

**REPUBLIC OF LITHUANIA
LAW ON VALUE ADDED TAX**

5 March 2002 No IX-751
Vilnius

**CHAPTER I
GENERAL PROVISIONS**

Article 1. Scope of the Law

AMENDED:

By Law No IX-1960 of 15 01 2004 (from 01 05 2004)

1. This Law establishes the imposition of the value added tax (hereafter VAT) and the obligations of taxable persons, VAT payers and other persons incidental to the payment of the tax.
2. The provisions of this Law have been harmonised with the EU legal acts specified in Annex 2 to this Law.

Article 2. Main Definitions

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. By Law No XI-518 of 03 12 2009 (from 01 01 2010)

1. "**Excisable goods**" shall mean ethyl alcohol and alcoholic beverages, processed tobacco, heating tobacco products and energy products specified in the Republic of Lithuania Law on Excise Duties except for the gas supplied by the natural gas systems located in the territory of the European Union or by networks connected to such systems.

AMENDED:

- 1. By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)*
- 2. By Law No. XIII-3169 of 26 06 2020 (from 04 07 2020)*

2. "**Taxable person**" shall mean any taxable person of the Republic of Lithuania or a foreign state.
3. "**Person that controls taxable person**" shall mean a person who/which:
 - 1) directly or indirectly controls more than 50% of the shares (or other interests) in the taxable person, or other rights to part of the profit for distribution, or pre-emption rights thereto; or
 - 2) while controlling at least 10% of the shares (or other interests) in the taxable person, or other rights to part of the profit for distribution, or pre-emption rights thereto, holds more than 50% of the aforesaid jointly with related parties; or
 - 3) is entitled to elect/appoint the majority of members of the taxable person's management body and/or actually controls decisions adopted by the taxable person.

4. "**Division of a taxable person**" shall mean a structural or other division of a taxable person through which a taxable person in the country supplies and/or purchases goods and/or provides and/or receives services in another country.

5. "**Consideration**" shall mean everything which has been or is to be received in money or in any other form as payment for the supply of goods and services from purchasers/customers and/or third party.

6. "**Disclosed agent**" shall mean a taxable person acting as an intermediary in the transaction for the supply of goods or services in the name and for the account of another person.

7. "**Employment**" shall mean work carried out under an employment contract and any other activity performed on the basis of legal relations which, in substance, create the relationship of employer and employee (by agreement on remuneration for work, workplace and functions, work discipline, etc.) corresponding to that created under an employment contract.

- 7¹. "**Multi-purpose voucher**" – a voucher, other than a single-purpose voucher, i.e. where the place of supply of the goods or services to which the voucher relates, and the VAT due on those goods or services, are not known at the time of issue of the voucher.

AMENDED:

By Law No. XIII-1681 of 04 12 2018 (from 01 01 2019)

8. "**Economic activities**" shall mean activities (including any production, trade, provision of services, agricultural activities, fisheries, mining, professional activities, use of assets and/or holding of title/property rights) aimed at receiving any income (regardless of whether or not the activity is aimed at making a profit) except for:

1) employment as it is defined in paragraph 7 of this Article;
2) activities of state and local authorities as they are defined in paragraph 38 of the Article, even where taxes or dues are paid for such activities.

9. **“Electronic means”** shall mean electronic equipment designed for data processing (including digital archiving) and storage using waves, radio transmission, optical techniques or other electromagnetic means.

10. **“European Union territory”** shall mean the territories of the EU Member States as defined in paragraph 39 of this Article.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

10¹.

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

Distance selling of goods within the European Union - supply of goods dispatched or transported by the supplier or dispatched or transported on his behalf, including cases where the supplier is indirectly involved in transport or dispatch of goods, within the meaning of Article 5a of Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax, with any amendment thereto, from a Member State other than that in which the dispatch or transport of goods to the buyer ends, if all of the following conditions are met:

1) the buyer of goods is a taxable person or a legal person which is not a taxable person, where, according to the provisions of Article 3(1) of Directive 2006/112/EC, the acquisition of goods by those persons in another Member State is not subject to VAT, or another non-taxable person;

2) the goods supplied are not new vehicles, nor they are the goods supplied to the buyer by the supplier himself, or that the supplier supplies by assembling (fitting) or installing them at its own order at the place specified by the buyer (whether or not they are tested).

10². **“Chain transaction of goods supply”** (hereinafter – the chain transaction) – the transaction of successive supplies of the same goods involving an intermediate operator, when the goods are transported from one Member State to another Member State directly from the first supplier of the goods to the person/entity acquiring those goods who/that is the last in the supply chain.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

11. **“Capital assets”** shall mean any item of property which is an object of ownership and which is used in the economic activity of a taxable person during a period longer than one year (groups of capital assets are listed in Annex 1 to the Republic of Lithuania Law on Corporate Income Tax).

12. **“Derivative financial instrument”** shall mean a financial instrument (future contract, swap contract, forward contract etc.) the value or price of which is linked to the value or price or certain goods, price of securities, currency exchange rate, interest rate, stock exchange index, creditworthiness or another variable.

13. **“Movable property”** shall mean any item of tangible property except for those referred to in paragraph 18 of this Article.

13¹. **Voucher** – an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services and where the goods or services to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument.

AMENDED:

By Law No. XIII-1681 of 04 12 2018 (from 01 01 2019)

14. **“Reduced VAT rate”** shall mean the VAT rate established in this Law which is lower than the standard VAT rate except for the 0% VAT rate.

15. **“Taxable person of the Republic of Lithuania”** shall mean a legal or natural person of the Republic of Lithuania who/which carries out economic activities of any type as well as any collective investment undertaking established in the Republic of Lithuania which has no legal personality and which operates in the form of an investment fund.

16. **“New vehicle”** shall mean a vehicle designed for carrying passengers and/or cargoes that meets one of the following conditions:

1) a motor road or other land vehicle with the working volume over 48 cubic centimetres or engine power over 7.2 kilowatt and which has been supplied within 6 months from the date of first entry into service (according to the criteria for the determination of first entry into service approved by the Government of the Republic of Lithuania or an institution authorised by it), or whose run does not exceed 6,000 kilometres;

2) a ship the length of which is over 7.5 metres except for seagoing ships designed for the transport of passengers and/or cargoes via international routes and/or for the supply of other services for consideration

as well as fishing ships and ships designed for search and rescue works at sea, and which has been supplied within 3 months from the date of first entry into service (according to the criteria for the determination of first entry into service approved by the Government of the Republic of Lithuania or an institution authorised by it), or which has sailed for not more than 100 hours;

3) aircraft the maximum take-off weight of which is over 1,550 kilograms except for aircraft used for the transport of passengers and cargoes or the provision of other services by means of air transport for consideration via international routes, and which has been supplied within 3 months from the date of first entry into service (according to the criteria for the determination of first entry into service approved by the Government of the Republic of Lithuania or an institution authorised by it), or which has flown for not more than 40 hours.

17. "**Undisclosed agent**" shall mean a taxable person acting as an intermediary in a transaction for the supply of goods or services in his own name but for the account of another person.

18. "**Immovable property**" shall mean land or other property that cannot be removed from one place to another without changing its purpose and without a material reduction of its value.

19. The "**Permanent place of residence**" shall mean the country in which the address of the place of residence of the natural entity included in the register of residents or similar register or provided to a tax institution is indicated or the country where the natural entity usually resides because of his personal or occupational ties (or, in the absence of such occupational ties or where such ties relate the natural entity with another country, the country where he usually resides because of his personal ties).

AMENDED:

By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

19¹.

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

Distance selling of goods imported from third territories or third countries – supply of goods dispatched or transported by the supplier or dispatched or transported on his behalf, including cases where the supplier is indirectly involved in transport or dispatch of goods, within the meaning of Article 5a of Regulation (EU) No 282/2011, from a third territory or a third country to a buyer in a Member State, if all of the following conditions are met:

1) the buyer of goods is a taxable person or a legal person which is not a taxable person, where, according to the provisions of Article 3(1) of Directive 2006/112/EC, the acquisition of goods by those persons in another Member State is not subject to VAT, or another non-taxable person;

2) the goods supplied are not new vehicles, nor they are the goods supplied to the buyer by the supplier himself, or that the supplier supplies by assembling (fitting) or installing them at its own order at the place specified by the buyer (whether or not they are tested).

20. "**Material improvement of a building/structure**" shall mean construction works which extend useful life or improve useful properties of a building or a structure.

21. "**Not-for-profit legal person**" shall mean a legal person which has been established for purposes other than making of profit and which is not entitled, under legal acts governing its activities, to distribute its profit to its founders and/or members except for those legal persons whose profit-making activities account for a significant part of their activities, even though seeking profit is not the objective of activities of such persons.

22. "**Goods**" shall mean any object (including money of numismatic purpose) as well as electricity, gas, heat energy, cooling energy and energy of any other type. A digital carrier shall not be deemed to be a good if it contains non-standard software, i.e. software developed for non-mass use, which would not be possible to use independently by users upon implementation and upon limited training sufficient for standard operations and functions.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

23. "**Market price of goods/services**" shall mean the price which would be paid in an arm's length transaction, concluded under conditions of fair competition, where the seller of the goods or provider of the services are not related and where each of them seeks maximum economic benefit, by a buyer seeking to acquire the goods/services in a Member State in which taxes are imposed on the transaction.

24.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

"Import of goods":

1) bringing of non-European Union goods into the territory of the European Union or actions that have caused such bringing of goods;

2) bringing of European Union goods into the territory of the European Union from third countries or actions that have caused such bringing of goods.

25. **“Importer of goods”** shall mean a person importing goods into the country’s territory, which is liable to pay the established import debt to the customers for the goods being imported or which would be liable to pay the import debt to the customs if import duties would be imposed on the goods being imported.

AMENDED:

By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

26. **“Transport of goods”** shall mean carriage of goods (including postal items) by any means of transport as well as transport of goods via pipelines, power transmission lines etc.

27. **“Intra-Community transportation of goods”** shall mean transport of goods within the territory of the European Union when the beginning and the end of the route are in different Member States.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

28. **“VAT deduction”** shall mean deducting part of input and/or output VAT where the VAT amount payable to the state budget is reduced or the VAT amount recoverable from the state budget is increased by the amount of the deductible input and/or output VAT, calculated according to provisions of this Law.

29. **“VAT registered person”** shall mean a person who/which is liable, under this Law, to calculate and pay VAT and who/which has been registered for VAT by the tax administrator, including persons registered for VAT otherwise.

30. **“VAT invoice”** shall mean a document meeting the mandatory requirements established in this Law whereby supply of goods or services as well as making of an advance payment is documented. Where such document has been issued after a liability to issue it in another Member State arose, such document shall be deemed to be a VAT invoice if it meets the requirements established by such Member State for a VAT invoice.

31. **“Related parties”**:

1) a natural person and his/her spouse, fiancé or partner;

2) a natural person and persons related to him/her by kinship (direct kinship line up to second degree, lateral kinship line up to fourth degree) or by marriage (a natural person and relatives of his/her spouse (direct kinship line up to second degree, lateral kinship line up to second degree)), as well as a natural person and relatives of his/her partner (direct kinship line up to second degree, lateral kinship line up to second degree), natural person and spouses/partners of his/her relatives (direct kinship line up to first degree, lateral kinship line up to second degree) and relatives of such spouses/partners (direct kinship line up to first degree, lateral kinship line up to second degree);

3) a natural person and a person to whom he/she is related by guardianship relations;

4) a taxable person and its members (holder of shares or other interests in the taxable person);

5) a taxable person and a member of its management body;

6) a taxable person and its employees;

7) a taxable person and a natural person related to a member of the taxable person or a member of the taxable person’s management body by a relationship referred to in subparagraph 1, 2 or 3 above;

8) taxable persons – subsidiaries of the same taxable person (parent company) between themselves;

9) a taxable person - parent company and a member of a taxable person – its subsidiary;

10) a taxable person – subsidiary and a member of a taxable person – parent company;

11) a taxable person - parent company and a member of management body of a taxable person – its subsidiary;

12) a taxable person – subsidiary and a member of management body of a taxable person – parent company;

13) a taxable person - parent company and a natural person related to members of its subsidiary or members of a management body of such subsidiary by a relationship referred to in subparagraph 1 or 3 above as well as persons related to any such member by kinship (direct kinship line up to second degree, lateral kinship line up to fourth degree) or by marriage (a natural person and relatives of his/her spouse (direct kinship line up to second degree, lateral kinship line up to second degree)), as well as a natural person and relatives of his/her partner (direct kinship line up to second degree, lateral kinship line up to second degree), natural person and spouses/partners of his/her relatives (direct kinship line up to first degree, lateral kinship line up to second degree) and relatives of such spouses/partners (direct kinship line up to first degree, lateral kinship line up to second degree);

14) a taxable person – subsidiary and a natural person related to members of the relevant parent company or members of a management body of such company by a relationship referred to in subparagraph 1 or 3 above as well as persons related to any such member by kinship (direct kinship line up to second degree, lateral kinship line up to fourth degree) or by marriage (a natural person and relatives of his/her spouse (direct kinship line up to second degree, lateral kinship line up to second degree)), as well as a natural person and relatives of his/her partner (direct kinship line up to second degree, lateral kinship line up to

second degree), natural person and spouses/partners of his/her relatives (direct kinship line up to first degree, lateral kinship line up to second degree) and relatives of such spouses/partners (direct kinship line up to first degree, lateral kinship line up to second degree);

15) two taxable persons, provided that one of them, either directly or indirectly (through one or more intermediate persons), controls more than 25% of shares (or other interests) in the other person or holds rights to more than 25% of decisive votes in the other person, or has undertaken to agree its operational decisions with the other person, or has assumed liability for the discharge of such other person's obligations to third parties, or has undertaken to transfer to such other person its profit in full or in part or has granted such other person the right to use more than 25% of its assets;

16) two taxable persons if same members thereof (individually or jointly with other persons related to them by the relationship referred to in items 1, 2 or 3 above) control, either directly or indirectly, more than 25% of shares (or other interests) in each of them;

17) two taxable persons if one of them has the right to elect/appoint the majority of members of a management body of the other person and/or exercises actual control over decisions adopted by such other person.

32. "**Standard VAT rate**" shall mean a 21% VAT rate.

33. "**Territory of the country**" shall mean the territory of the Republic of Lithuania and the area adjacent to the territorial waters of the Republic of Lithuania where, under the laws of the Republic of Lithuania and the international law, the Republic of Lithuania has the right to carry out explorations and to exploit the sea-bed and underground natural resources.

33¹. "**An intermediate operator**" – the supplier of goods involved in the chain transaction (with the exception of the first supplier of goods in the supply chain) who transports the goods or at whose order this is done by a third party.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

34. "**Telecommunications services**" shall mean services related to the transmission, sending or receiving of signals, words, video and audio, data or other information by means of wire, radio, optical or other electromagnetic systems including the granting or assignment of the right to use such transmission, sending or receiving facilities as well as the granting of access to the world wide web.

35. "**Third territories**" shall mean the territories included in a list approved by the Minister of Finance of the Republic of Lithuania ("the Minister of Finance") which are not considered territories of Member States for the purposes of this Law.

36. "**Third country**" shall mean any territory which is not a European Union territory or a third territory as defined in paragraphs 10 and 35 respectively.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

37. "**Foreign taxable person**" shall mean any of the following persons engaged in any form of economic activity:

- 1) a legal person or organisation of a foreign state, having its seat in a foreign state and incorporated or otherwise organised in accordance with the legal acts of the foreign state, or
- 2) any other entity incorporated, established or otherwise organised abroad, or
- 3) a natural person whose permanent place of residence is not the Republic of Lithuania.

38. "**Activities of the state and local authorities**" shall mean the activities of the State, local authorities and state or municipal institutions and offices and, in the cases specified by laws, also activities of other public legal persons, which the said persons must carry out under the law. For the purposes of this Law, the following activities carried out by the aforesaid persons shall not be deemed to be state and municipal functions, unless its scope does not allow considering them activities of minor significance:

- 1) supply of new goods that compete or may compete with goods supplied by taxable persons;
- 2) supply of electricity, gas, heat and other types of energy, supply of water and steam;
- 3) carriage, storage, supply of water port (sea port etc.) services and granting the right to use an airport;
- 4) supply of services of organising trade fairs and business exhibitions;
- 5) supply of advertising, market research and/or public opinion surveys and other similar services;
- 6) supply of travel and tourist agencies' services;
- 7) supply of telecommunications services;
- 8) supply of public information services;
- 9) supply of catering services;
- 10) activities of agricultural market economic regulation agencies related to agricultural products when they are carried out according to relevant Regulations on common market for such products;
- 11) lease;

12) any activities carried out by such persons, not specified in items 1 through 11 above, provided that the goods supplied and/or services provided in the process of such activities compete or may compete with goods supplied and/or services provided by taxable persons.

39. **“Member State / territory of a Member State”** shall mean a territory of a Member State of the European Union as defined in Article 355 of the Treaty on functioning of the European Union except for third territories. The notion of the territory of a Member State includes the territories on the list, approved by the Minister of Finance, of territories where transactions concluded in or intended for such territories are deemed to be transactions concluded in or intended for that Member State.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

39¹. **Single-purpose voucher** – a voucher where the place of supply of the goods or services to which the voucher relates, and the VAT due on those goods or services, are known at the time of issue of the voucher.

AMENDED:

By Law No. XIII-1681 of 04 12 2018 (from 01 01 2019)

40. Other terms used in this Law are to be understood as defined by the Law on Tax Administration of the Republic of Lithuania, Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (hereinafter - the Union Customs Code), as well as by the Civil Code of the Republic of Lithuania, to the extent compatible with this Law (except for the cases specified in insistent manner in the Civil Code). However, in this Law, only the State Tax Inspectorate is referred to as a tax administrator.

AMENDED:

1. By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

2. By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

Article 3. Scope of VAT in the Republic of Lithuania

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. The supply of goods or services shall be subject to VAT provided that all the following conditions are satisfied:

1) the goods and/or services are supplied for consideration;

2) the supply of goods and/or services according to the provisions of this Law takes place within the territory of the country;

3) the goods and/or services are supplied by a taxable person in the performance of his/its economic activities, i.e. acting as such. A natural person shall not be considered a taxable person in respect of the supply of goods and/or services if the transactions concluded by the natural person are not related to the economic activities carried out by him. The above provision does not apply when a new vehicle is supplied in the territory of the country for consideration, whereby the supplier, the buyer or a third party instructed by any of them takes away from the territory of the country, however, into the territory of the European Union.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

2. Acquisition of goods in the territory of the country for consideration from another Member State shall be subject to VAT if:

1) goods are acquired from a taxable person which carries out economic activities, i.e. acts as such, and to which legal provisions laid down in Title XII, Section 1 of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (“Directive 2006/112/EC”) do not apply, by a taxable person which concludes the transaction in the course of its economic activities, i.e. acting as such, or a legal person which is not a taxable person, unless this supply is considered a supply in the territory of the country under paragraphs 2 or 3 of Article 12 of this Law;

AMENDED:

1. By Law No. X-1322 of 13 11 2007 (from 01 12 2007)

2. By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

2) new means of transport are acquired by any person;

3) excise goods, with respect to which the liability to calculate excise duties under the Republic of Lithuania Law on Excise Duties arises in the Republic of Lithuania, are acquired by any person except natural persons who are not taxable persons.

3. Imports of goods shall be subject to import VAT when the goods are deemed to be imported in the territory of the country under this Law.

