 (23/07/2003)

#### **Article 40. Application of the law to the United Kingdom of Great Britain and Northern Ireland**

For two years after the date of withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union, the provisions of Section IV of this Law apply to the United Kingdom of Great Britain and Northern Ireland to the same extent as to the Member States of the European Union.

*Note of the RLA.* Addition of Article 40 to the Law shall become effective on the date of withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union.

*Supplemented with the Article:*

No. [XIII-2053](#), 11/04/2019, published in the Register of Legal Acts on 24/04/2019, i. c. 2019-06689

*I promulgate this Law passed by the Seimas of the Republic of Lithuania.*

PRESIDENT OF THE REPUBLIC OF LITHUANIA

VALDAS ADAMKUS

Appendix to the Law of the  
Republic of Lithuania  
on Income Tax of Individuals

#### **LEGAL ACTS OF THE EUROPEAN UNION IMPLEMENTED BY THIS LAW**

1. Council Regulation (EEC) No. 2137/85 of 25 July 1985 on the European Economic Interest Grouping (EEIG).

2. Council Directive 90/434/EEC of 23 July 1990 on the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different member states.

3. Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments.

4. Decision of the European Parliament of 28 September 2005 adopting the Statute for Members of the European Parliament (2005/684/EC, Euratom) (OJ 2005 L 262, p. 1).

5. Council Directive 2006/98/EC of 20 November 2006 adapting certain Directives in the field of taxation, by reason of the accession of Bulgaria and Romania (OJ 2006, L 363, p. 129).

*An appendix added to the Law:*

No. [IX-2103](#), 08/04/2004, *Official Gazette*, 2004, No. 60-2118 (24/04/2004)

*Annex amendments:*

No. [IX-2103](#), 08/04/2004, *Official Gazette*, 2004, No. 60-2118 (24/04/2004)

No. [IX-2419](#), 23/08/2004, *Official Gazette*, 2004, No. 134-4837 (02/09/2004)

#### **Amendments:**

1.

The Seimas of the Republic of Lithuania, Law

No. [IX-1252](#), 10/12/2002, *Official Gazette*, 2002, No. 123-5539 (24/12/2002)

LAW AMENDING ARTICLE 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS  
This Law shall come into force as of 1 January 2003.

2.

The Seimas of the Republic of Lithuania, Law

No. [IX-1321](#), 28/01/2003, Official Gazette, 2003, No. 15-601 (12/02/2003)

LAW AMENDING ARTICLE 20 OF THE LAW ON INCOME TAX OF INDIVIDUALS

The provisions of this Law shall apply to the taxation of an individual's income received after 1 January 2003.

If during calculation of the income tax on income incidental to employment relations or relations in their essence corresponding to employment relations, which was calculated for January 2003, a TEA smaller than the amount stipulated in this Law was applied, the non-applied part of TEA determined by this Law may be applied during calculation of the income tax on income incidental to employment relations or relations in their essence corresponding to employment relations, which will be calculated for February 2003 or subsequent months.

3.

The Seimas of the Republic of Lithuania, Law

No. [IX-1535](#), 22/04/2003, Official Gazette, 2003, No. 42-1925 (01/05/2003)

LAW AMENDING ARTICLES 17 AND 27 OF THE LAW ON INCOME TAX OF INDIVIDUALS

4.

The Seimas of the Republic of Lithuania, Law

No. [IX-1660](#), 01/07/2003, Official Gazette, 2003, No. 73-3340 (23/07/2003)

LAW AMENDING ARTICLES 33 AND 39 OF THE LAW ON INCOME TAX OF INDIVIDUALS

5.

The Seimas of the Republic of Lithuania, Law

No. [IX-1708](#), 04/07/2003, Official Gazette, 2003, No. 75-3474 (30/07/2003)

LAW AMENDING AND SUPPLEMENTING THE LAW ON REFORM OF THE PENSION SYSTEM, THE LAW ON STATE SOCIAL INSURANCE PENSIONS, THE LAW ON INSURANCE, THE LAW ON VALUE ADDED TAX, AND THE LAW ON INCOME TAX OF INDIVIDUALS

6.

The Seimas of the Republic of Lithuania, Law

No. [IX-1790](#), 16/10/2003, Official Gazette, 2003, No. 102-4586 (31/10/2003)

LAW SUPPLEMENTING ARTICLE 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This Law shall come into force as of 1 January 2004.

7.

The Seimas of the Republic of Lithuania, Law

No. [IX-1848](#), 25/11/2003, Official Gazette, 2003, No. 116-5254 (12/12/2003)

LAW AMENDING AND SUPPLEMENTING ARTICLES 20, 22, 23, 24, 27, 32, 34, 35 AND 38 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Paragraph 2 of Article 24 of this Law shall apply to the declaration of payments paid in 2004 and during subsequent tax periods.

8.

The Seimas of the Republic of Lithuania, Law

No. [IX-1913](#), 18/12/2003, Official Gazette, 2003, No. 123-5585 (30/12/2003)

LAW AMENDING AND SUPPLEMENTING ARTICLES 6, 17 AND 27 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This Law shall come into force as of 1 January 2004.

