

Consolidated version from 01/01/2020 to 31/12/2020

The law was published in: Official Gazette 2001, No. [110-3992](#), ID code 1011010ISTA00IX-675

**REPUBLIC OF LITHUANIA
LAW ON
CORPORATE INCOME TAX**

20 December 2001 No. IX-675 Vilnius

**CHAPTER I
GENERAL PROVISIONS**

Article 1. Purpose and Scope of the Law

1. This Law shall establish the procedure for imposing corporate income tax on earned profits and (or) received income.
2. The 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 Appendix 3 to this Law.

Article amendments:

No. [IX-2102](#), 08/04/2004, Official Gazette, 2004, No. 60-2117 (24/04/2004)

Article 2. Definitions

1. **Taxable entity** (hereinafter referred to as the “**entity**”) shall mean a Lithuanian taxable entity and a foreign taxable entity.

2. **Lithuanian tax entity (hereinafter referred to as Lithuanian entity)** is a legal person registered in accordance with the legal acts of the Republic of Lithuania, also a collective investment undertaking established in the Republic of Lithuania without a status of a legal person. Where the management of a collective investment undertaking is transferred to a management company, such the management company shall apply the procedure of taxation of profit earned and/or income received or paid out by a collective investment undertaking as prescribed by this Law.

Amendments to a paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681.

3. **A foreign tax entity (hereinafter referred to as a foreign entity)** is a foreign legal person or organisation with its registered office in a foreign state and established or otherwise organized under foreign laws, also any other tax entity established, founded or otherwise organised abroad, including a collective investment undertaking.

Amendments to a paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

4. **Controlled taxable entity** (hereinafter referred to as the “**controlled entity**”) shall mean any entity deemed to be under the control of another entity or a permanent resident (hereinafter referred to as the “**controlling person**”), provided that:

- 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.

4¹. Controlled foreign tax entity (hereinafter referred to as a controlled foreign entity):

1) controlled foreign tax entity;

2) a permanent establishment of Lithuanian entity whose income exclude from the tax base of Lithuanian entity according to the Article 4(1) of this Law.

Supplemented with a paragraph of the Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

4². A controlled foreign tax entity (hereinafter referred to as a controlled foreign entity)

is a foreign entity in which Lithuanian entity alone or together with associated persons owns, either directly or indirectly, more than 50 percent of the shares (stakes, shares in a cooperative organisation), voting rights or rights to a portion of distributable profit, or exclusive rights to acquire them on the last day of that foreign entity's tax period.

Supplemented with a paragraph of the Article:

No XIII-1697, 06/12/2018-12, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

5. **Non-profit entity** shall mean an entity which is established for purposes other than profit-making and which, under the legal acts regulating its activities, is not entitled to distribute the generated profits among its founders and (or) members.

6. **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.

7. **Group of entities** shall mean a group consisting of a parent entity and one or more taxable subsidiaries, in each of which the parent entity holds more than 25% of shares (interests, member shares).

8. **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.

9. **Performing activities** shall be interpreted as defined in the Law of the Republic of Lithuania on Income Tax of Individuals.

10. **Fixed rate corporate income tax** shall mean corporate income tax, which may be paid in the cases specified in Article 38⁽¹⁾ of this Law and the base of which is calculated depending on the payload capacity of each sea-going vessel whose payload capacity is at least 100 payload capacity units.

10¹. **Film part production** shall mean the stage of implementing the creative conception of a film when a film part is created in the Republic of Lithuania according to a film script that meets the criteria set by an institution authorised by the Government of the Republic of Lithuania and in accordance with the calendar work plan and estimate approved by an institution authorised by the Government of the Republic of Lithuania. The production of an episode of a film series in the Republic of Lithuania shall not be treated as the production of a film part.

10². **Financial instrument** means an instrument that determines the return on financing (lending of funds) or on equity, including financial derivatives“.

Supplemented with a Paragraph of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

11.**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*).

12.**Deposit** shall mean monetary funds kept in a credit institution, where the credit institution undertakes to return such funds and pay interest on them. Monetary funds in respect of which a depositor has claims arising from financial operations with deposits performed by a credit institution or from investment services provided shall not be treated as a deposit.

12¹. **Investment project** shall mean the entity’s investment in the fixed assets specified in subparagraph 1 of paragraph 1 of Article 46¹ of this Law intended for the production of new, additional products or the provision of services or the increase in the production (service provision) capacity or the introduction of a new process of production (provision of services) or a substantial change in the existing process (part thereof), also the introduction of technologies protected by international invention patents. The entity’s investment intended only for replacement of the held fixed assets with fixed assets of an equivalent class shall not be treated as an investment project (or a part thereof).

13.**Derivative financial instrument** shall mean a financial instrument (a futures contract, forward contract, etc.) the value or price whereof is linked to the value or price of the goods on which the instrument is based as well as a financial instrument (a futures contract, forward contract, etc.) the value or price whereof is linked to the price of securities, exchange rate, interest rate, stock exchange index, determination of creditworthiness or any other variable.

14.**Payload capacity of a sea-going vessel (net capacity of a sea-going vessel)**

(hereinafter referred to as the “**PC of a sea-going vessel**”) shall mean a payload capacity specified in the international tonnage certificate of a sea-going vessel issued in accordance with the International Convention on Tonnage Measurement of Ships, signed in London in 1969.

15.**Shipping entity** shall mean a Lithuanian taxable entity or a foreign taxable entity registered or otherwise organised in any state of the European Economic Area pursuing activities in the territory of the Republic of Lithuania through a permanent establishment and engaged in international carriage by sea-going vessels and activities directly related thereto.

15¹. **A collective investment undertaking** is a collective investment undertaking as this term is defined in the Law of the Republic of Lithuania on Collective Investment Undertakings, a collective investment undertaking intended for informed investors as this term is defined in the Law of the Republic of Lithuania on Collective Investment Undertakings Intended for Informed Investors, an alternative collective investment undertaking as this term is defined in the Law of the Republic of Lithuania on the Governors of Alternative Collective Investment Undertakings. An entity established or otherwise organized in a foreign state that mutatis mutandis meets the requirements set forth for relevant collective investment undertakings in the legal acts specified in this paragraph is also considered to be a collective investment undertaking. An entity that is subject to the Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (Text with EEA relevance), or to the Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (Text with EEA relevance), or the Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (Text with EEA relevance), or the Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (Text with EEA relevance) is considered to be a collective investment undertaking.

*Supplemented with a paragraph of the Article:
No XIII-1881, 20/12/2018, published in the Register of Legal Acts on 08/01/2019, No 234*

16. Computer (software) programme shall be interpreted as defined in the Law of the Republic of Lithuania on Copyright and Related Rights.

16¹. Lithuanian filmmaker shall mean a natural person and a permanent resident of the Republic of Lithuania or a citizen of a state of the European Economic Area, acting through a permanent base in Lithuania, as well as a Lithuanian entity or an entity of a state of the European Economic Area, acting through a permanent base in Lithuania, who engage in film production and are responsible for the creative, organisational, and financial process of film production.

17. Territory of the Republic of Lithuania shall mean the territory of the Republic of Lithuania and the area adjacent to the territorial waters of the Republic of Lithuania within which, under the laws of the Republic of Lithuania and in accordance with international law, the rights of the Republic of Lithuania may be exercised with respect to exploring and exploiting the sea bed and its sub-soil and their natural resources.

17¹. Hybrid mismatches means a situation when double deduction of the payment amount occurs in different countries due to the different classification of financial instruments, payments made under them or their transfer, as well as due to the legal regulation of units, permanent establishments or the income (costs) attributed to them or their treatment for tax purposes - the amount of payment made by associates or under a structural arrangement is deducted from the income in two countries, or the payment amount is deducted, but this amount is not included in taxable income - in one country the amount of the payment is deducted from the income and in another country this amount is not included in the taxable income. Amount of payment under financial instruments or the transfer thereof is not considered to be included in the taxable income if such payment is subject to any exemption of the corporate income tax or of the tax that equivalent thereto, solely because of the classification of that payment under the legal acts of the country of the payee, unless the payee includes the amount of the payment in the taxable income of the tax period that begins within 12 months after the end of the tax period of the unit that made the payment, or it can be reasonably expected that the payee will include the amount of the payment in the taxable income of the future tax period, and the payment terms are such as agreed upon by non-associates. Hybrid mismatch, when the payment is not recognized in the country of the payee, is considered to be a hybrid mismatch only to the extent that the amount of that payment is deducted from the income that is not regarded as income in the country of the payee. The Minister of Finance of the Republic of Lithuania approves the Description of the Examples of Hybrid Mismatches.

*Supplemented with a Paragraph of Article:
No [XIII-2694](#), 17 December 2019, published in the RLA on 30
December 2019, i. k. 2019-21550*

17². Hybrid mismatch due to the disposal of a financial instrument means a hybrid mismatch when the return received on the disposal of the financial instrument is considered for tax purposes to be a return that was received simultaneously by more than one party to an agreement on the disposal of the financial instrument.

*Supplemented with a Paragraph of Article:
No [XIII-2694](#), 17 December 2019, published in the RLA on 30
December 2019, i. k. 2019-21550*

18. Scientific research and experimental development shall be interpreted as defined in the Law of the Republic of Lithuania on Higher Education and Research.

18¹. **Benefiting from a contract for the transfer of a sea-going vessel or a contract for financing a purchase** – the income of a nautical unit of any waiver of all or part of the claims of the transferor of a sea-going vessel that arise out of a contract that governs transfer of a sea-going vessel, or when a credit institution that finances purchase of a sea-going vessel waives all or part of the claims arising out of a credit contract, including interest and other payments provided for in such contract.

Supplemented with a paragraph of the Article:

No XIII-405, 01/06/2017, published in the Register of Legal Acts on 09/06/2017, i.c. 2017-09789

19. **Negative goodwill** shall mean the amount by which the price paid in cash by the acquiring entity when acquiring all or one or more branches of activity of another entity in the form of its rights and obligations which, from an organisational point of view, constitute an independent economic entity, operating and capable of functioning at its own discretion, or with a view to controlling the net assets and activity of another entity through the acquisition of its shares is lower than the value of the acquired share of the net assets in another entity evaluated at the actual market price. When calculating the net assets, the acquired entity's assets that were not recognised in its accounting shall not be taken into consideration as these assets did not possess features required for recognition (it was reasonably not expected that the entity would earn economic profit from the assets in the future periods and there was no possibility of reliably determining the acquisition price of the assets) or were received gratuitously from the State, municipality or a public legal person whose founder is a state or municipal institution, but have their actual market price.

20. **Property immovable by nature** shall mean an object which is immovable by nature, i.e. land or any other object that cannot be transferred from one location to another without changing its purpose or substantially reducing its value.

21. **Fixed base** shall be interpreted as defined in the Law of the Republic of Lithuania on Income Tax of Individuals.

22. **Permanent establishment** shall mean manifestation of activities of a foreign entity in the Republic of Lithuania. A foreign entity shall be considered to be operating through a permanent establishment in the territory of the Republic of Lithuania where: it permanently carries out activities in the Republic of Lithuania; or carries out its activities in the Republic of Lithuania through a dependent representative (agent); or uses a building site, a construction, assembly or installation object in the Republic of Lithuania; or makes use of installations or structures in the Republic of Lithuania for prospecting or extracting natural resources, including wells or vessels used for that purpose. The definition of permanency and the criteria for establishing the dependent or independent status of a representative (agent) shall be determined by the Government of the Republic of Lithuania or an institution authorised by it.

23. **Permanent resident of Lithuania** shall be interpreted as defined in the Law of the Republic of Lithuania on Income Tax of Individuals.

24. **Income** shall mean any type of income earned and (or) received in cash and (or) in kind from a source in or outside Lithuania.

25. **Income from distributed profits** shall mean the income, including dividends, received by distributing the profits to the participants of the entity. When the profits of an entity with an unlimited civil liability are subjected to a corporate tax under this Law, the income received by a participant of such entity, or taking a property owned by it from an entity is not considered to be distribution of profits. Income received by a collective investment undertaking with an unlimited civil liability, by a participant of an entity of venture and private equity with an unlimited civil liability or taking a property owned by it from such entity is likewise not considered to be distribution of profits, except where such income are received or property is taken in such way from a collective investment undertaking with an unlimited civil liability, from an entity of venture and private equity

with an unlimited civil liability by a foreign entity that is registered or otherwise organised in a targeted territory.

Amendments to a paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

26. Income sourced in the territory of the Republic of Lithuania (hereinafter referred to as “**income sourced in the Republic of Lithuania**”) shall mean:

1) interest received from permanent residents of Lithuania, non-permanent residents of Lithuania through their fixed bases, Lithuanian entities and foreign entities through their permanent establishments, compensations for violation of copyright or related rights, royalties as well as income from the sale, other transfer into ownership or lease of property immovable by nature located in the Republic of Lithuania;

2) income from distributed profits of Lithuanian entities and annual bonuses to members of the Supervisory Board;

3) income from activities in the Republic of Lithuania;

4) income from transportation which begins in the territory of the Republic of Lithuania and ends abroad or begins abroad and ends in the territory of the Republic of Lithuania;

5) income from international telecommunications.

27. Income sourced outside the territory of the Republic of Lithuania (hereinafter referred to as “**income sourced outside the Republic of Lithuania**”) shall mean all income, except for income sourced in the Republic of Lithuania.

28. Interest shall mean a fee paid for lending money.

28¹. Income from agricultural activity shall be interpreted as defined in the Law of the Republic of Lithuania on Income Tax of Individuals.

29. Positive income shall mean all income or a part thereof, received by a controlled entity, registered or otherwise organised in the states or zones referred to in paragraph 4 of Article 39 of this Law, included in the income of a controlling entity of Lithuania in proportion to the number of the shares (interests, member shares), votes or rights to the profits of the controlled entity held by the Lithuanian entity.

30. Goodwill shall mean the amount by which the price paid in cash by the acquiring entity when acquiring all or one or more branches of activity of another entity in the form of its rights and obligations which, from an organisational point of view, constitute an independent economic entity, operating and capable of functioning at its own discretion, or with a view to controlling the net assets and activity of another entity through the acquisition of its shares exceeds the value of the acquired share of the net assets in another entity evaluated at the actual market price, from which the acquiring entity expects to derive economic benefit. When calculating the net assets, the acquired entity's assets that were not recognised in its accounting shall not be taken into consideration as these assets did not possess features required for recognition (it was reasonably not expected that the entity would earn economic profit from the assets in the future periods and there was no possibility of reliably determining the acquisition price of the assets) or were received gratuitously from the State, municipality or a public legal person whose founder is a state or municipal institution, but have their actual market price.

30¹. Venture capital and private equity entity - the unit whose principal activity pursued is temporary attracting of funds from unrelated persons and/or of public funds, and investing such funds in other units, if more than 70% of the venture capital and private equity entity's investment consists of investment in the equity securities and/or convertible bonds, within the meaning of this term under Law of the Republic of Lithuania on Companies, of units with an average annual number of listed employees not exceeding 250, and the income for the tax period does not exceed EUR 50 million, or the value of the assets shown in the balance sheet does not exceed EUR 43 million, that are not admitted to trading on a regulated market“.

Supplemented with a paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

Amendments to a paragraph of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

31. **Costs** shall mean all expenses incurred while earning income.

32. **Sports activities** shall be interpreted as defined in the Law of the Republic of Lithuania on Income Tax of Individuals.

32¹. **Structural arrangement** means an agreement, the terms of which are affected by a hybrid mismatch and it gives rise to a tax advantage, or an agreement that is aimed at having the consequences of a hybrid mismatch, unless it cannot be reasonably assumed that, at the time of entering into the agreement, the unit was aware of the possibility of taking advantage of a hybrid mismatch, and no tax advantage is obtained from such agreement“.

Supplemented with a paragraph of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30

December 2019, i. k. 2019-21550

33. **Related persons** shall be treated as such if on any day of the current tax period or the tax period preceding the current tax period they meet at least one of the following criteria, i.e. they are:

1) an entity and its members;

2) an entity and members of its management bodies;

3) an entity and the spouses, fiancés and cohabitants of its members or members of its management bodies, other natural persons related to members of the entity or members of its management bodies by consanguinity (in the direct line up to the second degree, in the collateral line up to the fourth degree) or by marriage (a natural person and the relatives of his spouse (in the direct line up to the second degree, in the collateral line up to the second degree), and also the relatives of the cohabitants of members of the entity or members of its management bodies (in the direct line up to the second degree, in the collateral line up to the second degree), the spouses or cohabitants of the relatives of members of the entity or members of its management bodies (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);

4) members of a group of entities;

5) a unit and participants in another unit who hold 25% or more of the shares (divvies, stakes) in that other unit, if those units form a single group of units;“.

Amendments to a Point of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30

December 2019, i. k. 2019-21550

6) an entity and members of the management bodies of another entity where such entities comprise a single group of entities;

7) a unit and the spouses, fiancées, cohabiting partners of the participants in another unit who hold 25% or more of the shares (divvies, stakes) in that other unit, if those units form a single group of units, or of the members of the governing bodies, other natural persons related to the members of another unit or with the members of the governing bodies through a family relationship (direct relatives in the descending and ascending lines to the first degree, persons related collaterally or by affinity to the second degree), or through affinity relationship (a natural person and the relatives of his/her spouse (direct relatives in the descending and ascending lines to the first degree, persons related collaterally or by affinity to the second degree), as well as the relatives of the cohabiting partners of the participants in another unit or of the members of the governing bodies (direct relatives

in the descending and ascending lines to the first degree, persons related collaterally or by affinity to the second degree), the spouses or cohabiting partners of the relatives of the participants in another unit or of the members of the governing bodies (direct relatives in the descending and ascending lines to the first degree, persons related collaterally or by affinity to the second degree), if those taxable units form a single group of units;“.

Amendments to a Point of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

8) two units, if one of them either directly or indirectly (through one or more units or natural persons) holds 25% or more of the shares (divvies, stakes) of another unit, or has the rights to 25% or more of all the decisive votes of the another unit, or is committed to coordinate its business decisions with another unit, or is committed to be responsible for the fulfilment of the obligations of another unit to third parties, is committed to transfer all or part of the profits to that other unit, or has granted it the right to use 25% or more of its assets;

Amendments to a Point of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

9) two units, if the same participants or their spouses, fiancées, cohabiting partners, natural persons related through a family relationship (direct relatives in the descending and ascending lines to the second degree, persons related collaterally or by affinity to the fourth degree), or through affinity relationship (a natural person and the relatives of his/her spouse (direct relatives in the descending and ascending lines to the second degree, persons related collaterally or by affinity to the second degree), as well as a natural person and the relatives of his/her cohabiting partner (direct relatives in the descending and ascending lines to the second degree, persons related collaterally or by affinity to the second degree), a natural person and the spouses or cohabiting partners of his/her relatives (direct relatives in the descending and ascending lines to the first degree, persons related collaterally or by affinity to the second degree), and the relatives of such spouses or cohabiting partners (direct relatives in the descending and ascending lines to the first degree, persons related collaterally or by affinity to the second degree) either directly or indirectly hold 25% or more shares (interests, member shares) in each of them;

Amendments to a Point of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

10) a unit and its permanent establishment, as well as the permanent establishment of another unit if those units form a single group of units;

Amendments to a Point of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

11) the permanent establishments of a unit;

Supplemented with a Point of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

12) the permanent establishment of a unit and the permanent establishment of another unit, if those units form a single group of units;“.

Supplemented with a Point of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

13) two units when one of them has a decision-making right in another unit

Renumbering of a Point of Article

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

34. **Activity directly related to international carriage by sea-going vessels** shall mean services required for international carriage by sea-going vessels and other measures of economic importance:

1) management, administration, operation and maintenance services of a sea-going vessel directly related to international carriage by sea-going vessels (purchase of fuel, hiring of the crew that can be transferred to the third party, reservation of cargo and passengers, repair of a sea-going vessel, its maintenance, ensuring of safety requirements, etc.);

2) insurance services directly related to international carriage by sea-going vessels;

3) services of embarkation and (or) disembarkation of passengers into and from sea-going vessels;

4) services of loading and (or) unloading of cargo into and from sea-going vessels, including transfer or packing and (or) unpacking before loading or immediately after unloading;

5) leasing or any other supply to a client of containers required for transportation of goods by a sea-going vessel;

6) provision of services required and performed on a sea-going vessel and sale of goods required for use or used on the sea-going vessel during international carriage of passengers, except for the provision of luxury services (gambling and table games, excursions for passengers, etc.) and sale of luxury goods (jewellery, souvenirs, etc.);

7) rescue and other assistance at sea services when a sea-going vessel provides these services at sea;

8) lease of a sea-going vessel under a charter-party as stipulated in Article 2 of the Law of the Republic of Lithuania on Merchant Shipping where a shipping entity engaged in international carriage by sea-going vessels and managing the vessel retains control over the operation and the crew of the sea-going vessel;

9) short-term investment from income received during a tax period from international carriage by sea-going vessels and (or) types of activities directly related to international carriage by sea-going vessels;

10) advertising and marketing services where this activity is related to the provision of advertising space on sea-going vessels;

11) shipping agent and broker services provided by shipping entities to own sea-going vessels;

12) disposal of assets in operation where these assets, by their nature, are attributed to maritime transport.

13) financing of purchase of a sea-going vessel, including financing of purchase through a subsidiary of a nautical unit, for the purpose of operating in the field of international shipping by sea-going vessels or of international shipping by sea-going vessels and for the purpose of engagement in activities that are directly associated with the latter;

14) benefiting from a contract for the transfer of a sea-going vessel or from a contract for financing a purchase that was entered into for the purpose of operating in the field of international shipping by sea-going vessels or of international shipping by sea-going vessels and for the purpose of engagement in activities that are directly associated with the latter.

Amendments to a paragraph of the Article:

No XIII-405, 01/06/2017, published in the Register of Legal Acts on 09/06/2017, i. c. 2017-09789

35. **International carriage by sea-going vessels** shall mean the carriage of passengers and (or) cargo by a shipping entity using sea-going vessels which belong to that shipping entity by the right of ownership or financial lease contract providing for the transfer of ownership rights or under a purchase and sale or lease contract providing for the transfer of ownership rights to the shipping entity after the total value of the assets has been paid up or under a bareboat charter contract and which are registered in the Lithuanian Maritime Register or in the register of seagoing vessels of any

other state of the European Economic Area, except for the cases where seagoing vessels sail only between the ports of the Republic of Lithuania.

36. Income from international telecommunications shall mean income received from telecommunications services (as defined in the Law of the Republic of Lithuania on Electronic Communications), provided that, in providing the services, signals are conveyed and switched and programmes are emitted from the territory of the Republic of Lithuania abroad or to the territory of the Republic of Lithuania from abroad.

37. 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.

38. Target territory shall mean a foreign state or zone included in the List of Target Territories established by the Minister of Finance and meets at least two of the criteria set out in this paragraph:

1) the equivalent tax rate in that territory accounts for less than 75% of the rate set out in subparagraph 1 of paragraph 1 of Article 5 of this Law;

2) different rules for equivalent taxation are applied in that territory, depending on the state in which the controlling person is registered or otherwise organised;

3) different rules for equivalent taxation are applied in that territory, depending on the state in which activities are pursued;

4) the controlled taxable entity has concluded an agreement with the tax administrator of that state concerning the tax rate or base;

5) there is no effective exchange of information in that territory;

6) there is no financial and administrative transparency in that territory: the rules for tax administration are not entirely clear and the procedure for the application of these rules is not presented to the tax administrators of other states.

39. Income from transportation shall mean income received from the carriage of goods by rail, road, waterways or air by means of private or rented vehicles, vessels, aircraft, rolling stock, cargo receptacles (containers, tanks, etc.), as well as from transportation by pipeline. Income from services directly related to the carriage or transportation of goods shall be also attributed to such income.

39¹. Transfer of assets means an operation when the assets of the units, which are used for the unit's activities in the Republic of Lithuania, are transferred to a foreign country and are put into use for the activities that are pursued in the foreign country.

Supplemented with a Paragraph of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

40. Activity shall mean any type of commercial or production activity which is pursued to derive and (or) earn income or any other economic benefit.

41. Other terms used in this Law are to be understood as defined by the Law of the Republic of Lithuania on Tax Administration, the Civil Code of the Republic of Lithuania, the Criminal Code of the Republic of Lithuania, the Law of the Republic of Lithuania on Financial Institutions, the Law of the Republic of Lithuania on Insurance, the Law of the Republic of Lithuania on Investment, and the Law of the Republic of Lithuania on Cinema, insofar as is consistent with this Law (except for the cases specified in imperious manner by the Civil Code)⁴.

Amendments to a Paragraph of Article:

No [XII-1466](#), 18 December 2014, published in the RLA on 31 December 2014, i. k. 2014-21227

No [XIII-1697](#), 6 December 2018, published in the RLA on 20 December 2018, i. k. 2018-20938

No [XIII-3213](#), 30 June 2020, published in the RLA on 3 July 2020, i. k. 2020-15010

Article amendments:

No. [IX-1659](#), 01/07/2003, Official Gazette, 2003, No. 74-3417 (25/07/2003)

No. [IX-1775](#), 14/10/2003, *Official Gazette*, 2003, No. 104-4645 (05/11/2003)
No. [IX-1972](#), 22/01/2004, *Official Gazette*, 2004, No. 25-748 (14/02/2004)
No. [X-259](#), 21/06/2005, *Official Gazette*, 2005, No. 81-2942 (30/06/2005)
No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)
No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126 (19/05/2007)
No. [X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749 (24/04/2008)
No. [X-1697](#), 14/07/2008, *Official Gazette*, 2008, No. 87-3457 (31/07/2008)
No. [XI-73](#), 18/12/2008, *Official Gazette*, 2008, No. 149-6000 (30/12/2008)
No. [XI-106](#), 22/12/2008, *Official Gazette*, 2008, No. 149-6030 (30/12/2008)
No. [XII-366](#), 13/06/2013, *Official Gazette*, 2013, No. 68-3407 (28/06/2013)
No. [XII-428](#), 27/06/2013, *Official Gazette*, 2013, No. 75-3757 (13/07/2013)
No XII-1466, 18/12/2014, published in the Register of Legal Acts on 31/12/2014, i. c. 2014-21227
No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

Article 3. Taxpayers

1. Corporate income tax shall be paid by:
 - 1) Lithuanian entities;
 - 2) foreign entities.
2. In accordance with the procedure laid down in this Law, corporate income tax shall not be paid by:
 - 1) budgetary institutions;
 - 2) the Bank of Lithuania;
 - 3) the State and municipalities;
 - 4) state and municipal institutions, agencies, services or organisations;
 - 5) the state company “Deposit and Investment Insurance”; 6) European Economic Interest Groupings.

Article amendments:

No. [IX-976](#), 20/06/2002, *Official Gazette*, 2002, No. 65-2636 (28/06/2002)
No. [IX-2102](#), 08/04/2004, *Official Gazette*, 2004, No. 60-2117 (24/04/2004)
No. [IX-2120](#), 13/04/2004, *Official Gazette*, 2004, No. 60-2127 (24/04/2004)
No. [X-1481](#), 08/04/2008, *Official Gazette*, 2008, No. 47-1748 (24/04/2008)

Article 4. Tax Base

1. The tax base of a Lithuanian entity shall be all income earned in the Republic of Lithuania and foreign states which is sourced inside and outside of the Republic of Lithuania. Income from activities carried out through permanent establishments of Lithuanian entities in a state of the European Economic Area or states with which the Republic of Lithuania has concluded and brought into effect a treaty for the avoidance of double taxation shall not be attributed to the tax base of the Lithuanian entities where, in accordance with the prescribed procedure, income from activities carried out through these permanent establishments is subject to corporate income tax or equivalent tax in those states.

2. The income of a Lithuanian entity shall also include the positive income of its controlled foreign entity or part of such income in accordance with the procedure laid down in Article 39 of this Law. The income of a Lithuanian entity (member of a European Economic Interest Grouping) shall also include the income of the respective European Economic Interest Grouping in accordance with the procedure laid down in Article 39⁽¹⁾ of this Law.

3. The tax base of a foreign entity shall be:

- 1) income from activities carried out by a foreign entity through permanent establishments situated in the territory of the Republic of Lithuania, income from international telecommunications earned through permanent establishments in the Republic of Lithuania as well as 50% of income from transportation which begins in the territory of the Republic of Lithuania and

ends abroad or begins abroad and ends in the territory of the Republic of Lithuania and income earned in foreign states attributed to the permanent establishments in the Republic of Lithuania where such income is related to the activities of the foreign entity carried out through the permanent establishments situated in the Republic of Lithuania;

2) income sourced in the Republic of Lithuania and received by a foreign entity otherwise than through permanent establishments situated in the territory of the Republic of Lithuania.

4. Income sourced in the Republic of Lithuania and received by a foreign entity otherwise than through permanent establishments situated in the territory of the Republic of Lithuania shall include:

1) interest, except for interest on government securities, interest accrued and paid on deposits and interest on subordinated loans which meet the criteria laid down by the legal acts of the Bank of Lithuania;

2) income from the distributed profits, except the income received by a foreign entity registered in a non-targeted territory or by an entity that is organised otherwise from the distributed profits of collective investment undertakings; royalties, including the cases specified in paragraph 5 of this Article;

Amendments to an item of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

3) income from the sale, other transfer into ownership or lease of property immovable by nature located in the territory of the Republic of Lithuania;

4) compensations for violation of copyright or related rights;

5) income from performing activities and sports activities carried out in the Republic of Lithuania;

6) annual bonuses to members of the Supervisory Board.

5. In the case of transfer of a computer (software) programme, the provisions laid down in subparagraph 3 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.

6. The tax base of an entity shall also be:

1) sponsorship received which is used for purposes other than specified in the Law of the Republic of Lithuania on Charity and Sponsorship;

2) part of the sponsorship received in cash from a single provider of sponsorship during the tax period, which exceeds the amount of 250 minimum living standards (hereinafter referred to as the “MLS”).

3) any amount of payment received which, in case of a hybrid mismatch, is deducted in the country of payment, but it is not included in the income when the provisions of this Law are applied. The provisions of this Article do not apply when a hybrid mismatch is related to differences in the legal regulation or treatment of the permanent establishment or the income (costs) attributed to it;

Note of the RLA. *The provisions of Point 3 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.*

Supplemented with a Point of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

4) income due to the transfer of assets, that is calculated in accordance with the procedure established in Article 40² of this Law.

Note of the RLA. The provisions of Point 4 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Supplemented with a Point of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

7. The provisions of this Article shall not apply to income of a shipping entity received from international carriage by sea-going vessels and activities directly related thereto if, at the choice of the shipping entity, the income from international carriage by sea-going vessels and activities directly related thereto is subject to fixed rate corporate income tax under the provisions of Article 38⁽¹⁾ of this Law.