4. Apart from the supply of goods and/or services referred to in paragraph 1, acquisition of goods referred to in paragraph 2, and goods import referred to in paragraph 3, the scope of VAT application shall also include circumstances referred to in Article 53 of this Law.

5. Notwithstanding subparagraph 1 of paragraph 2 above, acquisition of the following goods shall not be subject to VAT:

1) acquisition of goods from another Member State if such supply of goods, should it take place in the territory of the country, would be subject to a 0% VAT rate according to Articles 43, 44 or 47 of this Law;

2) acquisition of second-hand goods, works of art, collectors' items and antiques as defined in this Law from another Member State when they are acquired from a taxable person engaged in the supply of such goods, or from organiser of auctions, and their supply was taxed in the Member State from which they were imported according to provisions that, in substance, are equal to provisions of Chapter XII, Section 3 of this Law;

3) acquisition of means of transport from another Member State where they are acquired from a taxable person which is engaged in the supply of such goods, and the supply was taxed in the Member State from which they were imported according to the special transitional provisions applied to second-hand vehicles in that Member State.

Article 4. Supply of Goods

1.

AMENDED:

By Law No. X-932 of 28 11 2006 (from 01 01 2007)

1. Supply of goods shall mean the transfer of goods to another person/entity where, under the terms of the transaction, this person/entity or a third party acquires the right to dispose of those goods as their owner.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

2. For the purposes of this Law, supply of goods shall also include the transfer of goods under a lease agreement or another agreement, which provides for a postponement of payment for such goods and/or for payment in instalments, provided that, according to the terms and conditions of the transaction, the person to whom the goods were transferred or a third party assumes the majority of risks and benefits related to ownership of property and the transfer of title to the property is provided for.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 02 2004)

NOTE: order No IX-1960 of 15 01 2004 establishes that if transactions were concluded by 31 January 2004 (inclusively), the liability to calculate VAT arises when full or partial payment for the goods sale is received. The receipt of such payment shall be documented in the form of a VAT invoice according to the provisions in force at that time.

3. For the purposes of this Law, the establishment or transfer of the rights *in rem* over immovable property (easement, usufruct, right of development, long-term lease) shall also be considered as supply of goods (i.e. immovable property in respect of which the rights were established). The transfer of a share or a security, where the transfer of the share or the security grants its holder the right to dispose of immovable property (or part thereof) as the owner of the property shall also be considered supply of goods (immovable property) within the meaning of this Law. Provisions of this paragraph shall apply provided that the amount of payment for the establishment or transfer of the property rights or the transfer of the share or the security matches the market price of the immovable property.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 4¹. Acquisition of Goods from Another Member State

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Intra-Community acquisition of goods for consideration shall mean acquisition, according to the terms and conditions of the transaction, of the right to dispose as owner of the goods dispatched or transported by the supplier, purchaser or a third party on behalf of any one of them to a Member State other than that from which the goods are dispatched or transported.

2. Where a non-taxable legal person acquires goods that are dispatched or transported from a third territory or third country and imports those goods into a Member State other than the Member State of arrival of the goods dispatched or transported, the legal person shall be deemed to have acquired the goods from the Member State of import.

3. The transfer by a taxable person or any other person on his behalf of goods from his undertaking to another Member State for business purposes shall also be treated as intra-community acquisition of goods for consideration, unless the importation is effected according to the terms and conditions of paragraph 2 of Article 5¹ of this Law.

4. The appropriation of goods by the forces of the states parties to the North Atlantic Treaty, for their use or for the use of the civilian staff accompanying them, which they have not acquired subject to the general rules governing taxation on the domestic market of the Member State, where the importation of these goods could not benefit from the exemption from import VAT under paragraph 3 of Article 40 of this Law, shall also be deemed to be an intra-Community acquisition of goods.

5. For the purposes of this Law, the dispatch or transport of goods under a contract, which would also constitute supply of goods within the meaning of paragraph 2 of Article 4 of this Law, shall be deemed to be intra-Community acquisition of goods for consideration.

AMENDED:

By Law No. X-932 of 28 11 2006 (from 01 01 2007)

6. The goods supplied according to the terms laid down in Article 42 of this Law from another Member State are deemed to be acquired by a taxable person to whom/which the right to dispose of such goods as their owner in that Member State to which the goods have been delivered.“

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

Article 4². Delivery of the goods to be supplied on call of stock basis

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

1. The goods are deemed to be delivered to be supplied on call of stock basis when all of the following conditions are met:

1) a taxable person (or a third party at its order) transports the goods to another Member State with a view to subsequent supply of the goods delivered in that Member State to another taxable person who acquires the goods and who has the right to take over possession of those goods (hereinafter in this Article – a taxable person who acquires) under a valid transaction entered into between these two taxable persons;

2) the taxable person transporting the goods referred to in Clause 1 of this paragraph is not established (i.e. its registered office (in the case of a non-natural person) or the permanent place of residence (in the case of a natural person) is not in that Member State or it has no subdivision in that Member State) in the Member State to which the goods are delivered;

3) a taxable person who acquires, to whom the goods are intended to be supplied, is registered as a VAT payer in the Member State to which the goods are transported, and his/her identity and the VAT identification number, that was attributed to him/her by that Member State to which the goods are delivered, are known to the taxable person referred to in Clause 2 of this paragraph at the moment when the transport of the goods commences;

4) the taxable person referred to in Clause 2 of this paragraph shall register the transport of goods in the appropriate register provided for in Article 78 (51) of this Law or established by another Member State, and shall specify the identity of the taxable person who acquires and the VAT identification number attributed to him/her by the Member State to which the goods are delivered in the report on supplies of goods and / or provision of services to other Member States, which is specified in Article 881(11) of this Law, or in the relevant report established by another Member State;

5) the taxable person referred to in Clause 2 of this paragraph shall supply the taxable person who acquires with the goods at the latest within 12 months of delivery of the goods to another Member State.

2. The goods are also deemed to be delivered to be supplied on call of stock basis when in the event of the replacement of the person referred to in paragraph 1(3) of this Article within 12 months of the date of delivery of the goods to another Member State with another taxable person, and such replacement is registered by the taxable person referred to in paragraph 1(2) of this Article in the relevant register provided for in Article 78(51) of this Law or established by another Member State, and the other conditions laid down in paragraph 1 of this Article are met.

3. The delivery of goods to be supplied on call of stock basis is deemed to no longer meet the conditions laid down in paragraph 1 or 2 of this Article in the event of destruction or loss of the goods (including loss due to theft).“

Article 4³. Supply of goods via electronic interface

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

1. When, using an electronic interface such as a marketplace, platform, portal or similar means, a taxable person creates conditions, within the meaning of Article 5b of Regulation (EU) No 282/2011, for distance selling of goods imported from third territories or third countries, which are imported in consignments with an own value (of the goods themselves) not exceeding 150 EUR, that taxable person shall be deemed to receive and supply those goods himself.

2. When, using an electronic interface such as a marketplace, platform, portal or similar means, a taxable person creates conditions, within the meaning of Article 5b of Regulation (EU) No 282/2011, for a taxable person not established in the European Union to supply goods to a non-taxable person in the European Union, a taxable person that creates conditions for supply of goods shall be deemed to receive and supply those goods himself.

Article 5. Use of Goods for Meeting of Private Needs of a VAT registered person

1. For the purposes of this Law, private use of goods by a VAT registered person as it is defined in paragraph 2 below, shall also constitute supply of goods for consideration.

2. Unless otherwise provided by this Article, private use of goods by a VAT registered person shall be considered to have occurred where goods at the disposal of such person, the input and/or import VAT on which (if the goods have been manufactured by the person itself/himself - on other goods and/or services used for the manufacture of the said goods) was wholly or partly deductible by such person, are:

1) transferred free of charge, whereas the person to whom the goods are transferred or a third party acquires the right to dispose of the goods as their owner, or

2) used in any other manner in case if the input and /or import VAT on goods and/or services intended for private use would not be deductible by the VAT registered person under this Law.

3. Notwithstanding provisions of paragraph 2 of this Article, the transfer or use of goods shall not be treated as private use of goods by a VAT registered person if the goods are transferred or used as samples for examination, i.e. goods forming part of such person's usual business are transferred or used for examination, analysis or test. In this case goods may be transferred or used in the quantity required in order to ensure the quality of the examination, analysis or test, having regard to the nature of the goods and character of examination, analysis or test under the relevant provisions of legal acts (if this is governed by legal acts).

4. Notwithstanding provisions of paragraph 2 of this Article, the transfer or use of goods shall not be treated as private use of goods by a VAT registered person if the goods are transferred or used as gifts of low value (for advertising, entertainment, charity and/or support). The Government of the Republic of Lithuania or an institution authorised by it shall establish the conditions and limitations of the application of the provisions of this paragraph, including limitations on the value of goods transferred or used for the purposes specified herein.

5. Notwithstanding provisions of paragraph 2 of this Article, loss of goods shall not be treated as private use of goods by a VAT registered person.

6. Where a natural VAT registered person assigns part of the acquired tangible capital assets to his/her economic activities under this Law, the provisions of this Article shall apply only to the part of the assets so attributed. Provisions of this Article shall not be applicable to any transfer or use of the remaining part of the assets regardless of the fact that input and/or import VAT on the assets was partly deductible.

Article 5¹. Transport of Goods to Another Member State

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Supplies of goods effected for consideration shall be the transfer by the taxable person of goods from his undertaking from the Member State where the place of departure of goods is situated to another Member State if the goods are transferred by the taxable person himself or by another person on his behalf.

2. In derogation of provisions of paragraph 1 of this Article, the following shall not be treated as supply of goods:

1) the transfer of goods to another Member State where the supply of the goods will be effected (which will be subject in the Member State to the provisions equivalent in essence to those of paragraph 3 of Article 12 of this Law);

2) the transfer of goods to another Member State where the goods will be installed or assembled and where supply of the goods will take place (which in that Member State will be subject to the provisions equivalent in essence to those of paragraph 2 of Article 12 of this Law);

3) transport of goods to another Member State if they will be supplied in passenger-carrying ships, aircraft and/or trains in the territory of the European Union and if supply of such goods will take place in another Member State (to which provisions, in substance equivalent to provisions of Article 12¹ of this Law, will apply in that Member State);

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

4) the transfer of goods to another Member State when the goods are transferred for the purpose of supply on which zero-rated VAT is charged subject to the provisions of Chapter VI of this Law (with the exception of Article 53);

5) the transfer of goods to another Member State for the purpose of work on the goods (repair, maintenance, adaptation, etc.), processing and/or alteration provided that the goods, after being worked upon, are re-dispatched to that taxable person in the Member State from which they had initially been dispatched or transported;

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

6) the transfer of goods to another Member State for the purpose of temporary use of the goods in question for the supply of services by the taxable person established within the Member State and therefore the goods are temporarily transferred (i.e. until they are needed in another Member State for the provisions of the services in question);

7) temporary transfer of goods for a period not exceeding 24 months to another Member State in which the import of the same goods from a third country with a view to temporary use would be eligible for the arrangements for temporary importation with full exemption from import duties;

8) transmission of gas in the territory of the European Union via natural gas systems or networks connected to them to another EU Member State, transmission of heating or cooling energy via heating or cooling networks to another Member State, transmission of electric power to another Member State (provided that provisions in substance equivalent to provisions of Article 12(6) of this Law will be applied to such goods in another Member State);

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

9) delivery of the goods to be supplied on call of stock basis as laid down in Article 4² of this Law;

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

10) return of the goods that were delivered to be supplied on call of stock basis as laid down in Article 4² of this Law back to the Member State from which the goods were transported, if the right to dispose of such goods as their owner has not been transferred to another taxable person, and the goods are returned within the period of 12 months provided for in Article 4²(1)(5) of this Law, and the taxable person referred to in Article 4²(1)(2) of this Law registers such return in the relevant register provided for in Article 78(5¹) of this Law or established by another Member State.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

3. In the event that the conditions set out in Clauses (1) to (8) of paragraph 2 of this Article are no longer met, the transport of goods to another Member State shall be treated as a supply of goods for consideration as provided for in paragraph 1 of this Article. The supply of goods shall be considered to have taken place when these conditions are no longer met.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

4. In the event that the condition referred to in paragraph 2(9) of this Article is no longer met, the transport of goods to another Member State shall be treated as a supply of goods for consideration as provided for in paragraph 1 of this Article. The supply of goods shall be deemed to have taken place:

1) on the next day following the end of the 12-month period referred to in Article 42(1)(5) of this Law, provided that the right to dispose of the goods as belonging to the proprietor within 12 months of the date of arrival of the goods if the right to dispose of such goods as their owner has not been transferred to the taxable person referred to in Article 42(1)(3) or Article 42(2) of this Law within 12 months of delivery of these goods to the Member State to which they were delivered;

2) shortly before the supply of goods delivered to another Member State to a person other than the taxable person referred to in Article 42(1)(3) or Article 42(2) of this Law, where the goods are supplied before the end of the 12-month period laid down in Article 42(1)(5) of this Law;

3) shortly before the commencement of transport of the goods delivered to another Member State back to the Member State which is not the Member State from which the goods were transported, shortly before the commencement of delivery of the goods to be supplied on call of stock basis as defined in Article 42 of this Law, where the goods are transported before the end of the 12-month period laid down in Article 42(1)(5) of this Law;

4) on the day on which the goods were destroyed or lost (including loss due to theft), and, if that day cannot be determined, on the day on which the goods were found to have been destroyed or lost (including loss due to theft) if these circumstances occurred during the 12-month period provided for in Article 42(1)(5) of this Law;

5) at the time when the conditions referred to in Article 42 of this Law are no longer met for the reasons other than those referred to in Clauses 2, 3 and 4 of this paragraph, and the 12-month period referred to in Article 42(1)(5) of this Law has not expired.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

5. Where the conditions referred to in paragraph 2(10) of this Article are no longer met, the transport of goods to another Member State shall be treated as a supply of goods for consideration as specified in paragraph 1 of this Article. The supply of the goods is deemed to have taken place on the next day following the end of the 12-month period laid down in Article 42(1)(5) of this Law.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

Article 6. Manufacture of Tangible Capital Assets by a VAT Payer himself

1. For the purposes of this Law, supply of goods for consideration shall include manufacture of tangible capital assets by a VAT payer himself. In this Law, manufacture of tangible capital assets by the VAT payer himself shall mean the entirety of operations of processing of acquired and/or imported raw materials and materials, manufacturing and other operations performed by the VAT payer himself and/or services acquired by the VAT payer, the result whereof is a new unit of tangible capital assets. Material improvement of the building/structure used in the economic activities of the VAT payer shall also be treated as manufacture of tangible capital assets by the VAT payer himself, regardless of whether or not the VAT payer is the owner of the building/structure or uses it on other grounds, unless otherwise provided in Article 9 of this Law, and regardless of whether the VAT payer made improvements in the building/structure by himself or by acquiring services from other taxable persons.

2. The provisions of this Article shall be applied only in the cases where the input and/or import VAT on the goods and/or services used for such manufacture of tangible capital assets was wholly or partly deductible by the VAT payer.

Article 7. Supply of Services

Unless otherwise established in this Law, supply of services shall mean any transaction in respect of any civil rights object, provided this transaction is not treated as supply of goods within the meaning of this Law. Such transactions shall include, *inter alia*:

1) sale or other transfer of non-standardised software;

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2) lease;

3) assignment of intangible property and title, except for the cases provided in paragraph 3 of Article 4 of this Law;

4) construction works, including the handing over of a constructed new building or structure to the client/contractor;

5) obligation to refrain from an act or to tolerate an act or situation.

Article 8. Supply of Services for Private Use of a VAT Payer

1. For the purposes of this Law, supply of services for consideration shall also constitute supply of services for private use of a VAT payer, as it is defined in paragraph 2 of this Article.

2. The following shall be treated as supply of services for private use of a VAT payer:

1) giving another person the right to use for a certain time free of charge the object of the right of ownership of the VAT payer. The above provision shall apply only where input and/or import VAT on the object of the right of ownership (where it is manufactured by the VAT payer himself - on the goods and/or services used for the manufacture thereof) was wholly or partly deductible by the VAT payer, or

2) the object of the VAT payer's right of ownership which is not considered as a good within the meaning of this Law, is transferred or used in the ways specified in paragraph 2 of Article 5 of this Law. The provision shall be applicable only where input and/or import VAT on the object of the right of ownership (where it is manufactured by the VAT payer himself - on the goods and/or services used for the manufacture thereof) was wholly or partly deductible by the VAT payer.

3) the services have been rendered free of charge and not in relation to the VAT payer's economic activities.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

3. Where a natural person who is a VAT payer attributes part of the acquired tangible capital assets to his/her economic activities pursuant to the provisions of this Law, the provisions of this Article shall apply only to the portion of the assets attributed in the said manner. The provisions of this Article shall not be applicable with respect to the use of any other part of the assets regardless of the fact that the input and/or import VAT on the assets became partly deductible.

Article 9. Special Rules Applied to Certain Transactions

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Where a taxable person transfers its/his economic activities (or any part thereof) in their entirety (i.e. all property acquired and used in such activities as well as an property and non-property rights, debts and other liabilities related to such activities), including cases where such activities (or any part thereof) are transferred as a contribution in kind by a member of a legal person, to another taxable person which/who continues the activities so transferred, such transfer of activities (or any part thereof) shall not be deemed to be supply of goods or services.

AMENDED:

1. By Law No. XI-518 of 03 12 2009(from 01 01 2010)

2. By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

2. Transfer of any property owned by a person where it is transferred as a contribution in kind by a member of a legal person, except for cases referred to in paragraph 1 above where the property is transferred as part of entirety of activities (or any part thereof) and the VAT registered person which/who is making the transfer has included the input and/or output VAT on the goods/services used for the manufacture of the property (or part of such VAT) in the VAT deduction, shall be deemed to be, for the purposes of this Law, supply of goods (where an item considered to be goods under this Law is transferred) for consideration or supply of services (where an item not considered to be goods under this Law is transferred) for consideration.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

3. Transfer of any object of the right of ownership due to the winding up of the legal person-VAT payer by way of reorganisation, where input and/or import VAT on the object of the ownership right (and in case of manufacture thereof by the VAT payer himself - on the goods and/or services used for the manufacture) was wholly or partly deductible by the VAT payer being wound up shall be treated for the purposes of this Law as supply of goods for consideration ((in case of transfer of an object considered as a good within the meaning of this Law) or as supply of services for consideration (where the transferred object is not treated as a good for the purposes of this Law)).

4. Return to the owner of a building/structure materially improved by the VAT payer who/which used it on the grounds other than the right of ownership prior to the expiry of the period of adjustment of VAT deductions fixed in this Law shall be treated as supply of goods for consideration provided that the input and /or import VAT on goods and/or services used for the improvement was wholly or partly deductible by the VAT payer. The parties shall have the right to make an agreement that material improvement of the building/structure shall be considered to be supplied to the owner of the building/structure not at the moment of return thereof, but right after the completion of the improvement works and in such case the provisions of this Law related to the manufacture of tangible capital assets by the taxable person himself shall not be applied to the VAT payer who carried out the improvement with respect to this building/structure.

Article 9¹. Rules Applicable to the transactions related to vouchers

AMENDED:

By Law No. XIII-1681 of 04 12 2018 (from 01 01 2019)

1. Each transfer of a single-purpose voucher made by a taxable person acting in his own name shall be regarded as a supply of the goods or services to which the voucher relates. Where a transfer of a single-purpose voucher is made by a taxable person acting in the name of another taxable person, that transfer shall be regarded as a supply of the goods or services to which the voucher relates made by the other taxable person in whose name the taxable person is acting.