9.

The Seimas of the Republic of Lithuania, Law

No. [IX-1973](#), 22/01/2004, Official Gazette, 2004, No. 25-749 (14/02/2004)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 15 AND 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of Article 3 of this Law shall apply to income received after 1 January 2003.

10.

The Seimas of the Republic of Lithuania, Law

No. [IX-2059](#), 16/03/2004, Official Gazette, 2004, No. 47-1550 (30/03/2004)

LAW SUPPLEMENTING ARTICLE 33 OF THE LAW ON INCOME TAX OF INDIVIDUALS

11.

The Seimas of the Republic of Lithuania, Law

No. [IX-2070](#), 23/03/2004, Official Gazette, 2004, No. 50-1633 (06/04/2004)

LAW SUPPLEMENTING ARTICLE 21 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of this Law shall apply to the calculation and declaration of income for 2003 and subsequent years.

12.

The Seimas of the Republic of Lithuania, Law

No. [IX-2103](#), 08/04/2004, Official Gazette, 2004, No. 60-2118 (24/04/2004)

LAW AMENDING AND SUPPLEMENTING ARTICLES 1, 2, 8 AND 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS AND SUPPLEMENTING IT WITH ARTICLE 13(1) AND AN APPENDIX

This Law, except for Article 5, shall come into force as of the day of the accession of the Republic of Lithuania to the European Union.

Provisions of Article 5 of this Law shall apply to income received after 1 January 2004.

13.

The Seimas of the Republic of Lithuania, Law

No. [IX-2202](#), 29/04/2004, Official Gazette, 2004, No. 73-2535 (30/04/2004)

LAW AMENDING AND SUPPLEMENTING ARTICLES 6, 17, 21 AND 37 OF THE LAW ON INCOME TAX OF INDIVIDUALS AND SUPPLEMENTING THE APPENDIX TO THE LAW

The Law shall enter into force as of 1 May 2004, with the exception of paragraphs 1 and 4 of Article 2, paragraphs 1, 5 and 9 of Article 3, and Article 5.

Provisions of paragraphs 1 and 4 of Article 2 and provisions of paragraphs 1, 5 and 9 of Article 3 of this Law shall apply to 2003 and subsequent years.

Provisions of Article 5 of this Law shall apply as of 1 January 2005, unless according to a decision of the Council of the European Union a later date of entry into force of legal acts of the member states of the European Union implementing Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments is set.

14.

The Seimas of the Republic of Lithuania, Law

No. [IX-2272](#), 15/06/2004, Official Gazette, 2004, No. 98-3628 (24/06/2004)

LAW SUPPLEMENTING ARTICLE 21 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of subparagraph 5 of part 1 of Article 21 of the Law on Income Tax of Individuals shall apply to the declaration of income tax of individuals for 2004, 2005, and 2006.

15.

The Seimas of the Republic of Lithuania, Law

No. [IX-2419](#), 23/08/2004, Official Gazette, 2004, No. 134-4837 (02/09/2004)

LAW AMENDING ARTICLE 2 OF THE LAW ON INCOME TAX OF INDIVIDUALS AND SUPPLEMENTING THE APPENDIX TO THE LAW

16.

The Seimas of the Republic of Lithuania, Law

No. [IX-2491](#), 12/10/2004, Official Gazette, 2004, No. 158-5757 (30/10/2004)

LAW AMENDING AND SUPPLEMENTING ARTICLES 17, 21 AND 27 OF THE LAW ON INCOME TAX OF INDIVIDUALS

17.

The Seimas of the Republic of Lithuania, Law

No. [IX-2529](#), 02/11/2004, Official Gazette, 2004, No. 167-6108 (17/11/2004)

LAW SUPPLEMENTING ARTICLE 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of this Law shall apply to the calculation and declaration of income for 2004 and subsequent years.

18.

The Seimas of the Republic of Lithuania, Law

No. [X-235](#), 07/06/2005, Official Gazette, 2005, No. 76-2743 (18/06/2005)

LAW AMENDING AND SUPPLEMENTING ARTICLES 6, 20, 27 AND 37 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This law shall come into legal force from 1 July 2006.

Provisions of Article 4 of this Law shall apply to the taxation and declaration of income for 2005 and subsequent years.

If the last instalment of benefits incidental to employment relations or relations in their essence corresponding to employment relations for June 2006 is paid later than on the last day of that month, the income tax on the sum of instalments paid in June 2006 must be deducted and paid to the budget by the 15<sup>th</sup> of June 2006 (if the last benefit was paid before the 15<sup>th</sup> of June) or by the 30<sup>th</sup> of June 2006 (if the last benefit was paid before the 30<sup>th</sup> of June).