Article amendments:

No. [IX-1659](#), 01/07/2003, Official Gazette, 2003, No. 74-3417 (25/07/2003)

No. [IX-2102](#), 08/04/2004, Official Gazette, 2004, No. 60-2117 (24/04/2004)

No. [X-456](#), 20/12/2005, Official Gazette, 2005, No. 153-5635 (31/12/2005)

No. [X-1110](#), 03/05/2007, Official Gazette, 2007, No. 55-2126 (19/05/2007)

No. [X-1697](#), 14/07/2008, Official Gazette, 2008, No. 87-3457 (31/07/2008)

No. [XI-539](#), 09/12/2009, Official Gazette, 2009, No. 153-6880 (28/12/2009)

No. [XII-428](#), 27/06/2013, Official Gazette, 2013, No. 75-3757 (13/07/2013)

Article 5. Tax Rates

1. The following tax rates shall apply:

1) a 15% tax rate shall apply to the taxable profits of a Lithuanian entity and permanent establishments unless this Law provides otherwise;

2) a 10% tax rate (without any deductions) shall apply to the income of a foreign entity, sourced in the Republic of Lithuania, received otherwise than through its permanent establishments situated in the Republic of Lithuania specified in subparagraphs 3 and 5 of paragraph 4 of Article 4 of this Law, and a 15% tax rate shall be imposed on the income specified in subparagraphs 4, 6 and 7 of paragraph 4 of Article 4 of this Law, unless this Law provides otherwise. The income of foreign entities which are registered or otherwise organised in a state of the European Economic Area or in a state with which a treaty for the avoidance of double taxation has been concluded and brought into effect, sourced in the Republic of Lithuania and received otherwise than through their permanent establishments situated in the Republic of Lithuania specified in subparagraph 1 of paragraph 4 of Article 4 of this Law shall not be subject to taxation. A 10% tax rate (without any deductions) shall be imposed on the income of foreign entities which are not registered or otherwise organised in a state of the European Economic Area or in a state with which a treaty for the avoidance of double taxation has been concluded and brought into effect, sourced in the Republic of Lithuania and received otherwise than through their permanent establishments situated in the Republic of Lithuania specified in subparagraph 1 of paragraph 4 of Article 4 of this Law;

RLA note. The provisions of subparagraph 2 of paragraph 1 shall also apply to entities engaged in agricultural activities (Law No. [XI-539](#)).

3) a 15% tax rate shall apply to the income from distributed profits;

4) a 15% tax rate (without any deductions) shall apply to the sponsorship received, which is used for purposes other than specified in the Law of the Republic of Lithuania on Charity and

Sponsorship, as well as part of the sponsorship received in cash from a single provider of sponsorship during the tax period, exceeding the amount of 250 MLS.

2. Taxable profits of entities (except for non-profit entities) whose average number of employees on the staff list does not exceed 10 and whose income during the tax period does not exceed EUR 300 000 shall be taxed at a rate of 5%, except for the cases specified in paragraph 3 of this Article.

RLA note. The provisions of paragraph 2 shall apply for the purpose of calculating corporate income tax for the tax period of 2015 and subsequent tax periods.

Article paragraph amendments:

No. [XII-1131](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13610

3. The provisions of paragraph 2 of this Article shall not apply where a total average number of the listed employees of the related entities that are specified in this paragraph exceeds 10 people and the total income of a tax period exceed 300 000 euros:

1) for entities (sole proprietorships) whose participant or the family members of the participant is/are also the participants of other entities (sole proprietorships);

2) for entities (sole proprietorships) whose participant and/or the family members of the participant own more than 50 percent of the shares (stakes, shares in a cooperative organisation) in other entities on the last day of a tax period, and for entities in which a participant of an entity (sole proprietorship) and/or the family members of the participant own more than 50 percent of the shares (stakes, shares in a cooperative organisation);

3) for entities in which the same participant owns more than 50 percent of the shares (stakes, shares in a cooperative organisation) on the last day of a tax period;

4) for entities in which the same participants together own more than 50 percent of the shares (stakes, shares in a cooperative organisation) on the last day of a tax period;

RLA note. The provisions of part 3 shall apply for the calculation of corporate tax for tax periods of 2019 and subsequent years.

Amendments to a paragraph of the Article:

No XIII-1187, 24/05/2018, published in the Register of Legal Acts on 29/05/2018, i. c. 2018-08643

4. Was repealed as from 01/01/2019

Annulment of a paragraph of the Article:

No XIII-1333, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10976

5. Was repealed as from 23/12/2017

Annulment of a paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Entities on 22/12/2017, i. c. 2017-20681

6. Taxable profits of entities more than 50% of whose income during the tax period consists of income from agricultural activities, including income of cooperative societies (cooperatives) from the sold agricultural products acquired from their own members produced by those members, shall be taxed at a rate of 5%.

7. A part of taxable profit of Lithuanian entities and permanent establishments from the use, sale or other transfer of property ownership that has been calculated using a formula set forth in a paragraph 9 of this Article is taxed at 5 % tax rate if:

1) income from the use, sale or other transfer of property ownership are received only by Lithuanian entity or a permanent establishment having created the property, and only they incur all costs in connection with the earning of the said income, and

2) the property is a computer program protected by copyright or invention that meets the patentability criteria (novelty, level of invention, industrial applicability) and that is protected by the patents or supplementary protection certificates issued by the European Patent Office, in the country of the European Economic Area or in the state with which the Double Taxation Convention was concluded and is applied.

Note of the Register of Legal Acts. The provisions of paragraph 7 shall apply for the calculation and declaration of corporate tax for tax periods of 2018 and subsequent years.

Supplemented with a paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

Amendments to a paragraph of the Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

8. The provisions of paragraph 7 of this Article shall also apply where a property created by Lithuanian entity or by a permanent establishment is used by them under an exclusive license. An advantage shall start to be applied when copyrights are already in place, a patent application has already been filed, a patent has already been issued, a supplementary protection certificate is already effective or when an exclusive license has been granted. When an advantage applies from the moment of filing a patent application and a patent is not issued or when a patent is declared invalid, a supplementary protection certificate or an exclusive license is also declared invalid, then a corporate tax that was paid of a fraction of a taxable profit from the use, sale or other transfer of property ownership that has been calculated using a formula set forth in a paragraph 9 of this Article must be recalculated for all tax periods during which an advantage was applied with regard to the provisions of the Article 68 of the Law on Tax Administration.

RLA note. The provisions of paragraph 8 shall apply for the calculation and declaration of corporate tax for tax periods of 2018 and subsequent years.

Supplemented with a paragraph of the Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

9. A fraction of a taxable profit from the use, sale or other transfer of property ownership is calculated using the following formula:

the eligible costs / all costs x profit from the use of property; here:

1) the eligible costs - the costs incurred during the creation of property in carrying out research and experimental development activities are attributed to the costs of works of research and experimental development which can be three times deducted from income, except for the costs stemming from the activities of associated persons and the costs of the purchase of the property referred to in item 2 of paragraph 7 of this Article. The calculated amount of the eligible costs that is included in the formula is increased by 30 percent. However, this increased amount may not exceed the amount calculated of all costs;

2) all costs – the eligible costs, the costs of the purchase of the property referred to in item 2 of paragraph 7 of this Article and other costs are attributed to deductions permitted or deductions permitted of limited values that have been incurred during the creation of property in carrying out research and experimental development activities, including the costs stemming from the activities of associated persons, except for interest and costs of the depreciation of buildings;

3) profit from the use of property – a taxable profit calculated after making deductions permitted and deductions permitted of limited values that fall within the income from the use, sale or other transfer of property ownership created in research and experimental development activities carried out by the entity itself (including royalties and compensation for infringed intellectual property rights).

RLA note. The provisions of paragraph 9 shall apply for the calculation and declaration of corporate tax for tax periods of 2018 and subsequent years.

Supplemented with a paragraph of the Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

10. A formula set forth in a paragraph 9 of this Article which is applicable for the calculation of a fraction of a taxable profit from the use, sale or other transfer of property ownership shall apply for each property referred to in item 2 of paragraph 7 of this Article separately or for a property (product) or a group of property (products) when such property (product) or a group of property (products) are created using several units of the property referred to in item 2 of paragraph 7 of this Article and the entity can justify that the formula cannot be applied for practical reasons for each property referred to in item 2 of paragraph 7 of this Article separately. In all cases the entity must have the documents to justify a link between the eligible costs, all costs, the property referred to in item 2 of paragraph 7 of this Article or a property (product) or a group of property (products), profit from the use of property.

RLA. The provisions of paragraph 10 shall apply for the calculation and declaration of corporate tax for tax periods of 2018 and subsequent years.

Supplemented with a paragraph of the Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

Article amendments:

No. [IX-1659](#), 01/07/2003, Official Gazette, 2003, No. 74-3417 (25/07/2003)

No. [IX-2120](#), 13/04/2004, Official Gazette, 2004, No. 60-2127 (24/04/2004)

No. [IX-2201](#), 29/04/2004, Official Gazette, 2004, No. 73-2534 (30/04/2004)

No. [IX-2252](#), 01/06/2004, Official Gazette, 2004, No. 96-3520 (19/06/2004)

No. [X-456](#), 20/12/2005, Official Gazette, 2005, No. 153-5635 (31/12/2005)

No. [X-1697](#), 14/07/2008, Official Gazette, 2008, No. 87-3457 (31/07/2008)

No. [XI-73](#), 18/12/2008, Official Gazette, 2008, No. 149-6000 (30/12/2008)

No. [XI-75](#), 18/12/2008, Official Gazette, 2008, No. 149-6002 (30/12/2008)

No. [XI-106](#), 22/12/2008, Official Gazette, 2008, No. 149-6030 (30/12/2008)

No. [XI-387](#), 22/07/2009, Official Gazette, 2009, No. 93-3979 (04/08/2009)

No. [XI-540](#), 09/12/2009, Official Gazette, 2009, No. 153-6881 (28/12/2009)

No. [XI-539](#), 09/12/2009, Official Gazette, 2009, No. 153-6880 (28/12/2009)

No. [XI-1156](#), 23/11/2010, Official Gazette, 2010, No. 145-7413 (11/12/2010)

No. [XI-1716](#), 22/11/2011, Official Gazette, 2011, No. 146-6852 (01/12/2011)

Article 6. Tax Period

1. The tax period shall be a fiscal year. It shall coincide with a calendar year unless this Article provides otherwise.

2. At the request of the tax payer and taking into account the characteristics of his activity, the local tax administrator may, in accordance with the procedure established by the central tax administrator, set a tax period other than specified in paragraph 1 of this Article, provided that this tax period equals 12 months. Such a tax period may be changed only for objective reasons with the consent of the local tax administrator.

3. The first tax period shall begin from the registration of a Lithuanian entity in the Republic of Lithuania or, where the Lithuanian entity has not registered in accordance with the procedure prescribed by law, the first tax period shall begin from the start of activities. The last tax period of the Lithuanian entity shall end when the entity ceases to exist.

4. Where a Lithuanian entity has actually carried out its activities for less than 12 months, the tax period shall be calculated from its registration in the Republic of Lithuania or, where the Lithuanian entity has not registered in accordance with the procedure prescribed by law, from the start of its activities until the Lithuanian entity ceases to exist.

5. The first and last tax periods of a permanent establishment shall be determined in accordance with the procedure established by the Government of the Republic of Lithuania or an institution authorised by it.

CHAPTER II

RECOGNITION OF INCOME AND COSTS

Article 7. Recognition of Income and Costs

1. Income and costs shall be recognised on an accrual basis and in accordance with other accounting principles laid down in the legal acts that regulate accounting, except for the cases where, in accordance with the provisions of this Chapter, income may be recognised in accordance with the principle of cash accounting and in accordance with the provisions of this Article.

2. Negative goodwill shall be attributed to income at the moment of its acquisition unless this Article provides otherwise.

3. Where the shares of another entity are acquired for the purpose of controlling its net assets and activity, the negative goodwill determined at the moment of acquisition shall be attributed to income at the moment of subsequent reorganisation or transfer (if any) of such entities.

Article amendments:

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126 (19/05/2007)

Article 8. Recognition of Income and Costs under the Principle of Cash Accounting

1. Where the cash accounting principle is applied, the income of a Lithuanian entity shall be recognised at the actual moment of its receipt. Income specified in Article 37 of this Law shall be recognised in the same manner.

2. Where the cash accounting principle is applied, the costs of a Lithuanian entity shall be recognised in accordance with the same procedure as they are recognised on an accrual basis, however, only the costs related to the income actually received during the tax period shall be recognised.

Article 9. Application of the Cash Accounting Principle

1. The principle of cash accounting may only be applied by those Lithuanian entities which had recognised their income using the cash accounting principle before this Law came into effect and whose income during the last three tax periods did not exceed EUR 30 000 for each single tax period, as well as newly registered Lithuanian entities whose expected income during the first tax period will not exceed EUR 30 000.

2. Lithuanian entities applying the cash accounting principle must switch to the accrual accounting principle in the tax period following the tax period during which their income exceeded EUR 30 000.

3. The provisions of this Article shall not apply to Lithuanian entities having (having acquired) the status of an entity in bankruptcy.

RLA note. The provisions of Article 9 shall apply for the purpose of calculating corporate income tax for the tax period of 2015 and subsequent tax periods.

Article amendments:

No. [XII-1131](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13610

Article 10. Selection and Change of Accounting Principles

1. Even if it meets the criterion set out in paragraph 1 of Article 9, a Lithuanian entity may switch from cash accounting to accrual accounting as of the beginning of any given tax year. The Lithuanian entity shall inform the local tax administrator thereof.

2. Where a Lithuanian entity switches from cash accounting to accrual accounting, the buyers' debts carried over to the fiscal year during which the said accounting principle is applied shall be included in the income of the Lithuanian entity after repayment, but not later than within three years from the beginning of the tax period during which the accrual accounting principle was introduced.

3. The Lithuanian entity which had applied the accrual accounting principle before this Law entered into force and the Lithuanian entity which has an obligation under the provisions of this Law to switch from cash accounting to accrual accounting may not switch from accrual accounting to cash accounting until the Lithuanian entity is either liquidated or ceases to exist.

CHAPTER III

PROCEDURE FOR CALCULATION OF TAXABLE PROFITS

Article 11. Taxable Profits

1. Unless this Article provides otherwise, for the purpose of calculating taxable profits of a Lithuanian entity, the following shall be deducted from income:

- 1) non-taxable income;
- 2) allowable deductions;
- 3) limited allowable deductions.

2. The taxable profits of permanent establishments shall be calculated by deducting from the income earned the non-taxable income, limited allowable deductions and deductions relating to the income earned by a foreign entity through the permanent establishments. The procedure for making deductions relating to the costs incurred for the purpose of earning income through permanent establishments shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

3. The taxable profits earned by a foreign entity otherwise than through a permanent establishment shall include all of its income sourced in the Republic of Lithuania and the obligation to tax it at source (without any deductions) as set forth in Article 37 of this Law.

4. Expenses on the basis of which costs are recognised may only be substantiated with legally valid documents which must contain all the mandatory requisites of accounting documents provided for by the legal acts that regulate accounting. In addition to such requisites, the documents substantiating the expenses on the basis of which the costs are recognised must also contain other requisites prescribed by the Government of the Republic of Lithuania or an institution authorised by it.

5. *Repealed on 30/06/2005.*

6. The requirements of paragraph 4 of this Article shall not apply to the documents executed by foreign entities or natural persons. Costs shall be recognised on the basis of the documents executed by foreign entities or natural persons where such documents allow identification of the content of an economic operation.

7. The provisions of this Article shall not apply to the income of a nautical unit from international shipping by sea-going vessels or from international shipping by sea-going vessels and the activities that are directly associated with the latter if at the choice of a nautical unit the income from international shipping by sea-going vessels or from international shipping by sea-going vessels and the activities that are directly associated with the latter are subject to a fixed corporate tax in accordance with the provisions of the Article 381 of this Law.

Amendments to a paragraph of the Article:

No XIII-405, 01/06/2017, published in the Register of Legal Acts on 09/06/2017, i. c. 2017-09789

8. When calculating a corporate tax, a formation or several formations, the main purpose or one of the main purposes of determination of which is to obtain a tax benefit, is/are not to be taken into account. And for this reason, they are considered to be fake, taking into account all relevant facts and circumstances. A formation may include more than one stage or part. A formation or several formations are considered to be fake if they have not been determined for significant commercial reasons reflecting economic reality.

RLA note. The provisions of paragraph 8 shall apply for the calculation and declaration of corporate tax for tax periods of 2019 and subsequent years.

Supplemented with a paragraph of the Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

Article amendments:

No. [IX-1224](#), 05/12/2002, Official Gazette, 2002, No. 123-5517 (24/12/2002)

No. [X-259](#), 21/06/2005, Official Gazette, 2005, No. 81-2942 (30/06/2005)

No. [X-1110](#), 03/05/2007, Official Gazette, 2007, No. 55-2126 (19/05/2007)

No XIII-405, 01/06/2017, published in the Register of Legal Acts on 09/06/2017, i. c. 2017-09789

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

Article 12. Non-Taxable Income

The following income earned and (or) received by a Lithuanian or foreign entity through permanent establishments shall not be taxed:

- 1) (repealed on 01/01/2006);
- 2) insurance benefits received which are not in excess of the value of the property lost or losses/damage incurred; the part of insurance premiums paid for the benefit of employees reimbursed which is in excess of the insurance premiums deducted from the income, and also the part of insurance benefits which is in excess of the insurance premiums paid for the benefit of employees deducted from the income;
- 3) income received by a bankrupt entity from the sale of the assets;
- 4) balance of the organisational fund of an insurance undertaking in accordance with the procedure laid down by the Law of the Republic of Lithuania on Insurance;
- 5) the income of collective investment undertakings, entities of venture and private equity, including dividends and other distributed profits, except for any income received from foreign entities registered or otherwise organised in the targeted territories, or from the residents of those territories and the income related to investment in targeted territories;

RLA note. The provisions of item 5 shall apply for the calculation and declaration of corporate tax for tax periods of 2018 and subsequent years.

Amendments to an item of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681 income received by health care institutions from services financed from the Compulsory Health Insurance Fund;

- 6) income resulting from the revaluation of assets and obligations performed in accordance with the procedure prescribed by legal acts, except for income resulting from the revaluation of derivative financial instruments acquired to cover the risks;
- 7) default interest, except for default interest received from foreign entities registered or otherwise organised in target territories or from residents of such territories;
- 8) profits or part of profits received from legal persons of unlimited civil liability that are corporate income taxpayers, whose income is subject to corporate income tax under this Law or an equivalent tax under the respective legal acts of foreign states, except for the cases specified in Article 39 of this Law;

9) the profit or a fraction thereof derived from the payers of corporate tax of legal persons with unlimited civil liability whose income is subject to a corporate tax according to this Law or to a similar tax under the relevant foreign laws, except as provided for in the Article 39 of this Law; the profit or a part thereof derived by the entities of venture and private equity that are registered in the targeted territories from the payers of corporate tax of legal persons with unlimited civil liability, except as provided for in the Article 39 of this Law;

RLA note. The provisions of item 9 shall apply for the calculation of corporate tax for tax periods of 2018 and subsequent years.

Amendments to an item of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681 correction of errors and inaccuracies of the previous tax periods in accordance with Article 18 of the Law of the Republic of Lithuania on Accounting;

10) Was repealed as from 23/12/2017;

Amendments to an item of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681 (repealed on 30/06/2005);

11) compensations received under the EU financial support scheme to the Republic of Lithuania for decommissioning of fishing vessels;

12) income from the increase in the value of assets resulting from transfer of shares of an entity, registered or otherwise organised in a state of the European Economic Area or in a state with which a treaty for the avoidance of double taxation has been concluded and brought into effect and which is a payer of corporate income tax or an equivalent tax, to another entity or a natural person where the entity transferring the shares held more than 25% of voting shares in that entity for an uninterrupted period of at least two years or, where the shares were transferred in the cases of reorganisation or transfer referred to in paragraph 2 of Article 41 of this Law, held more than 25% of voting shares in that entity for an uninterrupted period of at least three years. This relief shall not apply if the entity transferring the shares transfers them to the entity that has issued these shares. The time limits of the holding of shares stipulated in this subparagraph shall not be taken into account where shares are transferred as per the requirements of legal acts;

RLA note. The provisions of subparagraph 15 shall apply for the purpose of calculating corporate income tax for the tax period of 2014 and subsequent tax periods (Law No. [XII-428](#)).

13) life insurance premiums of insurance undertakings, where the term of the insurance contract exceeds 10 years or where the insurance benefit is paid out to the insured after he has reached retirement age under the provisions of the Law on the Accumulation of Occupational Pensions, investment income of insurance undertakings, except for dividends and other distributed profits, and investment income of insurance undertakings under life assurance contracts concluded in accordance with the provisions of the Law on the Accumulation of Occupational Pension;

RLA note. The provisions of subparagraph 16 shall apply for the purpose of calculating corporate income tax for the tax period of 2014 and subsequent tax periods (Law No. [XII-661](#)).

14) direct and other compensatory benefits, to maintain the income level, established by the laws and other legal acts of the Republic of Lithuania, received by entities engaged in agricultural activities.

Article amendments:

No. [IX-1659](#), 01/07/2003, Official Gazette, 2003, No. 74-3417 (25/07/2003)

No. [IX-1713](#), 04/07/2003, Official Gazette, 2003, No. 74-3428 (25/07/2003)

No. [IX-2201](#), 29/04/2004, Official Gazette, 2004, No. 73-2534 (30/04/2004)

No. [X-259](#), 21/06/2005, Official Gazette, 2005, No. 81-2942 (30/06/2005)

No. [X-297](#), 30/06/2005, *Official Gazette*, 2005, No. 85-3141 (14/07/2005)
No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)
No. [X-866](#), 19/10/2006, *Official Gazette*, 2006, No. 116-4404 (31/10/2006)
No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126 (19/05/2007)
No. [X-1304](#), 25/10/2007, *Official Gazette*, 2007, No. 117-4773 (15/11/2007)
No. [X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749 (24/04/2008)
No. [XI-174](#), 19/02/2009, *Official Gazette*, 2009, No. 25-976 (05/03/2009)
No. [XI-539](#), 09/12/2009, *Official Gazette*, 2009, No. 153-6880 (28/12/2009)
No. [XI-1716](#), 22/11/2011, *Official Gazette*, 2011, No. 146-6852 (01/12/2011)
No. [XII-428](#), 27/06/2013, *Official Gazette*, 2013, No. 75-3757 (13/07/2013)
No. [XII-661](#), 12/12/2013, *Official Gazette*, 2013, No. 140-7046 (30/12/2013)

15) capital gains on the transfer, to another entity or a natural person, of shares of a unit incorporated or otherwise organised in the country of the European Economic Area, or in a country with which the double taxation agreement is concluded and applied, and which/who is a payer of the corporate income tax or an identical tax, if the unit transferring the shares, for at least 2 years without interruption, has held more than 10% of the voting shares of this unit, or if the shares were transferred in the cases of reorganization or transfer specified in Article 41(2) of this Law, held more than 10% of the voting shares of this unit for at least 3 years without interruption. This exemption does not apply in the case of a transfer of assets, also in the case where the unit transferring the shares transfers them to the unit having issued these shares. The time limits for holding shares, which are set out in this Point, are not taken into account in cases where the shares are transferred because of the legal requirements. The term *share* used in this Point also includes the entitlements held to the share of distributable profit of venture capital and equity entities;“.

Note of the RLA. The provisions of Point 15 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Amendments to a Point of Article:

No [XIII-842](#), 7 December 2017, published in the RLA on 22 December 2017, i. k. 2017-20681

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

CHAPTER IV ASSETS

Article 13. Entity's Assets

1. The assets of an entity shall be tangible, intangible and financial valuables acquired by the said entity. They shall belong to the entity by the right of ownership or shall be acquired under a leasing (financial lease) contract providing for the transfer of ownership rights or under a purchase and sale or lease contract providing for the transfer of ownership rights to the entity after the total value of the assets has been paid up or in the manner set out in paragraph 6 of Article 14 of this Law; and, where state and municipal assets have been transferred to the entity by the right of trust, they shall belong to the entity under the right of trust.

2. The assets of an entity shall be divided into fixed and current assets. The entity's fixed and current assets shall be tangible and intangible.

3. Fixed assets shall mean assets used by an entity to earn income (derive economic benefit) or provide benefit specified in paragraph 2 of Article 26 of this Law for a period exceeding one year and the acquisition price whereof is not less than the price set by the entity according to the class of fixed assets listed in Appendix 1 to this Law. The acquisition price of such assets shall be included in the entity's costs spread over the depreciation or amortisation period. The amounts directly paid by the entity to the educational establishments of states of the European Economic Area and foreign states other than states of the European Economic Area, which have concluded a treaty for the avoidance of double taxation with the Republic of Lithuania, for the training of natural persons who are not connected with the entity by employment relations, which results in post secondary or higher education and (or) qualification, where such education and (or) qualification is necessary for the entity to earn income, may be attributed to intangible fixed assets after the said natural persons commence their employment at the entity.

Article paragraph amendments:

No. [XII-1583](#), 26/03/2015, published in the RLA on 13/04/2015, ID code 2015-05699

4. Current assets shall mean assets that may be used by an entity to earn income (derive economic benefit) or provide benefit specified in paragraph 2 of Article 26 of this Law for a period not exceeding one year and the acquisition price whereof is included in the deductible costs of the entity for the tax period in which such assets are put into use.

Article amendments:

No. [IX-1659](#), 01/07/2003, Official Gazette, 2003, No. 74-3417 (25/07/2003)

No. [X-327](#), 05/07/2005, Official Gazette, 2005, No. 88-3292 (21/07/2005)

No. [X-866](#), 19/10/2006, Official Gazette, 2006, No. 116-4404 (31/10/2006)

No. [X-1484](#), 10/04/2008, Official Gazette, 2008, No. 47-1749 (24/04/2008)

No. [XI-539](#), 09/12/2009, Official Gazette, 2009, No. 153-6880 (28/12/2009)

Article 14. Acquisition Price of Assets

1. The acquisition price of assets shall comprise expenses incurred in the course of acquiring the assets, including the commissions and taxes (levies) paid, except for VAT, relating to the acquisition of the assets.

2. The acquisition price of assets acquired for goods and services shall comprise the respective amount included in the income received by an entity for such goods and services as well as expenses incurred in the course of acquiring the assets, including the commissions and taxes (levies) paid, relating to the acquisition of the assets.

3. Where assets are exchanged for other assets, the acquisition price of the newly acquired assets shall be the acquisition price of the assets exchanged. Where the acquisition price of the assets exchanged cannot be determined, the acquisition price of the newly acquired assets shall be the actual market price of such assets.

4. Where a member of an entity uses assets to pay for its shares (interests, member shares), the acquisition price of such assets for the entity shall be the same as the acquisition price paid by the member (holder of interests or member shares). The above mentioned acquisition price of assets may be increased by the amount of income resulting from the increase in the value of a shareholder's (holder's of interests or member shares) assets, earned from the transfer of such assets and included in the shareholder's (holder's of interests or member shares) taxable income.

5. Where securities are exchanged for other assets, the acquisition price of such assets shall be the actual market price of these securities at the moment of acquisition of the assets.

6. Where a person terminates individual activities and transfers the unsold goods to a new entity established by him or his spouse, the acquisition price of these goods for the entity shall be the acquisition price specified in the acquisition documents of the goods of the person engaged

in individual activities, except for the cases when these assets are used to pay up for this entity's shares (interests or member shares).

Article amendments:

No. [X-866](#), 19/10/2006, *Official Gazette*, 2006, No. 116-4404 (31/10/2006)

7. If assets are transferred to the Republic of Lithuania and such transfer of the assets is taxed in a foreign country in implementing the provisions of Article 5 of Directive (EU) 2016/1164, the purchase price of these assets is their actual market price, that is recognized at the moment of the transfer of the assets to the Republic of Lithuania.

Note of the RLA. *The provisions of Paragraph 7 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.*

Supplemented with a paragraph of Article:

No. [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

Article 15. Selling Price of Assets

1. The selling price of assets or the price of other transfer into ownership thereof shall comprise all income earned from the sale or other transfer into ownership of the assets after deducting the taxes (levies) paid, except for VAT, relating to the sale or other transfer into ownership of such assets.

2. *Repealed on 14/02/2004.*

3. Where insured assets have been lost for any reason, the selling price of such assets shall be the amount set as compensation for the assets lost.

Article amendments:

No. [IX-1972](#), 22/01/2004, *Official Gazette*, 2004, No. 25-748 (14/02/2004)

No. [XI-73](#), 18/12/2008, *Official Gazette*, 2008, No. 149-6000 (30/12/2008)

Article 16. Income from the Increase in the Value of Assets

1. Income from the increase in the value of assets shall be income earned which comprises the difference between the price of the sale or other transfer into ownership of the assets and the acquisition price of such assets. Expenses relating to the acquisition of the assets must be substantiated with documents specified in Article 11 of this Law and (or) with valid transactions.

2. Where an entity's assets in respect of which depreciation or amortisation was estimated for the purpose of calculating corporate income tax are transferred, in calculating income from the increase in the value of the assets, the acquisition price of such assets shall be reduced by the amount of the depreciation or amortisation included in the limited allowable deductions.

3. *Repealed on 14/02/2004.*

4. *Repealed on 14/02/2004.*

5. Where an entity transfers a bond, such transfer shall result, with respect to the transferring entity, in the reduction of income from the increase in the value of assets by the amount of discount already included in the income of the transferring entity.

6. In certain cases where entities are reorganised, liquidated or transformed or where a Lithuanian entity (a European company with registered office in the Republic of Lithuania (hereinafter referred to as the "European company") established pursuant to Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) and Council Directive 2001/86/EC of 8 October 2001 supplementing the Statute for a European company with regard to the involvement of employees in decision-making or a European cooperative society with registered office in the Republic of Lithuania (hereinafter referred to as the "European cooperative

society”) established pursuant to Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE) and Council Directive 2003/72/EC of 22 July 2003 supplementing the Statute for a European Cooperative Society with regard to the involvement of employees) transfers its registered office to another EU member state, the procedure for the recognition and taxation of income from the increase in the value of assets shall be laid down in Chapter IX of this Law.

7. In other cases, the Government of the Republic of Lithuania or an institution authorised by it shall establish the procedure for calculating the acquisition price of assets, the selling price of assets or income from the increase in the value of assets.

Article amendments:

No. [IX-1972](#), 22/01/2004, *Official Gazette*, 2004, No. 25-748 (14/02/2004)

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

CHAPTER V ALLOWABLE DEDUCTIONS AND LIMITED ALLOWABLE DEDUCTIONS

Article 17. Procedure for Recognition of Allowable Deductions

1. Allowable deductions shall include all the usual costs that an entity actually incurs for the purpose of earning income or deriving economic benefit unless this Law provides otherwise. All expenses for the benefit of employees shall be also attributed to allowable deductions where the benefit received by the employees is the object of income tax of individuals in accordance with the provisions of the Law of the Republic of Lithuania on Income Tax of Individuals. Additional deductions allowed by the Government of the Republic of Lithuania for the Ignalina Nuclear Power Plant shall be attributed to allowable deductions. The amount from which the state social insurance contributions of a member of the entity (owner of an individual enterprise, general partner of a partnership or a limited partnership) are calculated and paid in accordance with the provisions of the Law of the Republic of Lithuania on State Social Insurance shall also be attributed to allowable deductions of the entity (individual enterprise, general partnership or limited partnership).

2. Limited allowable deductions shall be:

- 1) depreciation or amortisation costs of fixed assets;
- 2) operating, repair and renovation costs of tangible fixed assets;
- 3) costs of business trips;
- 4) costs of advertising and promotional activities;
- 5) natural losses;
- 6) taxes;
- 7) bad debts;
- 8) expenses for the benefit of employees and (or) their family members where the benefit is not subject to income tax of individuals;
- 9) special provisions of credit institutions and insurance undertakings;
- 10) sponsorship;
- 11) membership fees, payments and contributions;
- 12) losses for the tax period.
- 13) interest;

Note of the Register of Legal Acts. The provisions of item 13 shall apply for the calculation and declaration of corporate tax for tax periods of 2019 and subsequent years.