2. The actual handing over of the goods or the actual provision of the services in return for a single-purpose voucher accepted as consideration or part consideration by the supplier shall not be regarded as an independent transaction, except the cases, where the taxable person who has actually supplied the goods or services is not the person, who has issued the single-purpose voucher in his own name. In such cases, that

supplier shall however be deemed to have made the supply of the goods or services related to that voucher to that taxable person, who has issued the single-purpose voucher on his own.

3. Transfer of the multi-purpose voucher shall not be subject to VAT. The actual handing over of the goods or the actual provision of the services in return for a multi-purpose voucher accepted as consideration or part consideration by the supplier shall be subject to VAT pursuant to article 3 of this Law.

4. Where a transfer of a multi-purpose voucher is made by a taxable person other than the taxable person carrying out the transaction subject to VAT pursuant to paragraph 3 of this Article, any identified supply of services related to the transfer of a multi-purpose voucher, such as distribution or promotion services, shall be subject to VAT.

Article 9². Rules applicable to the transport of goods under the chain transactions

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

1. The transport of goods under the chain transaction shall only be attributable to the supply of goods to an intermediate operator.

2. Notwithstanding paragraph 1 of this Article, the transport of goods under a chain transaction shall be attributable solely to the supply of goods by an intermediate operator where an intermediate operator has notified its supplier of goods of a VAT identification number granted to it by the Member State from which the goods were transported.

3. The provisions of this Article shall not apply in the cases of supply of goods established in Article 4³ of this Law.

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

Article 9³. The rule that applies to transport when goods are supplied via an electronic interface

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

If, according to Article 4³ of this Law, a taxable person is deemed to receive and supply goods himself, dispatch or transport of goods is attributed to the supply carried out by that taxable person.

Article 10. Barter

Where consideration for the supplied goods and/or services is given (wholly or in part) in goods and/or services, each party to the transaction shall be considered as supplying goods and/or services.

Article 11. Agency

1. For the purposes of this Law, a disclosed agent shall be considered as supplying the service of agency (agent's service) to the person in whose name and for whose account he is taking part in the transaction.

2. Where an undisclosed agent takes part in the transaction, it shall be considered that the goods or services were at first supplied to the undisclosed agent and later by the undisclosed agent, even in the case where the same goods or services are in fact supplied directly to the final purchaser/customer.

Article 12. Criteria for Determination of the Place of Supply of Goods (Except for Supply of Goods in Ships, Aircraft and Trains Carrying Passengers in the Territory of the European Union)

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

AMENDED (title of the Article):

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

1. When the goods supplied have to be transported, the supply of goods shall be deemed to have taken place within the territory of the country when the transport of these goods to the buyer began within the territory of the country (regardless of who (the supplier of the goods, the buyer or a third party on behalf of any of them) transports the goods). In cases where the transport of goods supplied began in a third territory or in a third country, the supply of goods, when the goods are supplied by an importer, and any subsequent supply shall be deemed to have taken place within the territory of the country if the goods were imported in the Republic of Lithuania.

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

2. Where the goods supplied (irrespective of who transports them) are to be assembled or installed by the supplier or another person hired by the supplier (irrespective of whether testing of the goods will be carried out or not), it shall be deemed that the supply of the goods took place in the territory of the country if the goods are assembled or installed in the territory of the country.

3.

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

Notwithstanding the provisions of paragraph 1 of this Article, the supply of goods is deemed to have taken place within the territory of the country in the following cases:

1) when, in carrying out distance selling of goods within the European Union, they are within the territory of the country at the moment when the dispatch or transport of these goods to the buyer ends;

2) when, in carrying out distance selling of goods imported from third territories or third countries, which are imported to another Member State, they are within the territory of the country at the moment when the dispatch or transport of these goods to the buyer ends;

3) when, in carrying out distance selling of goods imported from third territories or third countries, they are imported within the territory of the country and the dispatch or transport of these goods to the buyer ends there, if VAT applicable to these goods has to be declared under a special scheme specified in section 7 of Chapter XII of this Law.

4. *INVALIDATED*

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

5. Provisions of paragraph 3 of this Article shall not apply in cases where second-hand goods, works of art, collectors' items and antiques subject to the special taxation scheme established in Chapter XII, Section 3 of this Law, or a substantially equivalent scheme of another Member State, are supplied and in cases where means of transport, which are subject to special transitional provisions on used means of transport applicable in the Member State from which they are transported, are supplied.

6.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

Notwithstanding other provisions of this Article, gas supplied via gas systems or networks connected to them in the territory of the European Union, electric power, and heating or cooling energy supplied via heating or cooling networks shall be deemed to be supplied in the territory of the country solely in the following cases:

1) where such goods are acquired by a taxable person established in the Republic of Lithuania (i.e. when his registered office (if the person is not a natural person), division (through which the goods are acquired) or permanent place of residence (if the person is a natural person) is in the Republic of Lithuania) and the main purpose for which the gas, electric power, heating or cooling energy is acquired is the resale to other persons and the use of such goods for own needs of the taxable person is own small scale;

2) where such goods are acquired by a person not referred to in subparagraph 1 above, - if the actual consumption of the goods takes place in the Republic of Lithuania, and where they are not actually consumed – if the buyer's registered office (if the person is not a natural person), division (through which the goods are acquired) or permanent place of residence (if the person is a natural person) is in the Republic of Lithuania.

7. Where goods are not transported, the place of supply shall be deemed to be the territory of the country, provided that the goods were in the territory of the country at the time when the supply took place.

8. If the goods supplied were transported according to the conditions applicable to the delivery of the goods to be supplied on call of stock basis laid down in Article 42 of this Law, the supply of goods shall be deemed to have taken place in the territory of the country in the case of goods originating in the territory of the country.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

Article 12¹. Place of Supply of Goods and Catering Services in Ships, Aircraft and Trains Carrying Passengers in the Territory of the European Union

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

1. Where goods and/or catering services are supplied in ships, aircraft or trains carrying passengers in the territory of the European Union, it shall be deemed that the supply of the goods and/or services has taken place in a territory of the country if the beginning of the passenger transport route or a part thereof is in the territory of the country.

2. For the purposes of this Article:

- 1) ships, aircraft or trains shall be deemed to be carrying passengers in the territory of the European Union provided that the passenger transport route or a part thereof is in the territory of the European Union;
 - 2) it shall be deemed that a passenger transport route or a part thereof is in the territory of the European Union if the beginning of the passenger transport route or a part thereof is in the territory of the European Union;
 - 3) the beginning of a passenger transport route or a part thereof shall be the first place of passenger embarkation in the territory of European Union according to schedule (and where the territory of the European Union is entered after an interim stop outside the territory of the European Union – the first passenger embarkation place after such interim stop);
 - 4) the end of a passenger transport route or a part thereof shall be the first place of passenger disembarkation in the territory of European Union according to schedule (at exit from the territory of European Union – the last passenger disembarkation place in the territory of European Union prior to the exit).
3. In case of a return trip in a passenger ship, aircraft or train, each one-way trip in any direction under the provisions of this Article shall be deemed to be a separate passenger transport route.

Article 12². The Place of the Intra-Community Acquisition of Goods

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. The intra-Community acquisition of goods shall be deemed to have been effected in the territory of the country when the dispatch or transport of the goods ended.
2. The intra-Community acquisition of goods shall also be deemed to have been effected within the territory of the country in the case when the person acquiring the goods is a VAT payer identified for purposes of value added tax in the Republic of Lithuania, his identification number is indicated when acquiring the goods and the goods are dispatched from one Member State to another, unless it is established that acquisition has been subject to tax in the Member State where the transport of the goods ended.
3. In derogation of provisions of paragraph 2 of this Article, when the goods dispatched from one Member State into another Member State are acquired by a VAT payer identified for purposes of value added tax in the Republic of Lithuania for the needs of a subsequent supply effected within that other Member State to a person for whom VAT is chargeable in that other Member State on the goods supplied, whereas the VAT payer from the Republic of Lithuania declares the transactions in the statement of inter-Community supply of goods according to the procedure laid down in this Law, the acquisition of goods from another Member State shall not be considered as having been effected within the territory of the country.
4. The acquisition of goods from another Member State shall also be deemed to have taken place in the territory of the country where the goods are acquired according to the conditions applicable to the delivery of the goods to be supplied on call of stock basis laid down in Article 42 of this Law.“

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

Article 12³. Place of Import of Goods

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
2. *By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*
3. *By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)*

1. It shall be deemed that non-EU goods have been imported in the territory of a country if such goods are in the territory of the country at the time of their entry into the territory of the European Union, except for cases where, after transporting into the territory of the European Union, non-EU goods are in temporary storage or are placed under the following customs procedures: free zone, customs warehousing, inward processing, temporary admission without imposing import duties, or external transit. In the latter cases, non-EU goods shall be deemed to be imported into the territory of the country only if the goods remain in the territory of the country after discontinuation temporary storage or mentioned procedures.
2. Non-EU goods shall be deemed to be imported into the territory of the country also in the case if at the time of entry into the territory of the European Union the goods are outside the territory of the country and are in temporary storage or placed under a customs procedure such as free zone, customs warehousing, inward processing, temporary admission without imposing import duties, or external transit and if the goods are in the territory of the country after discontinuation of temporary storage or mentioned procedures.
3. EU goods shall be deemed to be imported into the territory of the country if such goods are in the territory of the country at the time of entry into the territory of the European Union except for cases where such goods are subjected, upon entry, to such treatment which, if the goods were non-EU goods, would allow for

temporary storage or placing under customs procedures such as free zone, customs warehousing, inward processing, temporary admission without imposing import duties, or internal transit. In the latter cases, the EU goods shall be deemed to be imported into the territory of the country only if the goods remain in the territory of the country after discontinuation of the said treatment or the internal transit customs procedure.

4. EU goods shall be deemed to be imported into the territory of the country also in the case if at the time of entry into the territory of the European Union the goods are outside the territory of the country but such goods are subjected, upon entry, to such conditions which, if the goods were non-EU goods, would allow for temporary storage or placing under customs procedures such as free zone, customs warehousing, inward processing, temporary admission without imposing import duties, or internal transit, and the goods remain in the territory of the country after discontinuation of the said treatment or the internal transit customs procedure.

Article 13. Place of Supply of Services (Except for Supply of Catering Services in Ships, Aircraft and Trains Carrying Passengers in the Territory of the European Union)

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
2. *By Law No. XI-518 of 03 12 2009 (from 01 01 2010)*

AMENDED (title of the Article):

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

1. For the purposes of this Article, the following persons shall be deemed to be taxable persons, apart from those referred to in Article 2(2) of this Law:

1) a taxable person which/who acquires any services intended for conduct of activities or transactions that are not subject to VAT under paragraphs 1, 2 and 3 of Article 3 of this Law;

2) a legal person which has registered for VAT and which is not a taxable person.

2. Unless this Article states otherwise, it shall be deemed that:

1) a service to a taxable person which/who has concluded the transaction as such has been supplied in the territory of the country, provided that the person is established in the territory of the country, i.e. if its registered office (for persons which are not natural persons) or permanent place of residence (for natural persons) is in the territory of the Republic of Lithuania, except for cases where the service has been provided to a division of a taxable person established in the territory of the country when the division is located abroad. Where a service has been supplied to a foreign taxable person division located in the territory of the country, it shall also be deemed that the service has been provided in the territory in the country;

2) a service to a person which/who is not a taxable person has been provided in the territory of the country, provided that the service provider is established in the territory of the country, i.e. if the service provider's registered office (for persons which are not natural persons) or permanent place of residence (for natural persons) is in the territory of the Republic of Lithuania, except for cases where the service has been provided to a division of a taxable person established in the territory of the country when the division is located abroad. Where a service to a person which/who is not a taxable person has been supplied by a foreign taxable person through its division located in the territory of the country, it shall also be deemed that the service has been supplied in the territory in the country.

3. Representation (agency) services supplied to a person who is not a taxable person, when the agent acts on other person's behalf and at other person's cost in the acquisition of goods/services or in the supply of goods/services, shall be deemed to be supplied in the territory of the country if the main transactions (i.e. the supply of goods or services) under this Law took place in the territory of the country.

4. Services connected with immovable property shall be considered to be supplied in the territory of the country provided that the objects to which the services are related have been or will be built in the territory of the country. For the purposes of the latter provision, services connected with immovable property include:

1) construction, design and investigation works;

2) lease of immovable assets or assignment of other rights of use of immovable property;

3) hotel, motel, camping and similar accommodation services;

4) services of representation (agency) in leasing, selling and/or purchasing immovable property, valuation of such property, services of architects and engineers, maintenance of immovable property and other services related to such property.

5. Passenger transport services shall be deemed to be supplied in the territory of the country provided that they actually took place in such territory. Where such services were actually provided both in and outside the territory of the country, it shall be deemed that part of the services proportional to the part of the route falling within such territory has been supplied in the territory.

6. Goods transport services (which are not considered transport of services between the Member States) supplied to a person which/who is not a taxable person shall be deemed to be provided in the territory of the country provided that they actually took place in such territory. Where such services were actually provided

both in and outside the territory of the country, it shall be deemed that part of the services proportional to the part of the route falling within such territory has been provided in the territory.

7. Services of goods transport between the Member States provided to a person who is not a taxable person shall be deemed to be supplied in the territory of the country provided that the route of such transport starts in the territory of the country.

8. Ancillary transport services (loading, unloading, cargo handling and other ancillary services characteristic of goods carriage) supplied to a person which/who is not a taxable person shall be deemed to be supplied in the territory of the country provided that they actually took place in such territory.

9. Cultural, artistic, sports, educational, scientific, training, entertainment and similar services, e.g. fair and exhibition services including services of organisers thereof as well as ancillary services necessary for the supply of the above services, when the latter are not considered to be electronically supplied services, supplied to a person which/who is not a taxable person, shall be deemed to be supplied in the territory of the country provided that they actually took place in such territory; services of attending cultural, artistic, sports, educational, scientific, training, entertainment and similar events, e.g. fairs and exhibitions, as well as related ancillary services supplied to a taxable person shall be deemed to be supplied in the territory of the country if such events actually take place in the territory of the country.

AMENDED:

By Law No. XI-518 of 03 12 2009(from 01 01 2011)

10. Services of valuation of movable objects as well as servicing (repairs, maintenance, adjustment etc.), manufacturing and processing services supplied to a person which/who is not a taxable person shall be deemed to be supplied in the territory of the country provided that they actually took place in such territory.

11. Catering services except for cases where such services are provided in ships, aircraft or trains carrying passengers in the territory of the European Union shall be deemed to be supplied in the territory of the country provided that they actually took place in such territory.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

12. Services of short-term lease of a means of transport shall be deemed to be supplied in the territory of the country in those cases where the means of transport being leased is physically transferred to the buyer in the territory of the country. For the purposes of this paragraph, lease shall be deemed to be a short-term lease if the leased means of transport (except for ships) is controlled or used by the buyer for not more than 30 days, and the ship – not more than 90 days.

13. Services of long-term lease of a means of transport (except pleasure boats) shall be deemed to be supplied in the territory of the country to a person which/who is not a taxable person in cases where the person is established in the territory of the country, i.e. if its registered office (if it is a person other than natural person) or a permanent place of residence (if he is a natural person) is in the Republic of Lithuania, and services of long-term lease of pleasure boats supplied to a person who is not a taxable person shall be deemed to be supplied in the territory of the country provided that the pleasure boat has been physically transferred to the buyer in the territory of the country from the place of business of the service provider in the territory or, if the service provider is a foreign taxable person, - from such taxable person's division in the territory.

14.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

Services listed in this paragraph, when supplied to a person which/who is not a taxable person, shall not be deemed to be supplied in the territory of the country if such person's registered office (if it is a person other than natural person) or a permanent place of residence (if he is a natural person) is outside the territory of the European Union. These provisions shall apply to:

1) transfer and assignment of copyright and related rights, rights to use patents, industrial design, semiconductor topography, trademarks, firm names, secret formula or method, transfer of rights under a franchise agreement and other rights similar in substance;

2) consulting, legal, audit, accounting, engineering services (not listed in paragraph 4(4) below, technical verification and analysis, market research, public opinion survey services and other services similar in substance;

3) development, sale and other transfer of non-standard software, data processing, transmission of information (when such services are not considered electronically supplied services);

4) insurance and financial services (except for hire of safes);

5) personnel recruitment services (except for personnel education and training);

6) advertising services;

7) *INVALIDATED*

By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

8) *INVALIDATED*

By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

9) *INVALIDATED*

By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

10) services of lease of movable objects (except for means of transport of any kind);

11) obligations to refrain from performing of any of the activities or from exercising of any of the rights specified in this paragraph;

12) right to access the natural gas systems located in the territory of the European Union or the networks connected to them, electric power supply systems, heating or cooling networks or to access transmission or distribution via such systems/networks and other services directly related thereto.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

15. Telecommunications services, radio and television broadcasting services and electronically supplied services (referred to in Regulation (EU) No 282/2011, and other similar services) to a person that is not a taxable person are deemed to have been submitted within the territory of the country if that person is established within the territory of the country, i.e. if his permanent establishment (if it is not a natural person) or permanent residence (if it is a natural person) is in the Republic of Lithuania. If the supplier of goods or services and the buyer communicate electronically, but the good or the service itself is not supplied by electronic means, such communication shall not be considered as electronically supplied services.

AMENDED:

1. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

2. By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

3. By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

15¹. *INVALIDATED*

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

15². *INVALIDATED*

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

15³. *INVALIDATED*

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

16. *INVALIDATED*

By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

17. Notwithstanding paragraph 2 of this Article, services of development, sale and other transfer of non-standard software shall be deemed to be supplied in the territory of the country also in the case where a person, which/who is not a taxable person and whose registered office (if it is a person other than natural person) or a permanent place of residence (if he is a natural person) is in the Republic of Lithuania, receives such services from a person established outside the territory of the European Union or where such services are provided through a division located outside the territory of the European Union, and the services supplied are actually used in the territory of the country.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

18. Notwithstanding paragraph 2 of this Article, services of transport of goods, ancillary transportation services (loading, unloading, cargo handling and other ancillary services characteristic of transport of goods) or representation/agency services in transactions related to such services, supplied to a taxable person established in the territory of the country or a foreign taxable person's division located in the territory of the country, shall not be deemed to be services provided in the territory of the country where the goods transport services or the ancillary transport services have actually been supplied outside the territory of the European Union and, as regards the related representation/agency services – where the goods transport services or the ancillary transport services the transactions of which involve representation have been actually provided outside the territory of the European Union. Where the goods transport services, supplied to a taxable person established in the territory of the country or a foreign taxable person's division located in the territory of the country, have actually been supplied both outside and in the territory of the European Union, it shall be deemed that the service supplied outside the territory of the country is proportionate to the part of the route extending outside the territory of the European Union.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

19. Notwithstanding paragraph 2 of this Article, services of long-term (other than short-term) lease of a means of transport, supplied to a taxable person established in the territory of the country or a foreign taxable person's division located in the territory of the country, shall not be deemed to be supplied in the territory of the country in the case if the leased means of transport is actually used mainly outside the territory of the European Union.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

NOTE: Law No XI-518 of 03 12 2009 establishes that Article 13(13) shall take effect from 01 01 2013.