**Amendment:**

The Seimas of the Republic of Lithuania, Law

No. [X-467](#), 22/12/2005, Official Gazette, 2006, No. 4-100 (12/01/2006)

LAW AMENDING THE LAW ON AMENDING AND SUPPLEMENTING ARTICLES 6, 20, 27 AND 37 OF THE LAW ON INCOME TAX OF INDIVIDUALS AND THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of the first section of this Law shall apply to the taxation and declaration of income for 2005 and subsequent years.

19.

The Seimas of the Republic of Lithuania, Law

No. [X-237](#), 09/06/2005, Official Gazette, 2005, No. 76-2744 (18/06/2005)

LAW SUPPLEMENTING ARTICLE 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

20.

The Seimas of the Republic of Lithuania, Law

No. [X-260](#), 21/06/2005, Official Gazette, 2005, No. 81-2943 (30/06/2005)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2 AND 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

21.

The Seimas of the Republic of Lithuania, Law

No. [X-329](#), 05/07/2005, Official Gazette, 2005, No. 88-3293 (21/07/2005)

LAW SUPPLEMENTING ARTICLE 6 OF THE LAW ON INCOME TAX OF INDIVIDUALS

22.

The Seimas of the Republic of Lithuania, Law

No. [X-358](#), 29/09/2005, Official Gazette, 2005, No. 121-4332 (11/10/2005)

LAW AMENDING ARTICLES 20 AND 21 OF THE LAW ON INCOME TAX OF INDIVIDUALS

23.

The Seimas of the Republic of Lithuania, Law

No. [X-450](#), 15/12/2005, Official Gazette, 2005, No. 153-5634 (31/12/2005)

LAW AMENDING AND SUPPLEMENTING ARTICLES 6, 17 AND 21 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of this Law shall apply to the calculation and declaration of income for 2005 and subsequent years.

24.

The Seimas of the Republic of Lithuania, Law

No. [X-457](#), 20/12/2005, Official Gazette, 2005, No. 153-5636 (31/12/2005)

LAW AMENDING ARTICLE 2 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This law shall come into legal force from 1 January 2006.

25.

The Seimas of the Republic of Lithuania, Law

No. [X-467](#), 22/12/2005, Official Gazette, 2006, No. 4-100 (12/01/2006)

LAW AMENDING THE LAW ON AMENDING AND SUPPLEMENTING ARTICLES 6, 20, 27 AND 37 OF THE LAW ON INCOME TAX OF INDIVIDUALS AND THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of the first section of this Law shall apply to the taxation and declaration of income for 2005 and subsequent years.

26.

The Seimas of the Republic of Lithuania, Law

No. [X-543](#), 30/03/2006, Official Gazette, 2006, No. 41-1462 (13/04/2006)

LAW AMENDING ARTICLE 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This law shall come into legal force from 1 October 2006.

27.

The Seimas of the Republic of Lithuania, Law

No. [X-580](#), 25/04/2006, Official Gazette, 2006, No. 50-1801 (06/05/2006)

LAW AMENDING ARTICLE 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of this Law shall apply to the calculation and declaration of income for 2007 and subsequent years.

28.

The Seimas of the Republic of Lithuania, Law

No. [X-585](#), 27/04/2006, Official Gazette, 2006, No. 48-1702 (29/04/2006)

LAW SUPPLEMENTING ARTICLE 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

**The provisions of this law shall apply for the purpose of calculating taxable income of the tax period starting in 2005 and subsequent tax periods.**

29.

The Seimas of the Republic of Lithuania, Law

No. [X-746](#), 04/07/2006, Official Gazette, 2006, No. 82-3249 (27/07/2006)

LAW AMENDING ARTICLES 6, 17 AND 21 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of this Law shall apply to the calculation and declaration of income for 2007 and subsequent years.

30.

The Seimas of the Republic of Lithuania, Law

No. [X-799](#), 19/07/2006, Official Gazette, 2006, No. 82-3263 (27/07/2006)

LAW SUPPLEMENTING ARTICLE 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of this Law shall apply to the calculation and declaration of income for 2007 and subsequent years.

31.

The Seimas of the Republic of Lithuania, Law

No. [X-834](#), 03/10/2006, Official Gazette, 2006, No. 111-4197 (19/10/2006)

LAW AMENDING ARTICLES 17 AND 21 AND SUPPLEMENTING THE APPENDIX OF THE LAW ON INCOME TAX OF INDIVIDUALS

Paragraph 4 of Article 1 of this law shall come into force as of 1 January 2009.

If a resident of Lithuania before the entry of this Law into force has obtained more than one credit to build or purchase housing and/or has concluded more than one financial leasing (leasing) agreement on the financial leasing (leasing) of housing, the resident shall be allowed to subtract interest from the income throughout the entire period when these credits and/or financial leasing (leasing) agreements are valid.



**Amendment:**

The Seimas of the Republic of Lithuania, Law  
No. [XI-104](#), 22/12/2008, Official Gazette, 2008, No. 149-6028 (30/12/2008)  
LAW ON AMENDING ARTICLE 1 OF THE LAW AMENDING ARTICLES 17 AND 21 AND  
SUPPLEMENTING THE APPENDIX OF THE LAW ON INCOME TAX OF INDIVIDUALS  
AND REPEALING ARTICLES 4 AND 5 OF THE LAW ON INCOME TAX OF INDIVIDUALS  
**This law shall come into force as of 1 January 2009.**

32.