Supplemented with an item of the Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-2093

Article amendments:

No. [X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749 (24/04/2008)

No. [XI-387](#), 22/07/2009, *Official Gazette*, 2009, No. 93-3979 (04/08/2009)

No. [XI-539](#), 09/12/2009, *Official Gazette*, 2009, No. 153-6880 (28/12/2009)

No. [XI-2165](#), 29/06/2012, *Official Gazette*, 2012, No. 83-4339 (14/07/2012)

Article 17¹. Costs of Scientific Research and Experimental Development

1. In calculating corporate income tax, the costs of scientific research and experimental development, except for depreciation or amortisation costs of fixed assets, shall be deducted three times from income for the tax period during which they are incurred where the scientific research and (or) experimental development works carried out are related to the usual or intended activities of the entity which generate or will generate income or economic benefit.

2. Depreciation or amortisation costs of fixed assets used to carry out scientific research and experimental development shall be deducted from income in accordance with the procedure laid down in Article 18 of this Law.

3. Where scientific research and experimental development works are acquired from another entity or a natural person, the costs incurred due to such acquisition shall be deducted from income under provisions of paragraph 1 of this Article only if the acquired scientific research and experimental development works have been carried out in a state of the European Economic Area or a state outside the European Economic Area which has concluded and brought into effect a treaty for the avoidance of double taxation with the Republic of Lithuania.

4. The Government of the Republic of Lithuania shall approve the procedure for attributing costs to the costs of scientific research and experimental development.

An article added to the Law:

No. [X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749 (24/04/2008)

Article 17². Reduction of taxable income due to unremunerated funds granted for the production of film or of a part thereof

1. When calculating a corporate tax, in accordance with this Article, the unremunerated funds granted to Lithuanian film maker during the period from 1 January 2019 to 31 December 2023 for the production of film or of a part thereof in the Republic of Lithuania can be deducted from taxable income when:

1) a film meets the criteria for assessing cultural content and production established by the Government of the Republic of Lithuania or institutions authorized by it, and

2) at least 80 per cent of all costs of production of movie or of a part thereof are incurred in the Republic of Lithuania, and the income incurred in the Republic of Lithuania, irrespective of the costs referred to in paragraph 3 of this Article, amounts at least to 43 000 euros, and

3) the total amount of funds granted by all Lithuanian units or by foreign entities through their permanent establishments in the Republic of Lithuania does not exceed 30 per cent of all costs of production of film or of a part thereof.

2. Not more than 75 per cent of unremunerated funds granted for production of film or of a part thereof in the Republic of Lithuania can be deducted from taxable income. These funds granted shall be deducted from taxable income during the tax period during which the certificate issued in accordance with the procedure established by the institution authorized by the Government of the Republic of Lithuania on the compliance of use of the unremunerated funds granted to Lithuanian film maker with the requirements laid down in this Article was received (hereinafter referred to as the investment certificate).

3. In accordance with the procedure set forth in this Article, the funds referred to in the paragraph 1 of this Article that have been used:

1) for the costs of advice on the preparation of an application;

2) for the costs of the preparation of an application;

3) for fines, interest on late payment, litigation costs;

- 4) for the costs of acquisition of fixed assets, construction, reconstruction if it is not related to film production;
- 5) for the travel costs when the Republic of Lithuania is neither a place of arrival nor of departure;
- 6) for the costs of preparatory film works;
- 7) for the costs of film advertising, marketing;
- 8) for the costs of film distribution;
- 9) for remuneration paid for each role performer separately – an amount exceeding 4 per cent of all costs of production of film or of a part thereof in the Republic of Lithuania, cannot be deducted from taxable income.

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

The Law has been supplemented with the Article:

No XII-366, 13/06/2013, Official Gazette, 2013, No 68-3407 (28/06/2013)

Amendments to the Article:

No XIII-1703, 11/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20942

Article 18. Depreciation or Amortisation Costs of Fixed Assets

1. Fixed assets and goodwill shall be depreciated or amortised unless this Law provides otherwise. The acquisition price of fixed assets shall be charged to costs and deducted from income in portions over the depreciation or amortisation period of such assets established in accordance with paragraph 2 of this Article. In calculating corporate income tax, the costs of scientific research and experimental development shall be deducted from income for the tax period during which they are actually incurred.

2. Classes of fixed assets and their maximum depreciation or amortisation rates (in years) are set out in Appendix 1 to this Law. Fixed assets which are registered in the respective property register may be attributed to a certain class of fixed assets taking into consideration solely the purpose of use of such assets. The entity itself shall determine (select) the depreciation or amortisation periods for its fixed assets, which may not be less than the depreciation or amortisation rates (in years) for fixed assets set out in Appendix 1 to this Law, and their liquidation value, which may not exceed 10% of the acquisition price.

3. Entities whose average number of employees on the staff list does not exceed 10 and whose income during the tax period does not exceed EUR 150 000 and who do not meet the criteria set out in paragraph 3 of Article 5 of this Law may themselves determine the maximum depreciation or amortisation rates for classes of fixed assets, irrespective of the rates set out in Appendix 1 to this Law, except for new buildings used in operations and except for renovations completed in buildings listed in the Register of Immovable Cultural Property of the Republic of Lithuania where such buildings were constructed or renovated after 1 January 2002, and except for residential houses and other buildings.

RLA note. The provisions of paragraph 3 shall apply for the purpose of calculating corporate income tax for the tax period of 2015 and subsequent tax periods.

Article paragraph amendments:

No. [XII-1131](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13610

4. Depreciation or amortisation of fixed assets shall be calculated according to the directly proportionate (linear) method (hereinafter referred to as the “linear method”), double declining value (double declining balance) method (hereinafter referred to as the “double declining balance method”) or the production methods pursuant to Appendix 1 to this Law. The method selected must be applied consistently: the same depreciation or amortisation method selected by the entity shall be applied to every class of fixed assets set out in Appendix 1 to this Law and each item of assets within that class over the total depreciation or amortisation period for the fixed assets.

5. Where the linear method is applied, the annual amount of depreciation or amortisation shall be calculated as a ratio of the difference between the acquisition price of fixed assets to the liquidation value of such assets and the depreciation or amortisation period (in years).

6. Where the double declining balance method is applied:

1) the depreciation or amortisation coefficient (hereinafter referred to as the “depreciation coefficient”) shall be calculated by multiplying by two the ratio between 100% and the depreciation or amortisation period (in years) for fixed assets;

2) when calculating the amount of depreciation or amortisation for the tax period during the first year, the acquisition price of fixed assets shall be multiplied by the depreciation coefficient;

3) as regards the depreciation or amortisation of fixed assets during all the other years, except for the last year, the amount of depreciation or amortisation of such assets for the tax period shall be calculated by multiplying the residual value of fixed assets at the beginning of the tax period by the depreciation coefficient;

4) during the last year of depreciation or amortisation, the difference between the residual value of fixed assets at the beginning of the tax period and the liquidation value of the entity, determined in accordance with paragraph 2 of this Article, shall be depreciated or amortised.

7. Where the production method is applied, the annual amount of depreciation shall be calculated by multiplying the difference between the acquisition price of tangible fixed assets and the liquidation value of such assets by the ratio between the amount of the output produced or raw materials processed during the tax period and the maximum amount of output which can be produced or raw material which can be processed using these assets. Irrespective of other provisions of this Article, the entity shall independently set (choose) the date from which the depreciation or amortisation by the production method of the acquired and put into use fixed assets shall start.

8. Where an entity acquires fixed assets and puts them into use before the last day of the sixth month of the tax period, the depreciation or amortisation of such assets shall start in the same tax period. Where an entity acquires fixed assets and puts them into use after the last day of the sixth month of the tax period, the depreciation or amortisation of such assets shall start in the tax period following the tax period during which the assets were acquired and put into use.

9. Where an entity transfers fixed assets, for consideration or free of charge, before the last day of the sixth month of the tax period, depreciation or amortisation during the said tax period shall not be calculated. Where an entity transfers fixed assets, for consideration or free of charge, after the last day of the sixth month of the tax period, 1/2 of the annual amount of depreciation or amortisation, calculated according to the prescribed rates, shall be charged to the costs of the entity during the said tax period.

10. Where all or one or more branches of activity of another entity in the form of its rights and obligations which from an organisational point of view constitute an independent economic entity engaged in activities and capable of functioning at its own discretion are acquired, the accumulated goodwill shall be included in the limited allowable deductions similarly as fixed assets in accordance with the procedure laid down in this Article. Where the shares of another entity are acquired for the purpose of controlling its net assets and activity, the accumulated goodwill shall be included in the limited allowable deductions similarly as fixed assets in accordance with the procedure laid down in this Article only after the subsequent merger of these entities or merger by acquisition of one entity by another, if any.

11. The entity may choose to calculate the depreciation or amortisation of all fixed assets from the first day of the month following the month in which such assets were put into use by applying the linear method according to the rates set out in Appendix 1 to this Law.

12. Entities that have renovated or repaired fixed assets, which has resulted in a prolonged useful life of such assets or improvement of their useful characteristics, or have changed the purpose

of use of fixed assets or have acquired other part thereof may adjust depreciation or amortisation rates; they may also do so for objective reasons with the consent of the local tax administrator.

Article amendments:

No. [IX-1659](#), 01/07/2003, *Official Gazette*, 2003, No. 74-3417 (25/07/2003)

No. [IX-2492](#), 12/10/2004, *Official Gazette*, 2004, No. 158-5758 (30/10/2004)

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126 (19/05/2007)

No. [X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749 (24/04/2008)

No. [XI-539](#), 09/12/2009, *Official Gazette*, 2009, No. 153-6880 (28/12/2009)

Article 19. Limits on Calculating Depreciation or Amortisation

1. The depreciation or amortisation of land acquired under a leasing (financial lease) contract providing for the transfer of ownership rights and under a purchase and sale or lease contract providing for the transfer of ownership rights to the buyer after the total value of the assets has been paid up, as well as the depreciation or amortisation of transferred fixed assets, library funds and fixed assets listed in the Register of Cultural Property shall not be calculated, except for the depreciation of renovations completed in buildings listed in the Register of Immovable Cultural Property of the Republic of Lithuania.

2. The amortisation of intangible fixed assets generated by the entity itself and listed in classes of assets specified in Appendix 1 to this Law (acquired rights, other intangible assets and goodwill) unless this Law provides otherwise.

3. The depreciation or amortisation of fixed assets not in use, held in reserve or in conservation, as well as the depreciation or amortisation of the revaluation results of fixed assets shall not be calculated.

4. In cases where the owner of fixed assets transfers such assets into the ownership of another person (acquirer), while the acquirer had earlier transferred the said assets into the ownership of the transferring owner, the acquirer of fixed assets shall continue to calculate the depreciation or amortisation of such assets by applying the same method to the acquisition price, not depreciated or amortised, of the said assets before their first transfer, except for the cases where the new acquisition price is lower than the acquisition price, not depreciated or amortised according to the provisions of this Law, of the said assets before their first transfer.

Article amendments:

No. [IX-1659](#), 01/07/2003, *Official Gazette*, 2003, No. 74-3417 (25/07/2003)

No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126 (19/05/2007)

Article 20. Costs of Operation, Repair and Renovation of Tangible Fixed Assets (Own Assets, Leased Assets or Assets Lent for Use)

1. Where tangible fixed assets used by an entity are renovated or repaired, which results in a prolonged useful life of such assets or improvement of their useful characteristics, the acquisition price of the repaired or renovated tangible fixed assets shall be increased by the value of their repairs or renovation.

2. In all other cases, expenses related to the repairs of tangible fixed assets used by an entity shall be attributed to the costs of repair and deducted from income for the tax period during which they were actually incurred.

3. The costs of renovation or repair, resulting in a prolonged useful life of the assets or improvement of the useful characteristics, of tangible fixed assets held under a lease contract, which does not provide for the transfer of ownership rights to the buyer after the total value of the assets

has been paid up, or under a loan for use contract shall be deducted in equal parts from the income of the lessee or the borrower for use over the term of the lease or loan for use beginning with the following month after the end of the renovation or repair works and, in the event of an open end contract, over the period set out in Appendix 1 to this Law for the respective class of assets, which, however, may not be less than three years. Where the lease or loan for use contract is terminated before it expires, the remaining part of renovation or repair costs, which has not as yet been included in allowable deductions, may not be deducted from the income of the lessee or the borrower for use. Where leased or borrowed for use tangible fixed assets have been repaired or renovated, which has resulted in a prolonged useful life of the assets or improvement of their useful characteristics, the lessor or the lender of the loan for use shall increase the acquisition price of fixed tangible assets by the value of the repair or renovation works in the tax period during which the repair or renovation works have been completed and shall tax them in accordance with the procedure laid down in this Law.

4. The costs of operation and repair of tangible fixed assets, which belong by the right of ownership to members of partnerships and owners of individual enterprises as well as to their family members and which are used in the activities of such entities, shall be deducted from income in accordance with the procedure established by the Minister of Finance.

Article amendments:

No. [IX-1659](#), 01/07/2003, *Official Gazette*, 2003, No. 74-3417 (25/07/2003)

No. [IX-2492](#), 12/10/2004, *Official Gazette*, 2004, No. 158-5758 (30/10/2004)

Article 21. Costs of Business Trips

1. A business trip shall mean travelling of an employee from his permanent workplace to perform job functions, business orders or improve qualifications, documented by order (decision) of the head of an entity or a person authorised by him, specifying the purpose of the business trip, its location (locations), duration (if several foreign states are visited during a business trip – the duration of the stay in each foreign state) and the types of costs to be covered by the entity. A business trip shall also mean travelling, documented in accordance with the procedure established in this paragraph, of the owner of an individual enterprise or a general partner of a partnership or a limited partnership from his permanent workplace to perform job functions or improve qualifications, as well as travelling of members of a special negotiating committee established under the provisions of the Law of the Republic of Lithuania on the Involvement of Employees in the European Companies, the Works Council of a European company and its committee, documented by decision of the special negotiating committee (in case of the first meeting of the special negotiating committee – by decision of a competent body of entities participating in the establishment), the Works Council of a European company or its committee, specifying the location and duration of the meeting, to take part in the meetings of the special negotiating committee, the Works Council of a European company or its committee, and also travelling of members of a special negotiating committee established under the provisions of the Law of the Republic of Lithuania on the Involvement of Employees in the European Cooperative Societies, the Works Council of a European Cooperative Society or its committee, documented by decision of the special negotiating committee (in case of the first meeting of the special negotiating committee – by decision of a competent body of entities participating in the establishment), the Works Council of a European Cooperative Society or its committee, specifying the location and duration of the meeting, to take part in the meetings of the special negotiating committee, the Works Council of a European Cooperative Society or its committee and travelling of members of a special negotiating committee, administration, supervisory, or other authority formed according to the provisions of the Law of the

Republic of Lithuania on the Involvement of Employees in a Company after a Cross-border Merger of Limited Liability Companies, documented by decision of the special negotiating committee (in case of the first meeting of the special negotiating committee – by decision of a competent body of entities participating in the establishment), the administration, supervisory, or other authority, specifying the location and duration of the meeting, to take part in the meetings of the special negotiating committee, the administration, supervisory, or other authority.

2. The travelling of an employee from the Republic of Lithuania abroad where he spends more than 183 days in a single place abroad, except for the employees whose job is related to travelling or who hold mobile job positions or perform shift work, shall not be treated as a business trip.

3. The costs of business trips shall be deducted from income in accordance with the procedure established by the Government of the Republic of Lithuania or an institution authorised by it.

Article amendments:

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

No. [X-936](#), 05/12/2006, *Official Gazette*, 2006, No. 141-5388 (28/12/2006)

No. [X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749 (24/04/2008)

No. [X-1608](#), 17/06/2008, *Official Gazette*, 2008, No. 76-3002 (05/07/2008)

No. [XI-2165](#), 29/06/2012, *Official Gazette*, 2012, No. 83-4339 (14/07/2012)

Article 22. Advertising and Promotional Costs

1. The costs incurred by an entity for the purpose of disseminating, in any form and by any means, information related to the activities of the entity and promoting the purchase of goods or services to current or potential buyers, except for controlled entities, controlling persons or members of a group of entities, shall be recognised as advertising costs.

2. Promotional costs shall mean the funds of an entity allocated to establish new business relations or improve the existing relations with other entities or natural persons, except for the employees, shareholders and owners of the entity as well as controlled or controlling entities or controlling permanent residents. Promotional costs are incurred for the benefit of particular persons.

3. Not more than 50 per cent of representational costs can be deducted from income and an amount of such deducted costs cannot exceed 2 per cent of the entity's income during a tax period.

Note of the Register of Legal Acts. The provisions of paragraph 3 shall apply for the calculation of corporate tax for tax periods of 2018 and subsequent years.

Amendments to a paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

4. Expenses incurred through the entity's shareholders or holders of member shares, except for the cases where such persons are employees of the entity, shall not be attributed to promotional costs.

5. Gambling costs are not attributable to representational costs.

RLA note. The provisions of paragraph 5 shall apply for the calculation of corporate tax for tax periods of 2018 and subsequent years.

Amendments to a paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

Article 23. Natural Losses

1. Natural losses shall mean a natural decrease in goods (raw materials, products) due to their storage, transfer, packaging, carriage, loading and sale, including losses resulting from buyers' neglect.

2. The amount of actual natural losses, except for natural losses of fresh fruit, berries, mushrooms and vegetables, shall be deducted from income, but not in excess of 1% of the entity's income. The amount of actual natural losses of fresh fruit, berries, mushrooms and vegetables deducted from income may not be in excess of 3% of the entity's income.

3.

Article amendments:

No. [X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749 (24/04/2008)

Article 24. Taxes

1. Taxes prescribed by the Law on Tax Administration and levies and mandatory contributions prescribed by other laws of the Republic of Lithuania or Government resolutions shall be deducted from income unless this Law provides otherwise.

2. Only the amounts of input VAT and import VAT paid which are not deducted under the provisions of the Law on Value Added Tax shall be deducted from income and only in cases where such amounts are calculated on the allowable deductions specified in this Law.

Article amendments:

No. [XII-79](#), 20/12/2012, *Official Gazette*, 2012, No. 153-7829 (29/12/2012)

Article 25. Bad Debts

1. The amount of bad debts incurred during a tax period shall be deducted from income recognised under the accrual accounting principle if such amount was included in the taxpayer's income. 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 taxpayer's accounting documents. Where the taxpayer recognised income under the cash accounting principle at the moment of appearance of bad debts and subsequently moved to accrual accounting pursuant to the provisions of this Law, the portion of costs attributed to bad debts incurred during the tax period shall be deducted from income recognised under the accrual accounting principle if the appearance of such debts was recorded in the taxpayer's accounting documents and the portion of costs attributed to bad debts was not included in the entity's costs before this Law entered into force. Debts shall be considered as bad debts if the taxpayer cannot recover them after a period of at least one year from including the amount of debt in the taxpayer's income or recording of the appearance of such debts in the taxpayers' accounting documents 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 taxpayer must prove that the debts are bad and that efforts have been made to recover such debts.

2. 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.

3. Where a debtor or another person on his behalf later repays the bad debts deducted, the total amount of the debts repaid shall be attributed to income.

4. The provisions of this Article shall not apply to credit institutions also 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 Article.

Article amendments:

No. [XI-1156](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7413 (11/12/2010)

Article 26. Expenses for the Benefit of Employees and (or) their Family Members Where the Benefit Is Not Subject to Income Tax of Individuals

1. The amounts directly paid by an entity to the educational establishments in the states of the European Economic Area and foreign states other than states of the European Economic Area, which have concluded a treaty for the avoidance of double taxation with the Republic of Lithuania, for the training of natural persons connected with the said entity by employment relations, which results in higher education and (or) qualification, where such education and (or) qualification is necessary for the entity to earn income, may be deducted from income during the tax period.

Article paragraph amendments:

No. [XII-1583](#), 26/03/2015, published in the RLA on 13/04/2015, ID code 2015-05699

2. Where in providing benefit for the entity's employees and (or) their family members (spouses, children, (adopted children)), it is impossible to determine the individual benefit received by a specific employee and (or) his family members (spouses, children, (adopted children)), the expenses incurred in the course of provision of such benefit, which are not attributed to allowable deductions or limited allowable deductions in accordance with other provisions of this Law, may be deducted from income during the tax period only where the provision of such benefit is provided for in the collective agreement of the entity and all the employees of that entity are entitled to enjoy such benefit without discrimination and restrictions. The amount of expenses deducted from income, as specified in this paragraph, may not be in excess of 5% of the amount of the employees' salary calculated during the tax period (on which state social insurance contributions are payable).

Article amendments:

No. [IX-1713](#), 04/07/2003, *Official Gazette*, 2003, No. 74-3428 (25/07/2003)

No. [IX-2201](#), 29/04/2004, *Official Gazette*, 2004, No. 73-2534 (30/04/2004)

No. [X-327](#), 05/07/2005, *Official Gazette*, 2005, No. 88-3292 (21/07/2005)

No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126 (19/05/2007)

No. [X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749 (24/04/2008)

No. [X-1697](#), 14/07/2008, *Official Gazette*, 2008, No. 87-3457 (31/07/2008)

No. [XI-539](#), 09/12/2009, *Official Gazette*, 2009, No. 153-6880 (28/12/2009)

Article 27. Special Provisions of Credit Institutions and Insurance Undertakings

1. Banks, including foreign commercial bank branches, operating under the Law of the Republic of Lithuania on Banks, credit unions operating under the Law of the Republic of Lithuania on Credit Unions and the Central Credit Union operating under the Law of the Republic of Lithuania on the Central Credit Union, which establish special provisions for covering doubtful assets of credit institutions in accordance with the rules laid down by the Bank of Lithuania, shall be allowed to, during the tax period, deduct from income special provisions for doubtful assets set up to cover the losses arising from a particular doubtful asset (group of doubtful assets).

2. Where a credit institution meets its liabilities relating to the repayment of debts, the amount of the debt or a part thereof, which matches the amount of the special provision set up in respect of such debt, shall be recognised as income at the moment of settlement of the claim.

3. It shall be allowed to deduct from income insurance technical provisions as prescribed by the Minister of Finance according to the methods of calculation of insurance technical provisions approved by the Bank of Lithuania.

Article amendments:

No. [IX-1659](#), 01/07/2003, *Official Gazette*, 2003, No. 74-3417 (25/07/2003)

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

No. [XI-1698](#), 17/11/2011, *Official Gazette*, 2011, No. 146-6844 (01/12/2011)

Article 28. Sponsorship

1. Taxpayers who are entitled to provide charity and sponsorship under the Law of the Republic of Lithuania on Charity and Sponsorship shall be allowed to deduct from their income all of the payments made (except for cash payments which exceed the amount of 250 MLS in respect of a single recipient of sponsorship or charity during the tax period), including the assets transferred and services provided, which are intended for charity and sponsorship in accordance with the procedure laid down in the Law of the Republic of Lithuania on Charity and Sponsorship, unless this Article provides otherwise.

2. Taxpayers who are entitled to provide only sponsorship under the Law of the Republic of Lithuania on Charity and Sponsorship, shall be allowed to deduct from their income two times the payments made (except for cash payments which exceed the amount of 250 MLS in respect of a single recipient of sponsorship during the tax period), including the assets transferred and services provided, which are intended for sponsorship in accordance with the procedure laid down in the Law of the Republic of Lithuania on Charity and Sponsorship, but not in excess of 40% of the taxpayer's income, calculated by deducting non-taxable income, allowable deductions and limited allowable deductions, except for sponsorship and losses from the previous tax periods.

3. Where sponsorship is provided in the form of tangible fixed assets, the amount of the provided sponsorship shall be equal to the residual value of such assets. Where sponsorship is provided in the form of other assets, the amount of the provided sponsorship shall be equal to the acquisition price of such assets. Where sponsorship is provided in the form of services, the amount of sponsorship shall be equal to the self-cost of such services. Where sponsorship is provided in the form of tangible fixed assets being lent for use, the amount of sponsorship shall be equal to the calculated amount of depreciation of such assets during the period of use by the recipient of sponsorship.

4. The provisions of paragraph 2 of this Law shall not apply to taxpayers bound by the Law on Lotteries to allocate funds for charity or sponsorship.

Article amendments:

No. [IX-1663](#), 01/07/2003, *Official Gazette*, 2003, No. 73-3343 (23/07/2003)

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005) No.

[X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749 (24/04/2008)

Article 29. Membership Fees, Payments and Contributions

1. The amount of admission fees and the amount of membership fees, which is not excess of 0.2% of income, as well as the amount of special membership fees, which is not in excess of 0.2% of income, where such fees, payments and special fees are paid to entities whose activities are regulated by special laws and which do not seek profit whereas the profit received may not be allocated to their founders and (or) stakeholders and (or) members, shall be deducted from income.

2. Contributions by members of the Motor Insurers' Bureau of the Republic of Lithuania payable on the written premiums of compulsory insurance against civil liability in respect of the use

of motor vehicles, which are not in excess of 15% of the total amount of such premiums, shall be deducted from income.

Article 30. Carrying Forward of Losses for the Tax Period

1. If income less exempt income and deduction of deductions permitted and deductions permitted of limited values during a taxable year give losses of a tax period, then an amount of these losses shall be carried forward to the following tax year, except for the losses arising from the transfer of securities and / or derivative financial instruments, and the losses incurred as a result of the use, sale or other transfer of property ownership calculated using a formula set forth in paragraph 9 of the Article 5 of this Law.

2. The losses arising from the transfer of securities and / or derivative financial instruments shall be carried forward to the following tax year, but shall only be covered by income from the activities of the transfer of securities and / or derivative financial instruments. The losses arising from the transfer of the shares of the entity that is registered or otherwise organised in the country of the European Economic Area or in the state with which the Double Taxation Convention was concluded and is applied, and which is a payer of corporate tax or similar tax, if the entity that transfers the shares owned for at least 2 years without interruption more than 10 percent of the voting shares in such entity, shall be deducted from the taxable income of transfer of securities of a tax period. However, an amount of losses deducted in such manner may not exceed an amount of income of increase in the value of taxable securities assets of that tax period and an amount of such losses that has not been deducted shall not be carried forward to the following tax year.

Note of the Register of Legal Acts. The provisions of paragraph 2 shall apply for the calculation of corporate tax for tax periods of 2018 and subsequent years.

Amendments to a paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

Note of the Register of Legal Acts. The provisions of paragraph 1 shall apply for the calculation and declaration of corporate tax for tax periods of 2018 and subsequent years.

Amendments to a paragraph of the Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

2¹. Losses arising from the use, sale or other transfer of property ownership, that have been calculated using a formula set forth in paragraph 9 of the Article 5 of this Law, shall be carried forward to the following tax year, but shall only be covered by a fraction of taxable profit calculated using a formula set forth in paragraph 9 of the Article 5 of this Law.

Note of the Register of Legal Acts. The provisions of paragraph 2¹ shall apply for the calculation and declaration of corporate tax for tax periods of 2018 and subsequent years.

Supplemented with a paragraph of the Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

3. Where tax-related losses are incurred by the taxpayer for a period exceeding one fiscal year, the losses incurred during the tax period of the previous year shall be carried forward first. Losses incurred subsequently shall be carried forward only after the losses for the previous tax periods have been covered.

4. Losses for the tax period, except for the losses arising from the disposal of securities and/or derivative financial instruments (of non-financial institutions) and losses arising from the use, sale or other transfer of ownership of assets, calculated in accordance with the formula set out in Article 5(9) of this Law, can be carried forward for an indefinite period of time. However, such a carrying forward shall be terminated if the unit no longer continues the activity that gave rise to such losses, unless the unit no longer continues the activity for reasons beyond its control.

The amount of the deductible tax losses carried forward, that are specified in this Paragraph, except for tax losses of units whose taxable profit, in accordance with the provisions of Article 5(2) of this Law, is taxed at a tax rate of 5%, cannot exceed 70% of the income of the taxpayer for the tax period, calculated after subtracting from the income tax-free income, allowable deductions and limited allowable deductions, except for losses of the tax periods of previous years“.

Note of the RLA. The provisions of Paragraph 4 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Amendments to a Paragraph of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

5. Losses incurred as a result of transferring the securities and (or) derivative financial instruments (not financial institutions) shall be carried forward for no longer than five consecutive tax periods, starting from the tax period following the tax period during which the losses were incurred.

RLA note. The provisions of paragraph 5 shall apply for the purpose of calculating corporate income tax for the tax period of 2014 and subsequent tax periods (Law No. [XII-661](#)).

6. The procedure for the transfer and deduction of tax losses of the permanent establishment of the Lithuanian unit, whose income, in accordance with Article 4(1) of this Law, is not is not attributable to the tax base of the Lithuanian unit, is laid down in Article 56² of this Law“.

Note of the RLA. The provisions of Paragraph 6 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Amendments to a Paragraph of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

7. Where entities are reorganised, liquidated or restructured, or where a Lithuanian entity (European company or European cooperative society) transfers its registered office to another EU member state, losses incurred in certain specific cases shall be carried forward as specified in Chapter IX of this Law.

Article amendments:

No. [X-456](#), 20/12/2005, Official Gazette, 2005, No. 153-5635 (31/12/2005)

No. [X-866](#), 19/10/2006, Official Gazette, 2006, No. 116-4404 (31/10/2006)

No. [X-1484](#), 10/04/2008, Official Gazette, 2008, No. 47-1749 (24/04/2008)

No. [XII-661](#), 12/12/2013, Official Gazette, 2013, No. 140-7046 (30/12/2013)

Article 30¹. Interest

1. Interest costs that do not exceed interest income shall be deducted from income.

2. If the interest costs of the entity exceed the interest income, an amount of interest costs exceeding interest income that does not exceed 30 per cent of the taxable EBITDA of the entity, i.e. of the taxable property calculated by deducting from income exempt income, deductions permitted or deductions permitted of limited values, exempt for the amounts of depreciation and amortisation, an amount of increased deductions of the costs of works of research and experimental development, an amount of reduction of taxable income due to the unremunerated funds granted for the production of film or of a part thereof, a deductible amount of support granted, an amount of losses of previous tax periods deducted from the income of a taxable period and the interest costs exceeding the interest income, shall be deducted from income.

3. Notwithstanding the provisions of paragraph 2 of this Article, an amount of the interest costs exceeding the interest income that does not exceed 3 000 000 euros can be deducted from income.

4. If an entity belongs to a group of entities, the provisions of paragraphs 2 and 3 of this Article shall apply jointly to all Lithuanian entities of that group of entities and to the permanent establishments of foreign entities in the Republic of Lithuania, except for financial institutions and insurance companies. If the total amount of the interest costs exceeding the interest income of the entities of a group of entities is equal to the maximum amount of interests that is permitted to be deducted by a group of entities, that has been calculated according to the provisions of paragraphs 2 or 3 of this Article, or is lower than this amount, the entities of a group of entities shall deduct all interest costs exceeding the interest income. A portion of interest costs, exceeding the interest income that are deducted by an entity, of an amount of the income costs that is permitted to be deducted by a group of entities by applying the provisions of this Article shall be calculated in proportion to a fraction of that entity's interest costs exceeding the interest income of an amount of interest costs exceeding the interest income of the entities of a group of entities whose interest costs exceed the interest income.

5. An entity whose financial statements are included to the consolidated financial statements of a group of entities shall have the possibility, irrespective of the provisions of paragraphs 2 and 3 of this Article, to deduct all interest costs exceeding interest income if such the entity can prove that its equity to total assets ratio is not more than 2 percentage points lower than the corresponding ratio of a group of entities that is determined according to the data of the consolidated financial statements of a group of entities. The entity's assets and obligations are evaluated using the same method as the consolidated financial statements.