Article 13¹. Place of Supply of Transport Services

INVALIDATED:

By Law No. XI-518 of 03 12 2009(from 01 01 2010)

Article 13². Exceptions to the determination of the place of supply of certain goods and services

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

1. In carrying out distance selling of goods within the European Union of goods and/or in providing the services specified in paragraph 15 of Article 13 of this Law to persons who are not taxable persons, the provisions of subparagraph 1 of paragraph 3 of Article 12 and paragraph 15 of Article 13 of this Law shall not apply (the specified goods and the services are deemed to have been supplied within the territory of the country when they comply with the provisions of paragraph 1 of Article 12 and/or subparagraph 2 of paragraph 2 of Article 13 of this Law, respectively), if all of the following conditions are met:

1) the person supplying goods and/or services is established (i. e. his permanent establishment or permanent residence is) in only one Member State and he has no branches in the Member States, and if such person is established (i.e. his permanent establishment or permanent residence is) outside the territory of the European Union, he has a branch in only one Member State;

2) the total value (exclusive of VAT) of the goods referred to in subparagraph 1 of paragraph 3 of Article 12 of this Law which are dispatched or transported to a Member State other than that specified in subparagraph 1 of this paragraph by the person specified in subparagraph 1 of this paragraph, and/or of the services referred to in paragraph 15 of Article 13 of this Law that are provided to persons that are not taxable persons and that are established (i.e. whose permanent establishment or permanent residence is) in a Member State other than that specified in subparagraph 1 of this paragraph, in the current year does not exceed and in the previous calendar year did not exceed 10,000 EUR (when the condition as to the amount of goods and/or services supplied, that is specified in this paragraph, is not met, including goods during supply of which and/or services during the provision of which this amount is exceeded, then the provisions of subparagraph 1 of paragraph 3 of Article 12 and of paragraph 15 of Article 13 of this Law shall apply, respectively);

3) the person referred to in subparagraph 1 of this paragraph has not chosen to apply provisions substantially equivalent to those of paragraph 2 of this Article.

2. A supplier of goods that meets the conditions referred to in paragraph 1 of this Article and that carries out distance selling within the European Union of goods dispatch or transport of which to another Member State begins within the territory of the country, and/or a service provider that is established in the Republic of Lithuania or having a branch within the territory of the country and that meets the conditions specified in paragraph 1 of this Article shall have the right to choose to apply the provisions of subparagraph 1 of paragraph 3 of Article 12 and of paragraph 15 of Article 13 of this Law, respectively. This choice shall be valid for at least 24 months from the date of the choice for all relevant transactions concluded by the supplier of goods and/or the service provider. A supplier of goods and/or provider of services has to apply for this right of choice to the local tax administrator in accordance with the procedure established by the central tax administrator.

CHAPTER II CHARGEABLE EVENT AND TAXABLE AMOUNT

Article 14. Chargeable Event

1. Unless otherwise provided in this Article, VAT on the good or service supplied within the territory of the country shall become chargeable upon the issue, in the manner established in this Law, of the VAT invoice.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2.

*AMENDED:
By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*

In the case not specified in paragraph 1 of this Article or where the VAT invoice is not issued for the goods or service supplied, VAT shall become chargeable upon the occurrence of that of the events specified below, which occurs first, when:

- 1) the good is delivered or the service is supplied, or
- 2) the consideration for the supplied good or service is received.
- 3.

*AMENDED:
By Law No. XI-518 of 03 12 2009(from 01 01 2010)*

The obligation to calculate VAT for the goods or services supplied by a foreign taxable person, where the buyer/customer is liable for calculation and payment of VAT in cases other than those referred to in Article 95(2) of this Law, arises when one of the following events occurs, whichever is earlier:

- 1) when the buyer/customer receives an accounting document whereby the supply of the goods or services is documented;
- 2) when the buyer/customer pays for the goods or services supplied;
- 3) on the last date of the tax period in which the goods or services were supplied, provided that neither of the events referred to in items 1 and 2 of this paragraph occurred.

4. Notwithstanding provisions of paragraphs 1, 2 and 3 of this Article, in cases where the goods or services are fully or partially paid for prior to transfer of goods or provision of services, the obligation to calculate VAT arises upon receipt of such full or partial payment, provided that, under the terms and conditions of the relevant transaction, the goods will be transferred or all the services provided not earlier than after 12 months from the date of the transaction (any full or partial consideration effected prior to transfer of goods or provision of services is hereinafter referred to as "advance payment"). If the advance payment is received where, according to the terms and conditions of the transaction the goods are to be transferred and the services are to be provided earlier than on expiration of 12 months from the transaction date, the taxable person shall have the right to consider the moment of receipt of the advance payment as the chargeable event with respect to such goods or services and to calculate VAT on the advance payment received according to the procedure prescribed by this Law. Provisions of this paragraph shall not apply in those cases where the taxable amount is a margin calculated according to the procedure prescribed in Articles 102 and 107 of this Law.

*AMENDED:
By Law No. XI-518 of 03 12 2009(from 01 01 2010)*

5. By way of derogation from other provisions of this Article, in the cases where goods are supplied as specified in paragraph 2 of Article 4 of this Law, VAT shall become chargeable upon the delivery of the goods.

*AMENDED:
By Law No. IX-1960 of 15 01 2004 (from 01 02 2004)*

6.

*AMENDED:
1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)
2. By Law No. XI-518 of 03 12 2009 (from 01 01 2010)
3. By Law No. XI-1817 of 20 12 2011(from 01 01 2013)*

Notwithstanding other provisions of this Article, where long-term services are provided (i.e. services that are supplied during a continuous period (e.g. telecommunications, lease services) or in case of long-term supply of electricity, gas, heating and other energy, obligation to calculate VAT shall arise when a VAT invoice is issued according to the procedure prescribed by this Law stating the quantity of goods or services supplied during the relevant reporting period, and where no VAT invoice is issued – when consideration for the quantity of the goods supplied during such reporting period is effected. If no VAT invoice is issued, by the 10th date of the month following the month in which the goods or services were supplied, for the quantity of the goods or services supplied in that period and no consideration is received, the obligation to pay VAT arises on next day after the end of the said term during which the document had to be issued. Where, under a lease agreement, a lease object shall be transferred to the lessee not earlier than after 12 months from the data of the transaction and an advance payment is received, provisions of paragraph 4 of this Article shall apply. Where the supplier of the services referred to in this paragraph is a foreign taxable person, and, under Article 95(2) of this Law, the buyer/customer is liable for the calculation and payment of VAT, the obligation to calculate VAT arises when a VAT invoice is issued according to the procedure prescribed by this Law

stating the quantity of services supplied during the reporting period, and if no VAT invoice is issued - when consideration for the quantity of the goods supplied during such reporting period is effected. If no VAT invoice is issued and no consideration is effected, the obligation to calculate VAT on such services arises on completion of supply of the services; in cases where the term of supply is longer than 12 months and no VAT invoice is issued during this period for the quantity of services supplied in the relevant period and no consideration is effected, the obligation to calculate VAT for the quantity of services supplied in the relevant period arises on the last day of every calendar year until the supply of the services is completed. Where the supplier of the goods or services referred to in this paragraph is a foreign taxable person, where the buyer/customer is liable for calculation and payment of VAT in cases other than cases referred to in Article 95(2) of this Law, the obligation to calculate VAT arises upon occurrence of any of the following events, which ever is earlier:

1) the buyer/customer receives an accounting document stating the quantity of goods or services supplied in the relevant reporting period;

2) the buyer/customer effects consideration for the quantity of goods or services supplied in the relevant reporting period (including an advance payment payable under a lease agreement, which stipulates the transfer of the leased object to the lessee not earlier than after 12 months from the transaction date);

3) last date of the month following the end of the reporting period provided no event referred to in items 1 and 2 above has occurred by such date.

7. The obligation to calculate VAT on the goods consumed by a VAT registered person for his private needs or on the services supplied to meet such person's private needs arises upon consumption of such goods or upon supply of such services.

8. The obligation to calculate VAT on a capital tangible asset manufactured by a VAT registered person arises after such person starts using the assets in his economic activities (in case of material improvements of the building/structure – on completion of such works).

9. A VAT registered person who supplies agricultural products the supply of which must be formalised, according to the procedure prescribed by this Law and other legal acts, by issuing a VAT invoice shall have the right to opt for the special procedure for determination of chargeable event, under which the obligation to pay VAT on the agricultural products supplied by him arises when a consideration is effected therefore. Where consideration is effected in instalments, the VAT shall be calculated in part at the moment of payment of each instalment. Where grants or subsidies are payable for the agricultural products supplied and such grants/subsidies are included in the taxable amount of the agricultural products, VAT on such taxable amount shall be calculated upon payment of the relevant amount by the buyer. The VAT registered person shall declare his option to apply the special procedure for the determination of chargeable event to the local tax administrator according to the requirements established by the central tax administrator and such procedure shall apply to the calculation of VAT on the agricultural products supplied starting from next tax period after the date of filing of the relevant application. The VAT registered person shall have the right to refuse from such choice, however, not earlier than on expiration of 24 months from the beginning of the tax period in which the application of the procedure was started, whereas VAT on the agricultural products that were supplied but no consideration was calculated shall be calculated in the first tax period from which the general procedures for the determination of chargeable event were started to be applied again.

AMENDED:

1. *By Law No. IX-1362 of 13 03 2003(01 04 2003)*

2. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*

10. Notwithstanding other provisions of this Article, the obligation to calculate VAT on the supply of goods to another Member State, to which provisions of Chapter IV of this Law apply, shall arise when a VAT invoice formalising such supply is issued, however, not later than on the 15th date of the month following the month in which the goods were exported from the country.

AMENDED:

1. *By Law No. IX-1362 of 13 03 2003(01 04 2003)*

2. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*

3. *By Law No. XI-1817 of 20 12 2011(from 01 01 2013)*

11. VAT shall become chargeable on intra-Community acquisition of goods upon the issue of the VAT invoice by the supplier of the goods but not later than from the 15th day of the next month following the month when the goods were dispatched.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

12. Where procedures or treatment referred to in paragraphs 1 or 3 of Article 12³ of this Article are started with respect to the goods brought into the territory of the European Union, the obligation to calculate import VAT arises upon discontinuation of such procedures or treatment with respect to the goods.

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)
2. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)
3. By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

13. The obligation to calculate import VAT arises on goods, to which import duties apply under the relevant European Union legislation, arises at the moment when the liability for calculating such import duties on them arises under the said legislation. Where no import duties apply to the goods, the obligation to calculate VAT arises when an import debt to the customs would be calculated in the territory of the country according to the relevant provisions of the Union Customs Code if such duties were applicable to the goods.

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)
2. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)
3. By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

14. When VAT becomes chargeable under paragraph 7 of Article 53 of this Law, VAT must be calculated upon the occurrence of the chargeable event specified in the Article.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 14¹. Special cases of determining the moment of taxation

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

Notwithstanding the provisions of Article 14 of this Law:

- 1) if, according to Article 43 of this Law, it is considered that a taxable person himself receives and supplies goods, the moment of taxation of the supply of goods carried out by that taxable person and the moment of taxation of the supply to that taxable person is and the obligation to calculate VAT arises at the moment the payment occurs within the meaning of Article 41a of Regulation (EU) No 282/2011;
- 2) in carrying out distance selling of goods imported from third territories and third countries, to which the provisions of section 7 of Chapter XII of this Law apply, the moment of taxation is and the obligation to calculate VAT arises after the supply of these goods, which is deemed to have taken place when payment occurs, within the meaning of Article 61b of Regulation (EU) No 292/2011 61b.

Article 15. Taxable Amount

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. The taxable amount which is the base for calculation of VAT shall comprise the consideration (excluding the VAT itself) which has been or is to be received by the supplier of goods or services (hereinafter in this Article – “the seller”) or, on his behalf, a third party. Where other goods and/or services are obtained in payment for the goods and/or services, the consideration that would have been received if received in money shall constitute the taxable amount which is the base for the calculation of VAT.

2. In the cases specified in Article 5(2), Article 5¹ or subparagraph 2 of Article 8(2) of this Law, the taxable amount shall be equal to the acquisition price of the transferred or consumed object of the ownership right or the value of the goods transported to another Member State, i.e. the purchase price (excluding the VAT itself) or the cost of manufacture by the VAT registered person (excluding the VAT itself). Where the transferred or consumed object of the ownership right or the goods transported to another Member State were used in economic activities of the VAT registered person, the taxable amount shall be equal to the share of the property's acquisition value, calculated having regard to the part of the property used in such economic activities as of the moment of taxation.

3. In cases specified in subparagraphs 1 and 3 of Article 8(2) of this Law, the taxable amount shall be equal to the expenses of the VAT registered person (excluding the VAT itself) incurred upon the transfer of the property for use or in the supply of the services. When the object of the ownership right, which was transferred for use, constitutes capital assets of the person registered for VAT, the amount of depreciation of the assets, which would be calculated under the legal acts governing taxation of profit/income for the period during which the assets were transferred for use, shall be attributable, *inter alia*, to the expenses incurred by the VAT registered person.

4. In the case specified in Article 6 of this Law the taxable amount shall be the cost of the capital asset manufactured by the taxable person himself (in case of material improvement of the building/structure - the value of the said works) (excluding the VAT itself).

5. Taxable amount shall always include:

- 1) all taxes and charges except for VAT itself;

- 2) value of costs which are related to the supply of goods/services and which are borne by the buyer (such as packing, transportation, insurance etc.);
- 3) any grants or subsidies affecting the final price of the goods/services.
6. A grant or subsidy shall be deemed to be affecting the final price of the goods/services if all the following conditions have been met:
 - 1) it is paid to the seller;
 - 2) it is paid by a third party; and
 - 3) this amount constitutes consideration for the goods/services or a part thereof.
7. The taxable amount shall not include:
 - 1) price discounts and rebates allowed at the time of the supply of the good or service;
 - 2) the amounts received by the seller as repayment for expenses paid out for the third persons in the name, for the benefit and on the account of the purchaser. The amount of the repayment in this case must be equal to the actual amount of the seller's expenditure in the above transactions.
8. The value of packaging in which the goods are supplied (bottles, crates, containers or other packaging indispensable for holding the goods) shall be excluded from the taxable amount of the supplied good only in the case where there is an agreement between the seller and purchaser to return the packing to the seller; however, if the packing is not returned within 12 months, the taxable amount calculated for the goods by the seller must be increased by the amount equal to the value of such packaging not returned. Where the value of the returned packaging is lower than the amount specified in the agreement, the taxable amount calculated by the seller must be increased by the amount equal to the difference in the values of the packaging. Where there is no agreement on the return of packaging, the value of the packaging shall be included in the taxable amount of the goods supplied. Where the packaging, the cost whereof has been included in the taxable amount of the goods supplied, is later returned, and the person returning the packaging is refunded or is due to be refunded the amount equal to the value of the packaging, the taxable amount of the goods shall be reduced by the amount equal to the value of the returned packaging.
9. Where it is provided for, for the purposes of supply of goods or services, that the buyer must pay interest (for the deferred payment term or in case of financial lease (leasing), etc.) the amount of which is explicitly specified in the contract, the sum of interest shall not be included in the taxable amount of the goods or services supplied. In such case it shall be considered, for the purposes of this Law, that two transactions have been concluded: the principal transaction on supply of goods or services and the ancillary transaction – the loan transaction, the taxable amount of which is equal to the said interest.
10. In cases of supply of goods or services referred to in Article 9(2) of this Law, taxable amount shall be equal to the value of the object of ownership right being transferred. In cases of supply of goods or services referred to in Article 9(3) of this Law, taxable amount shall be equal to the proportion of the value of the object of ownership right which should be used as a basis for the adjustment of the VAT deduction according to the procedure established in Chapter VIII of this Law.
11. In the case referred to in Article 9(4) of this Law, taxable amount shall be equal to the total value of material improvement of a building/structure (where such material improvement of the building/structure is transferred to its owner immediately upon completion of the works), or a proportion of such value determined on the basis of the number of years remaining until the end of the term of adjustment of the VAT deduction established in this Law.
12. The provisions of this Article shall not apply in cases specified in Chapter XII of this Law where the taxable amount in respect of supplies of goods and services shall be equal to the margin calculated according to the procedure set out in Chapter XII.
13. In case of acquisition of goods from another Member State, the taxable amount shall be calculated according to the same rules of this Article as the rules for the determination of the taxable value of goods supplied in the territory of the country. In cases referred to in paragraphs 3 and 4 of Article 4¹ of this Law, taxable amount shall be equal to the acquisition cost of the goods, i.e. the purchase price (except for the VAT itself) or the cost of manufacturing by the person himself (except for the VAT itself). If the goods were used in the economic activities of the taxable person, taxable amount shall be equal to the proportion of acquisition cost of such goods determined on the basis of the part of the goods consumed in such economic activities as of the moment of taxation. In the event of acquisition of goods with respect to which the application of circumstances referred to in Article 53(1) was discontinued in another Member State, which has not provided grounds for the obligation to calculate import VAT in that Member State, the taxable amount of the goods being imported shall also include those services which were taxed in the Member State at a 0% VAT rate or were exempt from VAT due to provisions substantially equivalent to the provisions of Article 53 of this Law concerning the 0% VAT rate, and which were not included in the goods' acquisition value.
14. Where services of goods transport between the Member States are supplied to persons who are not taxable persons as defined in Article 13 of this Law, and part of the transportation route extends in the waters outside the territory of the European Union, then the taxable amount of the service shall be reduced in proportion to the share of such part of the route in the total length of the route.

AMENDED:

1. By Law No. XI-518 of 03 12 2009(from 01 01 2010)
2. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

15.

AMENDED:

1. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)
2. By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

Taxable amount of imported goods used as a basis for the calculation of import VAT shall be calculated by increasing the customs value of such goods, determined according to the Union Customs Code and the relevant regulations (in case of the European Union goods the entry of which into the territory of the European Union is considered as import – the value of the goods determined according to the provisions of the Union Customs Code and the relevant regulations governing the determination of customs value), by the following amounts (provided that the latter have not been included in the customs value of such goods):

- 1) duties, taxes and other charges, paid or payable outside the European Union and outside the Republic of Lithuania, as well as import duties imposed on such goods in the European Union, and taxes and other charges (excluding the VAT itself);
- 2) costs related to the transport (including ancillary transport services) and insurance of goods, commission for agency services paid or payable, and the goods packing costs, provided that all the said services are related to the transport of the goods to the first place of destination in the territory of the country. For the purposes of the aforesaid provision, the first place of destination in the territory of the country shall mean the place of delivery of goods indicated in transport documents or, in the absence of such an indication, the first place of entry of the goods into in the territory of the country;
- 3) value of the services referred to in subparagraph 2 above, related to the transport of goods from the first place of destination to another place of destination in the territory of the European Union, if such place is known at the moment of taxation.

16. Where goods that had been temporarily taken outside the territory of the European Union for repairs, processing, adaptation or similar operations are being reimported, then, notwithstanding paragraph 15 above, taxable amount with respect to such goods shall be equal to the value of the relevant services supplied as determined according to provisions of this Article.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

17. Taxable amount of imported goods shall not include various discounts and rebates that are known at the moment when the obligation to calculate import VAT arises.

18. Provisions of paragraph 8 of this Article shall apply to packaging of imported goods *mutatis mutandis*.

19. Where, after the chargeable event, the goods or services are refused or returned or the seller grants a discount (upon meeting of certain additional conditions or otherwise), or it is proved that VAT on the goods acquired in another Member State was paid in the Member State in which transport of the goods terminated, then the taxable amount in respect of such goods shall be reduced accordingly. Taxable amount with respect to imported goods shall be reduced according to the procedure and in cases established in the Union Customs Code.