The Seimas of the Republic of Lithuania, Law  
No. [X-885](#), 09/11/2006, Official Gazette, 2006, No. 127-4821 (25/11/2006)  
LAW AMENDING THE LAW ON SUPPLEMENTING ARTICLE 21 OF THE LAW ON INCOME TAX  
OF INDIVIDUALS AND THE LAW ON INCOME TAX OF INDIVIDUALS  
Article 1 of Section I of this Law shall come into force as of 1 January 2007.  
When income tax of individuals of 2007–2009 is declared, the provisions of subparagraph 5 of paragraph 1 of  
Article 21 of the Law on Income Tax of Individuals shall apply only if the personal computer unit with software  
and the installation of Internet access with the corresponding equipment specified in the aforementioned  
subparagraph were purchased from a Lithuanian or foreign entity.

33.

The Seimas of the Republic of Lithuania, Law  
No. [X-962](#), 07/12/2006, Official Gazette, 2006, No. 141-5396 (28/12/2006)  
LAW AMENDING ARTICLE 20 OF THE LAW ON INCOME TAX OF INDIVIDUALS  
Non-taxable income amounts changed according to this law shall apply from 1 January 2007.

34.

The Seimas of the Republic of Lithuania, Law  
No. [X-1067](#), 03/04/2007, Official Gazette, 2007, No. 43-1629 (19/04/2007)  
LAW AMENDING ARTICLE 21 OF THE LAW ON INCOME TAX OF INDIVIDUALS  
This law shall come into legal force from 1 January 2008.

35.

The Seimas of the Republic of Lithuania, Law  
No. [X-1424](#), 18/01/2008, Official Gazette, 2008, No. 15-510 (05/02/2008)  
LAW AMENDING AND SUPPLEMENTING ARTICLES 6 AND 38 OF THE LAW ON INCOME TAX OF  
INDIVIDUALS  
Provisions of Article 1 of this law shall apply as of 1 July 2008.  
Specific amounts of the fixed income tax paid on income derived from activities exercised under a business  
certificate, which during the tax period of 2008 will be in force during acquisition of business certificates from  
the first of July, shall be determined by municipal councils before 1 June 2008, in accordance with the  
provisions of Article 1 of this law and by applying minimum monthly wages valid on 1 October 2007, the  
main tax-exempt amount of income that was valid on 1 January 2008, and the 24% income tax rate.

36.

The Seimas of the Republic of Lithuania, Law  
No. [X-1485](#), 10/04/2008, Official Gazette, 2008, No. 47-1750 (24/04/2008)  
LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 5, 6, 17, 24, 27, 30, 31, 32, 33 AND 36 OF  
THE LAW ON INCOME TAX OF INDIVIDUALS AND THE APPENDIX TO THE LAW  
The provisions of Articles 2 and 3, paragraphs 2, 3 and 4 of Article 4 of this law shall apply for the purpose of  
calculating and declaring income for the tax period of 2008 and subsequent tax periods.  
The provisions of paragraph 1 of Article 4 of this law shall apply for the purpose of calculating and declaring  
income for the tax period of 2007 and subsequent tax periods.

37.

The Seimas of the Republic of Lithuania, Law

No. [X-1543](#), 15/05/2008, Official Gazette, 2008, No. 63-2381 (03/06/2008)

LAW AMENDING ARTICLES 17 AND 20 OF THE LAW ON INCOME TAX OF INDIVIDUALS

**This law shall come into legal force on 1 January 2009.**

**This law shall be repealed as of 1 January 2009:**

The Seimas of the Republic of Lithuania, Law

No. [XI-105](#), 22/12/2008, Official Gazette, 2008, No. 149-6029 (30/12/2008)

LAW REPEALING THE LAW AMENDING ARTICLES 17 AND 20 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This law shall come into legal force on 1 January 2009.

38.

The Seimas of the Republic of Lithuania, Law

No. [XI-111](#), 23/12/2008, Official Gazette, 2008, No. 149-6033 (30/12/2008)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 3, 5, 6, 7, 8, 9, 10, 12, 13(1), 16, 17, 18, 19, 20, 21, 22, 23, 27, 29 AND 30 OF THE LAW ON INCOME TAX OF INDIVIDUALS AND ADDING ARTICLE 18(1) TO THE LAW

1. **The provisions of this law shall apply for the purpose of calculating and declaring income for the tax period of 2009 and subsequent tax periods**, except for the provisions of this law that are related to recognising income and allowable deductions under the accrual accounting principle. **The provisions of this law that are related to recognising income and allowable deductions under the accrual accounting principle (including the carrying forward of losses for the tax period) shall apply for the purpose of calculating and declaring income for the tax period of 2010 and subsequent tax periods.** Individuals who engage in individual activity and are registered payers of value added tax or attribute fixed assets to individual activity and use fixed assets in the activity may choose to apply the accrual accounting principle for the purpose of calculating and declaring taxable income for 2009 as well. If the accrual accounting principle is selected for the purpose of calculating and declaring taxable income for 2009, expenses related to earned income, which were incurred during the tax period of 2008 and are specified in Article 18 of the Law on Income tax of Individuals, may be attributed to allowable deductions.