6. For the purposes of this Article, the following shall be also considered to be interest:

- 1) remuneration for loans entitling to participate in the distribution of profits;
- 2) remuneration for convertible and zero-coupon bonds;
- 3) remuneration for funding under Islamic law;
- 4) remuneration for leasing (financial lease);
- 5) the capitalized interest included to the asset's carrying amount;
- 6) interest linked to the return on borrowed capital (profit, income);
- 7) the notional interest of OTC derivatives or hedge transactions related to the entity's loans;
- 8) guarantee payments under financing transactions;
- 9) other remuneration that is economically equal to interest;
- 10) administration fees for all payments under this paragraph;
- 11) the amount of foreign currency exchange rate related to all payments under this paragraph.

7. The provisions of this Article shall not apply:

- 1) for the interest of the loans intended for financing of long-term public infrastructure projects aimed at creating, modernizing, managing and / or supervising public interest assets when the project operator, its property are present in, interest costs are incurred and income is received in the Member State of the European Union. The Government of the Republic of Lithuania or institution authorized by it establishes the criteria and procedure of attributing projects to long-term public infrastructure projects;
- 2) for financial institutions and insurance companies;
- 3) for the entities that have no associated persons (entities).

8. In cases where item 1 of paragraph 7 of this Article applies, the income received from a long-term public infrastructure project shall not be included when calculating a taxable EBITDA for the purposes of application of this Article.

9. According to this Article, an amount of non-deducted interest costs, which could be deducted in other cases provided for in this Law, can be carried forward to other tax periods for an indefinite period and deducted from the income of those tax periods by applying the restrictions set forth in this Article.

Note of the Register of Legal Acts. The provisions of the Article 30¹ shall apply for the calculation and declaration of corporate tax for tax periods of 2019 and subsequent years.

Supplemented with an Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

CHAPTER VI

NON-ALLOWABLE DEDUCTIONS

Article 31. Non-allowable Deductions

1. The following may not be deducted from income:

- 1) VAT paid to the budget and corporate income tax prescribed by this Law;
- 2) *repealed on 25/07/2003*;
- 3) default interest, fines and late payment interest paid to the budget and state funds and other sanctions for violations of legal acts of the Republic of Lithuania;
- 4) interest or other payments made in respect of defaulting on contractual obligations by related persons;
- 5) the part of limited deductions which exceeds the prescribed amounts;
- 6) *repealed on 14/02/2004*;
- 7) *repealed on 28/04/2008*;
- 8) costs included in allowable deductions earlier than 18 months ago where the goods actually received from or the services actually provided by entities registered or otherwise organised in target territories have not been paid for;
- 9) sponsorship, except for the cases specified in Article 28 of this Law, and gifts, except gifts for employees;
- 10) payments which are not supported by the evidence specified in paragraph 2 of this Article and payments which are not taxed in accordance with the procedure laid down in Article 37 of this Law;
- 11) compensation for damage caused by an entity;
- 12) dividends or otherwise distributed profits (the portion of the profits intended for the annual bonuses for the activities of members of the Board or the Supervisory Board, for the benefit of employees or for the provision of the benefit specified in paragraph 2 of Article 26 of this Law shall not be treated as distributed profits);
- 13) other costs unrelated to the earning of income, costs relating to unusual activities and costs which are not treated as allowable deductions under this Law;
- 14) correction of errors and inaccuracies of the previous tax periods in accordance with Article 18 of the Law of the Republic of Lithuania on Accounting;
- 15) costs resulting from the revaluation of assets and obligations performed in accordance with the procedure prescribed by legal acts, except for costs resulting from the revaluation of derivative financial instruments acquired to cover the risks;
- 16) social tax;

RLA note. The provisions of subparagraph 16 shall apply for the purpose of calculating the taxable profits for the tax periods of 2006 and 2007 (Law No. [X-232](#)).

17) allowable deductions attributed to non-taxable income and limited allowable deductions;

18) costs related to income from international carriage by sea-going vessels and activities directly related thereto if, at the choice of the shipping entity, income from international carriage by

sea-going vessels and activities directly related thereto are subject to fixed rate corporate income tax under the provisions of Article 38⁽¹⁾ of this Law;

19) allowable deductions and limited allowable deductions attributed to income from activities carried out through permanent establishments of Lithuanian entities in a state of the European Economic Area or states with which the Republic of Lithuania has concluded and brought into effect a treaty for the avoidance of double taxation where income from the activities carried out through these permanent establishments is subject to corporate income tax or equivalent tax in those states in accordance with the prescribed procedure;

20) costs incurred while engaging in acts prohibited by the Criminal Code, including bribes.

A new subparagraph added to the article:

No. [XII-1466](#), 18/12/2014, published in the RLA on 31/12/2014, ID code 2014-21227

2. Payments made by a Lithuanian entity or permanent establishment (except for payments made in respect of material valuables where the Lithuanian entity or permanent establishment can provide documents evidencing the entry of such valuables into the state) to foreign entities registered or otherwise organised in target territories shall be treated as non-allowable deductions where the paying Lithuanian entity or permanent establishment does not supply to the local tax administrator, in accordance with the procedure established by the central tax administrator, evidence that:

- 1) such payments are related to the usual activities of the paying and receiving entity;
- 2) the receiving foreign entity controls the assets needed to perform such usual activities;
- 3) there is a link between the payment and the economically feasible operation.

Article amendments:

No. [IX-1659](#), 01/07/2003, Official Gazette, 2003, No. 74-3417 (25/07/2003)

No. [IX-1972](#), 22/01/2004, Official Gazette, 2004, No. 25-748 (14/02/2004)

No. [X-232](#), 07/06/2005, Official Gazette, 2005, No. 76-2740 (18/06/2005)

No. [X-259](#), 21/06/2005, Official Gazette, 2005, No. 81-2942 (30/06/2005)

No. [X-456](#), 20/12/2005, Official Gazette, 2005, No. 153-5635 (31/12/2005)

No. [X-1110](#), 03/05/2007, Official Gazette, 2007, No. 55-2126 (19/05/2007)

No. [X-1484](#), 10/04/2008, Official Gazette, 2008, No. 47-1749 (24/04/2008)

No. [XI-539](#), 09/12/2009, Official Gazette, 2009, No. 153-6880 (28/12/2009)

No. [XI-1156](#), 23/11/2010, Official Gazette, 2010, No. 145-7413 (11/12/2010)

No. [XII-1466](#), 18/12/2014, published in the RLA on 31/12/2014, ID code 2014-21227

3. In case of a hybrid mismatch, resulting in double deduction of the payment amount from income in the two countries, the payment amount of the unit, that is deducted from the income in a foreign country, is classified as non-allowable deduction. The payment amount, that is classified under this Paragraph as non-allowable deduction, is reduced with an amount the income that, due to a hybrid mismatch, is twice (in two countries) included in taxable income. The remaining payment amount, that was not deducted due a hybrid mismatch, is carried forward to other tax periods, and it is used to reduce the amount of the income that is twice (in two countries) included in taxable income in other tax periods.

Note of the RLA. The provisions of Paragraph 3 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Supplemented with a Paragraph of Article:

No. [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

4. In case of a hybrid mismatch, resulting in deduction of the payment amount from income in one country, when the payment amount is not included in taxable income in another country, an amount of the payment made by a unit is classified as a non-allowable deduction.

Note of the RLA. The provisions of Paragraph 4 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Supplemented with a Paragraph of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

5. When a Lithuanian unit is at the same time considered to be a payer of the corporate income tax or an identical tax in one or more foreign countries, and for this reason the amount of the payment made by a Lithuanian unit is deducted from the income in two or more countries, such a payment made by the Lithuanian unit is classified as a non-allowable deduction. This provision shall apply only if the amount of the payment made by a Lithuanian unit is deducted from the income which is not considered to be income in any foreign country, in which the Lithuanian unit is considered a payer of the corporate income tax or an identical tax. If a Lithuanian unit is at the same time considered to be a payer of the corporate income tax or an identical tax in a foreign country with which the Republic of Lithuania has concluded and applies a double taxation agreement, the provisions of this Paragraph shall apply only if, under a double taxation agreement with that foreign country, a Lithuanian unit is considered to be a payer of the corporate income tax or an identical tax in that foreign country“.

Note of the RLA. The provisions of Paragraph 5 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Supplemented with a Paragraph of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

6. The unit’s payment, that either directly or indirectly, through a transaction or several transactions concluded between associates, or under a structural arrangement, finances expenses deducted in a foreign country, and this leads to a hybrid mismatch, is classified as a non-allowable deduction, unless the consequences of a hybrid mismatch are eliminated in one of the countries involved in a transaction or several transactions between associates, or in a structural arrangement, by not allowing the payment amount to be deducted or by including it in taxable income“.

Note of the RLA. The provisions of Paragraph 6 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Supplemented with a Paragraph of Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

CHAPTER VII

PROCEDURE FOR TAXATION OF DIVIDENDS AND OTHER DISTRIBUTED PROFITS

Article 32. Dividends and Distributed Profits

1. This Chapter shall lay down the procedure for taxation of dividends paid by an entity and of other distributed profits. All of the provisions applicable to dividends shall be also applicable to distributed profits, even though distributed profits are not legally documented as dividends received by the entity in accordance with the procedure laid down in the Law of the Republic of Lithuania on Companies, the Law of the Republic of Lithuania on Cooperative Companies (Cooperatives) and the Law of the Republic of Lithuania on Agricultural Companies unless this Law provides otherwise.

2. Shares (interests, member shares) issued free of charge from the funds of an entity or due to an increase in the value of assets to members of the entity in proportion to the number of shares (interests, member shares) held by them or the amount by which the nominal value of the

shares or the value of member shares issued earlier has been increased shall not be treated as dividends or distributed profits.

3. The acquisition price of the assets of a member of an entity, which have been transferred to him as distributed profits, shall be the actual market price of such assets determined on the day of transfer.

4. Where an entity distributes profits in the form of assets (not in cash) and the actual market price of such transferred assets as determined on the day of their transfer to a member of the entity exceeds their acquisition price, the difference shall be treated as income from the increase in the value of assets unless this Law provides otherwise.

5. Where the authorised capital of an entity is reduced, the funds or part of such funds paid out to members of the entity, which are attributed to the reduced portion of the authorised capital formed otherwise than from the contributions made by the members of the entity, shall be treated as dividends and be subject to taxation in accordance with the procedure laid down in Articles 33 and 34 of this Law. Where the authorised capital of the entity is reduced, it shall be considered that members of the entity are first paid out the part of the authorised capital which was formed by increasing such capital from the entity's funds and not from contributions made by the members of the entity. A positive difference between the acquisition price of cancelled shares and the amount of paid out funds specified in this paragraph due to the reduction of the portion of the authorised capital formed otherwise than from the contributions made by the members of the entity may be attributed by a member of the entity to the losses resulting from the transfer of securities.

6. The provisions of paragraph 2 of Article 34, paragraphs 2 and 3 of Article 35 of this Chapter concerning exemption of dividends from tax shall not apply to an arrangement or a series of arrangements for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States and, thus, they are not genuine taking into consideration all relevant facts and circumstances. An arrangement or a series of arrangements shall be regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

Supplemented by the paragraph of this Article:

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID code 2016-06346

Article amendments:

No. [X-456](#), 20/12/2005, Official Gazette, 2005, No. 153-5635 (31/12/2005)

No. [XI-1156](#), 23/11/2010, Official Gazette, 2010, No. 145-7413 (11/12/2010)

Article 33. Procedure for Taxation of Dividends Paid out to Lithuanian Entities

1. Dividends received by a Lithuanian entity for the shares, portion of capital or other rights held in Lithuanian entities shall be subject to a corporate income tax rate of 15%. The tax shall be calculated, withheld and paid to the budget by the Lithuanian entity paying the dividends by the fifteenth day of the month following the month during which the dividends were paid out.

Article paragraph amendments:

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID code 2016-06346

2. Dividends received by a Lithuanian entity from Lithuanian entities, in which the recipient controls for an uninterrupted period of at least 12 months, including the moment of distribution of the dividends, at least 10% of voting shares (interests, member shares), shall not be subject to corporate income tax and shall not be included in the income of the entity receiving the dividends.

3. Where an entity distributes profits by paying dividends in cash in accordance with the procedure laid down in the Law of the Republic of Lithuania on Companies, the Law of the Republic of Lithuania on Cooperative Companies (Cooperatives) and the Law of the Republic of Lithuania on Agricultural Companies, the amount of corporate income tax withheld and paid to the budget shall be set off against the amount of corporate income tax to be paid by the entity receiving the dividends for the tax period during which the tax on the dividends paid out to the entity was withheld. Where, in the tax period during which the tax on the dividends paid out was withheld and paid, the amount of the offset tax withheld by the Lithuanian entity receiving the dividends exceeds the amount of corporate income tax to be paid by the entity, the difference between the two amounts shall be refunded (credited) in accordance with the procedure for refunding (crediting) of tax overpayment laid down in the Law of the Republic of Lithuania on Tax Administration.

4. Where a Lithuanian entity receives dividends in accordance with the procedure laid down in the Law of the Republic of Lithuania on Companies, the Law of the Republic of Lithuania on Cooperative Companies (Cooperatives) and the Law of the Republic of Lithuania on Agricultural Companies, the entity shall not include in its income the dividends received from another Lithuanian entity.

Article amendments:

No. [IX-1008](#), 02/07/2002, *Official Gazette*, 2002, No. 73-3086 (19/07/2002)

No. [IX-1659](#), 01/07/2003, *Official Gazette*, 2003, No. 74-3417 (25/07/2003)

No. [X-1481](#), 08/04/2008, *Official Gazette*, 2008, No. 47-1748 (24/04/2008)

No. [XI-74](#), 18/12/2008, *Official Gazette*, 2008, No. 149-6001 (30/12/2008)

No. [XI-539](#), 09/12/2009, *Official Gazette*, 2009, No. 153-6880 (28/12/2009)

Article 34. Dividends Paid out to Foreign Entities

1. Dividends received by foreign entities for the shares, portion of capital or other rights held in a Lithuanian entity shall be subject to a corporate income tax rate of 15%. The tax shall be calculated, withheld and paid to the budget by the Lithuanian entity paying the dividends by the fifteenth day of the month following the month during which the dividends were paid out.

Article paragraph amendments:

No. [XII-2262](#), 22/03/2016, *published in the RLA on 25/03/2016, ID code 2016-06346*

2. Dividends paid by a Lithuanian entity to a foreign entity, which controls for an uninterrupted period of at least 12 months, including the moment of distribution of dividends, at least 10% of voting shares (interests, member shares) in the Lithuanian entity, shall not be subject to taxation, except for the cases where the foreign entity receiving the dividends is registered or otherwise organised in target territories.

3. Dividends received by a permanent establishment for the shares, portion of capital or other rights held in the Lithuanian entities that are attributed to the permanent establishment shall be subject to the procedure of taxation applicable in respect of dividends received by a Lithuanian entity for the shares, portion of capital or other rights held in Lithuanian entities.

Article amendments:

No. [IX-2091](#), 30/03/2004, *Official Gazette*, 2004, No. 54-1834 (15/04/2004)

No. [X-1481](#), 08/04/2008, *Official Gazette*, 2008, No. 47-1748 (24/04/2008)

No. [XI-73](#), 18/12/2008, *Official Gazette*, 2008, No. 149-6000 (30/12/2008)

No. [XI-74](#), 18/12/2008, *Official Gazette*, 2008, No. 149-6001 (30/12/2008)

No. [XI-539](#), 09/12/2009, *Official Gazette*, 2009, No. 153-6880 (28/12/2009)

Article 35. Dividends of Foreign Entities

1. Dividends received by a Lithuanian entity or permanent establishment for the shares, portion of capital or other rights held in foreign entities or attributed to a permanent establishment shall be subject to a corporate income tax rate of 15% except for the cases specified in paragraphs 2 and 3 of this Article. The tax shall be calculated and paid to the budget by the Lithuanian entity or permanent establishment receiving the dividends by the fifteenth day of the month following the month during which the dividends were received.

Article paragraph amendments:

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID code 2016-06346

2. Dividends received by a Lithuanian entity or a permanent establishment for the shares, portion of capital or other rights held in or attributed to the permanent establishment foreign entities which are registered or otherwise organised in a state of the European Economic Area and whose profit is subject to corporate income tax or an equivalent tax shall not be subject to taxation.

3. Dividends received by a Lithuanian entity or permanent establishment from foreign entities not specified in paragraph 2 of this Article in which the Lithuanian or foreign entity whose permanent establishment (to which the dividend paying shares, portion of the capital or other rights are attributed) receives such dividends controls for an uninterrupted period of at least 12 months, including the moment of distribution of dividends, at least 10% of voting shares (interests, member shares), shall not be subject to taxation, provided that the dividends are received from a foreign entity whose profit is subject to corporate income tax or an equivalent tax and which is not registered or otherwise organised in target territories.

4. A Lithuanian entity shall not include in its income the dividends received from a foreign entity.

5. The provisions of paragraphs 2 and 3 of this Article concerning exemptions of dividends received by foreign entities from tax shall not apply to dividends whereby the foreign entities reduce their profit subject to corporate income tax or an equivalent tax.

Supplemented by paragraph of this Article:

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID code 2016-06346

Article amendments:

No. [IX-1659](#), 01/07/2003, Official Gazette, 2003, No. 74-3417 (25/07/2003)

No. [IX-2201](#), 29/04/2004, Official Gazette, 2004, No. 73-2534 (30/04/2004)

No. [X-1481](#), 08/04/2008, Official Gazette, 2008, No. 47-1748 (24/04/2008)

No. [XI-74](#), 18/12/2008, Official Gazette, 2008, No. 149-6001 (30/12/2008)

No. [XI-539](#), 09/12/2009, Official Gazette, 2009, No. 153-6880 (28/12/2009)

Article 36. Declaration of Dividends

A declaration concerning the payment of dividends to an entity or the receipt of dividends from an entity as well as a declaration concerning the calculation of corporate income tax shall be submitted to the local tax administrator in the territory whereof the withholding and paying entity or permanent establishment is registered by the fifteenth day of the month following the month during which the dividends were paid or received.

Article amendments:

No. [IX-2201](#), 29/04/2004, Official Gazette, 2004, No. 73-2534 (30/04/2004)

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID code 2016-06346

CHAPTER VIII

SPECIAL CONDITIONS GOVERNING TAXATION OF INCOME

Article 37. Taxation of Foreign Entities

Corporate income tax on income (amounts) specified in paragraph 4 of Article 4, except for the case referred to in Article 37⁽¹⁾ of this Law, shall be withheld at source and paid to the budget by the paying person, i.e. a Lithuanian entity, a permanent establishment or a permanent resident of Lithuania. In this case, the income of a foreign entity shall be recognised in accordance with the principle set out in paragraph 1 of Article 8 of this Law.

Article amendments:

No. [IX-2201](#), 29/04/2004, *Official Gazette*, 2004, No. 73-2534 (30/04/2004)

Article 37¹. Criteria and Requirements for Exempting Tax at Source on Income (Amounts) Paid out to Foreign Entities or their Permanent Establishments

1. The amounts specified in subparagraphs 3 and 5 of paragraph 4 of Article 4 of this Law which are paid by a Lithuanian entity or a permanent establishment of a foreign entity situated in a member state of the European Union shall be exempt from corporate income tax at source, provided that the recipient (beneficial owner) of the amounts is a foreign entity which is considered to be resident, for tax purposes, only in a member state of the European Union (hereinafter referred to as the “entity of an EU member state”) or a permanent establishment of the entity of this EU member state situated in another EU member state.

2. The following shall be treated as the beneficial owner of income:

1) any entity of an EU member state, which takes on one of the forms of business organisation listed in Annex to Council Directive 2003/49/EC of 3 June 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different member states (hereinafter referred to as “Directive 2003/49/EC”) and which is subject to taxes specified in Article 3(a)(iii) of Directive 2003/49/EC without being exempt from such taxes, provided that it receives income for its own benefit and not as an intermediary, such as an agent, trustee or authorised signatory, etc.;

2) any permanent establishment of an entity of an EU member state situated in another EU member state, which takes on one of the forms of business organisation listed in Annex to Directive 2003/49/EC and which is subject to taxes specified in Article 3(a)(iii) of Directive 2003/49/EC without being exempt from such taxes, provided that the granting for use or right to use in respect of which the payment of amounts specified in subparagraphs 3 and 5 of paragraph 4 of Article 4 of this Law arises is effectively connected with that permanent establishment and provided that the amounts specified in subparagraphs 3 and 5 of paragraph 4 of Article 4 of this Law are recognised as income in respect of which that permanent establishment is subject to taxes specified in Article 3(a)(iii) or in the case of Belgium to the “impôt des non-résidents/belasting der niet-verblijfhouders” or in the case of Spain to the “Impuesto sobre la Renta de no Residentes” or to an identical tax which arises later or in place of the existing taxes.

3. The provisions of this Article shall apply where at the time of payment of amounts to the entity of an EU member state or its permanent establishment and for an uninterrupted period of at least two years before the payment is made the entities of the EU member states meet one of the following criteria:

1) the paying Lithuanian entity or the entity of an EU member state whose permanent establishment situated in the Republic of Lithuania pays out such amounts controls directly at least 25% of the shares (interests, member shares) in the receiving entity of an EU member state or in the entity of an EU member state whose permanent establishment receives such income; or

2) the receiving entity of an EU member state or the entity of an EU member state whose permanent establishment receives such income controls directly at least 25% of the shares (interests, member shares) in the paying Lithuanian entity or in the entity of an EU member state whose permanent establishment in the Republic of Lithuania pays out such amounts; or

3) any other entity of an EU member state controls directly at least 25% of the shares (interests, member shares) in the receiving entity of an EU member state or the entity of an EU member state whose permanent establishment receives such income and also in the paying Lithuanian entity or in the entity of an EU member state whose permanent establishment in the Republic of Lithuania pays out such amounts.

4. Where a permanent establishment is treated as the payer or as the beneficial owner of the amounts specified in subparagraphs 3 and 5 of paragraph 4 of Article 4 of this Law, no other part of that foreign entity shall be treated as the payer or as the beneficial owner of those amounts.

5. The provisions of this Article shall apply to a permanent establishment which is the payer of the amounts specified in subparagraphs 3 and 5 of paragraph 4 of Article 4 of this Law where such amounts may be deducted from the income of the permanent establishment in accordance with the provisions of this Law and other legal acts.

6. A Lithuanian entity or a permanent establishment which is the payer of the amounts specified in subparagraphs 3 and 5 of paragraph 4 of Article 4 of this Law must have documents evidencing the fulfilment of the requirements laid down in paragraphs 1, 2 and 3 of this Article. The requirements for such documents shall be established by the central tax administrator.

7. The provisions of this Article shall also apply to the dependent territories of states and EU member states if such application is provided for in EU legal acts.

An article added to the Law:

No. [IX-2201](#), 29/04/2004, *Official Gazette*, 2004, No. 73-2534 (30/04/2004)

Article amendments:

No. [X-1698](#), 14/07/2008, *Official Gazette*, 2008, No. 87-3458 (31/07/2008)

No. [XI-388](#), 22/07/2009, *Official Gazette*, 2009, No. 93-3980 (04/08/2009)

Article 37⁽²⁾. Repealed on 01/01/2010.

An article added to the Law:

No. [IX-2201](#), 29/04/2004, *Official Gazette*, 2004, No. 73-2534 (30/04/2004)

Article amendments:

No. [XI-388](#), 22/07/2009, *Official Gazette*, 2009, No. 93-3980 (04/08/2009)

Article 37⁽³⁾. Taxation of Sponsorship Received, Used for Purposes Other Than Specified in the Law of the Republic of Lithuania on Charity and Sponsorship, and of Sponsorship Received in Cash

An entity shall calculate and pay to the budget, in accordance with the procedure laid down in this Law, corporate income tax on sponsorship received which is used for purposes other than specified in the Law of the Republic of Lithuania on Charity and Sponsorship and on the part of

sponsorship received in cash from a single provider of sponsorship during the tax period which exceeds the amount of 250 MLS.

An article added to the Law:

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

Article 38. Taxation Applicable to the Lease of Assets or a Set of Assets

1. Where assets or a set of assets of an entity are transferred under a lease transaction, such transfer of assets or a set of assets may be taxed by the decision of a tax administrator as the sale of assets for the purpose of calculating corporate income tax, provided that the lease transaction meets at least one of the following criteria:

- 1) the term of lease exceeds 30 years, except for the cases when the land leased in accordance with the procedure laid down in the laws of the Republic of Lithuania or the lessee of assets is specified in paragraph 2 of Article 3 of this Law;
- 2) the schedule of regular rentals establishes that the larger portion of the actual market price of the fixed assets leased by the entity shall be paid within a shorter period of the lease term;
- 3) the lease contract restricts the rights of the lessee of fixed assets or a set of assets in respect of taking on loans and (or) distributing profits or paying dividends;
- 4) the provisions relating to the renovation of the assets leased are not linked to the commercial activities of the lessee or the lessor and (or) the value of renovation of the assets is not in line with the actual market price of the assets.

2. Income from the sale of assets specified in paragraph 1 of this Article shall be included in the income for the tax period during which the said assets were transferred to the lessee at their actual market price.

3. Provisions of subparagraph 2 of paragraph 1 of this Article shall not apply to leasing (financial lease) transactions.

Article amendments:

No. [IX-1659](#), 01/07/2003, *Official Gazette*, 2003, No. 74-3417 (25/07/2003)

Article 38⁽¹⁾. Taxation of Income Received from International Carriage by Sea-going Vessels and Activities Directly Related Thereto

1. The income of a nautical unit from international shipping by sea-going vessels or from international shipping by sea-going vessels and the activities that are directly associated with the latter can be taxed in accordance with the provisions of this Article if a nautical unit meets the criteria set forth below throughout a tax period of Lithuanian tax entity or throughout a tax period of a foreign tax entity registered or organised in the country of the European Economic Area that operates in the Republic of Lithuania through a permanent establishment:

- 1) owns under the right of ownership or possesses under a financial lease agreement which provides for the transfer of ownership, or under purchase-sale agreement or charter contract which provides for the transfer of ownership to a nautical unit after the payment of the total value of the property by the latter, or under a bareboat charter, or uses under a contract for chartering vessels (a voyage charter), or under a time charter in or a time charter out, as provided for in the Article 2 of the Law of the Republic of Lithuania on Merchant Shipping, sea-going vessels (cargo ships, container vessels, tankers, ro-pax vessels, passenger boats, cruise ships) that fly the flag of the Republic of Lithuania or another country of the European Economic Area, and are used for international shipping by sea-going vessels or for international shipping by sea-going vessels or for the activities that are directly associated with the latter;

2) NT of the sea-going vessels owned by a nautical unit is not lower than 10 per cent of NT of all sea-going vessels owned by a nautical unit;

3) NT of the sea-going vessels used by a nautical unit under contracts for chartering vessels (voyage charters) or under time charters in, as provided for in the Article 2 of the Law of the Republic of Lithuania on Merchant Shipping, is not greater than 75 per cent of NT of all sea-going vessels that are in the possession of a nautical unit, and NT of the sea-going vessels chartered under the bareboat charters out, that are owned under the right of ownership, is not greater than 30 per cent of NT of all sea-going vessels that are in the possession of a nautical unit;

4) provides strategic, commercial, technical management services in the country of the European Economic Area for sea-going vessels that are used for international shipping by sea-going vessels, except where sea-going vessels are used under a contract for chartering vessels (voyage charter) or a time charter in, as provided for in the Article 2 of the Law of the Republic of Lithuania on Merchant Shipping, and when the sea-going vessels of a nautical unit (that are owned under the right of ownership) are chartered under a bareboat charter out;

5) the sea-going vessels owned by a nautical unit under the right of ownership or possessed under a financial lease agreement which provides for the transfer of ownership, or under purchase-sale agreement or charter contract which provides for the transfer of ownership to a nautical unit after the payment of the total value of the property by the latter, or under a bareboat charter, or used under a contract for chartering vessels (a voyage charter), or under a time charter in, as provided for in the Article 2 of the Law of the Republic of Lithuania on Merchant Shipping, that are used for international shipping by sea-going vessels and for the activities that are directly associated with the latter, meet the security requirements imposed by the legal acts of the Republic of Lithuania and of the European Communities.

2. After the acquisition of the right by a nautical unit and after opting to pay a fixed corporate tax, the procedure of taxation of a fixed corporate tax shall apply at least until the date referred to in paragraph 5 of this Article, except where a nautical unit no longer meets the criteria set forth in paragraph 1 of this Article. The procedure of taxation of a fixed corporate tax should apply to all sea-going vessels of a nautical unit (including subsidiaries) that meet the criteria set forth in item 1 of paragraph 1 of this Article and used for international shipping by sea-going vessels or for international shipping by sea-going vessels and for the activities that are directly associated with the latter.

3. If a nautical unit during a selected period of payment of a fixed corporate tax (this period runs from a tax period during which a nautical unit has for the first time acquired the right and opted to pay a fixed corporate tax) loses the right to pay a fixed corporate tax (i.e. it no longer meets the criteria set forth in paragraph 1 of this Article) or waives its right to pay a fixed corporate tax of the income from international shipping by sea-going vessels or from international shipping by sea-going vessels and from the activities that are directly associated with the latter, then, starting with the tax period during which such the right was lost (except as provided for in paragraph 4 of this Article) or during which such the right was waived, the general provisions of corporate tax calculation shall apply for this income of a nautical unit, and such a nautical unit is no longer granted the right to opt for payment of a fixed corporate tax in all remaining tax periods for a period of 10 years (this period runs from a tax period during which a nautical unit has for the first time acquired the right and opted to pay a fixed corporate tax).

4. When a nautical unit that meets the criteria set forth in paragraph 1 of this Article during the selected period of payment of a fixed corporate tax (this period runs from a tax period during which a nautical unit has for the first time acquired the right and opted to pay a fixed corporate tax) no longer meets the criteria set forth in paragraph 1 of this Article due to force majeure (i.e. due to the reasons that are beyond the control of a nautical unit), such a nautical unit does not lose the right to exercise the procedure of taxation of a fixed corporate tax if until the end of the next tax period that follows after the tax period during which a nautical unit has lost as result of force majeure its right to pay a fixed corporate tax on income from international shipping by sea-going vessels or from international shipping by sea-going vessels and from the activities that are directly associated with the latter a nautical unit meets the criteria set forth in paragraph 1 of this Article.

5. The procedure of taxation of a fixed corporate tax in respect of a nautical unit that meets the criteria set forth in paragraph 1 of this Article shall apply until 31 December 2026. A nautical unit that meets the criteria set forth in paragraph 1 of this Article and having opted to apply the

procedure of taxation of a fixed corporate tax shall notify, in accordance with the procedure established by the central tax administrator, the local tax administrator on the option to apply the procedure of taxation of a fixed corporate tax. The notice must be made until the last day of the first quarter of a tax period during which a nautical unit has for the first time acquired the right and opted to pay a fixed corporate tax.

The Law has been supplemented with the Article:

No X-1110, 03/05/2007, Official Gazette, 2007, No 55-2126 (19/05/2007)

Amendments to the Article:

No X-1484, 10/04/2008, Official Gazette, 2008, No 47-1749 (24/04/2008)

Amendments to the Article:

No XIII-405, 01/06/2017, published in the Register of Legal Acts on 09/06/2017, i. c. 2017-09789

Article 38⁽²⁾. Calculation of Fixed Rate Corporate Income Tax

1. If, at the choice of the shipping entity, income from international carriage by sea-going vessels and activities directly related thereto is subject to fixed corporate income tax under the provisions of Article 38¹ of this Law, the base of fixed rate corporate income tax shall be calculated by applying a fixed daily amount for each 100 units of the PC of the sea-going vessel and multiplying the received amount by the number of days of the taxable period of the shipping entity. The fixed amount shall be:

- 1) for each 100 units of the PC of a sea-going vessel up to 1,000 units of the PC of a seagoing vessel – EUR 0.93 per day;
- 2) for each 100 units of the PC of a sea-going vessel starting from 1,001 up to 10,000 units of the PC of a sea-going vessel – EUR 0.67 per day;
- 3) for each 100 units of the PC of a sea-going vessel starting from 10,001 up to 25,000 units of the PC of a sea-going vessel – EUR 0.43 per day;
- 4) for each 100 units of the PC of a sea-going vessel starting from 25,000 units of the PC of a sea-going vessel – EUR 0.27 per day.