AMENDED:

By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

20. Where taxable amount with respect to imported goods is denoted in currency other than euros, taxable amount shall be recalculated into the euros according to the provisions of the Union Customs Code and the relevant regulations.

AMENDED:

1. By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)
2. By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

21. In cases other than those referred to in paragraph 20 above, where taxable amount is denoted in currency other than euros, taxable amount shall be recalculated into euros according to the rate of exchange between euros and the foreign currency established by the Bank of Lithuania and effective as of the moment of the chargeable event, and where consideration to be effected by the buyer changes due to circumstances referred to in Article 83 of this Law - as of the date of recording of such circumstances.

AMENDED:

By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)

22. After the obligation to calculate VAT under Article 53 of this Law arises, VAT shall be calculated on the taxable amount determined according to the provisions set out therein.

23. The taxable amount of the supply of goods or services provided in respect of a multi-purpose voucher shall be equal to the consideration paid for the voucher or, in the absence of information on that consideration, the monetary value indicated on the multi-purpose voucher itself or in the related documentation, less the amount of VAT relating to the goods or services supplied.

AMENDED:

By Law No. XIII-1681 of 04 12 2018 (from 01 01 2019)

Article 16. Taxable Amount in Case of Agency Services

1. The taxable amount in respect of the services supplied by the disclosed agent shall be the amount of consideration for agency (commission) calculated according to the procedure laid down in Article 15 of this Law.

2. The taxable amount in respect of supplies of goods and services both to the disclosed agent and by the agent himself shall be determined as the total value of the supplied goods or services calculated according to the procedure established in Article 15 of this Law.

Article 17. Calculation of Taxable Amount by Decision of the Tax Administrator

1. In cases where the tax administrator has a reasonable suspicion, in cases established by the Government of the Republic of Lithuania or an institution authorised by it, that the taxable amount of goods or services supplied has been artificially reduced or increased, the tax administrator shall have the right to calculate the taxable amount. The taxable amount of goods or services supplied may be considered artificially reduced or increased in the case where upon giving due consideration to all terms and conditions of the transaction the taxable amount does not correspond to the market value of the goods or services.

AMENDED:

By Law No. X-932 of 28 11 2006(from 01 01 2007)

2. The taxable amount shall be calculated, on the decision of the tax administrator, on the basis of the open market value determined in accordance with the methods approved by the Government of the Republic of Lithuania or an institution authorised by it and following the procedure of their application.

3. The provisions of this Article shall not apply to the supply of goods or services effected for consideration fixed by state or municipal institutions and agencies or in the international agreements of the Republic of Lithuania.

CHAPTER III VAT TARIFF RATES

Article 18. Application of the Rate of VAT

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

The rate of VAT applicable to the supply or intra-Community acquisition of goods or services and the importation of goods shall be that rate of VAT fixed in this Law which was in force at the time when VAT became chargeable.

Article 19. Rates of VAT

AMENDED:

By Law No. XIII-1707 of 11 12 2018 (from 01 01 2019)

1. In cases of supply and acquisition of goods from another Member State and in case of supply of services not referred to in paragraphs 3, 4 and 5 of this Article and Chapters IV and V of this Law, standard rate of VAT shall be applied.

2. Imported goods not specified in Paragraphs 3 and 4 of this Article, Items 2 and 3 of Paragraph 5 of this Article and Chapter V of this Law shall be subject to the standard VAT rate.

AMENDED:

By Law No. XIV-113 of 22 12 2020 (from 01 01 2021)

3. A reduced 9% VAT rate shall apply to:

1) to heating energy supplied for the heating of living premises (including heating energy transmitted via hot water supply systems), hot water supplied to living premises or cold water supplied to living premises for preparation of cold water, and heat energy consumed for the heating up of such water;

2) books and non-periodic information publications (including textbooks, exercise books, encyclopaedias, dictionaries, directories, information brochures, photo and reproduction albums, children's books containing

pictures, drawing and colouring books, printed or manuscript notes, maps, schemes and drawings, however, excluding calendars, notebooks and other similar printed matter);

3) until 31 December 2022 to accommodation services supplied according to the procedures prescribed by legal acts governing tourist activities;

4) services of passenger transport by regular routes established by the Ministry of Transport or an institution authorised by it or by local authorities as well as services of transportation of such passengers' luggage;

5) firewood and wood products intended for heating and purchased by household energy consumers as defined in the Law on Energy of the Republic of Lithuania.

6) catering services and take-away food provided by restaurants, cafes and similar catering services, with the exception of alcoholic beverages and services or parts of services related to alcoholic beverages (the reduced rate is valid till 31/12/2022).

AMENDED:

By Law No. XIV-429 of 22 06 2021 (from 01 07 2021)

7) visiting all types of artistic and cultural institutions, artistic and cultural events, sports events, sports clubs and attendance of other persons providing services similar to those provided by sports clubs, when the provisions of Article 23 of VAT Law do not apply (the reduced rate is valid till 31/12/2022).

AMENDED:

By Law No. XIV-429 of 22 06 2021 (from 01 07 2021)

8) performance services provided by performers (actor, singer, musician, conductor, dancer or other person who plays, sings, reads, recites or otherwise performs literary, artistic, folklore or circus numbers) (the reduced rate is valid till 31/12/2022).

AMENDED:

By Law No. XIV-429 of 22 06 2021 (from 01 07 2021)

4. Reduced 5% VAT rate shall apply to:

1) to medicines and medical aids, where the costs of acquisition of these goods are fully or partially reimbursed in accordance with the procedure established by the Law on Health Insurance of the Republic of Lithuania, as well as to non-reimbursable prescription medicines, except for the cases provided for in Paragraph 5 of this Article

AMENDED:

By Law No. XIV-113 of 22 12 2020 (from 01 01 2021)

2) technical aids for disabled persons and to repairs of such aids;

3) for printed and/or electronic newspapers, magazines and other periodicals (even if they are published via electronic communications), including periodically updated electronic information documents and/or sets thereof of the editorial offices of public information broadcasters, the content of which would essentially be composed in an analogy with the content of printed periodicals (independent of whether or not printed versions of these electronic documents and/or sets thereof are allowed). The provisions of this Item shall not apply to technical, bibliographic and of similar nature databases, publications of an erotic and/or violent nature or which do not comply with professional ethics and which have been recognized as such by the legislation authorized institution, and to publications in which paid advertising accounts for more than 4/5 of the total publication or all or most of which consists of music or video content."

AMENDED:

By Law No. XIV-113 of 22 12 2020 (from 01 01 2021)

5. 0 percent VAT rate applies:

1) in the cases provided for in Chapter VI of this Law for the supply of goods and services and the acquisition of goods from another Member State;

2) to vaccines against COVID-19 disease (coronavirus infection) supplied until 31 December 2022;

3) to *in vitro* diagnostic medical means intended for the diagnosis of COVID-19 disease (coronavirus infection) supplied by 31 December 2022."

AMENDED:

By Law No. XIV-113 of 22 12 2021 (from 26 05 2021)

CHAPTER IV CASES WHERE SUPPLY OF GOODS AND SERVICES AND ACQUISITION OF GOODS FROM ANOTHER MEMBER STATE IS EXEMPT FROM VAT

AMENDED (title of the Chapter):

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 20. Goods and Services Related to Health Care

1. Personal and public health care services provided by persons who have acquired, according to the procedure established by legal acts, the right to provide the above services shall be exempt from VAT.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. Supplies of goods by the persons specified in paragraph 1 of this Article as well as supplies by the said persons of services other than those referred to in paragraph 1 of this Article shall be exempt from VAT provided all the following conditions are met:

1) the goods and services are supplied to the users of services referred to in paragraph 1 of this Article
2) the supply of the above goods and services is linked to the supply of services referred to in paragraph 1 of this Article.

3. The Government of the Republic of Lithuania shall have the right to lay down the conditions of and impose restrictions on the application of provisions of paragraph 2 of this Article.

4. The supply of human organs, blood (conserved blood and blood components) and breast milk as well as dental prostheses supplied by dentists and dental technicians shall be exempt from VAT.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

5. The supply of transport services for sick or injured persons or other persons in need of medical aid in vehicles specially designed for the purpose shall be exempt.

Article 21. Social Services and Connected Goods

1. Exempt from VAT shall be the supply of social services by children and young people care institutions, by old people's homes and/or by the care/guardianship institutions for the disabled or by other non-profit making legal persons.

2. The supplies of goods and services other than those specified in paragraph 1 of this Article by the persons referred to in paragraph 1 of this Article shall be exempt from VAT provided the following conditions are met:

1) the goods and services are supplied for the users of services specified in paragraph 1 of this Article;
2) the supply of the above goods and services is linked to the supply of services referred to in paragraph 1 of this Article.

3. The Government of the Republic of Lithuania shall have the right to lay down the conditions of and impose restrictions on the application of provisions of paragraph 2 of this Article.

Article 22. Education and Training Services

1. All stages of pre-school education, education under primary, basic and secondary programmes, studies at higher education establishments and provision of qualifications, non-formal education of children, and primary and continued vocational training shall be exempt from VAT if such services are provided by legal persons entitled to provide them according to the procedures prescribed by the law.

AMENDED:

By Law No. X-932 of 28 11 2006 (from 16 12 2006)

2. Supply of goods by the persons referred to in paragraph 1 of this Article as well as supply by the said persons of services other than those referred to in the said paragraph 1 shall be exempt from VAT provided that all the following conditions are met:

1) the goods and services are supplied to users of services referred to in paragraph 1 of this Article;
2) the supply of the above goods and services is related to the supply of services referred to in paragraph 1 of this Article.

3. The Government of the Republic of Lithuania shall have the right to set conditions and restrictions on the application of provisions of paragraph 2 of this Article.

4. Registered activities of a free teacher shall be exempt from VAT if teaching is conducted according to programmes of primary, basic, secondary or vocational schools or higher educational establishments.

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. By Law No. X-932 of 28 11 2006 (from 16 12 2006)

Article 23. Cultural and Sports Services

1. Cultural services supplied by non-profit making legal persons shall be exempt from VAT. For the purposes of this Article, the following shall be considered as cultural services:

1) activities of museums, zoological and botanical gardens, circus;

2) various cultural events (theatre performances, choreographic performances, cultural events for children and young people, art exhibitions and exhibitions of folk art, etc.), film production (including ancillary activities - dubbing, subtitling, etc.), film rent and demonstration;

3) services in the field of bibliography and information supplied by libraries.

2. Supplies of goods by the persons specified in paragraph 1 of this Article as well as supplies by the said persons of services other than those referred to in paragraph 1 of this Article shall be exempt from VAT provided all the following conditions are met:

1) the goods and services are supplied to the users of services referred to in paragraph 1 of this Article;

2) the supply of the above goods and services is linked to the supply of services referred to in paragraph 1 of this Article.

3. The Government of the Republic of Lithuania shall have the right to lay down the conditions of and impose restrictions on the application of provisions of paragraph 2 of this Article.

4. Supply of services linked to physical education and sport by non-profit making legal persons shall be exempt from VAT. For the purposes of this Law, the following services shall be considered linked to physical education and sport:

1) granting of the right to participate in a cultural or sport event. The provisions of the subparagraph shall not be applicable to the sale of tickets to physical education or sporting events;

2) supply of services to the participants in physical education or sporting events directly linked to their participation, i.e. the granting of the right to use special premises, territories and/or inventory for physical education and sport, the services of training of participants and other similar services. The services relating to provision of accommodation, catering and transport shall not be attributable to the above-mentioned services.

Article 24. Activities not Specified in Articles 20, 21, 22 and 23

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Services supplied to their member by political parties, trade unions and other non-profit making legal persons set up and operating on the membership basis shall be exempt from VAT provided that the services conform to the aims of the legal person determined in the bylaws/regulations thereof as well as the goods supplied by the persons to their members (where supply of the goods is connected with the supply of services) and no consideration is obtained for the above services in addition to membership fees.

2. Supply of services by religious communities, associations and centres for the benefit of their members if the services conform to the aims provided in the canons, statutes and other norms of the said persons as well as the goods supplied by the persons to their members (where the supply of the goods is connected with the supply of services), where, save for donations, no additional consideration is received for the goods and services, shall be exempt from VAT.

3. Certain supply of staff by religious communities, associations and centres provided for the activities indicated in Articles 20, 21 or 22 of this Law shall be exempt from VAT.

4. Supplies of goods and/or services by non-profit making legal persons, engaged in the activities specified in Articles 20, 21, 22 and 23 of this Law or paragraphs 1, 2 or 6 of this Article during charitable and sponsorship events organised by the said persons (including sale of tickets to the events) shall be exempt from VAT if the balance of the collected funds remaining after covering the expenses related to the organisation of the event are to be allotted only for charity and/or community service engaged in by the above persons. The provisions shall be applicable to not more than 12 charitable and sponsorship events organised by a specific legal person in the course of a calendar year. If more than 12 events are organised during a calendar year, each subsequent event and related supplies of goods and/or services shall be subject to VAT according to the procedure laid down in this Law. For the purposes of this Law, a cultural event (theatrical, musical, choreographic, etc.), a fair or a similar event shall be considered a charitable or sponsorship event provided it is indicated during the preparatory stage of the event (on the tickets, posters or otherwise) that after covering the organisational expenses, the total balance of the funds collected during the event will be allotted for charity and/or community service performed by the legal person organising the event. For the purposes of this Law, charity and community service shall be interpreted in accordance with the definition of the terms in the Law of the Republic of Lithuania on Charity and Sponsorship.

5. *INVALIDATED:*

By Law No. XIII-1681 of 04 12 2018 (from 01 01 2019)

6. The supply of services and of goods closely linked to the protection of children and young persons by bodies governed by public law or other organisations recognised as charitable.

7. If it is established that due to the application of provisions of this Article the goods and/or services supplied by legal persons indicated in this Article have gained unjustified competitive advantage over the goods and/or services supplied by other taxable persons which are or may be competitive, the Government of the

Republic of Lithuania or an institution authorised by it shall have the right to establish limitations for the application of this Article.

Article 25. Postal Services

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

1. Universal postal services supplied by a universal postal service provider as defined in the Republic of Lithuania Law on Post as well as supply of goods directly related to the supply of such services shall be exempt from VAT.

2. Provisions of this Article shall not apply to postal services supplied by a universal postal service provider and the related supply of goods if the terms and conditions of such supply have been agreed on an individual basis.

Article 26. Radio and Television

1. Supply to the public of public information services by non-profit making legal persons - radio and/or television broadcasters shall be exempt from VAT.

2. The provisions of paragraph 1 of this Article shall not be applicable to the sale of broadcasts, advertising services and other commercial activities.

Article 26¹. The activities of independent groups

AMENDED:

By Law No. XIII-1681 of 04 12 2018 (from 01 01 2019)

The supply of services by independent groups of persons, whose members are persons carrying out an activity referred to in chapter 2 of Title IX of Directive 2006/112/EC, to their members is exempted provided that those services are directly necessary for the activities indicated in this Article of those members e, where the total costs of those groups are covered by the members of the group and the member does not pay more for the services received than his share of total costs.

Article 27. Insurance Services

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. By Law No. X-932 of 28 11 2006 (from 16 12 2006)

Insurance and reinsurance services of all types, except for those referred to in Article 46, and services related to insurance and reinsurance services and provided by insurance and reinsurance brokers shall be exempt from VAT.

Article 28. Financial Services

1. Making of loans, intermediation in the loan-making process, and loan servicing if it is performed by the taxable person that has made the loan shall be exempt from VAT.

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

2. Unless otherwise provided in Article 46, the granting of financial guarantees and sureties as well as servicing of such financial guarantees and sureties if it is performed by the taxable person that has granted the guarantee/surety shall be exempt from VAT.

3. The services of accepting and managing of deposits and other repayable funds, clearing services between banks and/or other credit institutions, also other services connected with the arrangement of settlements, money transfer, organisation of non-cash settlements (including issue of bank cards or other payment instruments, servicing of holders thereof, and conduct of transactions therewith), issue of letters of credit and transactions related thereto, also transactions related to debts and promissory notes shall be exempt from VAT. Provisions of this paragraph shall not apply to debt collection services, also to factor's services provided under factoring agreements.

4. Currency transactions (including currency exchange), also accepting contributions in cash and disbursing payments, cash management and other services directly connected with bank notes and coins in any currency shall be exempt from VAT.

5. Transactions in securities and derivative financial instruments, also agency services in the aforesaid transactions (arrangement, effecting, registration, etc. of the issue) shall be exempt from VAT. Provisions of this paragraph shall not apply to:

1) transactions in securities establishing any rights to immovable property;

- 2) transactions in securities (except for those specified in Article 111 of this Law) establishing title to goods not specified in subparagraph 1 above;
- 3) transactions in securities establishing the right or obligation to acquire or transfer securities specified in subparagraph 2 above;
- 4) services of custody of securities and/or derivative financial instruments;
- 5) management of securities and/or derivative financial instrument portfolios, consulting on investment into securities and/or derivative financial instruments, also securities and/or derivative financial instrument market research services.
6. Management of assets of variable capital investment companies, closed type investment companies, investment funds and pension funds shall be exempt from VAT.

AMENDED:

1. *By Law No. IX-1708 of 04 07 2003 (from 30 07 2003)*
2. *By Law No. X-1305 of 25 10 2007 (from 01 05 2008)*

7. A taxable person supplying services referred to in paragraphs 1 through 4 of this Article shall have the right to opt for the calculation of VAT on such services according to the procedures prescribed by this Law provided that the buyer/customer is a taxable VAT registered person, and such option shall remain in effect for a period not shorter than 24 months from the declaration of such option with respect to all relevant transactions concluded by such person. The taxable person shall declare his option according to the procedure established by the central tax administrator.

AMENDED:

1. *By Law No. IX-1209 of 28 11 2002 (from 01 01 2003)*
2. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
3. *By Law No. X-1322 of 13 11 2007 (from 01 12 2007)*

8. A detailed list of services referred to in paragraphs 1 through 4 of this Article shall be established by an institution authorised by the Government of the Republic of Lithuania.

Article 29. Special Marks

Exemption from VAT shall be granted to postal prepayment impressions and other special marks specified in the list approved by the Government or an institution authorised by it, which are sold at face value. The above provision shall be applicable only to those postal prepayment impressions which may be used in the Republic of Lithuania for confirming payment for a supplied postal service.

Article 30. Betting, Gambling and Lotteries

Exemption from VAT shall be granted to collection of payments from the participants in the lottery in the amount of nominal value of lottery tickets/cards, also collection of payments from the participants in the betting or gambling irrespective of whether or not the payment in of the amount has to be confirmed by issuing the participant in the game with a chip, card, etc.

Article 31. Lease of Immovable Property

1. Lease of living premises shall be exempt from VAT, with the exception of:

- 1) hotel, motel, camping and similar accommodation services;

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

2) lease of living premises not specified in subparagraph 1 above, for a term not exceeding 2 months;

3) *INVALIDATED*

By Law No. IX-1960 of 15 01 2004 (from 01 02 2004)

2. Lease of immovable property other than living premises shall be exempt from VAT, with the exception of:

- 1) lease of parking/storage lots and garages intended for any means of transport (including aircraft, ships and railway rolling stock) and other immovable property for similar purposes;
- 2) lease of any facilities (including safes) that match the definition of immovable property.