2. A fixed amount of income tax established by the municipal council, which cannot be less than the amount of income tax calculated by deducting LTL 3 840 from twelve minimum monthly wages valid on 1 October 2008 and applying the 24% income tax rate shall be paid for income derived during the tax period of 2009 from activity taxed under a business certificate. For the tax period of 2009, the municipal council shall have the right to reduce the fixed amount of income tax on income derived from activities exercised under a business certificate for:

1) the disabled, persons who have attained the pensionable age, parents (adoptive parents) raising three or more children (adopted children) under 18 years of age and older if they study at full-time general education schools, full-time higher education and vocational training institutions, parents (adoptive parents) raising a disabled child (adopted child) under 18 years of age as well as an older disabled child (adopted child) rated as requiring permanent special nursing care, a single mother (adoptive mother) or a single father (adoptive father) raising a child (adopted child) under 18 years of age and older if the child studies at full-time general education schools, full-time higher education and vocational training institutions, students and pupils studying at full-time general education schools, full-time higher education and vocational training institutions, as well as the unemployed registered at a local labour exchange office in accordance with the prescribed procedure;

2) persons who have acquired a business certificate to engage in activity specified in the business certificate in the whole territory of the Republic of Lithuania, except for the territories of the municipalities of the towns of Alytus, Kaunas, Klaipėda, Palanga, Panevėžys, Šiauliai, and Vilnius, and the territories of the municipalities of Marijampolė and Neringa, or within the territory of a specific municipality, except for the territories of the municipalities of the towns of Alytus, Kaunas, Klaipėda, Palanga, Panevėžys, Šiauliai, and Vilnius, and the territories of the municipalities of Marijampolė and Neringa;

3) persons acquiring a business certificate to engage in traditional craftwork activities;

4) persons who, during the period for which a business certificate is acquired, receive income incidental to employment relations or relations in their essence corresponding to employment relations.

3. (Repealed on 11 December 2010)

4. During the tax period of 2009 and subsequent tax periods, a resident of Lithuania may subtract the interest on one obtained credit (or a part thereof) for building or purchasing one dwelling or interest on financial leasing (leasing) of one dwelling from the income, if such a credit was obtained and a written agreement regarding the credit to finance the building or purchase of the dwelling or a financial leasing (leasing) agreement were concluded before 1 January 2009. Such interest may be deducted throughout the validity period of the credit

agreement or the financial leasing (leasing) agreement, subject to restrictions stipulated in the Law on Income Tax of Individuals regarding the sum of expenses incurred by the individual that may be subtracted from taxable income. If a resident of Lithuania before the entry of this Law into force has obtained more than one credit to build or purchase housing and/or has concluded more than one financial leasing (leasing) agreement on the financial leasing (leasing) of housing, it is possible to subtract interest on one credit (or a part thereof) or on one financial leasing (leasing) of housing selected by the individual from the income.

5. A resident of Lithuania, who purchased one personal computer unit with software in 2004–2008 according to an agreement that stipulates that the ownership right to the object shall be transferred after the purchaser pays the full price provided for in the agreement, may subtract from the income the part of the price (except for the interest) that was actually paid according to the agreement during the tax period of 2009 and subsequent tax periods, subject to the restriction stipulated in paragraph 3 of Article 21 of the Law on Income Tax of Individuals; however, the total amount of such subtracted expenses cannot exceed LTL 4 000 (including the costs of internet access and corresponding equipment).
6. Taxation rules that were valid before this law came into force shall apply to the benefit of the individual that was received when the individual pays preferential interest rates or does not pay any interest on the credit or loan for the construction or purchase of housing, where the credit or loan were granted before 1 January 2009 by a person connected with an individual through employment relations or corresponding relations.
7. Taxation rules that were valid before this law came into force shall apply to payments according to life insurance contracts that were concluded after 30 April 2004 and before 1 January 2009 and provide for the payment of insurance benefits not only in the case of an insurance event but also upon the expiry of the insurance contract, and where such contracts were terminated for the sums paid to the individual, if contributions according to those agreements were paid only by individuals and they were not deducted from income according to the procedure stipulated in the Law on Income Tax of Individuals.
8. Payments for studies and/or vocational training during the autumn semester 2008–2009, in accordance with subparagraph 3 of paragraph 1 of Article 21 of the Law on Income Tax of Individuals, may be deducted from income irrespective of whether the higher education and/or qualification acquired after graduation is the first, the second, etc.