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

Article paragraph amendments:

No. [XII-1131](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13610

2. The base of fixed rate corporate income tax without any deductions shall be subject to a tax rate of 15%.

3. Limits on calculating depreciation or amortisation:

1) where, at the choice of the shipping entity, income from international carriage by seagoing vessels and activities directly related thereto was subject to the provisions of calculation of fixed corporate income tax under the provisions of Article 38⁽¹⁾ of this Law, upon the start of application of the general provisions of calculation of fixed corporate income tax on such income, the depreciation or amortisation of the assets used to carry out the activities shall not be calculated if, from the beginning of use of these assets until the end of the period of the payment of fixed rate corporate income tax, these assets would have been completely depreciated or amortized according to the rates established in Appendix 1 to this Law;

2) where a shipping entity loses the right to pay fixed rate corporate income tax (i.e., it no longer meets the criteria set in paragraph 1 of Article 38⁽¹⁾ of this Law) or waives the right to pay fixed rate corporate income tax during the chosen period of payment of fixed rate corporate income tax under the provisions of Article 38⁽¹⁾ of this Law (this period is calculated starting from the tax period during which the shipping entity for the first time acquired the right and chose to pay fixed rate corporate income tax), starting from the tax period during which this right was lost (except for

the cases stipulated in paragraph 4 of Article 38⁽¹⁾ of this Law) or during which this right was waived, depreciation or amortisation of the assets used for international carriage by seagoing vessels and the activities directly related thereto shall be calculated from the acquisition price of the assets reduced by the amount of depreciation or amortisation which would have been calculated, if the shipping entity had applied general provisions of calculation of corporate income tax throughout the whole period. In this case, depreciation or amortisation of such assets shall be calculated according to rates that are not less than those stipulated in Appendix 1 to this Law, including the tax period(s) during which the assets have already been used in the particular shipping entity.

4. Where, at the choice of a shipping entity, income from international carriage by seagoing vessels and activities directly related thereto is subject to fixed corporate income tax under the provisions of this Article, advance fixed rate corporate income tax shall not be paid.

An article added to the Law:

No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126 (19/05/2007)

5. The authority authorized by the Government of the Republic of Lithuania establishes the procedure of attributing the income from transfer of the operated property that is classified as maritime transport to the income from international shipping by sea-going vessels and from the activities that are directly associated with the latter.

Amendments to the Article:

No XIII-405, 01/06/2017, published in the Register of Legal Acts on 09/06/2017, i. c. 2017-09789

Article amendments:

No. [XI-73](#), 18/12/2008, *Official Gazette*, 2008, No. 149-6000 (30/12/2008)

No. [XI-539](#), 09/12/2009, *Official Gazette*, 2009, No. 153-6880 (28/12/2009)

Article 38³. Calculation, declaration and payment of additional corporate income tax on credit institutions

1. Banks operating in accordance with the Law of the Republic of Lithuania on Banks, including branches of foreign commercial banks, credit unions operating in accordance with the Law of the Republic of Lithuania on Credit Unions, and central credit unions operating in accordance with the Law of the Republic of Lithuania on Central Credit Unions calculate, declare and pay additional corporate income tax on credit institutions in accordance with the procedure laid down in this Article.

2. Taxable profits of credit institutions, calculated after deducting from the income non-taxable income, allowable and limited allowable deductions (except for the amount of increased deductions of the costs of research and experimental development work, the amount of the reduction of taxable income due to the funds provided free of charge for the production of a film or part thereof, deductible amount of support granted, and the amount of losses for previous tax periods deducted from the income for the tax period) is taxed at a 5% rate of the additional corporate income tax of credit institutions.

3. In calculating the profits of credit institutions that are taxed under this Article, the provisions of Chapters IX¹ and X¹ of this Law shall not be taken into account.

4. For the purposes of this Article, positive income and dividends received are not included in the income of the credit institution.

5. A share of the profits calculated in accordance with the procedure laid down in Paragraphs 2, 3 and 4 of this Article, that does not exceed EUR 2,000,000, is exempt from additional corporate income tax on credit institutions.

6. Credit institutions pay an advance additional corporate income tax on credit institutions. An advance additional corporate income tax on credit institutions for the first two quarters of the tax period accounts for ¼ of the amount of the additional corporate income tax on credit institutions, calculated in accordance with the procedure laid down in this Article, for the tax period that preceded the previous tax period. An advance additional corporate income tax on credit institutions for the third and fourth quarters of the tax period accounts for ¼ of the amount of the additional corporate income tax on credit institutions, calculated in accordance with the procedure laid down in this

Article, for the previous tax period. The Tax Return of an advance additional corporate income tax on credit institutions for the first two quarters of the tax period shall be submitted to the tax authority not later than the fifteenth day of the third month of the tax period. The Tax Return of an advance additional corporate income tax on credit institutions for the third and fourth quarters of the tax period shall be submitted to the tax authority not later than the fifteenth day of the ninth month of the tax period. An advance corporate income tax has to be paid to the state budget not later than the fifteenth day of the last month of each quarter of the tax period.

7. Credit institutions shall be exempt from the payment of an advance additional corporate income tax on credit institutions for the first tax period, as it is understood in accordance with Article 6(3) of this Law, and in the second tax period, an advance additional corporate income tax on credit institutions is payable from the third quarter. If the tax period, that preceded the previous tax period, was shorter than twelve months, in calculating an advance additional corporate income tax on credit institutions for that tax period, the amount of additional corporate income tax on credit institutions, that is calculated in accordance with the procedure laid down in this Article, shall be divided by the number of months in that tax period and shall be multiplied by twelve.

8. The Annual Tax Return of additional corporate income tax on credit institutions shall be submitted to the tax authority by the fifteenth day of the sixth month of the next tax period. If the amount of the corporate income tax calculated in the Annual Tax Return of additional corporate income tax on credit institutions for the tax period exceeds the amount of an advance additional corporate income tax on credit institutions for that tax period that was paid, the calculated difference shall be paid to the state budget by the fifteenth day of the sixth month of the next tax period. The tax overpayment shall be refunded in accordance with the procedure established by the Law on Tax Administration. The Tax Return of additional corporate income tax on credit institutions for the last tax period shall be submitted and the tax shall be paid within 30 days of the end of the activity.

9. The forms of the Tax Returns of additional corporate income tax on credit institutions and of an advance additional corporate income tax on credit institutions, the procedure for filling in them, other data required to accompany the Tax Returns are determined by the central tax authority⁶.

Note of the RLA. The provisions of Article 38³ apply in calculating and declaring the corporate income tax for tax periods of 2020, 2021 and 2022.

Supplemented with Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

Article 39. Calculation and taxation of 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 that controlled foreign entity, and

3) an actual corporate tax of a controlled foreign entity calculated of the income of that 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 that controlled foreign entity according to the provisions of this Law. 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 Lithuanian entity) and capital gains 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 pursuant to the Article 31(1) of this Law and received by a controlled foreign entity from Lithuanian entity;

2) dividends distributed in proportion to the number of shares (stakes, shares in a cooperative organisation) owned by Lithuanian entity, voting rights or rights to a fraction of distributable profit, or the exclusive rights to acquire them, but not paid to this Lithuanian entity, that do not exceed an amount of the 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 this Law. In the event that a negative amount is calculated this amount does not reduce the income of Lithuanian entity.

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

7. Positive income calculated is included in that tax period of Lithuanian entity in which a tax period of a controlled foreign entity ends. If a tax period of a controlled foreign entity is not established, a tax period of a controlled foreign entity is considered to be the same as a tax period of Lithuanian unit.

8. The same income of a controlled foreign entity may be taxed in the Republic of Lithuania only once in accordance with the procedure laid down in this Article

9. Dividends paid out to Lithuanian entity 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 Lithuanian entity as positive income. But if dividends paid out to Lithuanian entity by a controlled foreign entity exceed the income that was included in the income of this Lithuanian entity as positive income, then a portion of dividends paid that exceeds the positive income of Lithuanian entity shall be taxed according to the Article 35 of this Law.

10. When Lithuanian entity transfers its portion of a controlled foreign entity or the activities carried out through a permanent establishment referred to in the Article 2(41)(2) of this Law and any portion of the income received from such transfer was formerly included in positive income, when calculating an amount of corporate tax to be paid for this income, that portion of income shall not be included in the base of corporate tax of Lithuanian entity.

11. Lithuanian entity shall have the right, in accordance with the procedure established in the Article 55(6) of this Law, to reduce corporate tax calculated on positive income according to this Law that is payable to the budget with an amount of corporate tax or similar tax paid on positive income (in case of a controlled foreign entity, in proportion to the number of shares (stakes, shares in a cooperative organisation) owned by Lithuanian entity, voting rights or rights to a fraction of distributable profit or the exclusive rights to acquire them) paid in the state or area where a controlled foreign entity is registered or otherwise organised. If an amount of tax paid in that state or area exceeds the amount provided for in the laws of that state or area, then Lithuanian entity shall have the right to reduce corporate tax calculated on positive income according to this Law that is payable to the budget with an amount of tax that had to be paid on positive income in that state or area where a controlled foreign entity is registered or otherwise organised.

12. Lithuanian entity shall have the right, in accordance with the procedure established in the Article 55(6) of this Law, to reduce corporate tax calculated on positive income according to this Law that is payable to the budget with an amount of corporate tax or similar tax paid on positive income in the country of the European Economic Area or in the state with which the Republic of Lithuania has entered into and applies the Double Taxation Convention, and under whose relevant

law the income of a controlled foreign entity is included in the positive income of the entity of that state and taxed subject to the rules similar to those laid down in this Article.

Note of the Register of Legal Acts. The provisions of the Article 39 shall apply for the calculation and declaration of corporate tax for tax periods of 2019 and subsequent years.

Amendments to the Article:

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

Article 39⁽¹⁾. Apportionment of Income and Costs of the European Economic Interest Grouping among Members and Taxation Thereof

1. The income of a European Economic Interest Grouping shall be apportioned among its members in the proportions laid down in the memorandum of association of the Grouping or, in the absence of any such provisions, in equal shares.

2. A member of a European Economic Interest Grouping shall attribute the Grouping's income to his own income on the last day of the Grouping's financial period during which the income was earned and (or) received.

3. A member of a European Economic Interest Grouping shall attribute his share of the Grouping's income 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.

4. The costs incurred by a European Economic Interest Grouping shall be apportioned among its members in accordance with the principles laid down in paragraph 1 of this Article.

5. A member of a European Economic Interest Grouping shall deduct from his income the costs incurred by the Grouping which, under the provisions of this Law, are attributed to allowable deductions and limited allowable deductions.

6. 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 6 shall apply for the purpose of calculating corporate income tax for the tax period of 2015 and subsequent tax periods.

Article paragraph amendments:

No. [XII-1131](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13610

7. A member of a European Economic Interest Grouping shall not include in his income profits or part of the profits received from the Grouping.

An article added to the Law:

No. [IX-2102](#), 08/04/2004, Official Gazette, 2004, No. 60-2117 (24/04/2004)

Article 40. Adjustment of the Value of Transactions or Economic Operations and Revaluation of Income or Benefits

1. For the purpose of calculating taxable profits in accordance with the procedure laid down in this Law, entities 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 profits in accordance with the procedure laid down in this Law, entities must reevaluate 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-1972](#), 22/01/2004, *Official Gazette*, 2004, No. 25-748 (14/02/2004)

Article 40¹. Repealed as of 24 December 2016

Repeal of the Article:

No. [XIII-88](#), 13 December 2016, published in the Register of Legal Acts (TAR), 23 December 2016, ID 2016-29276

Article 40². Taxation of transfer of assets

1. Transfer of assets from the Republic of Lithuania shall be taxed in accordance with the procedure laid down in this Article if one of the following circumstances exists:

1) a Lithuanian unit attributes the assets to the activities pursued in a foreign country through a permanent establishment, and the owner of the assets does not change;

2) a foreign unit, operating in the Republic of Lithuania through a permanent establishment, attributes the assets to its activities pursued in another foreign country, and the owner of the assets does not change;

3) a Lithuanian unit transfers the activities pursued in the Republic of Lithuania to a foreign country, unless the assets that were used for activities pursued in the Republic of Lithuania continue to be used for the activities pursued by a foreign unit through a permanent establishment in the Republic of Lithuania;

4) a foreign unit, that pursues activities in the Republic of Lithuania through a permanent establishment, transfers the activities pursued to a foreign country.

2. At the time of the transfer of the assets, the unit recognizes capital gains, consisting of the difference between the fair market price of the transferred assets at the time of the transfer and the purchase price of the assets.

3. If the assets of a unit, the depreciation or amortization of which has been calculated for income tax purposes, are transferred, in calculating capital gains, the purchase price of those assets is reduced by the amount of depreciation or amortization thereof, that is included in the limited allowable deductions.

4. In cases where assets are transferred to other countries of the European Economic Area, which have concluded an agreement with the Republic of Lithuania or the European Union on the mutual assistance for the recovery of tax claims, which is equivalent to the mutual assistance provided for in Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (OJ 2010 L 84, p. 1) (hereinafter – Directive 2010/24/ES), the unit may include in the tax base the income, calculated in accordance with this Article, in equal instalments within 5 years from the start of the transfer of the assets. Arrangement of the income in instalments shall be discontinued the remaining part of the income, not included in the tax base, shall be included in the income for the tax period in which it becomes apparent that:

1) the assets transferred are being sold or their ownership is otherwise being transferred; or

2) the assets transferred are, within 5 years of the transfer thereof, transferred to a non-European Economic Area country or a European Economic Area country, with which the Republic of Lithuania or the European Union has not concluded an agreement on the mutual assistance for the

recovery of tax claims, which is equivalent to the mutual assistance provided for in Directive 2010/24/EU; or

3) bankruptcy or liquidation proceedings are initiated against the unit; or

4) the entity fails to meet the corporate income tax obligations within 12 months from the end of the deadlines for the payment of the corporate income tax laid down in Article 53 of this Law.

5. The provisions of this Article shall not apply to transfers of assets for a period of less than 12 months, when assets are transferred to finance securities or as a collateral (advance), or in order to meet prudential capital requirements, or for liquidity management purposes“.

Note of the RLA. The provisions of Article 40² apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Supplemented with Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

CHAPTER IX

TAXATION APPLICABLE TO REORGANISATIONS, TRANSFERS AND LIQUIDATIONS. RECOGNITION OF INCOME AND LOSSES IN RESPECT OF THE VALUE OF ASSETS RESULTING FROM REORGANISATIONS, LIQUIDATIONS AND TRANSFERS

Article 41. Participants and Cases of Reorganisation and Transfer

1. Income and losses of entities and their members shall be recognised in accordance with the procedure laid down in the other Articles of this Chapter in the cases of reorganisation or transfer where:

1) the assets, rights and obligations of the entities are transferred between Lithuanian entities, whose taxable profits are taxed at a rate of 15 % or 5% as specified in Article 5 of this Law, or between foreign entities considered to be resident in EU member states for tax purposes, which take on one of the forms of business organisation listed in Annex to Council Directive 90/434/EC 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 (hereinafter referred to as “Directive 90/434/EC”) and which are subject to taxes specified in Article 3(c) of Directive 90/434/EC; or

2) the assets, rights and obligations of the entities are transferred between Lithuanian entities, the taxable profits of which are taxed at a rate of 15% or 5% as specified in Article 5 of this Law, or between foreign entities considered to be resident in EU member states for tax purposes, which take on one of the forms of business organisation listed in Annex to Council Directive 90/434/EC and which are subject to taxes specified in Article 3(c) of Directive 90/434/EC; or

3) the registered office (of a European company or European cooperative society) is transferred.

2. Cases of reorganisation or transfer:

1) entities are reorganised by means of a merger by acquisition, i.e. one or more entities, on being dissolved without going into liquidation, (hereinafter referred to as the “acquired entities”) are merged with another existing entity (hereinafter referred to as the “acquiring entity”) and, at the time of the merger, all the assets, rights and obligations of the acquired entity are transferred to the acquiring entity and members of the acquired entity, in exchange for the shares (interests, member shares) held in the acquired entity, receive shares (interests, member shares) issued by the acquiring entity, to which all the assets, rights and obligations of the acquired entity are transferred; where, during the exchange, the difference in the price of the shares of the acquired entity and acquiring

entity is covered by a cash payment, it shall not exceed 10% of the nominal value of the shares, or, in the absence of a nominal value, it shall not exceed 10% of their accounting par value;

2) entities are reorganised by means of a merger by the formation of a new entity, i.e. one or more entities, on being dissolved without going into liquidation, (hereinafter referred to as the “acquired entities”) are merged into a new entity (hereinafter referred to as the “acquiring entity”) and, at the time of the merger, all the assets, rights and obligations of the acquired entity are transferred to the acquiring entity and members of the acquired entity, in exchange for the shares (interests, member shares) held in the acquired entity, receive shares (interests, member shares) issued by the acquiring entity, to which all the assets, rights and obligations of the acquired entity are transferred; where, during the exchange, the difference in the price of the shares of the acquired entity and acquiring entity is covered by a cash payment, it shall not exceed 10% of the nominal value of the shares, or, in the absence of a nominal value, it shall not exceed 10% of their accounting par value;

3) an entity, on being dissolved without going into liquidation, (hereinafter referred to as the “acquired entity”) transfers all its assets, rights and obligations to another entity which controls 100% of its authorised capital (100% of the shares representing its capital) (hereinafter referred to as the “acquiring entity”);

4) entities are reorganised by means of a division, i.e. an entity, on being dissolved without going into liquidation, (hereinafter referred to as the “acquired entity”) divides all its assets, rights and obligations into two or more parts and at the same time transfers them to two or more existing or new entities (hereinafter referred to as the “acquiring entities”) and members of the acquired entity, in exchange for the shares (interests, member shares) held in the acquired entity, receive pro rata shares (interests, member shares) issued by the acquiring entity; where, during the exchange, the difference in the price of the shares of the acquired entity and acquiring entity is covered by a cash payment, it shall not exceed 10% of the nominal value of the shares, or, in the absence of a nominal value, it shall not exceed 10% of their accounting par value;

5) an entity, without being dissolved, transfers (hereinafter referred to as the “transferring entity”) one or more branches of its activity in the form of assets, rights and obligations which from an organisational point of view constitute an independent economic entity, carrying out its activities and capable of functioning by its own means, (hereinafter referred to as a “branch of activity”) to one or more new or existing entities (hereinafter referred to as the “receiving entities”), which results in a reduction of its authorised capital and members of the transferring entity, in exchange for the shares (interests, member shares) held in the transferring entity, receive pro rata shares (interests, member shares) issued by the receiving entities; where, during the exchange, the difference in the price of the shares of the transferring entity and receiving entity is covered by a cash payment, it shall not exceed 10% of the nominal value of the shares, or, in the absence of a nominal value, it shall not exceed 10% of their accounting par value;

6) an entity, without being dissolved, transfers (hereinafter referred to as the “transferring entity”) all or one or more branches of its activity to another entity (hereinafter referred to as the “receiving entity”) in exchange for the shares (interests, member shares) of the receiving entity;

7) an entity, which, seeking to obtain complete control over another entity by acquiring the majority of votes (i.e. holding the shares conferring more than 1/2 of the voting rights) (hereinafter referred to as the “acquiring entity”) or, holding the majority of votes (i.e. the shares conferring more than 1/2 of the voting rights) and seeking to acquire more of the entity’s shares, transfers the issued shares (interests, member shares) to the members of the acquired entity in exchange for their shares in the acquired entity; where, during the exchange, the difference in the price of the shares of the acquired entity and acquiring entity is covered by a cash payment, it shall

not exceed 10% of the nominal value of the shares, or, in the absence of a nominal value, it shall not exceed 10% of their accounting par value;

8) an entity, without being dissolved, transfers (hereinafter referred to as the “transferring entity”) one or more parts of its assets, rights and obligations to one or more new entities (hereinafter referred to as the “acquiring entities”) dividing its assets, rights and obligations in proportion to the number of the shares transferred;

9) an entity (a European company or European cooperative society), without being liquidated or without creating a new entity, transfers its registered office to another EU member state.

3. Where, in the cases specified in paragraph 2 of this Article, the acquiring entity is a foreign entity specified in subparagraph 2 of paragraph 1 of this Article, the provisions of this Chapter shall apply provided that following the reorganisation or transfer referred to in paragraph 2 of this Article, with the exception of subparagraphs 7 and 9 of paragraph 2 of this Article, the said foreign entity continues, on the basis of the assets, rights and obligations acquired, to carry out its activities through a permanent establishment in the territory of the Republic of Lithuania. Where, in the cases specified in subparagraph 9 of paragraph 2 of this Article, the entity specified in subparagraph 3 of paragraph 1 of this Article (a European company or European cooperative society) transfers its registered office, the provisions of this Chapter shall apply, provided that following the transfer of its registered office the entity continues, on the basis of the assets, rights and obligations formerly attributed the Lithuanian entity, to carry out its activities through a permanent establishment in the territory of the Republic of Lithuania.

Article amendments:

No. [IX-1659](#), 01/07/2003, *Official Gazette*, 2003, No. 74-3417 (25/07/2003)

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

No. [X-1697](#), 14/07/2008, *Official Gazette*, 2008, No. 87-3457 (31/07/2008)

No. [XI-73](#), 18/12/2008, *Official Gazette*, 2008, No. 149-6000 (30/12/2008)

No. [XI-539](#), 09/12/2009, *Official Gazette*, 2009, No. 153-6880 (28/12/2009)

Article 42. Income from the Increase in the Value of Assets Resulting from Reorganizations and Transfers

1. Where, in the cases specified in Article 41 of this Law, members of an entity receive shares (interests, member shares) of another entity in exchange for the shares (interests, member shares) held in the entity, the increase in the value of assets shall not be treated as income of such members. In this case, the acquisition price of the new shares (interests, member shares) received by the members of the entity shall be the acquisition price of the shares (interests, member shares) exchanged before the transfer was effected.

2. Where, in the cases specified in Article 41 of this Law, an entity transfers its assets to another entity, the increase in the value of assets shall not be treated as income of the transferring entity. In this case, the acquisition price of such assets with respect to the receiving entity shall be the acquisition price of the assets before the transfer was effected.

3. Where, in the cases specified in Article 41 of this Law, a foreign entity transfers a permanent establishment situated in Lithuania to another entity, the increase in the value of assets with respect to the permanent establishment shall not be treated as its income. In this case, the acquisition price of such assets with respect to the receiving entity shall be the acquisition price of the assets before the transfer was effected.

4. Where, in the cases specified in Article 41 of this Law, a Lithuanian entity transfers a branch of activity in a member state of the European Union to a foreign entity, the increase in the value of assets shall not be treated as income of the transferring entity.

5. Where, in the cases specified in Article 41 of this Law, a Lithuanian entity transfers a branch of activity to another Lithuanian entity, the increase in the value of assets shall not be treated as income of the transferring entity. In this case, the acquisition price of such assets with respect to the receiving entity shall be the acquisition price of the assets before the transfer was effected.

6. Where, in the cases specified in Article 41 of this Law, a foreign entity transfers a branch of activity in a member state of the European Union to a Lithuanian entity, the acquisition price of such assets with respect to the receiving Lithuanian entity shall be the acquisition price of the assets before the transfer was effected.

7. Where, in the case specified in subparagraph 9 of paragraph 2 of Article 41 of this Law, a Lithuanian entity transfers its registered office, the increase in the value of assets shall not be treated as income of the Lithuanian entity, while the acquisition price of such assets with respect to the permanent establishment situated in the Republic of Lithuania through which the entity continues to carry out its activities in the Republic of Lithuania shall be the acquisition price of the assets before the transfer of the registered office was effected.

8. Where, in the cases specified in Article 41 of this Law, an entity transfers assets to another entity, the receiving entity shall continue to calculate the depreciation or amortisation of such assets according to the rules applied by the transferring entity before the transfer was effected. Where, in the case specified in subparagraph 9 of paragraph 2 of Article 41 of this Law, a Lithuanian entity transfers its registered office, the assets attributed to the permanent establishment in the Republic of Lithuania due to the transfer of the registered office shall be depreciated and amortised according to the rules applied by the Lithuanian entity before the transfer was effected.

9. In the cases specified in Article 41 of this Law, the difference which arises at the moment of reorganisation or transfer (the amount by which the price paid by the acquiring entity exceeds the value of the net assets acquired) shall not be deducted from income, while the negative difference (the amount by which the value of the net assets acquired exceeds the price paid by the acquiring entity) shall not be attributed to income.

10. The provisions of this Article shall apply only where, in the cases specified in subparagraphs 4, 5, 6 and 7 of paragraph 2 of Article 41 of this Law, an entity or its members do not sell or otherwise transfer into ownership the shares (interests, member shares) received by means of an exchange for a period of three years, except for the cases when the shares (interests, member shares) are transferred as per the requirements of legal acts or the subsequent cases specified in subparagraphs 4, 5, 6 and 7 of paragraph 2 of Article 41 of this Law.

RLA note. The provisions of paragraph 10 shall apply for the purpose of calculating corporate income tax for the tax period of 2014 and subsequent tax periods (Law No. [XII-428](#)).

11. In the cases specified in Article 41 of this Law, the difference in the price of shares paid in cash shall be attributed to the income of the receiving member of an entity.

Article amendments:

No. [IX-2418](#), 23/08/2004, *Official Gazette*, 2004, No. 134-4836 (02/09/2004)

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

No. [XII-428](#), 27/06/2013, *Official Gazette*, 2013, No. 75-3757 (13/07/2013)

Article 43. Losses Resulting from Reorganisations, Transfers and Transformations

1. In cases of reorganisation or transfer, unless this Article provides otherwise, the acquiring entity or entities, in continuing to carry forward the losses, may carry forward the losses for the tax periods of the acquired or transferring entity or entities (except for the losses of entities (not financial institutions) resulting from transfer of the securities and (or) derivative financial instruments) and incurred before the completion of the reorganisation or transfer and not carried forward to the following year in accordance with the procedure established by this Law if the acquiring entity or entities continue to carry out the activities taken over or a part thereof for a period not shorter than three years. Only the losses for the tax periods that are related to the transferred activities, or a part thereof, transferred by the acquired or transferring entity or entities and continued in the acquiring entity may be transferred to the acquiring entity or entities.

2. After the end of a three-year period stipulated in paragraph 1 of this Law, the losses for the tax period transferred to the acquiring entity and related to the activities, or a part thereof, of the acquired or transferring entity or entities shall not be carried forward starting from the tax period during which the acquiring entity ceases to carry on the activities taken over or a part thereof.

3. The transferring entity shall reduce the losses for the tax period incurred before the completion of the transfer and not carried forward to the following fiscal year in accordance with the procedure established by this Law in respect of the acquiring entity by the amount of the losses in respect of the transferred activity or a part thereof.

4. Where reorganisation is carried out in the case specified in subparagraph 7 of paragraph 2 of Article 41, entities shall continue carrying forward the losses irrespective of the provisions of paragraphs 1, 2 and 3 of this Article.

5. Where the entity is transformed during the tax period, the losses for the previous tax periods shall be carried forward only in the event that the owners of the entity remain the same and the transformed entity, for the period of three years, continues to carry out the same activities that had been carried out before the transformation was effected.

6. Where, in the case specified in subparagraph 9 of paragraph 2 of Article 41 of this Law, a Lithuanian entity transfers its registered office, the losses of this Lithuanian entity for the tax period incurred before the transfer of the registered office and not carried forward to the next year in accordance with the procedure laid down in this Law may be carried forward by the entity that continues to carry out its activities in the Republic of Lithuania through a permanent establishment.

7. The carrying forward of tax losses laid down in paragraphs 4, 5 and 6 of this Article shall be continued in accordance with the procedure laid down in Article 30 of this Law. The carrying forward of tax losses laid down in paragraphs 1 and 2 of this Article shall be continued in a manner that ensures that, in accordance with the procedure laid down in this Article as well as in article 30, the sum of deducted tax losses, except the tax losses of entities whose taxable profits as per the provisions of paragraph 2 of Article 5 of this Law are taxed at a rate of 5%, does not exceed 70% of the taxpayer's income received during a tax period, which is calculated by deducting non-taxable income, allowable deductions and limited allowable deductions, except for losses from the previous tax periods.

RLA note. The provisions of paragraph 7 shall apply for the purpose of calculating corporate income tax for the tax period of 2014 and subsequent tax periods (Law No. [XII-661](#)).

Article amendments:

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126 (19/05/2007)

No. [X-1697](#), 14/07/2008, *Official Gazette*, 2008, No. 87-3457 (31/07/2008)

No. [XII-661](#), 12/12/2013, *Official Gazette*, 2013, No. 140-7046 (30/12/2013)

Article 44. *Repealed on 01/01/2006.*

Article amendments:

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

Article 45. Income and Losses from the Increase in the Value of Assets Resulting from Liquidations

1. Where an entity in liquidation distributes assets to its members, such distribution shall be treated as the sale of the assets for their actual market price, determined on the day of transfer of ownership rights, while the difference between the acquisition and the selling price of the assets shall be treated as income from the increase in the value of assets of the entity unless this Law provides otherwise. Where an entity is being liquidated, the losses incurred by the entity in respect of the transfer of assets shall be treated as the losses of the entity in liquidation.

2. Members of the entity in liquidation shall recognise income from the increase in the value of assets (losses in respect of the value of assets) at the moment of receipt of the assets of the entity in liquidation or part of its assets. Such income (losses) shall comprise the difference between the acquisition price of the ownership rights (interests, member shares, shares) of members of the entity and the market price of the assets received from the entity in liquidation. The acquisition price of the assets received from the entity in liquidation with respect to members of the entity shall be the actual market price of those assets.

Article 46. Accounting Reports

1. The explanatory notes drawn up by the acquiring entity for the tax period during which the operations referred to in Article 41 of this Law were carried out shall specify the tax period during which the transfer of the assets and rights from the acquired entity or entities was effected. Subsequent explanatory notes must specify which of the notes provide information referred to in this paragraph.

2. The explanatory notes shall be accompanied by the last balance sheet of the acquired entity (balance sheets of the acquired entities).

3. The explanatory notes shall be filed together with an estimation of the difference between the residual value of the assets depreciated or amortised as recorded with respect to the acquired entity (entities) and the acquiring entity.

4. Members of entities (owners of shares/interests/member shares) shall specify in the explanatory notes the nominal value of the shares of the acquired entity or entities and the price of the shares (interests, member shares) received as recorded in the accounts of that entity.

5. Failure to submit in due time the data specified in this paragraph to the tax administrator as well as the submission of a document indicating incorrect data shall incur liability in accordance with the law.