3) *INVALIDATED*

By Law No. IX-1960 of 15 01 2004 (from 01 02 2004)

3. The taxable person shall have a right to opt for the calculation of VAT, according to the procedure prescribed by this Law, on the lease of immovable property, which is exempt from VAT under paragraph 1 or 2 of this Article, provided that the property is leased to a taxable person which/who is registered for VAT, as well as to persons referred to in Article 47 of this Law (except for natural persons), and such option shall remain in effect for a period not shorter than 24 months with respect to all transactions concluded by such

person. The taxable person shall declare his option according to the procedure established by the central tax administrator.

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
2. *By Law No. X-1322 of 13 11 2007 (from 01 12 2007)*
3. *By Law No. XI-1817 of 20 12 2011 (from 29 12 2011)*

4. Termination, for a consideration, of the agreement on lease of immovable property shall be exempt from VAT, provided that the lease of the property was exempt from VAT.

Article 32. Sale or Other Transfer of Immovable Property

1. Sale or other transfer of buildings, structures or sections thereof (except for new buildings and structures, new sections of buildings and structures) shall be exempt from VAT where, under the terms and conditions of contract, the person to whom the property is transferred or a third party acquires the right to dispose of the property as its owner. It shall be deemed that that:

- 1) a new building or structure is an unfinished building or structure, also a finished building or structure during a period of 24 months upon its completion (upon its recognition as fit for use) or upon its material improvement;
- 2) a new section of a building or structure is a section of a new building or structure within the meaning of subparagraph 1 above, also a newly built section of an old building or structure - for a period of 24 months following its completion.

2. Exemption from VAT shall be granted to the sale or any other transfer of land where under the terms and conditions of contract the person to whom the land is transferred or a third party acquires the right to dispose thereof as its owner, with the exception of the land transferred together with a new buildings or structures or sections thereof as well as land for development. For the purposes of this Article, land for development is a land lot assigned for construction irrespective of whether any development works have been carried out in the lot or not.

3. A taxable person shall have the right to opt for calculation of VAT on immovable property which is not subject to VAT under paragraphs 1 or 2 of this Article according to the procedure prescribed by this Law, provided that the property is sold or otherwise transferred to a taxable VAT registered person as well as to persons referred to in Article 47 of this Law (except for natural persons), and such option shall remain in effect with respect to all the relevant transactions of the taxable person at least 24 months from the date of declaration of the option. The taxable person shall declare his option according to the procedure established by the central tax administrator. The taxable person which/who sells or otherwise transfers immovable property to a taxable VAT registered person as well as to persons referred to in Article 47 of this Law (except for natural persons) on conditions established in Article 4(2) of this Law may opt for the calculation of VAT on such property if VAT was calculated on it by the supplier as of acquisition date, or may not calculate VAT if no VAT was calculated on it by the supplier as of acquisition date, irrespective of whether the 24-month option for VAT calculation was declared or not.

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
2. *By Law No. X-261 of 21 06 2005 (from 30 06 2005)*
3. *By Law No. X-1322 of 13 11 2007 (from 01 12 2007)*
4. *By Law No. XI-1817 of 20 12 2011 (from 29 12 2011)*

Article 33. Special Cases of Exemption of Supplies of Goods or Services from VAT

1.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Supply of goods shall be exempt from VAT where the VAT payer has not deducted any proportion of the input and/or import VAT on the said goods on the ground that:

- 1) the goods have been acquired or imported and used by no less than 99% by the VAT payer for the activities, which do not provide for deduction of input and/or import VAT; or
 - 2) input and /or import VAT has not been deducted on the said goods as it is not deductible according to the provisions of paragraph 2 of Article 62 of this Law.
2. Other cases when supplies of goods and services are exempt from VAT are specified in Section Four of Chapter XII of this Law.

Article 33¹. Special Cases of Exemption of Supplies of Goods or Services from VAT

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. The intra-Community acquisitions of goods shall be exempt from VAT where:
 - 1) the supply of the same goods within the territory of the country would be in all circumstances exempt from VAT or zero-rate of VAT would be charged thereon under the provisions of this Law, or
 - 2) under this Law import of the same goods would be in all circumstances exempt from VAT.
2. The intra-Community acquisition of goods shall be exempt from VAT, where the foreign taxable person acquiring the goods would in all circumstances be entitled to full reimbursement of the paid value added tax pursuant to the provisions of Chapter XII of this Law.
3. Purchases of goods from another Member State (other than a Member State whose VAT identification number, that was granted by that Member State to a taxable person, a taxable person identifies when purchasing the goods) by a taxable person established outside the territory of the country, who is registered as a VAT payer in any other Member State, shall be exempt from VAT, where these goods are immediately supplied by this person to the VAT payer in the territory of the country who, in accordance with this Law, is subject to the obligation to calculate and pay VAT on these goods supplied.

AMENDED:

1. *By Law No. X-261 of 21 06 2005 (from 30 06 2005)*
2. *By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)*

4. Other cases when intra-Community acquisitions of goods are exempt from VAT shall be set forth in Article 53.

CHAPTER V CASES WHERE IMPORTED GOODS ARE NOT SUBJECT TO IMPORT VAT

Article 34. Importation of Goods Supply whereof in the Territory of the Country is Exempt from VAT

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Imported goods shall be exempt from import VAT if under the provisions of this Law the supply thereof in the territory of the country would be in all cases exempt from VAT or zero-rate of VAT would be charged thereon.

Article 34¹. Goods that are subject to a special scheme

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

Imported goods, where VAT applicable to them has to be declared in accordance with the special scheme specified in section 7 of Chapter XII of this Law, are exempt from import VAT if a separate VAT identification number given to the supplier of goods or to an import agent acting on his behalf for the purposes of this special scheme is specified to customs authorities not later than at the moment of submitting the import declaration.

Article 35. Imported Goods to be Supplied to Another Member State

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Imported goods shall be exempt from VAT if it is known, at the time of importation, that the same goods are intended for export and will be taken to another Member State, and the supply of goods by the importer from the Republic of Lithuania to another Member State under Chapter VI of this Law shall be subject to a 0% VAT rate.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

2. The provisions of this Article shall apply if the importer is registered as a VAT payer in the Republic of Lithuania, and the goods are transported to another Member State within a period not exceeding 7 days from the date of the moment of taxation that is referred to in Article 14(12) or (13) of this Law.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

3. The procedure for implementing this Article shall be established by the Customs Department under the Ministry of Finance of the Republic of Lithuania (hereafter - Customs Department) in conjunction with the Central Tax Administrator.

Article 36. Goods Intended for Diplomatic Missions, Consular Institutions, European Union Institutions and Organisations Established by Them, International Organisations or Representative

Offices thereof as well as for the Staff of such Missions, Representative Offices and Institutions and Members of Families Thereof

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

1. Goods imported for use in the official activities of diplomatic missions or consular institutions of foreign states in the Republic of Lithuania shall be exempt from import VAT. Exemption from import VAT shall also apply to imported goods intended for personal use and/or settlement of members of such diplomatic missions and consular institutions and members of their families residing together with them, provided that such persons are not citizens of the Republic of Lithuania and their permanent place of residence is not Republic of Lithuania. Exemption from import VAT shall also apply to goods intended for diplomatic missions or consular institutions of foreign states in other Member States, or members thereof, according to the conditions and restrictions imposed by such Member State. Goods referred to in this paragraph shall be exempt from import VAT only in case if they can be exempt from import duties.

2. Goods imported by the European Union institutions, the European Central Bank, the European Investment Bank, and institutions established by the European Union to which the Protocol on the Privileges and Immunities of the European Union apply shall be exempt from import VAT. The goods referred to in this paragraph shall be exempt from import VAT in compliance with the conditions and restrictions laid down in the said Protocol and agreements concluded there under as well as agreements on establishment of headquarters, provided that this does not result in distortions of competition.

3. Goods imported by international organisations, except for those referred to in paragraph 2 above or their representative offices as well as members of such organisations or representative offices shall be exempt from import VAT. The goods referred to in this paragraph shall be exempt from import VAT in compliance with the conditions and restrictions laid down in the international treaties under which such international organisations are established or in the international treaties concluded by any Member State with an international organisation.

4. Exemption from import VAT shall also apply to goods intended for personal use and/or settlement of employees of institutions established by the European Union in the Republic of Lithuania, to which the Protocol on the Privileges and Immunities of the European Union applies (except for service personnel and experts delegated by Member States of the European Union), provided that that such persons are not citizens of the Republic of Lithuania and during the past five years their permanent place of residence, prior to starting employment in an institution established by the European Union in the Republic of Lithuania, was not Republic of Lithuania. The exemption granted under this paragraph shall apply to the goods imported by the employees not later than one year from the beginning of their first employment in an institution established by the European Union in the Republic of Lithuania. The Government of the Republic of Lithuania or an institution authorised by it shall have the right to impose restrictions on such preferential treatment.

AMENDED:

By Law No. XI-1817 of 20 12 2011(from 01 01 2012)

5. The procedure for the application of provisions of this Article shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

AMENDED:

By Law No. XI-1817 of 20 12 2011(from 01 01 2012)

NOTE: Law No XI-1817 of 20 12 2011 establishes that preferential treatment under Article 36(4) shall also apply to goods that are acquired/imported, not later than within one year from the date of coming in to effect of Article 36(4) (01 01 2012), by those employees of the institutions established by the European Union in the Republic of Lithuania who meet the conditions of the preferential treatment and who are already employed by the said institutions as of the date of coming into effect of Article 36(4).

Article 37. Goods Imported by Passengers

Goods imported by passengers shall be exempt from import VAT in the cases and according to the procedure established by the Government of the Republic of Lithuania, provided the quantity thereof does not exceed the quantity limits prescribed by the Government, which the passengers are allowed to import tax free.

Article 38. Imported Gold

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Gold imported by the system of European central banks and the European Central Bank shall be exempt from import VAT.

Article 39. Reimported Goods

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Reimported goods shall be exempt from VAT where all the following conditions are met:

- 1) goods are reimported by the person who exported them;
- 2) goods are reimported in the state in which they were exported;
- 3) goods qualify for exemption from customs duties.

Article 40. Special Cases When Imported Goods are Exempt from VAT

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. The following shall be exempt from import VAT:

- 1) personal belongings of natural persons changing their normal place of residence and moving to the Republic of Lithuania from another country;
- 2) belongings (dowry, household items) of natural persons moving to the Republic of Lithuania from another country by reason of marriage as well as gifts received on the occasion of marriage;
- 3) imported property acquired by inheritance;
- 4) clothing, items required for studies and household items of persons who are students;
- 5) agricultural products imported by agricultural producers established in the Republic of Lithuania where such products were obtained/grown by them in their land lots located in a foreign state bordering the Republic of Lithuania;
- 6) seeds, fertilisers and products for treatment of soil and crops, imported by agricultural producers having their principal place of business in a foreign country bordering the Republic of Lithuania, for use in their land lots in the Republic of Lithuania;
- 7) laboratory animals and biological and chemical substances intended for use in scientific research;
- 8) therapeutic substances of human origin, blood-grouping and tissue-typing reagents, human milk;
- 9) medicines and medicinal products used in international sporting events;
- 10) support;
- 11) state and departmental awards, other honorary awards;
- 12) gifts received or intended to be offered as gifts during official visits and items sent by foreign states and international institutions as an expression of friendship and good will;
- 13) items intended for use by official guests of the Republic of Lithuania and members of their delegations on a visit in the Republic of Lithuania;
- 14) goods imported for the purpose of promoting sales (samples of goods of negligible value, printed matter and advertising material, articles to be used or consumed at international fairs or similar events);
- 15) items imported for examination, analysis or test purposes;
- 16) consignments sent to organisations protecting copyright or industrial and commercial patent rights (documents relating to objects of industrial property, applications for the registration thereof etc.);
- 17) tourist information literature;
- 18) various documents and carriers for the transmission of information or sound recordings;
- 19) materials required for the protection of goods during their warehousing and transportation;
- 20) litter and fodder necessary for animals during their transport;
- 21) fuel and lubricants present in land motor vehicles and required for their normal operation;
- 22) goods for the construction, upkeep or ornamentation of memorials to and cemeteries of victims of war, genocide and occupation regimes;
- 23) coffins containing bodies and funerary urns containing the ashes of deceased persons and ornamental funerary articles;
- 24) *INVALIDATED*

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

25) any fish caught and products obtained there from as well as processed fish products (in case if the fish caught and products obtained there from are processed in the same fishing ship) which are brought to sea ports by persons entitled to engage in fishing activities.

2. Provisions of paragraph 1 of this Article shall apply, *mutatis mutandis*, also in cases of importation of the European Union goods the import of which into the territory of the European Union is subject to VAT. Specific conditions, procedures and restrictions on the application of subparagraphs 1 through 23 and 25 of paragraph 1 of this Article shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

3. Exemption from import VAT shall be granted in respect of goods imported by military units of NATO countries intended for the use of the units or accompanying civilian personnel when the units take part in joint military operations, exercise or any other joint military event. The specific conditions of application of provisions of this paragraph shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

4.

AMENDED:

1. *By Law No. XI-518 of 03 12 2009(from 01 01 2010)*
2. *By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)*
3. *By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

Goods sent by a natural person in low value non-commercial consignments (consignments of documents, postal items or postal parcels) are exempt from import VAT. A consignment is considered to be of low value if its total value does not exceed 45 EUR. A consignment is considered to be of a non-commercial character if all of the following conditions are met:

- 1) the receiver of the consignment is a natural person;
 - 2) the items in the consignment are clearly intended for personal needs of the receiver or members of his family, i.e. neither quantity nor type of the goods provide grounds for presuming that the items are intended for economic activities;
 - 3) the receiver of the consignment receives it from the sender free of charge;
 - 4) the consignment contains no goods subject to excise duty under the Law of the Republic of Lithuania on Excise Duties;
 - 5) the weight of coffee contained in a consignment does not exceed 500 grams (or the weight of coffee extract and essence 200 grams), the weight of tea does not exceed 100 grams (or the weight of tea extract and essence 40 grams).
5. Gas imported via natural gas systems or via networks connected to them or by ships to such systems or to gas pipelines forming part of the gas extraction process, imported electric power, and heating or cooling energy imported via heating or cooling energy networks shall be exempted from import VAT.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

6. Imported goods that are assembled or installed in Lithuania, where the buyer of such goods (provided he is registered for VAT) is obligated to calculate and pay VAT on them under Article 95(3), subparagraph 2, shall be exempted from import VAT.

AMENDED:

1. *By Law No. X-1322 of 13 11 2007 (from 01 12 2007)*
2. *By Law No. XI-518 of 03 12 2009(from 01 01 2010)*

7. Furthermore, Article 53 and Section 4 of Chapter XII of this Law establish other cases of exemption of goods imports from import VAT.

AMENDED:

By Law No. X-1322 of 13 11 2007 (from 01 12 2007)

CHAPTER VI

CASES OF APPLICATION OF ZERO-RATE VAT TO SUPPLY AND ACQUISITION OF GOODS AND SUPPLY OF SERVICES. SPECIAL RULES FOR INTERNATIONAL TRADE

AMENDED (title of Chapter):

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 41. Export of Goods from the Territory of the European Union

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
2. *By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*

1. Unless otherwise established in this Chapter, 0% VAT rate shall be applied to supply of goods where the supplier or another person hired by him exports the goods from the territory of the European Union.

2. Unless otherwise established in this Chapter, 0% VAT rate shall be applied to supply of goods if the buyer established outside the territory of the country and having no division in the territory of the country, or another person hired by him exports the goods from the territory of the European Union, except for cases where the buyer exports equipment, spare parts or stocks intended for meeting of personal needs related to the ships, aircraft or other means of transport in use. Where goods are exported as part of personal luggage of a passenger, the application of the 0% VAT rate shall be governed by Article 42 of this Law.

Article 42. Goods Exported by Passengers

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. 0% VAT rate shall be applied to goods exported by persons who have their permanent address or usually reside outside the Republic of Lithuania (hereinafter referred to as "foreign passenger"), which they have acquired in the Republic of Lithuania and the value of which exceeds the minimum amount prescribed by the Government of the Republic of Lithuania. A foreign passenger must prove that he has his permanent address or usually resides outside the Republic of Lithuania by presenting a document of the type established by the Government of the Republic of Lithuania.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

2. Provisions of paragraph 1 of this Article shall be implemented by refunding the foreign passengers the amount of VAT they have been charged on the goods acquired by them in and exported from the Republic of Lithuania. The procedure for applying the said provisions and cases of the application thereof shall be established by the Government of the Republic of Lithuania.

Article 43. Ships and Aircraft

AMENDED:

By Law No. X-932 of 28 11 2006 (from 16 12 2006)

1. 0% VAT rate shall be charged on the supply, maintenance, repairs and/or modification/modernisation as well as hiring or charter of:

1) sea-going ships used for carrying passengers and/or transport of cargo on international routes and/or for the supply of other services for consideration;

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 29 12 2011)

2) sea-going fishing vessels;

3) ships used for search and rescue at sea.

2. 0% VAT rate shall be applied to the supply, hiring or charter of aircraft in the case of supply or hiring of the aircraft to taxable persons which/who receive more than a half of their annual income from transporting passengers and/or cargo on international routes for consideration, also maintenance and repairs of such aircraft (except for aircraft used for personal needs) provided that such services are supplied to taxable persons referred to in this paragraph.

3. 0% VAT rate shall be charged on the supply of equipment to the ships and aircraft specified in paragraphs 1 and 2 of this Article, where such equipment is usual and necessary for such ships and aircraft, installation of such equipment therein, maintenance and repairs of the installed equipment (including cases where maintenance and repairs of the equipment used on the ships and aircraft specified in paragraphs 1 and 2 above are performed upon de-installation of the equipment), supply of spare parts for the above-mentioned ships and aircraft, and rent of spare parts where such parts are installed such ships and aircraft. Provisions of this paragraph shall not be applicable where the aircraft is used for personal needs.

4. 0% VAT rate shall also apply to:

1) services required for direct maintenance and meeting of the needs of the ships and aircraft specified in paragraphs 1 and 2 above;

2) supply of services to persons referred to in paragraph 2 above, necessary for direct maintenance and meeting of the needs of the aircraft or their cargoes. Provisions of this subparagraph shall not apply if the aircraft is used for private needs.

Article 44. Fuelling and Provisioning of Ships and Aircraft

1. Zero-rate of VAT shall be applied to the supply of goods for the fuelling and provisioning of ships specified in paragraph 1 of Article 43 of this Law, also of war ships leaving and sailing outside the country's territory.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. Zero-rate of VAT shall be applied to the supply of goods for the provisioning of aircraft to taxable persons who receive more than a half of their annual income from transporting passengers and/or cargo on international routes.

AMENDED:

By Law No. X-261 of 21 06 2005 (from 30 06 2005)

3. Goods within the meaning of this Law shall be goods (food products, etc.) intended for use by passengers and/or crew members on board the above-specified ships or aircraft, also as fuel (motor fuel) and lubricants. The procedure of fuelling and provisioning shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 45. Transport Services and Related Transactions

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. 0% VAT rate shall be applied to the supply of services including transport and ancillary transport services where such services are directly related to the export of goods from the territory of the European Union.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

2. 0% VAT rate shall be applied to the supply of services including transport and ancillary transport services where such services are directly related to the goods to which procedures or treatment referred to in paragraphs 1 or 3 of Article 12³ of this Law apply as well as to goods that have been imported into the territory of the European Union and transported to a tax free shop.