**Application of this law has been changed:**

1)

The Seimas of the Republic of Lithuania, Law

No. [XI-175](#), 19/02/2009, Official Gazette, 2009, No. 25-977 (05/03/2009)

LAW AMENDING ARTICLE 23 OF THE LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 3, 5, 6, 7, 8, 9, 10, 12, 13(1), 16, 17, 18, 19, 20, 21, 22, 23, 27, 29 AND 30 OF THE LAW ON INCOME TAX OF INDIVIDUALS AND ADDING ARTICLE 18(1) TO THE LAW

2)

The Seimas of the Republic of Lithuania, Law

No. [XI-1153](#), 23/11/2010, Official Gazette, 2010, No. 145-7411 (11/12/2010)

LAW AMENDING ARTICLE 23 OF THE LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 3, 5, 6, 7, 8, 9, 10, 12, 13(1), 16, 17, 18, 19, 20, 21, 22, 23, 27, 29 AND 30 OF THE LAW ON INCOME TAX OF INDIVIDUALS AND ADDING ARTICLE 18(1) TO THE LAW

The provisions of this law shall apply for the purpose of calculating and declaring income of the tax period of 2010.

39.

The Seimas of the Republic of Lithuania, Law

No. [XI-176](#), 19/02/2009, Official Gazette, 2009, No. 25-978 (05/03/2009)

LAW AMENDING ARTICLES 17 AND 20 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This law shall apply for the purpose of calculating and declaring income for the tax period of 2009 and subsequent tax periods.

40.

The Seimas of the Republic of Lithuania, Law

No. [XI-385](#), 22/07/2009, Official Gazette, 2009, No. 93-3977 (04/08/2009)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 9, 17 AND 18 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Paragraph 2 of Article 2 of this law shall come into force on 1 January 2010 and shall apply for the purpose of calculating and declaring income for the tax period of 2010 and subsequent tax periods. The provisions

of paragraph 1 of Article 2 of this law shall apply for the purpose of calculating and declaring income for the tax period of 2009.

The provisions of Articles 1, 3 and 4 of this law shall apply for the purpose of calculating and declaring income for the tax period of 2010 and subsequent tax periods.

41.

The Seimas of the Republic of Lithuania, Law

No. [XI-541](#), 09/12/2009, Official Gazette, 2009, No. 153-6882 (28/12/2009)

LAW AMENDING AND SUPPLEMENTING ARTICLES 17 AND 38 OF THE LAW ON INCOME TAX OF INDIVIDUALS

The provisions of paragraphs 2, 3 and 4 of Article 1 of this law shall apply for the purpose of calculating and declaring taxable income for the tax period of 2010 and subsequent tax periods.

42.

The Seimas of the Republic of Lithuania, Law

No. [XI-691](#), 18/03/2010, Official Gazette, 2010, No. 34-1614 (25/03/2010)

LAW AMENDING ARTICLE 27 OF THE LAW ON INCOME TAX OF INDIVIDUALS

43.

The Seimas of the Republic of Lithuania, Law

No. [XI-706](#), 30/03/2010, Official Gazette, 2010, No. 41-1931 (10/04/2010)

LAW AMENDING ARTICLE 6 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Paragraph 1 of Article 1 of this law shall come into force on 1 January 2011 and shall apply for the purpose of determining the fixed rate income tax during the tax period of 2011.

Paragraph 2 of Article 1 of this law shall come into force on 1 January 2012 and shall apply for the purpose of determining the fixed rate income tax of the tax period of 2012 and subsequent tax periods.

**The law has been amended:**

The Seimas of the Republic of Lithuania, Law

No. [XI-1154](#), 23/11/2010, Official Gazette, 2010, No. 145-7412 (11/12/2010)

LAW AMENDING ARTICLE 1 OF THE LAW AMENDING ARTICLE 6 OF THE LAW ON INCOME TAX OF INDIVIDUALS

44.

The Seimas of the Republic of Lithuania, Law

No. [XI-1063](#), 14/10/2010, Official Gazette, 2010, No. 125-6386 (23/10/2010)

LAW AMENDING ARTICLE 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This law shall come into legal force on 1 January 2011.

45.

The Seimas of the Republic of Lithuania, Law

No. [XI-1152](#), 23/11/2010, Official Gazette, 2010, No. 145-7410 (11/12/2010)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 6, 10, 12, 16, 17, 18, 19, 20, 21 AND 22 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Provisions of Articles 1, 3, 4, 5, 7, 8, 9, 10 and 11, paragraphs 1 and 2 of Article 2, and paragraphs 2, 4 and 5 of Article 6 of this law shall be applied for the purpose of calculating and declaring **the income of 2010 and subsequent tax periods.**

The provisions of paragraphs 3 and 4 of Article 2 of this law shall apply for the purpose of calculating and declaring **income for the tax period of 2012 and subsequent tax periods.**

The provisions of paragraph 1 of Article 6 of this law **shall apply for the purpose of calculating and declaring income for the tax period of 2011** and subsequent tax periods. To the calculation and declaration of taxable income of 2011 of individuals who voluntarily registered as payers of value added tax, the relief granted according to subparagraph 23 of paragraph 1 of Article 17 of the Law of the Republic of Lithuania on Income Tax of Individuals expounded in paragraph 1 of Article 6 of this law shall apply if the individual as at 31 December 2011 is not registered as a payer of value added tax.