CHAPTER IX¹
REDUCTION OF TAXABLE PROFITS AND CORPORATE INCOME TAX

Chapter name changes:

No. [XII-366](#), 13/06/2013, *Official Gazette*, 2013, No. 68-3407 (28/06/2013)

Article 46¹. Reduction of Taxable Profits Due to an Investment Project

1. An entity carrying out an investment project may reduce the taxable profits in accordance with the procedure laid down in this Article. The taxable profits may be reduced during the tax period for which the calculated taxable profits are reduced by the amount of the actual costs incurred for the acquisition of the assets fulfilling the requirements specified in this paragraph (where goods vehicles, trailers and semi-trailers are acquired, taxable profits related to the acquisition of these assets may be reduced only by an amount that does not exceed EUR 300 000 of incurred expenses during the tax period). The taxable profits shall be reduced if the assets are necessary for the entity to carry out the investment project and:

1) the assets are attributable to the following classes of fixed assets listed in Appendix 1 to this Law: “plants and machinery”, “installations (structures, wells, etc.)”, “computer and communications equipment (computers, computer networks and hardware)”, “software”, “acquired rights” and classes of fixed assets “goods vehicles, trailers and semi-trailers, buses, not older than 5 years” – for goods vehicles, trailers and semi-trailers, and

2) the assets have not been used and were produced not earlier than two years ago (as calculated from the date when such fixed assets were put into use).

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

Article paragraph amendments:

No. [XII-1131](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13610

2. 2. Taxable profit can be reduced up to 100 per cent. If an amount of the costs referred to in paragraph 1 of this Article exceeds the amount of corporate tax calculated for a tax period, the costs exceeding this amount can be transferred to reduce the amounts of taxable profit calculated for subsequent four consecutive tax periods by reducing accordingly a transferred amount of such costs. Taxable profits calculated for each tax period can be reduced up to 100 %.

Note of the Register of Legal Acts. The provisions of paragraph 2 shall apply for the calculation of corporate tax for tax periods of 2018 and subsequent years.

Amendments to the paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

3. The amount of actual losses incurred as specified in paragraph 1 of this Article must be reduced by the amount of the funds used for that purpose from the national budget, the budget of the State Social Insurance Fund, budget of the Compulsory Health Insurance Fund, other state monetary funds, municipal funds, European Union and other financial support schemes where such funds or such financial support were received.

4. In accordance with the procedure set forth in this Article, taxable profit can be only reduced with the costs incurred during the tax periods of 2009–2023.

Note of the Register of Legal Acts. The provisions of paragraph 4 shall apply for the calculation of corporate tax for tax periods of 2018 and subsequent years.

Amendments to the paragraph of the Article:

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681.

5. Fixed assets for the acquisition of which the taxable profits have been reduced in accordance with the procedure laid down in this Article must be used in the activities of the entity for at least three years. Where such fixed assets are used in the activities of the entity for a shorter period, except when the entity ceases to exist and in cases when the assets are lost due to *force majeure* or criminal activity by third parties, the corporate income tax that has not been calculated due to the reduction of taxable profits must be paid to the State budget, recalculating and taxing the

taxable profits of the previous tax periods. Such recalculation shall not be carried out when fixed assets have been used in the activities of the entity for less than three years because in cases of reorganisation or transfer they are transferred to the acquiring entity; however, only if the acquiring entity uses the received assets until three years have elapsed from the start of the use of fixed assets in the entity that transferred them. The acquiring entity, after receiving the fixed assets in cases of reorganisation or transfer or due to the requirements of legal acts, may continue the reduction of taxable profits, like the entity that transferred the fixed assets and lost the opportunity to reduce the taxable profits due to the acquisition of said fixed assets would have done.

6. Was repealed as from 23/12/2017.

Amendments to the paragraph of the Article:

No. XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

A chapter added to the Law:

No. XI-73, 18/12/2008, Official Gazette, 2008, No. 149-6000 (30/12/2008)

Article amendments:

No. XI-1716, 22/11/2011, Official Gazette, 2011, No. 146-6852 (01/12/2011)

No. XII-428, 27/06/2013, Official Gazette, 2013, No. 75-3757 (13/07/2013)

Article 46². Reduction of Corporate Income Tax due to Funds Granted Free of Charge for the Production of a Film or a Part Thereof

1. A Lithuanian entity or a foreign entity that through a permanent establishment in Lithuania granted funds fulfilling the requirements laid down in Article 17² of this Law free of charge for the production of a film or a part thereof in the Republic of Lithuania in accordance with the procedure laid down in this Article may reduce by the sum of these funds the corporate income tax, which was calculated for the tax period when the investment certificate was received. If the investment certificate is received before the end of the period for filing tax returns, the corporate income tax calculated for the previous tax period and payable during the tax period when the investment certificate was received may be reduced as well.

2. The corporate income tax payable for the tax period may be reduced by not more than 75% by the sum of funds granted free of charge for the production of a film or a part thereof in the Republic of Lithuania. If the sum of funds specified in paragraph 1 of this Article exceeds 75% of the sum of corporate income tax payable for the tax period, the excess amount may be used to reduce the corporate income tax payable for the subsequent uninterrupted two tax periods; however, the sum of the corporate income tax calculated for each tax period cannot be reduced by more than 75%.

A chapter added to the Law:

No. XII-366, 13/06/2013, Official Gazette, 2013, No. 68-3407 (28/06/2013)

Article 46³. Reduction of taxable profit with the funds allocated to finance public interest activities

1. Non-profit entities may reduce taxable profit with the funds directly allocated in the current tax period or with the funds that are intended to be directly allocated in subsequent two consecutive tax periods to finance public interest activities.

2. If an amount of the funds directly allocated in the current tax period to finance public interest activities exceeds an amount of taxable profit calculated for that tax period, the funds exceeding this amount can be transferred to reduce the amounts of taxable profit calculated for subsequent two consecutive tax periods, by reducing accordingly a transferred amount of such costs.

3. An amount of the funds referred to in paragraph 1 of this Article must be reduced with an amount of the funds of the state and municipal budgets, of the budget of the State Social Insurance Fund, of the budget of the Compulsory Health Insurance Fund, of other national monetary funds, of European Union and other financial support, of support under the Law of the Republic of Lithuania

on Charity and Sponsorship, of member fees, contributions and premiums that have been used directly to finance public interest activities, if such funds or such support were received.

4. If the funds of a non-profit entity are not allocated during the period referred to in paragraph 1 of this Article to finance public interest activities, a corporate tax that has not been calculated because of reduced taxable profit must be paid to the state budget by recalculating and taxing the taxable profit of previous tax periods.

Note of the Register of Legal Acts. For the purposes of the provisions of the Article 463, no account shall be taken of funds corresponding to the income received before the date of entry into force of the Law No XIII-13333 (01/01/2019) that have been used to finance public interest activities after the entry into force of this law. The provisions of the Article shall apply for the calculation of corporate tax for tax periods of 2019 and subsequent years.

Supplemented with an Article:

No XIII-1333, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i. c. 2018-10976

CHAPTER X CALCULATION, PAYMENT, RECOVERY AND REFUNDING OF CORPORATE INCOME TAX

Article 47. Calculation and Advance Payment of Corporate Income Tax

1. Advance corporate income tax shall be calculated in accordance with the procedure laid down in this Article. The amount of advance corporate income tax shall be calculated by the taxpayer.

2. The amount of advance corporate income tax shall be calculated by the taxpayer in accordance with the following procedure:

1) based on the results of activity for the previous year. For the first six months of the tax period, advance corporate income tax shall be calculated on the basis of the amount of corporate income tax actually calculated for the tax period preceding the previous tax period. For the 7th – 12th months of the tax period, advance corporate income tax shall be calculated on the basis of the amount of corporate income tax actually calculated for the previous tax period. The advance corporate income tax for each quarter shall comprise 1/4 of the amount of corporate tax respectively calculated for the above mentioned tax periods;

Article paragraph amendments:

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID 2016-06346

2) based on the implicit amount of corporate income tax for the tax period. The taxpayer may choose to make quarterly advance payments of corporate income tax by instalments equal to 1/4 of the implicit amount of corporate income tax for the tax period. The amount of advance corporate income tax calculated on the basis of the implicit amount of corporate income tax for the tax period must account for not less than 80% of the actual amount of the annual corporate income tax. Where the implicit amount of corporate income tax calculated in the advance corporate income tax return is less than 80% of the amount of corporate income tax calculated in the annual corporate income tax return, late payment interest shall be calculated, in accordance with the procedure laid down in the Law on Tax Administration, in respect of the amount of advance corporate income tax which was not paid for each quarter. The taxpayer may revise the advance corporate income tax return when calculating the amount of advance corporate income tax for each quarter in equal portions as of the beginning of the tax period.

3. The amount of advance corporate income tax shall be calculated irrespective of the amount of corporate income tax calculated on sponsorship received which was used for purposes other than specified in the Law of the Republic of Lithuania on Charity and Sponsorship and on the part of sponsorship received in cash from a single provider of sponsorship during the tax period which exceeds the amount of 250 MLS.

4. Registered entities shall be exempt from advance payments of corporate income tax during the first fiscal year, while in the second fiscal year the taxpayer, where it has chosen to make

advance payments of corporate income tax based on the results of activity for the previous year, shall begin making advance payments from the seventh month of the tax period. Where the tax period preceding the previous tax period was shorter than 12 months, for the purpose of calculating advance payment of corporate income tax, the amount of corporate income tax actually paid shall be considered the amount of corporate income tax calculated for that tax period divided by the number of months of that tax period and multiplied by twelve.

Article paragraph amendments:

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID 2016-06346

5. Where taxable income for the previous tax period did not exceed EUR 300 000, entities shall not be obliged to pay advance corporate income tax for the tax period.

RLA note. The provisions of paragraph 5 shall apply for the purpose of calculating corporate income tax for the tax period of 2015 and subsequent tax periods.

Article paragraph amendments:

No. [XII-1131](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13610

6. Advance corporate income tax must be paid not later than 15th day of the last month of each quarter of the tax period.

Article paragraph amendments:

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID 2016-06346

Article amendments:

No. [X-456](#), 20/12/2005, Official Gazette, 2005, No. 153-5635 (31/12/2005)

No. [X-1484](#), 10/04/2008, Official Gazette, 2008, No. 47-1749 (24/04/2008)

Article 48. Moment of Calculation of Corporate Income Tax

Corporate income tax shall be calculated on the basis of the financial position on the last day of the tax period.

Article 49. Entry in the Budget of Corporate Income Tax

Corporate income tax shall be entered in the State budget.

Article 50. Corporate Income Tax Returns and Reports

1. Corporate income tax returns are of the following types:
 - 1) annual corporate income tax return;
 - 2) advance corporate income tax return;
 - 3) tax return on income (amounts) paid to a foreign entity and on corporate income tax calculated and entered in the budget;
 - 4) corporate income tax return of a foreign entity (permanent establishment) carrying out its activities in the Republic of Lithuania;
 - 5) tax return on corporate income tax calculated and paid in respect of the dividends received and paid out;
 - 6) annual fixed rate corporate income tax return.
2. Reports are supplements to the annual corporate income tax return:
 - 1) reports on mutual transactions or economic operations between associated persons;
 - 2) reports on controlled and controlling entities and individuals.
3. Other reports:
 - 1) report on derivative financial instruments;
 - 2) other returns and reports in the form established by the central tax administrator.
4. Reports and tax returns specified in subparagraphs 3, 5 and 6 of paragraph 1, subparagraph 1 of paragraph 2 and subparagraph 1 of paragraph 3 of this Article shall be submitted

only in the event that respective economic operations were carried out by the entity during the tax period.

5. The report specified in subparagraph 1 of paragraph 3 of this Article shall be kept by the entity.

6. The forms of tax returns and reports, the procedure for completion thereof and cases when the report specified in subparagraph 1 of paragraph 3 of this Article has to be filed shall be established by the central tax administrator.

Article amendments:

No. [IX-1972](#), 22/01/2004, *Official Gazette*, 2004, No. 25-748 (14/02/2004)

No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126
(19/05/2007)

No. [X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749
(24/04/2008)

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID code 2016-06346

Article 51. Filing of Annual Corporate Income Tax Returns, Annual Fixed Rate Corporate Income Tax Returns and Advance Corporate Income Tax Returns

1. Lithuanian entities and permanent establishments whose income is subject to taxation in accordance with the procedure laid down in this Law must complete annual corporate income tax returns and (or) annual fixed rate corporate income tax returns and advance corporate income tax returns and file them with the local tax administrator in the territory whereof they are situated or must be registered as taxpayers. Entities that had used the sponsorship received for purposes other than specified in the Law of the Republic of Lithuania on Charity and Sponsorship and entities that had received sponsorship in cash from a single provider of sponsorship during the tax period, which exceeds the amount of 250 MLS (minimum living standards), must complete annual corporate income tax returns and file them with the local tax administrator in the territory whereof they are situated or must be registered as taxpayers.

2. The annual corporate income tax return and (or) annual fixed rate corporate income tax return accompanied by financial reports shall be filed after the end of the tax period and before the fifteenth day of the sixth month of the next tax period. A Lithuanian entity or permanent establishment shall file the annual corporate income tax return and (or) annual fixed rate corporate income tax return of the last tax period within 30 days after the end of the activity.

3. Filing of advance corporate income tax returns:

1) where advance corporate income tax is calculated on the basis of the results of activity for the previous year, the advance corporate income tax return for the first six months of the tax period shall be filed not later than by the fifteenth day of the third month of the tax period. For the 7th – 12th months of the tax period, the advance corporate income tax return shall be filed not later than by the fifteenth day of the 9th month of the tax period;

2) where advance corporate income tax is calculated on the basis of the implicit amount of corporate income tax for the tax period, the advance corporate income tax return shall be filed not later than by the fifteenth day of the third month of the tax period.

Article amendments:

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)

No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126 (19/05/2007)

No. [XI-1156](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7413 (11/12/2010)

Article 52. Filing of Tax Returns on Income (Amounts) Paid out to Foreign Entities and on Corporate Income Tax Calculated and Entered in the Budget

1. Where the income of a foreign entity is subject to corporate income tax in accordance with the procedure laid down in Article 37 of this Law, the withholding agent – a Lithuanian entity or a permanent establishment – shall complete a tax return and file it with the local tax administrator in the territory whereof the withholding agent is situated or must be registered as a taxpayer.

2. The tax return on income (amounts) paid to a foreign entity and on corporate income tax calculated and payable to the budget shall be filed not later than within 15 days after the end of the month during which the income (amounts) were paid out.

Article 53. Payment and Refunding of Corporate Income Tax

1. Corporate income tax and (or) fixed rate corporate income tax shall be paid on the basis of the annual corporate income tax return and (or) fixed rate corporate income tax return. Corporate income tax and (or) fixed rate corporate income tax must be paid not later than by the fifteenth day of the sixth month of the next tax period. Corporate income tax and (or) fixed rate corporate income tax of taxpayers who cease to exist must be paid on the basis of the annual corporate income tax return and (or) fixed rate corporate income tax return for the last tax period not later than on the last day of the term for filing of the annual corporate income tax return and (or) annual fixed rate corporate income tax return. Where the amount of corporate income tax calculated in the annual corporate income tax return exceeds the amount of advance corporate income tax paid for the tax period, the taxpayer must pay the difference to the budget. Tax overpayments shall be refunded in accordance with the procedure laid down in the Law on Tax Administration.

Article paragraph amendments:

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID code 2016-06346

2. Corporate income tax calculated in respect of the income (amounts) paid to foreign entities must be paid not later than the last day of the term for filing of the tax return. Where a Lithuanian entity or permanent establishment has withheld and paid corporate income tax calculated in respect of the amounts (income), which may be subject to the provisions of Article 37⁽¹⁾ of this Law, paid to a foreign entity or its permanent establishment, such tax shall be refunded (credited) to the foreign entity in accordance with the procedure laid down in the Law on Tax Administration. A foreign entity must submit a written application to refund (credit) the tax accompanied by documents evidencing the fulfilment of the criteria set forth in paragraphs 1–3 of Article 37⁽¹⁾ of this Law within two years from the date of payment of the said amounts (income). Corporate income tax paid must be refunded (credited) not later than within one year from the date of receipt of the written application to refund (credit) the tax and documents evidencing the fulfilment of the criteria set forth in paragraphs 1–3 of Article 37⁽¹⁾ of this Law.

Article amendments:

No. [IX-2201](#), 29/04/2004, Official Gazette, 2004, No. 73-2534 (30/04/2004)

No. [X-1110](#), 03/05/2007, Official Gazette, 2007, No. 55-2126 (19/05/2007)

No. [X-1250](#), 03/07/2007, Official Gazette, 2007, No. 80-3221 (19/07/2007)

No. [XI-1156](#), 23/11/2010, Official Gazette, 2010, No. 145-7413 (11/12/2010)

No. [XI-1716](#), 22/11/2011, Official Gazette, 2011, No. 146-6852 (01/12/2011)

No. [XII-428](#), 27/06/2013, Official Gazette, 2013, No. 75-3757 (13/07/2013)

No. [XII-2262](#), 22/03/2016, published in the RLA on 25/03/2016, ID code 2016-06346

Article 54. Recalculation of Corporate Income Tax Calculated and Paid by a Foreign Entity

1. A foreign entity, after having received income from performing activities or sports activities (hereinafter in this Article referred to as the “activities”) carried out in the Republic of Lithuania and (or) sale or other transfer into ownership of property immovable by nature located in the territory of the Republic of Lithuania (hereinafter in this Article referred to as the “property”), shall have the right in accordance with the procedure set forth by the central tax administrator to apply to the local tax administrator in the territory whereof the withholding agent is registered for recalculation of corporate income tax that has been calculated and paid in respect of the activities carried out in the Republic of Lithuania and (or) the property sold or otherwise transferred into ownership. In this case, corporate income tax should be calculated in respect of the income received due to the increase in the value of the property and (or) taxable profits due to the activities carried out in the Republic of Lithuania.

2. Requests for recalculation of corporate income tax and documents substantiating the acquisition price of the property shall be submitted to the local tax administrator in the territory whereof the withholding agent is registered. The local tax administrator, upon verifying the legality of such documents and transactions, shall calculate the income received due to the increase in the value of the property which was earned from the sale or other transfer into ownership of the property, and corporate income tax. Tax overpayments shall be refunded in accordance with the procedure laid down in the Law on Tax Administration.

3. Applications for recalculation of corporate income tax and documents based on which the taxable profits from the activities carried out in the Republic of Lithuania have been calculated shall be submitted to the local tax administrator in the territory whereof the withholding agent is registered. Tax overpayments shall be refunded in accordance with the procedure laid down in the Law on Tax Administration.

Article amendments:

No. [X-1697](#), 14/07/2008, *Official Gazette*, 2008, No. 87-3457 (31/07/2008)

Article 55. Deductions of Corporate Income Tax Paid in Foreign States

1. A Lithuanian entity may deduct the amount of corporate income tax or equivalent tax paid in a foreign state on income received in that state during the relevant fiscal year from the amount of corporate income tax calculated in accordance with the procedure laid down in this Law, except from the amount of corporate income tax calculated on sponsorship received which was used for purposes other than specified in the Law of the Republic of Lithuania on Charity and Sponsorship and on that part of sponsorship received in cash from a single provider of sponsorship during the tax period which exceeds the amount of 250 MLS, taking account of the dividends which are not included in the income of the entity, except the amount of corporate income tax or equivalent tax paid from the income from activities carried out through permanent establishments of a Lithuanian entity in a state of the European Economic Area or states with which the Republic of Lithuania has concluded and brought into effect a treaty for the avoidance of double taxation, unless this Article provides otherwise.

2. Where the amount of corporate income tax calculated in respect of the income received in a foreign state in accordance with the procedure laid down in this Law is less than the amount of corporate income tax or equivalent tax paid on that income in the said foreign state, only the amount of corporate income tax calculated in accordance with the procedure laid down in this Law shall be deducted.

3. If a taxpayer receives income in several foreign states during a fiscal year, the amount of income tax to be deducted shall be calculated separately for every state in which the income was received.

4. *Repealed on 1 January 2009*

5. Deductions from the calculated amount of corporate income tax shall be allowed in accordance with the procedure laid down in this Article only where documents certified by the tax administrator of a foreign state have been issued concerning the income received in that state during the relevant fiscal year and the amount of corporate income tax or equivalent tax calculated and paid on that income unless this Article provides otherwise.

6. A Lithuanian entity may deduct the amount of corporate income tax or equivalent tax paid in a foreign state on positive income received by a controlled entity in that state during the relevant fiscal year, as specified in paragraphs 6 and 7 of Article 39 of this Law, from the amount of corporate income tax calculated in accordance with the procedure laid down in this Law on the positive income included in the income of the Lithuanian entity. Deductions from the calculated amount of corporate income tax shall be allowed in accordance with the procedure laid down in this Article only where documents certified by the tax administrator of a foreign state have been issued concerning the income received in the foreign state during the relevant fiscal year and the amount of corporate income tax or equivalent tax calculated and paid on that income and where the Lithuanian entity provides to the local tax administrator the following:

- 1) the name of the controlled entity and the address of its registered office;
- 2) a list of its managers;
- 3) the balance sheet and the profit and loss account;
- 4) the amount of positive income attributed to income;
- 5) evidence of payment of taxes on positive income attributed to income.
- 6) proofs of taxes paid on positive income.

Note of the Register of Legal Acts. The provisions of paragraph 6 shall apply for the calculation and declaration of corporate tax for tax periods of 2019 and subsequent years.

Amendments to the paragraph of the Article:

No XIII-1697, 06/12/2018-12-06, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

7. The Lithuanian entity shall submit the documents specified in paragraph 6 of this Article in accordance with the procedure established by the central tax administrator.

8. *Repealed on 01/01/2009.*

Article amendments:

No. IX-1659, 01/07/2003, Official Gazette, 2003, No. 74-3417 (25/07/2003)

No. X-456, 20/12/2005, Official Gazette, 2005, No. 153-5635 (31/12/2005)

No. X-1481, 08/04/2008, Official Gazette, 2008, No. 47-1748 (24/04/2008)

No. XI-539, 09/12/2009, Official Gazette, 2009, No. 153-6880 (28/12/2009)

No XIII-1697, 06/12/2018-12-06, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

9. In cases where a hybrid mismatch due to the transfer of a financial instrument is availed in order to deduct in more than one country the corporate income tax or an identical tax paid in a foreign country on the payment amount received under the transferred financial instrument, the amount of the corporate income tax paid in a foreign country that is being deducted may not exceed the amount of the corporate income tax, calculated in accordance with this Law, on the taxable profits associated with such payment“.

Note of the RLA. The provisions of Paragraph 9 apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Supplemented with a Paragraph of Article:

No XIII-2694, 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

Article 56. Liability for Violations of this Law

Where the provisions of this Law are violated, except for the cases referred to in paragraph 5 of Article 46, fines shall be imposed and late payment interest shall be charged in accordance with the procedure laid down in the Law on Tax Administration.

CHAPTER X¹ TRANSFER OF TAX LOSSES

Chapter X¹ added to the Law:

No. [XI-539](#), 09/12/2009, Official Gazette, 2009, No. 153-6880 (28/12/2009)

Article 56¹. Transfer of Tax Losses between Entities within a Group of Entities

1. An entity may, in accordance with the procedure laid down in this Article, transfer tax losses (or a part thereof) calculated for the tax period to another entity of a group of entities who shall be entitled to reduce, by the losses transferred, the amount of taxable profits calculated for the tax period for which the losses (or a part thereof) transferred thereto by the other entity were calculated, provided that:

1) on the day of transfer of the tax losses, the parent entity in the group of entities holds, directly or indirectly, at least 2/3 of shares (interests, member shares) or other rights to distributable profits of each of the subsidiaries taking part in the transfer of the tax losses, and

2) tax losses are transferred between the entities within a group of entities which have been part of that group for an uninterrupted period of at least two years calculating until the day of transfer of the tax losses, or

3) tax losses are transferred or taken over by the entity (entities) of the group of entities which have been part of the group since the date of the entity's (entities') registration and will be part of the group of entities for an uninterrupted period of at least two years calculating from the date of the entity's (entities') registration.

2. Only the amount of taxable profits resulting from the transfer of securities and (or) derivative financial instruments, transferred in accordance with the procedure established in this Article, may be reduced by the tax losses incurred from the transfer of securities and (or) derivative financial instruments.

2¹. The amount of tax losses transferred in accordance with the procedure laid down in this Article, incurred as a result of the use, sale or other transfer of ownership of the assets, and calculated in accordance with the formula established in Article 5(9) of this Law, may be reduced only in the amount of taxable profit calculated in accordance with the formula established in Article 5(9) of this Law⁴.

Note of the RLA. *The provisions of Paragraph 2¹ apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.*

Supplemented with a Paragraph of Article:

No. [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

3. An entity which has transferred tax losses in accordance with the procedure laid down in this Article may not attribute these losses to limited allowable deductions in accordance with the procedure laid down in Article 30 of this Law.

4. A foreign entity may transfer tax losses (or a part thereof) to a Lithuanian entity in accordance with the procedure laid down in this Article only where:

1) the foreign entity is a resident in EU member states for tax purposes, which takes on one of the forms of business organisation listed in Annex to Council Directive 90/434/EC and which is subject to tax specified in Article 3(c) of Directive 90/434/EC, and

2) tax losses transferred by the foreign entity may not be carried forward to the following fiscal year (or deducted from its income (profit)) under the requirements of legal acts of the EU member state a resident of which the transferring foreign entity is for tax purposes, and

3) tax losses transferred by the foreign entity have been calculated (recalculated) in accordance with the provisions of this Law.

5. Where it transpires that tax losses by which the amount of calculated taxable profits of a Lithuanian entity which has taken them over was reduced were calculated incorrectly, the taxable profits of the Lithuanian entity which has taken over the tax losses by which the amount of the taxable profits was reduced must be increased accordingly. Where the entity which has transferred the tax losses has calculated them incorrectly and has transferred only part of the losses to another entity, it shall be considered that the incorrectly calculated losses have been transferred first.

6. Where, in accordance with the procedure laid down in this Article, tax losses (or a part thereof) are transferred for remuneration, the remuneration received for such transfer shall not be treated as income of the Lithuanian entity which received it, and the losses incurred shall not be treated as allowable deductions of the Lithuanian entity which incurred them.

7. An entity which has any arrears in payments may not transfer tax losses to another entity in accordance with the procedure laid down in this Article.

8. An entity may not transfer tax losses calculated for the tax period in accordance with the procedure laid down in this Article, where in the case of calculation of taxable profits for that tax period the entity would not pay corporate income tax or equivalent tax due to tax reliefs applicable to it (taxable profits would have been taxed at a tax rate of 0% or the entity would have been exempt from paying tax).

Article 56². Transfer of tax losses of a permanent establishment

The losses of a permanent establishment of a Lithuanian unit, whose income, in accordance with Article 4(1) of this Law, is not attributed to the tax base of a Lithuanian unit, may be transferred and deducted from the income of the Lithuanian unit in accordance with the procedure laid down in Article 30 of this Law only if:

1) the profits attributed to a permanent establishment are subject, in a Member State of the European Union, to the tax laid down in Point c of Article 3 of Council Directive 2009/133/EC of 19 October 2009 on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of an SE or SCE between Member States (OJ 2009 L 310, p. 34); and

2) all possibilities for deducting losses in the country in which the permanent establishment transferring the losses is situated have been exhausted; and

3) the tax losses, that are being transferred by a permanent establishment, have been calculated (re-calculated) in accordance with the provisions of this Law⁴.

Note of the RLA. The provisions of Article 56² apply in calculating and declaring the corporate income tax for 2020 and subsequent tax periods.

Supplemented with Article:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

CHAPTER XI ACCOUNTING REQUIREMENTS

Article 57. Requirements for Keeping of Accounts

1. The taxpayer's accounts must be kept in a manner that would provide sufficient information for the purpose of calculating corporate income tax.
2. Taxpayers shall keep their accounts and financial statements in compliance with the Law of the Republic of Lithuania on Accounting and other legal acts.
3. For the purpose of calculating corporate income tax, an entity may use the universally accepted methods of recognising income and costs as well as methods of measuring inventories unless this Law provides otherwise.
4. For the purpose of calculating corporate income tax, inventories shall be recorded by using the accounting method "first-in, first-out (FIFO)". At the request of the taxpayer and taking into account the characteristics of its activity, the local tax administrator may, in accordance with the procedure established by the central tax administrator, allow to record the inventories by using the method provided for in the legal acts regulating accounting which is used by the entity when drawing up financial statements.

Article amendments:

No. [IX-1659](#), 01/07/2003, *Official Gazette*, 2003, No. 74-3417 (25/07/2003)

No. [XI-1716](#), 22/11/2011, *Official Gazette*, 2011, No. 146-6852 (01/12/2011)

CHAPTER XII FINAL PROVISIONS

Article 58. Procedure for Abandoning Calculation and Taxation of Entities' Profits or Income in Accordance with the Law on Taxes on Profits of Legal Persons and Chapter IV of the Provisional Law on Income Tax of Natural Persons

1. Continuity shall not apply in respect of any tax reliefs provided for in the Law of the Republic of Lithuania on Taxes on Profits of Legal Persons and the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons, including investment incentives applicable to tangible fixed assets and computer (software) programmes, unless this Article provides otherwise.
2. Tax reliefs relating to foreign capital investments as specified in Article 8 of the Law of the Republic of Lithuania on Taxes on Profits of Legal Persons and Article 24 of the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons, which applied to taxpayers before the date of entry into force of this Law, shall continue to apply within the time limits and in accordance with the procedure set out in the said laws until the end of the tax period beginning with 2003.
3. In the event that tangible fixed assets or computer (software) programmes subject to the investment incentive referred to in Article 21 of the Law of the Republic of Lithuania on Taxes on Profits of Legal Persons are lent for use or invested in another entity after the date of entry into force of this Law, the entity's income shall be increased by the acquisition price of such assets in the tax period during which the assets were lent for use or invested in another entity. In the event that tangible fixed assets or computer (software) programmes subject to the investment incentive referred to in Article 24 of the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons are lent for use, invested in another entity or the purpose of their use is changed, including the cases where the owners of partnerships and individual (personal) enterprises pay themselves the

part of income which was used by partnerships and individual (personal) enterprises for such investments, after the date of entry into force of this Law, the income of the partnership and individual (personal) enterprise shall be increased by the amount which is equal to the part of taxable income used for investments in the tax period during which the assets were lent for use, invested in another entity or the purpose of their use was changed.

4. Depreciation or amortisation of tangible fixed assets or computer (software) programmes subject to the investment incentive specified in subparagraph 2 of paragraph 1 of Article 21 of the Law of the Republic of Lithuania on Taxes on Profits of Legal Persons and in Article 24 of the Provisional Law of the Republic of Lithuania on Income Tax of Natural Persons shall not be calculated. Where such an investment incentive was applied to a portion of the value of tangible fixed assets or computer (software) programmes, depreciation or amortisation shall be calculated as of the moment when the amount of depreciation or amortisation, which would be calculated under the provisions of this Law if no investment incentives were applied when the assets were acquired, becomes equal to the portion of the value to which the investment incentive was applied.

5. Dividends received as of the tax period beginning with 2002 shall be subject to the following corporate income tax rates:

1) dividends received by Lithuanian entities from other Lithuanian and foreign entities shall be subject to a corporate income tax rate of 29% and shall not be subject to the provisions of paragraph 2 of Article 33 and paragraph 2 of Article 34 of this Law;

2) dividends received by foreign entities from Lithuanian entities shall be subject to a corporate income tax rate of 29% and shall not be subject to the provisions of paragraph 2 of Article 33 and paragraph 2 of Article 34 of this Law.