AMENDED:

1. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

2. By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

3. 0% VAT rate shall be applied to the supply of services including transport and ancillary transport services where such services are related to the goods import in the territory of the European Union and the taxable amount of such services under Article 15(5) of this Law or under equivalent provisions of a Member State into which the goods will be imported must be included in the taxable amount of the goods being imported.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

4. Provisions of paragraphs 1, 2 and 3 of this Article shall apply in the same way to the transport of postal items into/from the territory of the European Union or postal items' transit as well as to the related ancillary services.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

5. The issue of TIR and ATA Carnets shall be subject to zero-rate of VAT.

6. Zero-rate of VAT shall be applicable to transportation of passengers on international routes, also to the transportation of passenger luggage irrespective of the type of the means of transport. For the purposes of this provision international route shall mean transportation where the place of departure is within the territory of the country and the place of arrival is outside the territory of the country, also transportation where the place of departure is outside the territory of the country and the place of arrival is within the territory of the country, transportation where both the place of departure and the place of arrival is outside the territory of the country.

7. Zero-rate of VAT shall be applicable to transportation of goods to and from the islands of the Azores and Madeira as well as dispatch or transport of goods between those islands.

8. The provisions of this Articles shall not be applicable to the services specified in Chapter IV of this Law, except for the insurance and financial services referred to in Article 46 of this Law.

Article 46. Insurance and Financial Services Related to Export of Goods

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. By Law No. XI-518 of 03 12 2009(from 01 01 2010)

3. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

0% VAT shall apply to insurance services as well as financial services referred to in paragraphs 1 through 5 of Article 28 of this Law where such insurance or financial services are directly related to export of goods not referred to in Chapter IV of this Law from the territory of the European Union.

Article 47. Goods and Services Intended for Diplomatic Missions, Consular Institutions, European Union Institutions and Organisations Established by Them, International Organisations or Representative Offices thereof as well as for the Staff of such Missions, Representative Offices and Institutions and Members of Families Thereof

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

AMENDED (title of the Article):

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

1. Supplies of goods and/or services intended for use in the official activities of diplomatic missions or consular institutions of foreign states in the Republic of Lithuania shall be taxed at a 0% VAT. 0% VAT shall also apply to supply of goods intended for personal use of members (except for service personnel) of such diplomatic missions and consular institutions and members of their families residing together with them, provided that such persons are not citizens of the Republic of Lithuania and their permanent place of residence is not Republic of Lithuania. A list of goods and services for which VAT is not refunded shall be established by the Government of the Republic of Lithuania.

2. 0% VAT shall apply to the goods and services supplied to international organisations recognised in the Republic of Lithuania, or representative offices and members thereof, provided that this is stipulated in the international treaties under which such international organisations are established or in the international treaties concluded by the Republic of Lithuania with an international organisation. In such case, provisions of paragraph 1 above shall apply *mutatis mutandis*.

3. Provisions of paragraph 1 shall apply following the principle of parity. If the procedure for the refund of VAT (or a tax equivalent to VAT) applied to a diplomatic mission or consular institution of the Republic of Lithuania in a foreign country is less / more favourable than the procedure applicable to that country's diplomatic mission or consular institution in the Republic of Lithuania, the Government of the Republic of Lithuania or an institution authorised by it shall be entitled to apply to such foreign diplomatic mission or consular institution in the Republic of Lithuania a less / more favourable VAT refund procedure, accordingly.

4. Provisions of this Article shall also apply to the goods and services acquired by units of the armed forces of members of the North Atlantic Treaty Organisation other than the Republic of Lithuania for the use of such units or accompanying civilians in the Republic of Lithuania where such units take part in joint military operations, exercises or other joint military events.

5. 0% VAT shall apply to the supply of goods and services to diplomatic missions or consular institutions of foreign countries established in other Member States, members of such diplomatic missions or consular institutions, and units of the armed forces of members of the North Atlantic Treaty Organisation other than the country of destination, for the use of such units or accompanying civilians. Provisions of this paragraph shall apply having regard to the conditions and restrictions imposed in such other Member State.

6. 0% VAT shall apply to the supply of goods and services to international organisations recognised by such by any other Member State, or representative offices thereof as well as members of such representative offices. Provisions of this paragraph shall apply having regard to the conditions and restrictions imposed by international treaties under which relevant international organisations have been established, or international treaties concluded by a Member State with an international organisation.

7. 0% VAT shall apply to the supply of goods and services to the European Union institutions, the European Central Bank, the European Investment Bank, and institutions established by the European Union to which the Protocol on the Privileges and Immunities of the European Union apply. The goods referred to in this paragraph shall be exempt from import VAT in compliance with the conditions and restrictions laid down in the said Protocol and agreements concluded there under as well as agreements on establishment of headquarters, provided that this does not result in distortions of competition.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

8. 0% VAT shall apply to the supply of goods and services for personal use and/or settlement of employees of institutions established by the European Union in the Republic of Lithuania, to which the Protocol on the Privileges and Immunities of the European Union applies (except for service personnel and experts delegated by Member States of the European Union), provided that that such persons are not citizens of the Republic of Lithuania and during the past five years their permanent place of residence, prior to starting employment in an institution established by the European Union in the Republic of Lithuania, was not Republic of Lithuania. The preferential treatment under this paragraph shall apply to the goods acquired by the employees not later than one year from the beginning of their first employment in an institution

established by the European Union in the Republic of Lithuania. The Government of the Republic of Lithuania or an institution authorised by it shall have the right to impose restrictions on such preferential treatment.

AMENDED:

By Law No. XI-1817 of 20 12 2011(from 01 01 2012)

9. The procedure for the implementation of provisions of this Article shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

AMENDED:

1. By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

2. By Law No. XI-1817 of 20 12 2011(from 01 01 2012)

NOTE: Law No XI-1817 of 20 12 2011 establishes that preferential treatment under Article 47(8) shall also apply to goods that are acquired/imported, not later than within one year from the date of coming in to effect of Article 47(8) (01 01 2012), by those employees of the institutions established by the European Union in the Republic of Lithuania who meet the conditions of the preferential treatment and who are already employed by the said institutions as of the date of coming into effect of Article 47(8).

Article 48. Supply of Gold to the System of the European Central Banks and the European Central Bank

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Zero-rate of VAT shall be applied to the supply of gold to the system of the European central banks and the European Central Bank.

Article 49. Goods Supplied to Another Member State

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. The 0% VAT rate is chargeable on goods supplied to a VAT payer registered in another Member State who has indicated to the supplier of these goods the VAT identification number that was granted to it by that other Member State, and are transported from the territory of the country to another Member State (regardless of who (the supplier of the goods, the purchaser or a third party on behalf of any of them) transports the goods).

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

2. 0% VAT shall apply to new means of transport supplied to any person and exported from the territory of the country to another Member State (irrespective of who transports the goods – the supplier, the buyer, or a third party hired by any of them).

AMENDED:

By Law No. XI-1817 of 20 12 2011(from 29 12 2011)

3. 0% VAT shall apply to excise goods supplied to a taxable person or a legal person who is not a taxable person, where acquisition, by these persons, of goods other than excise goods in another Member State under Article 3(1) of Directive 2006/112/EC is not subject to VAT, and exported from the territory of the country to another Member State (irrespective of who transports the goods – the supplier, the buyer, or a third party hired by any of them) where the goods are transported, according to the Republic of Lithuania Law on Excise Duties, accompanied by an excise goods transport document or a simplified excise goods transport document.

AMENDED:

By Law No. XI-1817 of 20 12 2011(from 29 12 2011)

4. Zero-rate of VAT shall be charged to transportation of goods in transit to another Member State which, pursuant to the provisions of this Law, shall be regarded as supply of goods, provided that upon the delivery of these goods to another person they, under the provisions of paragraphs 1-3 of this Article, might qualify for the zero rate of VAT.

5. Zero-rate of VAT shall not be charged on goods taxable under a special scheme provided for in Section Three of Chapter XII of this Law, which are dispatched to another Member State.

6. The provisions of paragraph 1 of this Article shall not apply where the supplier of goods fails to fulfil its obligation under Article 881 of this Law to submit a report on supplies of goods and / or provision of services to other Member States, or where a report on supplies of goods and / or provision of services to other Member States provided by it does not contain, according to Article 881(3) of this Law, correct information about this supply of the content set by the Central Tax Administrator, unless the supplier of goods can duly justify such failure to provide information or failure to provide correct information in the manner prescribed by the Central Tax Administrator.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

Articles 50. Goods Supplied to Beneficiaries of Support

AMENDED:

- 1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
- 2. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*

1. 0% VAT shall apply to goods supplied to beneficiaries of support specified in the Republic of Lithuania Law on Charity and Support and registered in the Republic of Lithuania, provided that such goods are exported as support, by such beneficiaries of support, to legal persons operating outside the territory of the European Union and other organisations that can be beneficiaries of support under the Republic of Lithuania Law on Charity and Support.

2. Provisions of paragraph 1 above shall be implemented by refunding to the beneficiaries of support registered in the Republic of Lithuania the VAT amount which they paid for the goods acquired and exported from the territory of the European Union. The procedure for the application of such provisions shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

Article 51. Servicing and Processing of Movable Property

AMENDED:

- 1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
- 2. By Law No. XI-114 of 23 12 2008 (from 01 01 2009)*
- 3. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*

0% VAT shall apply to services of servicing (repairs, maintenance, adjustment etc.), treatment and processing of movable property provided to a customer established outside the territory of the country and having no division in the territory of the country, provided that such property was acquired or imported into the territory of the European Union for the purposes of such servicing, treatment or processing and will be exported from the territory of the European Union. Should it become clear that the property will not be exported from the territory of the European Union, the VAT on the servicing, treatment or processing services supplied shall be recalculated at the standard VAT rate.

Article 52. Agency Services in Transactions Covered by this Chapter and Transactions Outside the Territory of the Republic of Lithuania

1.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

0% VAT rate shall be applied to the services of agents who act in the name and for the account of another, taking part in:

- 1) a transaction on supply of goods or services, in which 0% VAT rate is applied under Articles 41 through 45, 47, 48, 50 and 51 of this Law, or
- 2) a transaction on supply of goods or services where it is considered, according to the provisions of this Law, that the supply of goods or services took place outside the territory of the European Union.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

2. Other cases where, due to transactions performed outside the territory of the country, 0% VAT rate is charged on the services supplied by travel organisers, are specified in Article 104 of this Law.

Article 53. Special Rules Applied in Certain Cases Related to International Trade

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Zero-rate of VAT shall be charged on the following transactions:

- 1) supply of goods which are placed in temporary storage;
- 2) supply of goods which are placed under free zone, customs warehousing or inward processing customs procedure;
- 3) supply of goods which are placed in temporary storage as well as supply of goods which are placed under free zone or inward processing customs procedure where the above circumstances are still in effect during the supply;
- 4) supply of goods which are placed under temporary admission without imposing import duties, which are under external transit arrangements or are under internal transit customs procedure where the above circumstances are still in effect during the supply;
- 5) supply of goods where the goods are transported to a tax free shop;
- 6) supply of goods placed under the arrangement of a tax free shop within the territory of the supply country where this circumstance is still in effect during the supply.

AMENDED:

By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

2. Imported goods which are transported to a free warehouse shall be exempt from VAT.
3. Intra-Community acquisition of goods shall be exempt from VAT in those cases where the supply of goods within the territory of the country may be subject to zero VAT where appropriate circumstances emerge under paragraph 1.
4. A tax free shop shall be premises and/or territory where the competent authority of a Member State in question (the central tax administrator in the Republic of Lithuania) has granted the right to hold goods with a deferred payment of VAT if the goods supplied, imported or acquired from another Member State are intended for:
 - 1) selling them in a special shopping area of an international seaport or airport where the goods will be supplied to passengers who are departing to third territories or third countries if zero VAT were applied to such supply of goods under the general provisions of this Law;

AMENDED:

1. *By Law No. X-409 of 17 11 2005 (from 03 12 2005)*
2. *By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)*

- 2) supply to passengers, being transported by air or sea transport to a place of destination located outside the territory of the European Union, during the trip.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

5. Supply of agency services where the agent acts in the name and for the account of another person in the goods supply transactions referred to in paragraph 1 above shall be taxed at a 0% VAT.
6. Supply of services directly related to the goods referred to in subparagraphs 3, 4 and 6 of paragraph 1 (such as handling or packing of goods) and of services similar by their nature shall be taxed at 0% VAT rate.

AMENDED:

By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

7. Where the circumstances referred to in paragraph 1 cease to exist for the goods which have been exempted from VAT under paragraphs 1 through 3 or taxed at a 0% VAT rate and which are in the territory of the country, and this would not provide grounds for the liability for import VAT in the territory of the country, VAT on such goods shall be calculated on taxable amount as follows:

- 1) where only transactions referred to in subparagraphs 1, 2 and 5 of paragraph 1 of this Article were concluded or import or acquisition from another Member State took place – on the goods' taxable amount which would have been used as a basis for VAT calculation if the goods' supply, import or acquisition from another Member State were not taxed at a 0% VAT rate (or exempted from VAT, respectively), as well as on the taxable amount of services the supply of which was taxed at a 0% VAT rate under this Law;
- 2) where transactions referred to in subparagraphs 3, 4 and 6 of paragraph 1 of this Article were concluded - on the goods' taxable amount which would have been used as a basis for VAT calculation under this Law in the case of the last transaction if the goods' supply was not taxed at a 0% VAT rate, as well as on the taxable amount of services the supply of which was taxed at a 0% VAT rate under this Law where the value of such services is not included in the value of the last transaction on such goods' supply.

AMENDED:

By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

8. The obligation to calculate VAT according to the established procedure lies with the person whose actions or omissions have led to the cessation of circumstances referred to in paragraph 1 of this Article (such obligation lies with the supplier of the goods in case if the person concludes a goods' supply transaction and it is known, at its conclusion, that such circumstances will cease to exist). It shall also be deemed that the

circumstances referred to in paragraph 1 of this Article have ceased to exist when the goods have been consumed or lost, except for cases of loss due to force majeure or criminal acts by third parties, provided that this has been proved according to the procedure established by the Government of the Republic of Lithuania or an institution authorised by it, or for other reasons beyond control of the person (such as destruction of goods beyond their expiry date etc.) where the person can provide documents proving such fact. The obligation to calculate VAT shall not arise if the goods with respect to which the circumstances referred to in paragraph 1 of this Article have ceased to exist are exported from the territory of the European Union or exported to another Member State when such export is considered to be supply of goods to another Member State under Article 5¹.

AMENDED:

1. *By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*

2. *By Law No. XI-1817 of 20 12 2011 (from 01 01 2012)*

9. When applying the provisions of subparagraph 1, paragraph 4 of this Article, relating to the passage of passengers by air or sea, the place of destination of a traveller shall be the nearest place of disembarkation from an aircraft or a sea vessel after embarkation in the territory of the country, and when applying the provisions of subparagraph 2, paragraph 4 of this Article, the destination shall be the first stop within the territory of the country where an aircraft or a sea vessel stops for the disembarkation and/or embarkation of passengers.

AMENDED:

By Law No. X-409 of 17 11 2005 (from 03 12 2005)

10. 0% VAT shall apply to the supply of goods with respect to which a customs warehousing procedure has been completed, where the supplied goods are imported and this provides grounds for an obligation to calculate import VAT in the territory of the country.

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

Article 53¹. Special rule that applies to the supply of goods in the use of an electronic interface

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

If, according to paragraph 2 of Article 4³ of this Law, a taxable person is deemed to receive and supply goods by himself, the supply of those goods to that taxable person is taxed at a VAT rate of 0 percent.

Article 54 shall be repealed from 1 May 2004

INVALIDATED

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 55. Goods the Supply whereof in the Territory of the Country is Exempt from VAT

Zero-rate of VAT may not be applied to goods, supply whereof within the territory of the country would be in all cases exempt from VAT pursuant to the provisions of this Law.

Article 56. Justification of Application of 0% VAT

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. A VAT payer, having applied a 0% VAT rate according to Article 41 of this Law, must have the documents proving that the goods have left the territory of the European Union. A VAT payer, having applied a 0% VAT rate according to Article 49 of this Law, must either have the proofs referred to in Article 45a of Regulation (EU) No 282/2011, or other proofs that the goods have left the territory of the country, and the proofs that the person to whom the goods have been transported is a VAT payer registered in another Member State.

AMENDED:

1. *By Law No. X-932 of 28 11 2006 (from 01 01 2007)*

2. *By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*

3. *By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)*

2. Any VAT registered person which/who has applied 0% VAT rate under Article 53(1), subparagraphs 1 through 4 of this Law shall be able to produce evidence proving temporary storage of the goods or clearance of relevant customs procedures.

AMENDED:

By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

3. Upon application of 0% VAT rate in other cases referred to in this Chapter, a VAT registered person shall be able to produce documents proving that the transaction of goods supply, goods acquisition for another Member State or supply of services referred to in this Chapter was concluded.

4. Notwithstanding other provisions of this Article, the tax administrator may request, according to the procedure established in the Law on Tax Administration, that additional evidence justifying the application of 0% VAT is provided. If a VAT registered person is not able to prove that the application of the 0% VAT to the goods supply, goods acquisition for another Member State or supply of services was justified, such goods supply, goods acquisition for another Member State or supply of services shall be taxed at a standard VAT rate or a reduced tax rate if the latter is applicable to such goods or services.

AMENDED:

1. *By Law No. XI-114 of 23 12 2008 (from 01 01 2009)*

2. *By Law No. XI-317 of 23 06 2009 (from 01 07 2009)*

5. Notwithstanding other provisions of this Article, the tax administrator may collect, on its own initiative and by its own efforts or through authorised law enforcement bodies, additional evidence to assess the justification of application of the 0% VAT rate. Should the tax administrator obtain evidence that the application of the 0% VAT rate to the goods supply, goods acquisition for another Member State or supply of services was unjustified, such goods supply, goods acquisition for another Member State or supply of services shall be taxed at a standard VAT rate or a reduced tax rate if the latter is applicable to such goods or services.

AMENDED:

1. *By Law No. XI-114 of 23 12 2008 (from 01 01 2009)*

2. *By Law No. XI-317 of 23 06 2009 (from 01 07 2009)*

CHAPTER VII VAT DEDUCTION

Article 57. Right to VAT Deduction

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

AMENDED:

1.. *By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)*

2. *By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)*

3. *By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

1. The following persons shall have the right to VAT deduction:

1) VAT payers, except for:

a) persons that are registered as taxpayers for VAT purposes solely for the acquisition of goods from other Member States and are engaged in no economic activity;

b) taxable persons that are registered as taxpayers for VAT purposes solely for the application of the schemes set out in sections 5, 6 or 7 of Chapter XII of this Law;

2) The following persons shall not be identified for VAT purposes:

a) taxable persons of the Republic of Lithuania who were supposed to file an application for their registration as VAT payers under Article 71 or 71¹ of this Law;

b) taxable persons of the Republic of Lithuania who supply goods and/or provide services outside of the territory of the country where, according to the provisions of this Law, such supply of goods and/or services was not subject to VAT if effected within the territory of the country;

c) foreign taxable persons who supplied goods and/or services on which VAT is chargeable, except for the goods and/or services provided for in Article 117 paragraph 2 of this Law;

3) all persons in case where they supply new means of transport to another Member State in accordance with the procedure prescribed in this Law.

AMENDED:

1.)

2. Input and/or import VAT may be deductible in accordance with the provisions of this Chapter.

3. The VAT payer may opt not to exercise the right to VAT deduction.

Article 58. Activities, on the Goods and/or Services Intended for which Input VAT and/or Import VAT is Deductible

1. A VAT registered person shall have the right to deduct input and/or import VAT on goods and/or services, provided that the goods and/or services are intended for use in the following activities of the VAT registered person:

- 1) supply of goods and/or services on which VAT is chargeable;
- 2) supply of goods and/or services outside the territory of the country where, under the provisions of this Law, such supply of goods and/or services would not be exempt from VAT if effected within the territory of the country. The above condition shall not apply to the supply, outside the territory of the European Union, of insurance services and/or financial services specified in paragraphs 1 through 5 of Article 28 of this Law.