The provisions of paragraph 3 of Article 6 of this Law shall apply for the purposes of taxation of income from the sale or other transfer into ownership of property immovable by nature **that was purchased on 1 January**

**2011 or later**, as well as of property immovable by nature that was purchased **before 1 January 2011** and before the entry into force of this law was considered to be property related to individual activities.

46.

The Seimas of the Republic of Lithuania, Law

No. [XI-1501](#), 22/06/2011, Official Gazette, 2011, No. 86-4143 (13/07/2011)

LAW AMENDING ARTICLE 2 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This law shall come into legal force on 01/08/2011.

47.

The Seimas of the Republic of Lithuania, Law

No. [XI-1778](#), 06/12/2011, Official Gazette, 2011, No. 153-7206 (15/12/2011)

LAW SUPPLEMENTING AND AMENDING ARTICLE 34 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Article 1 of this law shall come into legal force on 1 January 2012.

48.

The Seimas of the Republic of Lithuania, Law

No. [XI-2166](#), 29/06/2012, Official Gazette, 2012, No. 83-4340 (14/07/2012)

LAW AMENDING ARTICLES 2, 6, 12, 16 AND 22 OF THE LAW ON INCOME TAX OF INDIVIDUALS

Articles 1, 5 of this law and the provisions of paragraph 2 of Article 12 of the Law of the Republic of Lithuania on Income Tax of Individuals expounded in Article 3 shall come into force on 1 September 2012. The provisions of Articles 2 and 4 and the provisions of paragraph 1 of Article 12 of the Law of the Republic of Lithuania on Income Tax of Individuals expounded in Article 3 shall apply for the purpose of calculating and declaring income for the tax period of 2012 and subsequent tax periods.

49.

The Seimas of the Republic of Lithuania, Law

No. [XI-2412](#), 13/11/2012, Official Gazette, 2012, No. 136-6966 (24/11/2012)

LAW SUPPLEMENTING AND AMENDING ARTICLES 17 AND 22 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This law shall apply for the purpose of calculating and declaring income for the tax period of 2013 and subsequent tax periods.

50.

The Seimas of the Republic of Lithuania, Law

No. [XII-251](#), 23/04/2013, Official Gazette, 2013, No. 46-2251 (07/05/2013)

LAW AMENDING AND SUPPLEMENTING ARTICLE 17 OF THE LAW ON INCOME TAX OF INDIVIDUALS

The provisions of paragraphs 1, 3 and 5 of Article 1 of this law shall apply for the purpose of calculating and declaring income for the tax period of 2012 and subsequent tax periods.

The provisions of paragraphs 2, 4, 6, 7 and 8 of this law shall apply for the purpose of calculating and declaring income for the tax period of 2013 and subsequent tax periods.

51.

The Seimas of the Republic of Lithuania, Law

No. [XII-273](#), 09/05/2013, Official Gazette, 2013, No. 54-2678 (25/05/2013)

LAW AMENDING ARTICLE 27 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This law shall come into legal force on 1 January 2014.

52.

The Seimas of the Republic of Lithuania, Law

No. [XII-427](#), 27/06/2013, Official Gazette, 2013, No. 75-3756 (13/07/2013)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 5, 6, 16, 17, 19, 20 AND 22 OF THE LAW ON INCOME TAX OF INDIVIDUALS

The provisions of Article 2 of this law shall come into force on 1 January 2014.

This law shall apply for the purpose of calculating and declaring income for the tax period of 2014 and subsequent tax periods.



53.

The Seimas of the Republic of Lithuania, Law

No. [XII-431](#), 27/06/2013, Official Gazette, 2013, No. 75-3759 (13/07/2013)

LAW AMENDING ARTICLE 6 OF THE LAW ON INCOME TAX OF INDIVIDUALS

This law shall come into legal force on 1 January 2014.

54.

The Seimas of the Republic of Lithuania, Law

No. [XII-663](#), 12/12/2013, Official Gazette, 2013, No. 140-7047 (30/12/2013)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 5, 6, 17, 19, 21, 22 AND 32 OF THE LAW  
OF THE REPUBLIC OF LITHUANIA ON INCOME TAX OF INDIVIDUALS

This law, except for paragraphs 1 and 2 of Article 4, shall apply for the purpose of calculating and declaring income for the tax period of 2014 and subsequent tax periods.

The provisions of paragraphs 1 and 2 of Article 4 of this law shall apply for the purpose of calculating and declaring income for the tax period of 2013 and subsequent tax periods.

**Amendments:**

1.

The Seimas of the Republic of Lithuania, Law

No. [XII-1129](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13614

Law amending articles 9, 13-1, 17 and 20 of the Law No. IX-1007 of the Republic of Lithuania on Income Tax of Individuals

2.