6. In the event that the amount of debts regarded as bad debts was accumulated before the date of entry into force of this Law, the provisions of paragraph 1 of Article 25 of this Law shall apply only to the debts that were included in the taxpayer's income from sales or where the appearance of such debts was recorded in the taxpayer's accounting documents not earlier than in 1996. However, where the amount of bad debts was included in the taxpayer's income from sales or the appearance of such debts was recorded in the taxpayer's accounting documents between 1 January 1996 and 31 December 1999, the amount of bad debts or the portion of costs attributed to bad debts shall be included in the limited allowable deductions of the entity in equal portions over a period of 5 years as of the tax period beginning with 2000.

7. Insurance benefits received from insurance undertakings (insurers) shall not be subject to taxation under contracts concluded before 1 January 2002.

8. Advance corporate income tax for the tax period beginning with 2002, which the taxpayer must pay based on the submitted advance corporate income tax return, shall be calculated in accordance with the following procedure:

1) for the first four months of the tax period, advance corporate income tax shall be calculated on the basis of the amount of corporate income (profit) tax actually calculated for the tax period preceding the previous tax period. For the 5th –12th months of the tax period, advance corporate income tax shall be calculated on the basis of the amount of corporate income (profit) tax actually calculated for the previous tax period. Advance corporate income tax for each month shall comprise 1/12 of the amount of corporate income tax actually calculated for the above mentioned tax periods;

2) an entity which provides evidence that its income for the tax period beginning with 2002 is at least 25% less than that for the tax period beginning with 2001 shall have the right to apply, not later than one month before the deadline set in this paragraph for making a regular payment of advance corporate income tax, to the local tax administrator with an application for reduction of the remaining advance corporate income tax or exemption from it. The local tax administrator must reduce the amount of advance corporate income tax in respect of such entity in

proportion to the decreased income or exempt the entity from advance corporate income tax. Where the income of the said entity for the tax period beginning with 2002 increases by at least 25%, it must apply, not later than one month before the deadline set for making a regular payment of advance corporate income tax, to the local tax administrator with an application for increase of the remaining advance corporate income tax;

3) the entity may choose to make advance payments of corporate income tax based on the amount of corporate income tax calculated for each month of the tax period beginning with 2002;

4) the taxpayer shall have the right to take into account the changes in corporate income tax rates.

9. The advance corporate income tax return for the first four months of the tax period beginning with 2002 shall be filed before the last day of the first month of the tax period. The advance corporate income tax return for the 5th-12th months of the tax period beginning with 2002 shall be filed before the last day of the fifth month of the tax period. Where an entity has chosen to pay advance corporate income tax based on the amount of corporate income tax calculated for each month of the tax period beginning with 2002, the advance corporate income tax return shall be filed not later than by the 15th day of the following month after the end of each month of the tax period beginning with 2002. Advance corporate income tax must be paid within 15 days after the end of each month of the tax period beginning with 2002.

10. An income tax return or a corporate income tax statement for the tax period beginning with 2001 shall be filed together with the financial statements specified in the Law of the Republic of Lithuania on Accounting after the end of the fiscal year and before 1 May 2002 or before the first day of the fifth month of the tax period beginning with 2002. Corporate income tax for the tax period beginning with 2001 shall be paid on the basis of a corporate income tax statement or an income tax return. Where the amount of corporate income tax calculated in the corporate income tax statement or the income tax return exceeds the amount of corporate income tax paid for the tax period on the basis of advance corporate income tax statements, the taxpayer must pay the difference to the budget on the next working day after the deadline for filing of the corporate income tax statement or the income tax return.

11. The depreciation or amortisation rates set out in Appendix 1 to this Law shall apply to tangible fixed assets, intangible assets and goodwill acquired after the date of entry into force of this Law.

12. Entities which before 1 January 2002 had recognised income at the actual moment of its receipt, but under the provisions of this Law no longer meet the prescribed criteria for the application of the cash accounting principle may choose to switch to the accrual accounting principle from the tax period beginning with either 2002 or 2003.

13. Interest paid on bonds of a Lithuanian entity shall be subject to taxation under the provisions of Article 4 of this Law provided that they are issued after the date of entry into force of this Law. Interest on loans issued by the banks of foreign countries and international financial institutions (institutions or organisations all members or founders of which are the governments of several countries, and also the funds and state financial institutions of foreign countries in which over 50% of the block of shares are held by the governments of foreign countries) included in the list approved by an order of the Minister of Finance of the Republic of Lithuania shall be subject to taxation from 1 January 2003 under the provisions of Article 4 of this Law, including premiums and bonuses relating to such liabilities, but excluding loans issued to the Republic of Lithuania under loan agreements concluded after the date of entry into force of this Law. Interest on loans issued by the banks of foreign countries and international financial institutions (institutions or organisations all members or founders of which are the governments of several countries, and also the funds and state financial institutions of foreign countries in which over 50% of the block of shares are held by the governments of foreign countries) included in the list approved by an order of the Minister of

Finance of the Republic of Lithuania and also on loans issued to the Republic of Lithuania under loan agreements concluded after 1 January 2003 shall be subject to taxation under the provisions of Article 4 of this Law.

14. Interest on securities issued by the Government and municipalities of the Republic of Lithuania as well as by international financial organisations in which Lithuania holds membership and whose articles of incorporation are ratified under the Law of the Republic of Lithuania on Treaties shall be subject to taxation under the provisions of Article 4 of this Law where agreements on the distribution of securities are concluded after 1 January 2003.

15. The following shall not be subject to taxation before 1 January 2003:

1) interest on securities issued by the Government and municipalities of the Republic of Lithuania as well as by international financial organisations in which Lithuania holds membership and whose articles of incorporation are ratified under the Law of the Republic of Lithuania on Treaties, and also interest on securities issued by the Nordic Investment Bank;

2) income from the sale on the secondary market of securities issued by the Government and municipalities of the Republic of Lithuania as well as by international financial organisations in which Lithuania holds membership and whose articles of incorporation are ratified under the Law of the Republic of Lithuania on Treaties, and also of securities issued by the Nordic Investment Bank, except for income from intermediary services relating to the trading of such securities on the secondary market.

16. Before a separate decision of the Seimas of the Republic of Lithuania is passed, a taxable profit of enterprises operating in free economic zones, of the legal entities that employ persons with limited working capacity shall be taxed in accordance with the procedure set forth in this paragraph:

1) an enterprise operating in a free economic zone, in which a capital investment has reached an amount of at least 1 million euros, shall not pay a corporate tax for 10 tax periods, starting from a tax period in which this amount of investment has been reached, and for the next 6 tax periods it is subject to a 50 percent reduction in corporate tax rate. The advantage set forth in this paragraph may only apply when at least 75 per cent of the income of an enterprise operating in a free economic zone of a relevant tax period consists of income from activities carried out in the zone. The advantage set forth in this paragraph may only apply when an enterprise operating in a free economic zone has an auditor's report confirming a required amount of capital investment. If before expiry of the deadline set forth in this paragraph for the application of the advantage an amount of capital investment decreases and is less than 1 million euros, the application of the advantage shall be suspended in the tax period during which an amount of capital investment has decreased to such extent, and can be resumed in the tax period during which a capital investment again reaches 1 million euros. The advantage set forth in this paragraph shall not apply for a trading company and shall apply to the extent that it is compatible with the provisions of the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (Text with EEA relevance);

2) an enterprise operating in a free economic zone with an average of at least 20 employees employed during a tax year and in which a capital investment has reached an amount of at least 1 hundred thousand euros, shall not pay a corporate tax for 10 tax periods, starting from a tax period in which this amount of investment has been reached, and for the next 6 tax periods it is subject to a 50 percent reduction in corporate tax rate. The advantage set forth in this paragraph may only apply when at least 75 per cent of the income of an enterprise operating in a free economic zone of a relevant tax period consists of income from service activities carried out in the zone. The advantage set forth in this paragraph may only apply when an enterprise operating in a free economic zone has an auditor's report confirming a required amount of capital investment. If before expiry of the deadline set forth in this paragraph for the application of the advantage an amount of

capital investment decreases and is less than 1 hundred thousand euros and/or the average number of employees in a tax year becomes less than 20, the application of the advantage shall be suspended in the tax period during which an amount of capital investment and/or the average number of employees in a tax year has decreased to such extent, and can be resumed in the tax period during which a capital investment again reaches 1 hundred thousand euros and/or the average number of employees in a tax year is again not less than 20. The advantage set forth in this paragraph shall apply to the extent that it is compatible with the provisions of the Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (Text with EEA relevance);

3) legal entities whose income received for own products accounts for more than 50 percent of all income received and that employ persons with limited working capacity shall reduce a profit tax calculated as follows:

Share of persons with limited work capacity in the total number of persons in employment	Reduction of calculated corporate income tax
More than 50%	100 %
40–50 %	75 %
30-40 %	50 %
20-30 %	25 %

The Government of the Republic of Lithuania establishes the categories of persons covered by the status of persons with limited working capacity, a methodology for calculating a proportion of these persons among all employed persons and the procedure for applying this advantage.

RLA note. The provisions of paragraph 16 shall apply for the enterprises operating in a free economic zone that were registered after 31 December 2017. The provisions of items 1 or 2 of paragraph 16 of the Article 58 of the Law of the Republic of Lithuania on Corporate Income Tax that were in force prior to the entry into force of this law (No XII-842) shall apply for the enterprises operating in a free economic zone that were registered until 1 January 2018.

Amendments to a paragraph of the Article:

No XII-2565, 30/06/2016, published in the Register of Legal Acts on 07/07/2016, i. c. 2016-19387

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

16¹. The tax advantages set forth in items 1 and 2 of paragraph 16 of this Article shall also apply in the same manner and under the same conditions for investors that meet the conditions set forth in items 1 and 2 of paragraph 16 of this Article that are imposed on an enterprise operating in a free economic zone regarding the application of advantages and to whom the plots of land situated in the territory of the zone or their parts are hired out under the conditions and in accordance with the procedures laid down by law the Civil Code of the Republic of Lithuania, the Law of the Republic of Lithuania on Land and by specific laws of the Republic of Lithuania on free economic zones until a zone management company has been established, as set out in the Law of the Republic of Lithuania on the Fundamentals of Free Economic Zones. After the establishment of a zone management company, the terms and conditions of tax advantages applicable for investors having acquired the status of an enterprise of a free economic zone shall not be altered.

RLA note. The provisions of paragraph 16¹ shall apply for the calculation of corporate tax for tax periods of 2018 and subsequent years.

Supplemented with a paragraph of the Article:

No XIII-517, 27/06/2017, published in the Register of Legal Acts on 30/06/2017, i. c. 2017-11226

16². A legal entity that implements a major project under a valid contract on the major project investment, and whose average number of the employees required for the implementation of a major project in the Republic of Lithuania in the tax year is not less than 150, and when investment takes

place in Vilnius – not less than 200, and when private equity investment in a major project in the Republic of Lithuania reached an amount of at least EUR 20 million, and when investment takes place in Vilnius – an amount of at least EUR 30 million, and that does not avail the corporate income tax exemption laid down in Points 1 and 2 of Paragraph 16 and in a Paragraph 16³ of this Article, shall not pay the corporate income tax, starting from the tax period in which this amount of investment and the average number of the employees were reached. The exemption laid down in this Paragraph shall apply only if at least 75% of the income of a legal entity for the relevant tax period consists of income from data processing, Internet server (hosting) services and related activities, or the income from manufacturing, and only to the income of the legal entity that was received in implementing a major project. The exemption laid down in this Paragraph shall apply only when a legal entity has the auditor's report which confirms the required amount of private equity investment of the legal entity in a major project. If the amount of private equity investment of a legal entity in a major project decreases and falls below EUR 20 million, and when investment takes place in Vilnius – falls below EUR 30 million, except for the costs of depreciation or amortization of non-current assets, and/or the average number of the employees required for the implementation of a major project in the tax year falls below 150, and when investment takes place in Vilnius – falls below 200, the exemption does not apply in the tax period during which the amount of private equity investment in a major project and/or the average number of the employees of the legal entity in the tax year has decreased this way, and the application of the exemption shall be resumed in the tax period during which the private equity investment of a legal entity in a major project again reaches an amount of EUR 20 million, and when investment takes place in Vilnius – an amount of EUR 30 million, and/or the average number of the employees required for the implementation of a major project in the tax year again becomes not less than 150, and when investment takes place in Vilnius – not less than 200. The exemption laid down in this Paragraph shall apply to a legal entity implementing a major project for a maximum of 20 years from the date of entry into force of the contract on the major project investment. The exemption laid down in this Paragraph shall apply in so far as it is compatible with the legal acts of the European Union governing the granting of state aid, and with the procedure for granting state aid and supervision established by the Government of the Republic of Lithuania or an institution authorized by it.

Note of the RLA. Paragraph 16² shall apply in so far as it is compatible with the provisions of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty. The provisions of Paragraph 16² shall apply to legal entities that have concluded contracts on the major project investment by 31 December 2025.

Supplemented with a Paragraph of Article:

No [XIII-3213](#), 30 June 2020, published in the RLA on 3 July 2020, i. k. 2020-15010

16³. A legal entity that implements a major project under a valid contract on the major project investment, and whose average number of the employees required for the implementation of a major project in the Republic of Lithuania in the tax year is not less than 200, and private equity investment in a major project in the Republic of Lithuania has reached an amount of at least EUR 100 million, that does not avail the corporate income tax exemption laid down in Points 1 and 2 of Paragraph 16 and in a Paragraph 16² of this Article, shall not pay the corporate income tax, starting from the tax period in which this amount of investment and the average number of the employees were reached. The exemption laid down in this Paragraph shall apply only if at least 75% of the income of a legal entity for the relevant tax period consists of income from data processing, Internet server (hosting) services and related activities, or the income from manufacturing, and only to the income of the legal entity that was received in implementing a major project. The exemption laid down in this Paragraph shall apply only when a legal entity has the auditor's report which confirms the required amount of private equity investment of the legal entity in a major project. If the amount of private equity

investment of a legal entity in a major project decreases and falls below EUR 100 million, except for the costs of depreciation or amortization of non-current assets, and/or the average number of the employees required for the implementation of a major project in the tax year falls below 200, the exemption does not apply in the tax period during which the amount of private equity investment in a major project and/or the average number of the employees of the legal entity in the tax year has decreased this way, and the application of the exemption shall be resumed in the tax period during which the private equity investment of a legal entity in a major project again reaches an amount of EUR 100 million, and/or the average number of the employees required for the implementation of a major project in the tax year again becomes not less than 200. The exemption laid down in this Paragraph shall apply to a legal entity implementing a major project for a maximum of 20 years from the date of entry into force of the contract on the major project investment. The exemption laid down in this Paragraph shall apply in so far as it is compatible with the legal acts of the European Union governing the granting of state aid, with the procedure for granting state aid and supervision established by the Government of the Republic of Lithuania or an institution authorized by it, and with the terms and conditions of the Authorisation for State aid issued by the European Commission.

Note of the RLA. *The exemption laid down in Paragraph 16³ shall apply to a legal entity implementing a major project under a valid contract on the major project investment after approval by the European Commission on the granting of the exemption according to the provisions of Article 108(3) of the Treaty on the Functioning of the European Union, but not earlier than 1 January 2021. The provisions of Paragraph 16³ shall apply to legal entities that have concluded contracts on the major project investment by 31 December 2025.*

Supplemented with a Paragraph of Article:

No [XIII-3213](#), 30 June 2020, published in the RLA on 3 July 2020, i. k. 2020-15010

17. For the purpose of calculating corporate income tax in the cases specified in Article 38 of this Law, the transfer of assets or a set of assets of the entity under a lease transaction shall be taxed as the sale of such assets if the assets or the set of assets were transferred after 1 January 2002.

18. Advance corporate income tax paid by individual (personal) enterprises and partnerships in 2002 as well as corporate income tax withheld (and paid) at source in 2002 shall be entered in the budget of the municipality in the territory whereof the said individual (personal) enterprises and partnerships are registered.

19. Banks whose specific provisions for doubtful assets established between the beginning of the tax period beginning with 1997 and the beginning of the tax period beginning with 2002 were not included in the costs reducing taxable profits shall include such amounts (after coordination with the central tax administrator) in equal portions in the limited allowable deductions during the tax periods beginning with 2002, 2003, 2004 and 2005. Where a bank meets its liabilities relating to repayment of debts, the amount of the debt or a portion thereof which matches the amount of the specific provision for doubtful assets established in respect of such debt shall be recognised as income at the moment of settlement of the claim.

Article amendments:

No. [IX-1008](#), 02/07/2002, Official Gazette, 2002, No. 73-3086 (19/07/2002)

No. [IX-1659](#), 01/07/2003, Official Gazette, 2003, No. 74-3417 (25/07/2003)

No. [IX-1663](#), 01/07/2003, Official Gazette, 2003, No. 73-3343 (23/07/2003)

No. [IX-1775](#), 14/10/2003, Official Gazette, 2003, No. 104-4645 (05/11/2003)

No. [IX-2091](#), 30/03/2004, Official Gazette, 2004, No. 54-1834 (15/04/2004)

No. [IX-2252](#), 01/06/2004, Official Gazette, 2004, No. 96-3520 (19/06/2004)

No. [X-1110](#), 03/05/2007, Official Gazette, 2007, No. 55-2126 (19/05/2007)

No. [XI-73](#), 18/12/2008, Official Gazette, 2008, No. 149-6000 (30/12/2008)

No. [XI-1157](#), 23/11/2010, *Official Gazette*, 2010, No. 145-7414 (11/12/2010)
No. [XI-1716](#), 22/11/2011, *Official Gazette*, 2011, No. 146-6852 (01/12/2011)
No XIII-517, 27/06/2017, published in the Register of Legal Acts on 30/06/2017, i. c. 2017-11226

Article 59. Entry into Force and Application of the Law

1. The Law shall enter into force as of 1 January 2002, with the exception of subparagraph 5 of paragraph 18 of Article 2, Article 40, and subparagraph 3 of paragraph 4 of Article 42.
2. The provisions of subparagraph 5 of paragraph 18 of Article 2 shall enter into force as of 1 January 2003.
3. The provisions of subparagraph 3 of paragraph 4 of Article 42 shall enter into force as of 1 January 2004.
4. The provisions of Article 40 shall apply as of the tax period beginning with 2004.
5. The provisions of paragraph 3 of Article 58 shall apply until the tax period beginning with 2003.
6. This Law shall apply to entities the tax period whereof begins in 2002.
7. The Law of the Republic of Lithuania on Taxes on Profits of Legal Persons shall apply to entities the tax period of which does not coincide with the calendar year until the tax period ending in 2002, except where such entities calculate taxes and pay them to the budget as withholding agents.
8. To recommend that the Government of the Republic of Lithuania prepare the legal acts necessary for the implementation of this Law.
9. Any arrears in payments discharged by or recovered from individual (personal) enterprises and partnerships as of 1 July 2002 in respect of income tax of individuals, advance income tax of individuals and income tax of individuals withheld at source (except for income tax of individuals withheld from the amounts paid to natural persons) shall be entered in accordance with the same procedure as corporate income tax, advance corporate income tax and corporate income tax withheld at source.
10. Article 40 of this Law shall apply to the relationships related to the project of the new nuclear power plant and related issues in so far as they are not regulated by the Law on the Nuclear Power Plant.

Article amendments:

No. [IX-1008](#), 02/07/2002, *Official Gazette*, 2002, No. 73-3086 (19/07/2002)
No. [IX-1659](#), 01/07/2003, *Official Gazette*, 2003, No. 74-3417 (25/07/2003), *corrigendum published in: Official Gazette, 2003, No. 81(1)*
No. [IX-1972](#), 22/01/2004, *Official Gazette*, 2004, No. 25-748 (14/02/2004)
No. [X-1250](#), 03/07/2007, *Official Gazette*, 2007, No. 80-3221 (19/07/2007)
No. [XI-2117](#), 26/06/2012, *Official Gazette*, 2012, No. 76-3941 (30/06/2012)

Article 59¹. 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 Chapters I, V, VII-IX and X1 of this Law shall 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. The addition of Article 59¹ shall enter into force on the date of withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union.

Supplemented with Article:

No [XIII-2052](#), 11 April 2019, published in the RLA on 24 April 2019, i. k. 2019-06688

Article 60. Repealed Legal Acts

The following legal acts shall be repealed as of 1 January 2003:

1) Republic of Lithuania Law on Corporate Income Tax (Official Gazette, 1990, No. [24601](#), No. [30-715](#); 1991, No. [16-426](#), No. [20-520](#); 1992, No. [6-110](#); 1993, No. [16-404](#), No. [30-682](#), No. [70-1306](#); 1994, No. [15-251](#), No. [55-1052](#), No. [100-1999](#); 1995, No. [34-813](#); 1996, No. [1-3](#), No. [35-862](#), No. [46-1105](#), No. [62-1463](#), No. [66-1577](#), No. [71-1715](#), No. [73-1746](#); 1997, No. [28661](#), No. [61-1442](#), No. [63-1473](#), No. [69-1745](#); 1998, No. [68-1977](#); 1999, No. [33-948](#), No. [55-1771](#), No. [64-2072](#), No. [98-2812](#), No. [113-3291](#); 2000, No. [36-988](#), No. [45-1291](#), No. [61-1819](#), No. [64-1912](#); 2001, No. [45-1572](#), No. [56-1979](#), No. [62-2235](#));

2) the Law of the Republic of Lithuania on the Exemption of Undertakings Engaged in Agricultural Production and Agricultural Services from Profit Tax of Legal Persons (Official Gazette, 1997, No. [117-2998](#));

3) the Law of the Republic of Lithuania on the Exemption of Partnerships and Individual (Personal) Enterprises Engaged in Agricultural Production and Agricultural Services from Profit Tax of Legal Persons (Official Gazette, 1997, No. [117-2999](#)).

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

PRESIDENT OF THE REPUBLIC OF LITHUANIA

VALDAS ADAMKUS

Republic of Lithuania
20 December 2001
Law No. IX-675
Appendix 1

DEPRECIATION OR AMORTISATION RATES (IN YEARS) FOR FIXED ASSETS

Class of fixed assets	Method	Rate (in years)	Rate (in years) if assets are intended for use and are used for scientific research and experimental development
TANGIBLE ASSETS			
New buildings used for business and renovations of buildings listed in the Register of Immovable Cultural Property of the Republic of Lithuania where such buildings were constructed or renovated after 1 January 2002.	linear or double declining balance	8	8
Residential buildings	linear	20	20

Buildings other than listed above	linear	15	15
Plant and machinery	linear or double declining balance	5	2 (except when applying the double declining balance method)
Installations (structures, wells, etc.)	linear	8	2
Power transmission and communications facilities (except for computer networks)	linear	8	8
Rolling stock (locomotives, rail wagons, rail tankers), ships	linear	8	8
Pipe installations, aircraft, weapons	linear	15	15
Furniture (other than used for hotel	linear	6	6

Class of fixed assets	Method	Rate (in years)	Rate (in years) if assets are intended for use and are used for scientific research and experimental development
business)			
Inventory, furniture used for hotel business	linear or double declining balance	6	6
Computer and communications equipment (computers, computer networks and software)	linear or double declining balance	3	2 (except when applying the double declining balance method)
Passenger cars:			

1) used for short-term car rentals, driving school services or transport services, not older than 5 years	linear or double declining balance	4	4
2) other passenger cars, not older than 5 years	linear	6	6
3) other passenger cars	linear	10	10
Goods vehicles, trailers and semitrailers, buses, not older than 5 years	linear or double declining balance	4	4
Other goods vehicles, trailers and semitrailers, buses	linear	4	4
Tangible assets other than listed above	linear or production	4 (except when applying the production method)	2 (except when applying the production method)
INTANGIBLE ASSETS			
Class of fixed assets	Method	Rate (in years)	Rate (in years) if assets are intended for use and are used for scientific research and experimental development
Software	linear or double declining balance	3	2 (except when applying the double declining balance method)
Acquired rights	linear or double declining balance	3	2 (except when applying the double declining balance method)
Other intangible assets	linear	4	2
GOODWILL			
Goodwill	linear	15	15

Appendix amendments:

No. [X-456](#), 20/12/2005, *Official Gazette*, 2005, No. 153-5635 (31/12/2005)
No. [X-681](#), 13/06/2006, *Official Gazette*, 2006, No. 72-2694 (28/06/2006)
No. [X-1110](#), 03/05/2007, *Official Gazette*, 2007, No. 55-2126 (19/05/2007)
No. [X-1484](#), 10/04/2008, *Official Gazette*, 2008, No. 47-1749 (24/04/2008)

Republic of Lithuania
20 December 2001
Law No. IX-675
Appendix 2

Appendix 2 repealed as of 2 September 2004:

No. [IX-2418](#), 23/08/2004, *Official Gazette*, 2004, No. 134-4836 (02/09/2004)

Republic of Lithuania
Law on Corporate Income Tax
Appendix 3

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 90/435/EEC of 23 July 1990 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states.
3. 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.
4. Act concerning the conditions of accession under the treaty between the Kingdom of Belgium, the Kingdom of Denmark, the Federal Republic of Germany, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands, the Republic of Austria, the Portuguese Republic, the Republic of Finland, the Kingdom of Sweden, the United Kingdom of Great Britain and Northern Ireland (member states of the European Union) and the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia, the Slovak Republic, concerning the Accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the European Union Act concerning the conditions of accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustments to the Treaties on which the European Union is founded.
5. Council Directive 2003/49/EC of 3 June 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different member states.

6. Council Directive 2003/123/EC of 22 December 2003 amending Directive 90/435/EEC on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states.

7. Council Directive 2004/66/EC of 26 April 2004 adapting Directives 1999/45/EC, 2002/83/EC, 2003/37/EC and 2003/59/EC of the European Parliament and of the Council and Council Directives 77/388/EEC, 91/414/EEC, 96/26/EC, 2003/48/EC and 2003/49/EC, in the fields of free movement of goods, freedom to provide services, agriculture, transport policy and taxation, by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia.

8. Council Directive 2004/76/EC of 29 April 2004 amending Directive 2003/49/EC as regards the possibility for certain member states to apply transitional periods for the application of a common system of taxation applicable to interest and royalty payments made between associated companies of different member states.

9. Council Directive 2005/19/EC of 17 February 2005 amending Directive 90/434/EEC on the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different member states.

10. 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).

11. Council Directive 2013/13/EU of 13 May 2013 adapting certain Directives in the field of taxation, by reason of the accession of the Republic of Croatia (OJ 2013, L 141, p. 30).

12. Council Directive 2014/86/EU of 8 July 2014 amending Directive 2011/96/EU on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States (OJ 2014 L 219, p. 40).

Supplemented by paragraph of this Article:

No [XII-2262](#), 22 March 2016, published in the Register of Legal Acts (TAR), 25 March 2016, ID code 2016-06346

13. Council Directive (EU) 2015/121 of 27 January 2015 amending Directive 2011/96/EU on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States (OJ 2015 L 21, p. 1).

Supplemented by paragraph of this Article:

No [XII-2262](#), 22 March 2016, published in the Register of Legal Acts (TAR), 25 March 2016, ID code 2016-06346

14. Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market (OJ 2016 L 193, p. 1), as last amended by Council Directive (EU) 2017/952 of 29 May 2017 (OJ 2017 L 144, p. 1).

Supplemented with a Point:

No [XIII-1697](#), 6 December 2018, published in the RLA on 20 December 2018, i. k. 2018-20938

Amendments to a Point:

No [XIII-2694](#), 17 December 2019, published in the RLA on 30 December 2019, i. k. 2019-21550

An appendix added to the Law:

No. [IX-2102](#), 08/04/2004, Official Gazette, 2004, No. 60-2117 (24/04/2004) Appendix amendments:

No. [IX-2201](#), 29/04/2004, Official Gazette, 2004, No. 73-2534 (30/04/2004)

No. [IX-2418](#), 23/08/2004, Official Gazette, 2004, No. 134-4836 (02/09/2004)

No. [X-456](#), 20/12/2005, Official Gazette, 2005, No. 153-5635 (31/12/2005)

No. [X-1484](#), 10/04/2008, Official Gazette, 2008, No. 47-1749 (24/04/2008)

No. [XII-661](#), 12/12/2013, Official Gazette, 2013, No. 140-7046 (30/12/2013)

Amendments:

1.

The Seimas of the Republic of Lithuania, Law

No. [IX-976](#), 20/06/2002, Official Gazette, 2002, No. 65-2636 (28/06/2002)

LAW AMENDING ARTICLE 3 OF THE LAW ON CORPORATE INCOME TAX

This Law shall come into force as of 1 July 2002.

2.

The Seimas of the Republic of Lithuania, Law

No. [IX-1008](#), 02/07/2002, Official Gazette, 2002, No. 73-3086 (19/07/2002)

LAW AMENDING AND SUPPLEMENTING ARTICLES 33, 58 AND 59 OF THE LAW ON CORPORATE INCOME TAX

Article 1 of this law shall come into force as of 1 January 2003.

3.

The Seimas of the Republic of Lithuania, Law

No. [IX-1224](#), 05/12/2002, Official Gazette, 2002, No. 123-5517 (24/12/2002)

LAW AMENDING ARTICLE 11 OF THE LAW ON CORPORATE INCOME TAX

The provision of Article 1 of this Law shall apply for the purpose of calculating corporate income tax for the tax period of 2002.

4.

The Seimas of the Republic of Lithuania, Law

No. [IX-1659](#), 01/07/2003, Official Gazette, 2003, No. 74-3417 (25/07/2003)

LAW SUPPLEMENTING AND AMENDING ARTICLES 2, 4, 5, 12, 13, 18, 19, 20, 27, 31, 33, 35, 38, 41, 55, 57, 58, 59 OF THE LAW ON CORPORATE INCOME TAX

The provisions of Articles 3, 5, 6, 7, 8, 10, 13, 14 and 16 and paragraphs 2 and 3 of Article 17 of this Law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2002 and of subsequent tax periods.

The provisions of paragraph 1 of Article 17 shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2002.

The provisions of paragraph 1 of Article 1, paragraph 2 of Article 4, Articles 9, 11, 12 and 15 of this Law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2003 and of subsequent tax periods.

The provisions of paragraph 2 of Article 1 and paragraph 1 of Article 4 of this Law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2004 and of subsequent tax periods.

Corrigendum of this law was published in: Official Gazette, 2003, No. 81(1) (22/08/2003)

5.

The Seimas of the Republic of Lithuania, Law

No. [IX-1663](#), 01/07/2003, Official Gazette, 2003, No. 73-3343 (23/07/2003)

LAW SUPPLEMENTING AND AMENDING ARTICLES 28 AND 58 OF THE LAW ON CORPORATE INCOME TAX

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

Amendments:

5.1.

No. [IX-1775](#), 14/10/2003, Official Gazette, 2003, No. 104-4645 (05/11/2003)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2 AND 58 OF THE LAW ON CORPORATE INCOME TAX AND REPEALING ARTICLE 2 OF THE LAW SUPPLEMENTING AND AMENDING ARTICLES 28 AND 58 OF THE LAW ON CORPORATE INCOME TAX

The provision of paragraph 1 of Article 2 of Section I of this Law – to delete the words “companies organising lotteries and raffles” and paragraph 3 shall come into force as of 1 January 2004.

6.

The Seimas of the Republic of Lithuania, Law

No. [IX-1713](#), 04/07/2003, Official Gazette, 2003, No. 74-3428 (25/07/2003)

LAW AMENDING ARTICLES 12 AND 26 OF THE LAW ON CORPORATE INCOME TAX

The provisions of this Law on not attributing dividends and other distributed profits to non-taxable income shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2004 and of subsequent tax periods.

7.