The Seimas of the Republic of Lithuania, Law

No. [XII-1217](#), 09/10/2014, published in the RLA on 30/10/2014, ID code 2014-15178

Law amending Article 27 of the Law No. IX-1007 of the Republic of Lithuania on Income Tax of Individuals

3.

The Seimas of the Republic of Lithuania, Law

No. [XII-1465](#), 18/12/2014, published in the RLA on 31/12/2014, ID code 2014-21225

Law amending Articles 2 and 18 of the Law No. IX-1007 of the Republic of Lithuania on Income Tax of Individuals

4.

The Seimas of the Republic of Lithuania, Law

No. [XII-1573](#), 26/03/2015, published in the RLA on 13/04/2015, ID code 2015-05687

Law amending Article 17 of the Law No. IX-1007 of the Republic of Lithuania on Income Tax of Individuals

5.

The Seimas of the Republic of Lithuania, Law

No. [XII-2162](#), 10/12/2015, published in the RLA on 21/12/2015, ID code 2015-20135

Law amending Articles 17, 20 and 21 of the Law No. IX-1007 of the Republic of Lithuania on Income Tax of Individuals

6.

Seimas of the Republic of Lithuania, Law

No [XII-2203](#), 17 December 2015, published in the Register of Legal Acts (TAR), 30 December 2015, ID code 2015-21005

Law Amending Articles 17 and 34 of the Republic of Lithuania Law on Personal Income Tax No IX-1007

7.

Seimas of the Republic of Lithuania, Law

No [XIII-87](#), 13 December 2016, published in the Register of Legal Acts (TAR), 23 December 2016, ID code 2016-29275

Law Amending Articles 20 and 38 of the Republic of Lithuania Law on Personal Income Tax No IX-1007

8.

Seimas of the Republic of Lithuania, Law

No [XIII-170](#), 22 December 2016, published in the Register of Legal Acts (TAR), 29 December 2016, ID code 2016-29860

Law Amending Articles 17 and 21 of the Republic of Lithuania Law on Personal Income Tax No IX-1007

9.

Seimas of the Republic of Lithuania, the Law

No XII-2502, 2016-06-28, published in the Register of Legal Acts on 05/07/2016, i. c. 2016-18829

Law on the Amendment of the Articles 17 and 38 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007

10.

Seimas of the Republic of Lithuania, the Law

No XIII-142, 20/12/2016, published in the Register of Legal Acts on 28/12/2016, i. c. 2016-29771

Law on Repeal of the Article 2 and amendment to the Article 3 of the Law No XII-2502 on the Amendment of the Articles 17 and 38 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007

11.

Seimas of the Republic of Lithuania, the Law

No XIII-376, 23/05/2017, published in the Register of Legal Acts on 30/05/2017, i. c. 2017-09156

Law on the amendment of the Article 37 and Appendix of the Law of the Republic of Lithuania on Personal Income No IX-1007

12.

Seimas of the Republic of Lithuania, the Law

No XIII-418, 06/06/2017, published in the Register of Legal Acts on 14/06/2017, i. c. 2017-10026

Law on the amendment of the Article 1 of the Law No XII-2502 on the Amendment of the Articles 17 and 38 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007

13.

Seimas of the Republic of Lithuania, the Law

No XIII-841, 07/12/2017, published in the Register of Legal Acts on 20/12/2017, i. c. 2017-20568

Law on the amendment of the Articles 2, 6, 16, 17, 18, 18-1, 19, 20, 22, 24, 27, 29, 33, 34 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007 and supplementing the Law with the Article 18-2

14.

Seimas of the Republic of Lithuania, the Law

No XIII-1335, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10977

Law on the Amendment of the Articles 2, 6, 16, 20, 21 and 27 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007

15.

Seimas of the Republic of Lithuania, the Law

No XIII-1325, 28/06/2018, published in the Register of Legal Acts on 04/07/2018, i. c. 2018-11319

Law on the Amendment of the Article 34 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007

16.

Seimas of the Republic of Lithuania, the Law

No XIII-1547, 18/10/2018, published in the Register of Legal Acts on 31/10/2018, i. c. 2018-17454

Law on the Amendment of the Article 17 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007

17.

Seimas of the Republic of Lithuania, the Law

No XIII-1698, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20939

Law on the Amendment of the Articles 2, 8, 13, 27 and 37 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007

18.

Seimas of the Republic of Lithuania, the Law

No XIII-1705, 11/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20944

Law on the amendment of the Law No XIII-1325 on the Amendment of the Article 34 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007

19.

Seimas of the Republic of Lithuania, the Law

No XIII-1704, 11/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20943

Law on the amendment of the Articles 2, 6 and 7 of the Law on the amendment of the Law No XIII-1335 on the Amendment of the Articles 2, 6, 16, 20, 21 and 27 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007

20.

Seimas of the Republic of Lithuania, the Law

No XIII-1849, 20/12/2018, published in the Register of Legal Acts on 28/12/2018, i. c. 2018-21881

Law on the Amendment of the Article 17 of the Law of the Republic of Lithuania on Personal Income Tax No IX-1007