The Seimas of the Republic of Lithuania, Law

No. [IX-1775](#), 14/10/2003, Official Gazette, 2003, No. 104-4645 (05/11/2003)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2 AND 58 OF THE LAW ON CORPORATE INCOME TAX AND REPEALING ARTICLE 2 OF THE LAW SUPPLEMENTING AND AMENDING ARTICLES 28 AND 58 OF THE LAW ON CORPORATE INCOME TAX

The provision of paragraph 1 of Article 2 of Section I of this Law – to delete the words “companies organising lotteries and raffles” and paragraph 3 shall come into force as of 1 January 2004.

This Law, except for the provision of paragraph 1 of Article 2 of Section I – to delete the words “companies organising lotteries and raffles” and paragraph 3, shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2003 and of subsequent tax periods.

8.

The Seimas of the Republic of Lithuania, Law

No. [IX-1972](#), 22/01/2004, Official Gazette, 2004, No. 25-748 (14/02/2004)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 15, 16, 31, 40, 50 AND 59 OF THE LAW ON CORPORATE INCOME TAX

9.

The Seimas of the Republic of Lithuania, Law

No. [IX-2091](#), 30/03/2004, Official Gazette, 2004, No. 54-1834 (15/04/2004)

LAW AMENDING AND SUPPLEMENTING ARTICLES 34 AND 58 OF THE LAW ON CORPORATE INCOME TAX

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

10.

The Seimas of the Republic of Lithuania, Law

No. [IX-2102](#), 08/04/2004, Official Gazette, 2004, No. 60-2117 (24/04/2004)

LAW SUPPLEMENTING ARTICLES 1, 3 AND 4 OF THE LAW ON CORPORATE INCOME TAX AND ADDING ARTICLE 39(1) AND APPENDIX 3 TO THE LAW ON CORPORATE INCOME TAX

This Law shall come into force as of the day of the accession of the Republic of Lithuania to the European Union.

11.

The Seimas of the Republic of Lithuania, Law

No. [IX-2120](#), 13/04/2004, Official Gazette, 2004, No. 60-2127 (24/04/2004)

LAW AMENDING ARTICLES 3 AND 5 OF THE LAW ON CORPORATE INCOME TAX

The provisions of paragraph 1 of Article 2 of this Law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2004 and of subsequent tax periods.

The provisions of Article 1 and paragraph 2 of Article 2 of this Law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2005 and of subsequent tax periods.

12.

The Seimas of the Republic of Lithuania, Law

No. [IX-2201](#), 29/04/2004, Official Gazette, 2004, No. 73-2534 (30/04/2004)

LAW AMENDING AND SUPPLEMENTING ARTICLES 5, 12, 26, 35, 36, 37 AND 57 OF THE LAW ON CORPORATE INCOME TAX; ADDING ARTICLES 37(1) AND 37(2) TO THE LAW AND SUPPLEMENTING APPENDIX 3 OF THE LAW

Articles 5 and 6 of this Law shall come into force as of 1 January 2005.

Articles 7, 8 and 10 of this Law shall come into force after six calendar years from the beginning of application of Council Directive 2003/48/EC of 3 June 2003 on the taxation of interest received from savings income.

Article 9 of this Law shall come into force after four calendar years from the beginning of application of Council Directive 2003/48/EC of 3 June 2003 on the taxation of interest received from savings income and **shall be valid till 31 December 2009.**

Amendments:

12.1.

The Seimas of the Republic of Lithuania, Law

No. [X-456](#), 20/12/2005, Official Gazette, 2005, No. 153-5635 (31/12/2005)

LAW ON AMENDING AND SUPPLEMENTING ARTICLES 2, 4, 5, 7, 12, 16, 18, 21, 27, 28, 30, 31, 32, 41, 42, 43, 47, 51 AND 55, APPENDICES 1, 3 OF THE LAW ON CORPORATE INCOME TAX; ADDING ARTICLE 37(3) TO THE LAW AND REPEALING ARTICLE 44 AND AMENDING AND SUPPLEMENTING ARTICLES 5, 12, 26, 35, 36, 37 AND 53 OF THE LAW ON CORPORATE INCOME TAX, ADDING ARTICLES 37(1) AND 37(2) TO THE LAW AND AMENDING ARTICLE 12 OF THE LAW ON SUPPLEMENTING APPENDIX 3 OF THE LAW

12.2.

The Seimas of the Republic of Lithuania, Law

No. [X-1698](#), 14/07/2008, Official Gazette, 2008, No. 87-3458 (31/07/2008)

LAW AMENDING AND SUPPLEMENTING ARTICLES 5, 12, 26, 35, 36, 37 AND 57 OF THE LAW ON CORPORATE INCOME TAX; ADDING ARTICLES 37(1) AND 37(2) TO THE LAW AND AMENDING ARTICLE 8 OF THE LAW ON SUPPLEMENTING APPENDIX 3 OF THE LAW

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

12.3.

The Seimas of the Republic of Lithuania, Law

No. [XI-75](#), 18/12/2008, Official Gazette, 2008, No. 149-6002 (30/12/2008)

LAW AMENDING AND SUPPLEMENTING ARTICLES 5, 12, 26, 35, 36, 37 AND 57 OF THE LAW ON CORPORATE INCOME TAX; ADDING ARTICLES 37(1) AND 37(2) TO THE LAW AND REPEALING ARTICLE 2 AS WELL AS AMENDING ARTICLE 12 OF THE LAW ON SUPPLEMENTING APPENDIX 3 OF THE LAW

12.4.

Amendment of the entry into force of Article 9 of the Law:

The Seimas of the Republic of Lithuania, Law

No. [XI-388](#), 22/07/2009, Official Gazette, 2009, No. 93-3980 (04/08/2009)

LAW AMENDING AND SUPPLEMENTING ARTICLES 5, 12, 26, 35, 36, 37 AND 57 OF THE LAW ON CORPORATE INCOME TAX; ADDING ARTICLES 37(1) AND 37(2) TO THE LAW AND AMENDING ARTICLES 8 AND 12 OF THE LAW ON SUPPLEMENTING APPENDIX 3 OF THE LAW

13.

The Seimas of the Republic of Lithuania, Law

No. [IX-2252](#), 01/06/2004, Official Gazette, 2004, No. 96-3520 (19/06/2004)

LAW ON AMENDING AND SUPPLEMENTING THE LAW ON CORPORATE INCOME TAX, THE LAW ON MANAGING, USING AND DISPOSING OF THE ASSETS OF THE STATE AND THE MUNICIPALITIES, AND THE LAW ON PUBLIC PROCUREMENT

The provisions of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2005 and of subsequent tax periods.

14.

The Seimas of the Republic of Lithuania, Law

No. [IX-2418](#), 23/08/2004, Official Gazette, 2004, No. 134-4836 (02/09/2004)

LAW AMENDING ARTICLE 42, REPEALING APPENDIX 2 AND AMENDING APPENDIX 3 OF THE LAW ON CORPORATE INCOME TAX

15.

The Seimas of the Republic of Lithuania, Law

No. [IX-2492](#), 12/10/2004, Official Gazette, 2004, No. 158-5758 (30/10/2004)

LAW AMENDING ARTICLES 18 AND 20 OF THE LAW ON CORPORATE INCOME TAX

The provisions of this law shall apply for the purpose of calculating corporate income tax of the tax period beginning with 2004 and of subsequent tax periods.

16.

The Seimas of the Republic of Lithuania, Law

No. [X-232](#), 07/06/2005, Official Gazette, 2005, No. 76-2740 (18/06/2005)

LAW SUPPLEMENTING ARTICLE 31 OF THE LAW ON CORPORATE INCOME TAX

This law shall apply for the purpose of calculating the taxable profits for the tax periods of 2006 and 2007.

17.

The Seimas of the Republic of Lithuania, Law
No. [X-259](#), 21/06/2005, Official Gazette, 2005, No. 81-2942 (30/06/2005)
LAW AMENDING ARTICLES 2, 11, 12 AND 31 OF THE LAW ON CORPORATE INCOME TAX
The provisions of Articles 1, 3 and 4 of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2005 and of subsequent tax periods.

18.

The Seimas of the Republic of Lithuania, Law
No. [X-297](#), 30/06/2005, Official Gazette, 2005, No. 85-3141 (14/07/2005)
LAW SUPPLEMENTING ARTICLE 12 OF THE LAW ON CORPORATE INCOME TAX
The provisions of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2005 and of subsequent tax periods.

19.

The Seimas of the Republic of Lithuania, Law
No. [X-327](#), 05/07/2005, Official Gazette, 2005, No. 88-3292 (21/07/2005)
LAW SUPPLEMENTING ARTICLES 13 AND 26 OF THE LAW ON CORPORATE INCOME TAX
The provisions of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2005 and of subsequent tax periods.

20.

The Seimas of the Republic of Lithuania, Law
No. [X-456](#), 20/12/2005, Official Gazette, 2005, No. 153-5635 (31/12/2005)
LAW ON AMENDING AND SUPPLEMENTING ARTICLES 2, 4, 5, 7, 12, 16, 18, 21, 27, 28, 30, 31, 32, 41, 42, 43, 47, 51 AND 55, APPENDICES 1, 3 OF THE LAW ON CORPORATE INCOME TAX;
ADDING ARTICLE 37(3) TO THE LAW AND REPEALING ARTICLE 44 AND AMENDING AND SUPPLEMENTING ARTICLES 5, 12, 26, 35, 36, 37 AND 53 OF THE LAW ON CORPORATE INCOME TAX, ADDING ARTICLES 37(1) AND 37(2) TO THE LAW AND AMENDING ARTICLE 12 OF THE LAW ON SUPPLEMENTING APPENDIX 3 OF THE LAW
This law shall come into force as of 01/01/2006.

The provisions of Section I of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2006 and of subsequent tax periods.

Article 13 of Section I of this Law shall come into force as of 1 January 2007.

Formation self-cost expenses accumulated before the beginning of the tax period starting in 2006 and not deducted in accordance with the provisions of the Law of the Republic of Lithuania on Corporate Income Tax shall be deducted from income as limited allowable deductions over the course of the established amortisation periods remaining till the beginning of the tax period starting in 2006.

21.

The Seimas of the Republic of Lithuania, Law
No. [X-681](#), 13/06/2006, Official Gazette, 2006, No. 72-2694 (28/06/2006)
LAW AMENDING APPENDIX 1 OF THE LAW ON CORPORATE INCOME TAX

22.

The Seimas of the Republic of Lithuania, Law
No. [X-866](#), 19/10/2006, Official Gazette, 2006, No. 116-4404 (31/10/2006)
LAW AMENDING AND SUPPLEMENTING ARTICLES 12, 13, 14 AND 30 OF THE LAW ON CORPORATE INCOME TAX

The provisions of Articles 1 and 4 of this law shall apply for the purpose of calculating corporate income tax for the tax period of 2007 and subsequent tax periods.

23.

The Seimas of the Republic of Lithuania, Law
No. [X-936](#), 05/12/2006, Official Gazette, 2006, No. 141-5388 (28/12/2006)
LAW AMENDING ARTICLE 21 OF THE LAW ON CORPORATE INCOME TAX

24.

The Seimas of the Republic of Lithuania, Law
No. [X-1110](#), 03/05/2007, Official Gazette, 2007, No. 55-2126 (19/05/2007)
LAW SUPPLEMENTING AND AMENDING ARTICLES 2, 4, 7, 11, 12, 18, 19, 26, 31, 43, 50, 51, 53 AND 58 AS WELL AS APPENDIX 1 OF THE LAW ON CORPORATE INCOME TAX AND ADDING ARTICLES 38(1) AND 38(2) TO THE LAW

The provisions of this law, except for the provisions of paragraphs 2, 5, 6, 7, 8 and 9 of Article 1, Article 3, paragraphs 1, 4, 5 and 6 of Article 6, Article 7, Article 16 and paragraph 2 of Article 17, shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2007 and of subsequent tax periods. The provisions of paragraphs 2, 5, 6, 7, 8 and 9 of Article 1, Article 3, paragraphs 1, 4, 5 and 6 of Article 6, Article 7, Article 16 and paragraph 2 of Article 17 of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2006 and of subsequent tax periods.

A shipping entity, which in accordance with the procedure laid down in the Law of the Republic of Lithuania Law on Corporate Income Tax during the tax period starting in 2007 has chosen to apply the fixed rate corporate income tax, shall notify, in accordance with the procedure established by the central tax administrator, the local tax administrator about the decision to apply the fixed rate corporate income tax before the last day of the second quarter of the tax period starting in 2007.

Advance corporate income tax paid for the tax period starting in 2007 by a shipping entity, which in accordance with the procedure laid down in the Law of the Republic of Lithuania Law on Corporate Income Tax during the tax period starting in 2007 has chosen to apply the fixed rate corporate income tax, shall be refunded (credited) in accordance with the procedure laid down in the Republic of Lithuania on Tax Administration.

25.

The Seimas of the Republic of Lithuania, Law

No. [X-1250](#), 03/07/2007, Official Gazette, 2007, No. 80-3221 (19/07/2007)

LAW AMENDING ARTICLES 53 AND 59 OF THE LAW ON CORPORATE INCOME TAX

This law shall come into legal force from 1 January 2008.

26.

The Seimas of the Republic of Lithuania, Law

No. [X-1304](#), 25/10/2007, Official Gazette, 2007, No. 117-4773 (15/11/2007)

LAW AMENDING ARTICLE 12 OF THE LAW ON CORPORATE INCOME TAX

This law shall come into legal force from 01 May 2008.

27.

The Seimas of the Republic of Lithuania, Law

No. [X-1481](#), 08/04/2008, Official Gazette, 2008, No. 47-1748 (24/04/2008)

LAW AMENDING AND SUPPLEMENTING ARTICLES 3, 33, 34, 35 AND 55 OF THE LAW ON CORPORATE INCOME TAX

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

Amendment of this law:

27.1.

The Seimas of the Republic of Lithuania, Law

No. [XI-74](#), 18/12/2008, Official Gazette, 2008, No. 149-6001 (30/12/2008)

LAW AMENDING ARTICLES 2, 3 AND 4 OF THE LAW AMENDING AND SUPPLEMENTING ARTICLES 3, 33, 34, 35 AND 55 OF THE LAW ON CORPORATE INCOME TAX

28.

The Seimas of the Republic of Lithuania, Law

No. [X-1484](#), 10/04/2008, Official Gazette, 2008, No. 47-1749 (24/04/2008)

LAW SUPPLEMENTING AND AMENDING ARTICLES 22, 12, 13, 17, 18, 21, 23, 26, 28, 30, 31, 38(1), 47 AND 50 AS WELL AS APPENDICES 1 AND 3 OF THE LAW ON CORPORATE INCOME TAX AND ADDING ARTICLE 17(1) TO THE LAW

The provisions of Article 14 of this law shall come into force on 1 January 2009.

The provisions of paragraph 2 of Article 6 of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2007 and of subsequent tax periods.

The provisions of Articles 3, 4, 5, paragraph 1 of Article 6, and Articles 7, 8, 9, 10, 11, 12, 16 of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2008 and of subsequent tax periods. The provisions of Article 11 of this law may be applied to losses when the period for carrying them forward did not expire before the tax period starting in 2008, if the taxpayer did not choose to carry such losses forward as per the procedure that was valid before this law came into force.

The amounts directly paid (but not attributed to allowable deductions) by an entity before the beginning of the tax period starting in 2008 to the educational establishments in the states of the European Economic Area and foreign states other than states of the European Economic Area, which have concluded a treaty for the

avoidance of double taxation with the Republic of Lithuania, for the training of natural persons connected with the said entity by employment relations, which results in higher education and (or) qualification, shall be deducted from income during the tax period starting in 2008.

Entities may continue to calculate the depreciation and amortisation of fixed assets, which are used for scientific research and experimental development and were not completely depreciated or amortized before the beginning of the tax period starting in 2008, according to the new rates in years established in Appendix 1 to the Law on Corporate Income Tax.

Entities may begin to calculate the depreciation and amortisation of fixed assets, which will be used for scientific research and experimental development, according to the new rates in years established in Appendix 1 to the Law on Corporate Income Tax, where such assets will be used for scientific research and experimental development.

Corrigendum of the law was published in: Official Gazette, 2008, No. 48 (26/04/2008) Corrigendum

of the law was published in: Official Gazette, 2008, No. 51 (30/04/2008)

29.

The Seimas of the Republic of Lithuania, Law

No. [X-1608](#), 17/06/2008, Official Gazette, 2008, No. 76-3002 (05/07/2008)

LAW AMENDING ARTICLE 21 OF THE LAW ON CORPORATE INCOME TAX

The provisions of Article 1 of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2008 and of subsequent tax periods.

30.

The Seimas of the Republic of Lithuania, Law

No. [X-1697](#), 14/07/2008, Official Gazette, 2008, No. 87-3457 (31/07/2008)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 4, 5, 26, 41, 43 AND 54 OF THE LAW ON CORPORATE INCOME TAX

This law, except for the provisions of paragraph 2 of Article 3 and Articles 4 and 5, shall come into force on 1 January 2009.

The provisions of paragraph 2 of Article 3 and Article 4 of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2009 and of subsequent tax periods.

The provisions of Article 5 of this law shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2008 and of subsequent tax periods.

Amendment of this law:

30.1.

The Seimas of the Republic of Lithuania, Law

No. [XI-106](#), 22/12/2008, Official Gazette, 2008, No. 149-6030 (30/12/2008)

LAW AMENDING AND SUPPLEMENTING ARTICLES 1 AND 3 OF THE LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 4, 5, 26, 41, 43 AND 54 OF THE LAW ON CORPORATE INCOME TAX

31.

The Seimas of the Republic of Lithuania, Law

No. [XI-73](#), 18/12/2008, Official Gazette, 2008, No. 149-6000 (30/12/2008)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 5, 12, 34, 38(2), 41 AND 58 OF THE LAW ON CORPORATE INCOME TAX AND ADDING ARTICLE 40(1) AND SECTION IX(1) TO THE LAW

The provisions of paragraphs 1, 3, 4, 5 and 6 of Article 2, paragraph 2 of Article 3, Article 5, paragraphs 1 and 2 of Article 7, Articles 8 and 9 of this law shall apply for the purpose of calculating the corporate income tax of the tax period of 2009 and of subsequent tax periods.

Paragraph 2 of Article 2, Articles 4 and 6, paragraphs 3 and 4 of Article 7 of this law shall come into force on 1 January 2009.

During the calculation of advance corporate income tax which is calculated on the basis of the implicit amount of corporate income tax for the tax period of the tax period starting in 2009, possible reduction of taxable profits due to the investment project being implemented according to the provision of Article 8 of this law shall not be taken into consideration.

While calculating the advance corporate income tax, the taxpayer shall be obligated to take into account the changes in corporate income tax rates. This provision shall also apply to entities that before the entry into force of Article 9 of this law paid 0% or other reduced corporate income tax or were exempt from corporate income

tax: entities engaged in agricultural activities, cooperative companies (cooperatives), credit unions, the Central Credit Union.

The taxable profits of entities engaged in agricultural activities and cooperative companies (cooperatives), which before the entry into force of Article 9 of this law paid 0% rate of corporate income tax, starting with the tax period beginning in 2009 shall be taxed at a rate of 5%. The provisions of this paragraph shall apply to entities engaged in agricultural activities only if during a tax period over 50% of their income consists of income from agricultural activities. The provisions of this paragraph shall apply to cooperative companies (cooperatives) only in the following cases:

- 1) if during a tax period over 50% of the income of a cooperative company (cooperative) consists of income from agricultural activities or
- 2) over the course of a tax period, over 85% of the income of a cooperative company (cooperative) consists of income from agricultural activities and (or) income from sold agricultural products acquired from their own members produced by those members and (or) from fuel, fertilisers, seeds, feed, pest and weed management tools and tangible assets sold to their own members and intended for use only in the agricultural activities of their own members.

Amendment of the scope of the law:

31.1.

The Seimas of the Republic of Lithuania, Law

No. [XI-1157](#), 23/11/2010, Official Gazette, 2010, No. 145-7414 (11/12/2010)

LAW AMENDING AND SUPPLEMENTING ARTICLES 2, 5, 12, 34, 38(2), 41 AND 58 OF THE LAW ON CORPORATE INCOME TAX AND AMENDING ARTICLE 10 OF THE LAW ON ADDING ARTICLE 40(1) AND SECTION IX(1) TO THE LAW

32.

The Seimas of the Republic of Lithuania, Law

No. [XI-174](#), 19/02/2009, Official Gazette, 2009, No. 25-976 (05/03/2009)

LAW SUPPLEMENTING AND AMENDING ARTICLES 12 AND (40)1 OF THE LAW ON CORPORATE INCOME TAX

The provisions of Article 1 of this law shall apply for the purpose of calculating corporate income tax for the tax period of 2009 and subsequent tax periods.

33.

The Seimas of the Republic of Lithuania, Law

No. [XI-387](#), 22/07/2009, Official Gazette, 2009, No. 93-3979 (04/08/2009)

LAW AMENDING ARTICLES 5 AND 17 OF THE LAW ON CORPORATE INCOME TAX

Article 1 of this law shall come into force as of 1 January 2010; the provisions of Article 2 shall apply for the purpose of calculating the taxable profits of the tax period beginning with 2010 and of subsequent tax periods.

Amendment of this law:

32.1.

The Seimas of the Republic of Lithuania, Law

No. [XI-540](#), 09/12/2009, Official Gazette, 2009, No. 153-6881 (28/12/2009)

LAW AMENDING ARTICLE 1 OF THE LAW ON AMENDING ARTICLES 5 AND 17 OF THE LAW ON CORPORATE INCOME TAX

34.

The Seimas of the Republic of Lithuania, Law

No. [XI-539](#), 09/12/2009, Official Gazette, 2009, No. 153-6880 (28/12/2009)

LAW SUPPLEMENTING AND AMENDING ARTICLES 4, 5, 12, 13, 17, 18, 26, 31, 33, 34, 35, 38(2), 40(1), 41 AND 55 OF THE LAW ON CORPORATE INCOME TAX AND ADDING SECTION X(1) TO THE LAW

Paragraph 2 of Article 2, paragraph 1 of Article 9, paragraph 1 of Article 10, paragraph 1 of Article 11 and Article 13 of this law shall come into force on 1 January 2010.

The provisions of Article 6 of this law shall apply for the purpose of calculating corporate income tax for the tax period of 2009 and subsequent tax periods.

The provisions of Article 1, paragraphs 1, 3, 4 and 5 of Article 2, Articles 3, 4, 5, 7, 8, 12, 14, 15 and 16 of this law shall apply for the purpose of calculating the corporate income tax of the tax period of 2010 and of subsequent tax periods.

Only tax losses that were calculated for the tax period of 2010 and subsequent tax periods may be transferred according to the procedure stipulated in Article 16 of this law.

While calculating the advance corporate income tax, the taxpayer may take into account the changes in corporate income tax rates.

The provisions of paragraph 4 of Article 2 shall also apply to entities engaged in agricultural activities.
35.

The Seimas of the Republic of Lithuania, Law

No. [XI-1156](#), 23/11/2010, Official Gazette, 2010, No. 145-7413 (11/12/2010)

LAW AMENDING ARTICLES 5, 25, 31, 32, 40(1), 51 AND 53 OF THE LAW ON CORPORATE INCOME TAX

The provisions of Articles 1, 2 and 3 of this law shall apply for the purpose of calculating corporate income tax for the tax period of 2010 and subsequent tax periods.

The provisions of Article 4 of this law shall apply for the purpose of calculating corporate income tax for the tax period of 2011 and subsequent tax periods.

The provisions of Article 5 of this law shall apply for the purpose of distributing the profits (or a part thereof) of 2010 and subsequent years.

The provisions of Article 6 of this law shall apply for the purpose of declaring corporate income tax for the tax period of 2010 and subsequent tax periods.

36.

The Seimas of the Republic of Lithuania, Law

No. [XI-1698](#), 17/11/2011, Official Gazette, 2011, No. 146-6844 (01/12/2011)

LAW AMENDING ARTICLE 27 OF THE LAW ON CORPORATE INCOME TAX

This law shall come into legal force on 1 January 2012.

37.

The Seimas of the Republic of Lithuania, Law

No. [XI-1716](#), 22/11/2011, Official Gazette, 2011, No. 146-6852 (01/12/2011)

LAW AMENDING ARTICLES 5, 12, 46(1), 51, 57 AND 58 OF THE LAW ON CORPORATE INCOME TAX

The provisions of Articles 1 and 6 of this law shall apply for the purpose of calculating corporate income tax for the tax period of 2012 and subsequent tax periods.

The provisions of Articles 2 and 3 of this law shall apply for the purpose of calculating corporate income tax for the tax period of 2011 and subsequent tax periods.

38.

The Seimas of the Republic of Lithuania, Law

No. [XI-2117](#), 26/06/2012, Official Gazette, 2012, No. 76-3941 (30/06/2012)

LAW SUPPLEMENTING ARTICLE 59 OF THE LAW ON CORPORATE INCOME TAX

39.

The Seimas of the Republic of Lithuania, Law

No. [XI-2165](#), 29/06/2012, Official Gazette, 2012, No. 83-4339 (14/07/2012)

LAW AMENDING ARTICLES 17 AND 21 OF THE LAW ON CORPORATE INCOME TAX

This law shall come into legal force on 01 September 2012.

40.

The Seimas of the Republic of Lithuania, Law

No. [XII-79](#), 20/12/2012, Official Gazette, 2012, No. 153-7829 (29/12/2012)

LAW AMENDING ARTICLE 24 OF THE LAW ON CORPORATE INCOME TAX

48.

The Seimas of the Republic of Lithuania, Law

No. [XII-366](#), 13/06/2013, Official Gazette, 2013, No. 68-3407 (28/06/2013)

LAW AMENDING AND SUPPLEMENTING ARTICLE 2 AND THE NAME OF SECTION IX(1) OF THE LAW ON CORPORATE INCOME TAX AND SUPPLEMENTING IT WITH ARTICLES 17(2) AND 46(2)

This law shall come into legal force on 1 January 2014.

49.

The Seimas of the Republic of Lithuania, Law

No. [XII-428](#), 27/06/2013, Official Gazette, 2013, No. 75-3757 (13/07/2013)

LAW AMENDING ARTICLES 2, 4, 12, 42, 46(1) AND 53 OF THE LAW ON CORPORATE INCOME TAX

Articles 1 and 2 of this Law shall come into force as of 1 January 2014.

The provisions of Articles 3 and 4, paragraph 1 of Article 5 of this law shall apply for the purpose of calculating corporate income tax for the tax period of 2014 and subsequent tax periods.

The provisions of Article 6 of this law shall apply for the purpose of declaring corporate income tax for the tax period of 2013 and subsequent tax periods.

50.

The Seimas of the Republic of Lithuania, Law

No. [XII-661](#), 12/12/2013, Official Gazette, 2013, No. 140-7046 (30/12/2013)

LAW AMENDING AND SUPPLEMENTING ARTICLES 12, 30 AND 43 AS WELL AS APPENDIX 3 OF THE LAW OF THE REPUBLIC OF LITHUANIA ON CORPORATE INCOME TAX

The provisions of paragraph 1 of Article 1 of this law shall apply for the purpose of calculating corporate income tax for the tax period of 2013 and subsequent tax periods.

The provisions of paragraph 2 of Article 1, paragraphs 1 and 2 of Article 2, and Article 3 of this law shall apply for the purpose of calculating corporate income tax for the tax period of 2014 and subsequent tax periods.

Amendments:

1.

The Seimas of the Republic of Lithuania, Law

No. [XII-1131](#), 23/09/2014, published in the RLA on 03/10/2014, ID code 2014-13610

Law amending Articles 5, 9, 17-2, 18, 38-2, 39-1, 46-1 and 47 of the Law No. IX-675 of the Republic of Lithuania on Corporate Income Tax

2.

The Seimas of the Republic of Lithuania, Law

No. [XII-1466](#), 18/12/2014, published in the RLA on 31/12/2014, ID code 2014-21227

Law amending Articles 2 and 31 of the Law No. IX-675 of the Republic of Lithuania on Corporate Income Tax

3.

The Seimas of the Republic of Lithuania, Law

No. [XII-1583](#), 26/03/2015, published in the RLA on 13/04/2015, ID code 2015-05699

Law amending Articles 13 and 26 of the Law No. IX-675 of the Republic of Lithuania on Corporate Income Tax

4.

The Seimas of the Republic of Lithuania, Law

No. [XII-1654](#), 23/04/2015, published in the RLA on 30/04/2015, ID code 2015-06528

Law amending Article 51 of the Law No. IX-675 of the Republic of Lithuania on Corporate Income Tax

5.

Seimas of the Republic of Lithuania, Law

No. [XII-2262](#), 22 March 2016, published in the Register of Legal Acts (TAR), 25 March 2016, ID code 2016-06346

Law Amending Articles 32, 33, 34, 35, 36, 40-1, 47, 51, 53 and Appendix 3 of the Republic of Lithuania Law on Corporate Income Tax No IX-675

6.

Seimas of the Republic of Lithuania, Law

No. [XIII-88](#), 13 December 2016, published in the Register of Legal Acts (TAR), 23 December 2016, ID code 2016-29276

Law on Declaring Article 40-1 of the Republic of Lithuania Law on Corporate Income Tax No IX-675 Null and Void

7.

Seimas of the Republic of Lithuania, Law

No. [XII-2565](#), 30 June 2016, published in the Register of Legal Acts (TAR), 7 July 2016, ID code 2016-19387

Law Amending Article 58 of the Republic of Lithuania Law on Corporate Income Tax No IX-675

8.

Seimas of the Republic of Lithuania, the Law

No XIII-405, 01/06/2017, published in the Register of Legal Acts on 09/06/2017, i. c. 2017-09789

Law on the Amendment of the Articles 2, 4, 11, 31, 38-1 and 38-2 of the Law of the Republic of Lithuania on Corporate Income Tax No IX-675

9.

Seimas of the Republic of Lithuania, the Law

No XIII-842, 07/12/2017, published in the Register of Legal Acts on 22/12/2017, i. c. 2017-20681

Law on the Amendment of the Articles 2, 4, 5, 12, 22, 30, 33, 46-1 and 58 of the Law of the Republic of Lithuania on Corporate Income Tax No IX-675

10.

Seimas of the Republic of Lithuania, the Law

No XIII-517, 27/06/2017, published in the Register of Legal Acts on 30/06/2017, i. c. 2017-11226

Law on the Amendment of the Article 58 of the Law of the Republic of Lithuania on Corporate Income Tax No IX-675

11.

Seimas of the Republic of Lithuania, the Law

No XIII-1187, 24/05/2018, published in the Register of Legal Acts on 29/05/2018, i. c. 2018-08643

Law on the Amendment of the Article 5 of the Law of the Republic of Lithuania on Corporate Income Tax No IX-675

12.

Seimas of the Republic of Lithuania, the Law

No XIII-1333, 28/06/2018, published in the Register of Legal Acts on 30/06/2018, i.c. 2018-10976

Law on the Amendment of the Article 5 of the Law of the Republic of Lithuania on Corporate Income Tax No IX-675 and supplementing the Law with the Article 46-3

13.

Seimas of the Republic of Lithuania, the Law

No XIII-1697, 06/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20938

Law on the Amendment of the Articles 2, 4, 5, 11, 17, 30, 39, 55, of Appendix No 3 of the Law of the Republic of Lithuania on Corporate Income Tax No IX-675 and supplementing the law with the Article 30-1

14.

Seimas of the Republic of Lithuania, the Law

No XIII-1703, 11/12/2018, published in the Register of Legal Acts on 20/12/2018, i. c. 2018-20942

Law on the Amendment of the Article 17-2 of the Law of the Republic of Lithuania on Corporate Income Tax No IX-675