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
2. *By Law No. XI-518 of 03 12 2009 (from 01 01 2010)*
3. *By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*

2. Persons supplying new means of transport to another EU Member State who are not registered for VAT as well as persons who were registered as such only for the purposes of acquisition of goods from other Member States and are not engaged in any economic activities shall be entitled to include the VAT deduction a VAT amount which was paid, according to the procedure prescribed by this Law, at acquisition or import of such new means of transport, however, not larger than an estimated amount equal to 21% VAT calculated on taxable amount of the new means of transport supplied to another Member State. Such persons shall become entitled to such deduction not earlier than the supply of the new means of transport is effected.

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
2. *By Law No. XI-114 of 23 12 2008 (from 01 01 2009)*
3. *By Law No. XI-386 of 22 07 2009 (from 01 09 2009)*

3. In order to fully or partly deduct the input and /or import VAT on goods and/or services intended for use in the activities specified in subparagraph 2 of paragraph 1 of this Article, a VAT payer must possess documents proving that the supply of goods and/or services may be considered, according to the criteria determined in this Law, as having taken place outside the territory of the country. If this is not proved, the supply of goods and/or services shall be considered to have taken place within the territory of the country.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

4. Supply of goods and/or services, exempt from VAT under the provisions of this Law, shall not become activities on which VAT is chargeable even where the VAT payer calculates VAT thereon, except in the cases where the provisions of this Law allow the VAT payer the right of option for taxation and the VAT payer has declared such an option in accordance with the procedure prescribed by this Law.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 59. VAT Deduction in Cases of Mixed Activities

1. Where a VAT payer is engaged not only in the activities specified in paragraph 1, Article 58 of this Law, he must distribute (in so far as it is possible to do so on the basis of accounting data) the total input and/or import VAT on goods and/or services among the activities specified in paragraph 1, Article 58 of this Law and other activities, having regard to the activities for which the goods and/or services are intended. Input and/or import VAT on goods and/or services intended for use only in the activities specified in paragraph 1, Article 58 of this Law shall be deductible.

2. Input and/or import VAT which, on the basis of accounting data, is not directly attributable either to the activity specified in paragraph 1, Article 58 of this Law or any other activity shall be distributed between the two groups of activities proportionately, in accordance with the procedure laid down in Article 60 of this Law.

Article 60. Proportionate Distribution of Input and/or Import VAT

Version of paragraph 1 applicable until 1 May 2004

1.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

The share of input and/or import VAT specified in paragraph 2, Article 59 of this Law, which corresponds to the proportion (in percentage) of consideration (excluding the VAT itself), received or receivable by the VAT payer for the supplies of goods and services specified in paragraph 1, Article 58 of this Law, in the total

amount of consideration (excluding the VAT itself) received or receivable by the VAT payer for the supplies of any goods and services shall be attributable to the activities specified in paragraph 1, Article 58 of this Law. In the cases and according to the procedure determined by the Government of the Republic of Lithuania or an institution authorised by it, when calculating the above proportion, the amounts of subsidies or grants received and used by the VAT payer shall be added to the amount of consideration received by the VAT payer for the supply of goods or services. However, in calculating the above proportion, account shall not be taken of the consideration received by the VAT payer for:

- 1) the supply of capital assets used in the economic activities of the VAT payer;
- 2) the supply of property immovable by its nature and supply of financial services specified in Article 28 of this Law in so far as these are incidental transactions and the VAT payer normally is not engaged in this type of activity.

1. The share of input and/or import VAT specified in paragraph 2, Article 59 of this Law, which corresponds to the proportion (in percentage) of income, excluding the VAT itself, of the VAT payer, from the supplies of goods and services specified in paragraph 1, Article 58 of this Law in the total amount of the VAT payer's income, excluding the VAT itself, from any kind of the activities shall be attributable to the activities specified in paragraph 1, Article 58 of this Law. In the cases and according to the procedure determined by the Government of the Republic of Lithuania or an institution authorised by it, when calculating the above proportion, the amounts of subsidies and grants received and used by the VAT payer shall be added to the income of the VAT payer from any kind of activities. However, in calculating the above proportion, account shall not be taken of the income received by the VAT payer for:

- 1) the supply of capital assets used in the economic activities of the VAT payer;
- 2) the supply of property immovable by its nature and the supply of financial services specified in Article 28 of this Law in so far as these are incidental transactions and the VAT payer normally is not engaged in the type of activity

2. Where, in the opinion of the VAT payer, determination of the part (in percentage) of the input and/or import VAT on the specific unit of tangible capital assets, according to the criterion of distribution specified in paragraph 1 of this Article did not reflect the actual application of the assets, he/it shall have the right to file an application with the local tax administrator requesting permission to apply another criterion of distribution (for buildings, structures - according to the actual use of their space; for equipment - according to the use of capacity; or any other criterion which, in the opinion of the VAT payer, reflects the actual proportions of use of the said asset). Having considered the submitted request and calculations made by the VAT payer, the local tax administrator shall grant the VAT payer the right to apply the requested (or already applied) criterion of distribution, if he ascertains, that the request is justified and that the results of distribution according to the criterion specified in paragraph 1 of this Article and according to the distribution criterion requested by the VAT payer differ substantially to the disadvantage of the VAT payer, provided that the application of the criterion requested by the VAT payer is not going to interfere with the control of justifiability and adjustment of VAT deduction. The criterion on the basis of which the distribution of the input and/or import VAT on the specific unit of tangible capital asset was effected shall not be subject to any later change.

3. Input and/or import VAT on goods and/or services linked to the specific unit of tangible capital assets used for mixed activities (maintenance of the unit, etc.), shall be distributed applying the same criterion of distribution which is applied in respect of input and/or import VAT on the unit itself.

4. The local tax administrator shall have the right to order, according to the procedure established and in the cases specified by the Government of the Republic of Lithuania or an institution authorised by it, that a VAT payer uses a particular criterion of attribution of input and/or import VAT on specific goods and/or services intended for the activities specified in paragraph 1, Article 58 of this Law.

5. The calculation of the proportion (in percentage) of the input and/or import VAT, proportionately attributable to the activities specified in paragraph 1, Article 58 of this Law, shall be based on the relevant indicators of the previous calendar year or, in the absence of indicators of the previous calendar year - on the VAT payer's forecasts of the current calendar year indicators agreed with the local tax administrator. The established proportion shall be used throughout the entire calendar year. At the close of the calendar year, the proportion of input and/or import VAT, attributable to the activities specified in paragraph 1, Article 58 of this Law, must be recalculated having regard to the actual indicators for the calendar year and adjustments of VAT deductions must be made in accordance with the provisions of Chapter VIII of this Law.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

6. Where it is established when calculating the proportion (in percentage) of the input and/or import VAT, proportionately attributable to the activities specified in paragraph 1, Article 58 of this Law, that at least 95% of the proportionately distributable input and/or import VAT is attributable to these activities, the total amount of input and/or import VAT shall be deemed attributable only to the activities specified in paragraph 1, Article 58 of this Law.

7. The amount of input and/import VAT, attributable to the activities specified in paragraph 1, Article 58 of this Law, which has been calculated according to the procedure laid down in paragraphs 1-6 of this Article, may be deducted by the VAT payer.

8. The proportion of input and/or import VAT (in percentage) provided for in this Article which may be deducted must be expressed in whole numbers.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 61. Special Provisions Concerning Deduction of VAT on Tangible Capital Assets of a Natural Person

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

The Government of the Republic of Lithuania or an institution authorised by it shall have the right to determine the proportion of deductible VAT on acquisition and importation of tangible capital assets of a natural person who is a VAT payer as well as the deductible proportion of input and/or import VAT on the goods and/or services related to these assets.

Article 62. Non-deductible Input VAT and Import VAT as well as Input VAT and Import VAT the Deduction of which is Limited

1. Unless otherwise provided in Chapter XII of this Law, input VAT and/or import VAT on the goods and/or services acquired and/or imported, which is directly or proportionally attributed to an activity other than those specified in Article 58 (1) of this Law, shall not be deductible.

2. The following shall not be deductible:

1) input and/or import VAT on goods and services intended for representation, where according to the legal acts on taxation of profit (income) the purchase costs are not classified as representation costs as well as 50 percent of input and/or import VAT on goods and services intended for representation where according to legal acts on taxation of profit (income) the purchase costs are classified as representation costs.

AMENDED:

By Law No. XIII-1681 of 04 12 2018 (from 01 01 2019)

2) input and/or import VAT paid on behalf of another person in cases specified in subparagraph 2 of Article 15(7) of this Law;

3) input or import VAT on a passenger car designed for the transportation of no more than 8 persons (excluding the driver), or a motor vehicle of the said class attributed to the category of cross-country vehicles, provided that the car will not be supplied or leased, or it is not used to provide services of passenger transport for consideration. The same restrictions shall apply to the deduction of input VAT on the lease of cars of the specified categories. These restrictions shall not apply to motor vehicles of the specified categories if they are classified as special-purpose motor vehicles under legal acts governing the classification and coding of vehicles;

AMENDED:

By Law No. X-1322 of 13 11 2007 (from 01 12 2007)

4) input VAT on the service of passenger transport by motor vehicles specified in subparagraph 3 of this paragraph, provided that the VAT payer does not take part in the transaction for the supply of this service as an undisclosed agent.

3. Chapter XII of this Law shall also provide for other cases when input and/or import VAT on goods and/or services may not be deductible.

Article 63. Goods and/or Services Acquired and/or Imported Prior to Registration as a VAT Payer

1. A VAT payer shall have the right, pursuant to the provisions of this Chapter and limitations laid down in this Article, to deduct input and/or import VAT on the goods and/or services acquired and/or imported prior to the day of his registration as a VAT payer, provided that they will be used by that VAT payer for the activities specified in paragraph 1, Article 58 of this Law.

2. Only the proportion of input VAT on services acquired prior to registration as a VAT payer and constituting the VAT payer's intangible capital assets shall be deductible, which corresponds to the non-depreciated/non-amortised share of the assets' value before registration as a VAT payer, calculated in accordance with legal acts regulating the taxation of profit/income.

3. The proportion of input and/or import VAT on tangible capital assets other than those specified in paragraph 4 of this Article, acquired or imported prior to registration as a VAT payer, which corresponds to

the of non-depreciated/non-amortised share of the assets' value before registration as a VAT payer and calculated in accordance with legal acts regulating the taxation of profit/income, shall be deductible.

4. The proportion of input and/or import VAT on tangible capital assets specified in Article 67 of this Law and acquired or imported prior to registration as a VAT payer, which corresponds to the number of years, on the day of registration as a VAT payer remaining to the end of the 10-year or 5-year period specified in paragraph 2, Article 67 of this Law (the beginning of this term shall be the calendar month when assets have been acquired or imported), shall be deductible.

5. The provisions of this Article shall not apply to the acquired and/or imported goods and/or services used for the capital assets manufactured by the VAT payer himself prior to registration as a VAT payer (including material improvements of buildings/structures prior to registration as a VAT payer).

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

6. *INVALIDATED*

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 63¹. Goods and/or Services Acquired and/or Imported by Persons not Registered for VAT

AMENDED:

By Law No. XI-1817 of 20 12 2011(from 01 01 2013)

1. A taxable person not registered for VAT shall have the right to include in VAT deduction the input VAT and/or import VAT in accordance with the provisions of this Chapter and the restrictions set in this Article.

2. Input VAT and/or import VAT on goods and/or services used only for the activities referred to in paragraph 1 above may be included in VAT deduction.

3. Provisions of this Article shall not apply to goods and/or services (or any part thereof) which have not yet been used in the activities of the taxable person and the input/import VAT on which (or part of such VAT) is deductible according to the procedure established in Article 63 of this Law.

Article 64. Requirements for Making of VAT Deduction

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Input VAT shall be deductible only in the case where the VAT registered person holds a relevant VAT invoice. The amount of VAT shall be specified separately in the invoice and the VAT registered person shall be indicated as the buyer of goods and/or services, unless this Article provides otherwise. The VAT invoice shall meet all the requirements prescribed by this Law and the related regulations (except the requirements for particulars: a VAT invoice specifying the deductible VAT shall contain the particulars specified in Article 80(1) of this Law). Where the VAT registered person has deducted input VAT on advance payments made to the supplier of goods and/or services, then the amount of input VAT to be included in the VAT deduction under the final VAT invoice shall be reduced by the said input VAT amount/amounts.

AMENDED:

By Law No. XI-1817 of 20 12 2011(from 01 01 2013)

2. Unless this Article provides otherwise, the amount of input VAT shall only be deductible if the VAT registered person holds the VAT invoice, where the VAT invoice in written format is lost, a copy certified according to the procedure established by parties to the transaction or by legal acts.

AMENDED:

By Law No. XIII-1681 of 04 12 2018 (from 01 01 2019)

3. Purchase VAT calculated in accordance with the procedure prescribed by this Law for goods acquired from another Member State may be included in VAT deduction only if the taxable value of the goods acquired and sales VAT calculated for these goods have been declared in the VAT return submitted in accordance with the procedure prescribed by this Law, and the VAT payer has a VAT invoice whereby the supply of goods has been formalized, and which meets the requirements for a VAT invoice whereby the supply of goods to a VAT payer established in another Member State is formalized. If a VAT invoice has not been received, but the obligation to calculate sales VAT according to Article 14 or 14¹ of this Law arose, sales VAT can be deducted if other requirements set out in this paragraph are met. The amounts of input VAT for goods and services are also deducted by the same procedure when, in accordance with the provisions of this Law, the obligation to calculate sales VAT for the supplied goods and services falls on their buyer.

AMENDED:

1. By Law No. XI-1817 of 20 12 2011 (from 01 01 2012)

2. *By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

4. The Government of the Republic of Lithuania or an institution authorised by it shall have the right to determine cases when the amount of VAT specified in a VAT invoice may be deductible in proportions by several VAT payers, as well as the procedure pursuant to which such amounts of VAT shall be deductible.

5. The amount of import VAT shall be deductible, provided it is specified in the customs declaration for importation of the prescribed form or any other document serving as a customs declaration for importation, and the VAT payer holds documents supporting the payment of import VAT. Documents supporting the payment of import VAT shall not be required, provided import VAT may be included in output VAT the procedure established in Article 94 of this Law.

6. The amount of input VAT in respect of the tangible capital assets manufactured by the VAT payer himself shall be deductible on the basis of the VAT invoice, documenting such supply of goods.

7. Amounts of input VAT on objects of the right of ownership that are taken over as contribution to the company or as a result of the reorganisation of another VAT payer, as well as amounts of input VAT on the material improvement of the immovable property by nature taken over by the owner of this property in accordance with the procedure established in paragraph 4, Article 9 of this Law, shall be deductible on the basis of the VAT invoice documenting such supply of goods and/or services.

8. No VAT payer shall have the right to deduct the amounts of VAT calculated and specified in documents invoicing the private use of goods and/or services by the VAT payer.

9. On the grounds established by the Law on Tax Administration, the amounts of input VAT specified in VAT invoices held by the VAT payer:

1) may not be deductible without taking into account that the VAT invoice conforms to all the requirements laid down in this Article;

2) may be deductible without taking into account that the VAT invoice does not conform to all the requirements laid down in this Article.

10. Where VAT for agricultural products is calculated in accordance with the special procedure set out in paragraph 9, Article 14 of this Law, the input VAT may be deductible provided that the VAT payer possesses an invoice for purchase of agricultural products documenting the supply of agricultural products, which conforms to the requirements set out in this Law and other legal acts, and a document certifying the payment of consideration which conforms to the requirements provided for in Article 81 of this Law.

CHAPTER VII ADJUSTMENT OF VAT DEDUCTION

Article 65. General Rules of Adjustment of VAT Deductions

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

If, after filing of the VAT return for a tax period, a VAT payer cancelled purchase of a certain amount of the acquired goods, additional price reductions were obtained from the supplier of goods or services, or the VAT amount payable to the supplier of goods or services has decreased for any other reason, also if a refund of the import VAT was made to the VAT payer and the above amounts of the input and/or import VAT were deducted, the VAT deductions shall be adjusted, by increasing accordingly in the VAT return for the tax period in which the above circumstances became known, the VAT amount payable into the budget/reducing the refundable VAT amount from the budget.

Article 66. Adjustment of Deduction of Input VAT and/or Import VAT on Goods and/or Services

1. If following the end of a calendar year and after calculation, in accordance with the procedure laid down in Article 60 of this Law, on the basis of the actual indicators of that calendar year, of the portion/percentage of the input and/or import VAT on goods and services attributable to the activities specified in paragraph 1, Article 58 of this Law, it is established that during that calendar year the amount of the input and/or import VAT, deducted according to the rate used that calendar year, was too high, the deduction shall be adjusted by increasing accordingly in the annual VAT return the VAT amount payable into the budget/decreasing the VAT amount refundable from the budget; where it is found that that deduction was too low - by decreasing accordingly the VAT amount payable into the budget/ increasing the amount of the VAT refundable from the budget. If the difference between the sum actually deducted and the sum deductible in accordance with the actual indicators of the calendar year is not higher than 5 per cent, the VAT deduction need not be adjusted.

2.

AMENDED:

By Law No. X-261 of 21 06 2005 (from 30 06 2005)

Should it become clear that goods and/or services, the input and /or import VAT on which (if they were manufactured by the person himself - the input and/or import VAT on goods and/or services used for the manufacturing) was wholly or partly deducted, will not be used by the VAT registered person for the activities

specified in Article 58(1) of this Law, the VAT deduction shall be adjusted in the VAT return for the tax period in which the above circumstances became known by increasing accordingly the amount of the VAT payable into the budget/reducing the amount of the VAT refundable from the budget. Deduction of the VAT shall not be adjusted:

- 1) due to a lost quantity of goods, which is not in excess of the established norms of natural loss, as well due to of a quantity of goods lost in the production process, if the value of the loss is taken into account when determining consideration for the goods and services supplied;
- 2) if it is proved, following the procedure established by the Government of the Republic of Lithuania or an institution authorised by it, that the goods have been lost as a result of *force majeure* or criminal activity of third parties;
- 3) quantity of goods lost for other reasons beyond control of the VAT registered person (destruction of goods that are beyond their expiry date etc.), provided that the person may produce documents proving such fact.

AMENDED:

By Law No. XI-1817 of 20 12 2011(from 01 01 2012)

3. The provisions of this Article shall not apply to tangible capital assets specified in Article 67 of this Law.

Article 67. Adjustment of VAT Deductions due to Change in the Use of Tangible Capital Assets

1. Provisions of this Article shall apply to the following:

- 1) assets which are immovable by nature, including material improvement of buildings/structures;
- 2) other types of tangible capital assets for which the requirement of at least 4 years of depreciation/amortisation has been established by legal acts regulating taxation of profit/income.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. VAT deductions must be adjusted in accordance with the procedure established in this Article - in respect of property immovable by its nature - for 10 years, and in respect of property specified in subparagraph 2, paragraph 1 of this Article - for 5 years starting from the tax period in which the input and/or import VAT on that property was wholly or partly deducted (in the case of material improvement of a building/structure - deduction of the input VAT on purchase of tangible capital assets manufactured by the person himself shall be adjusted for 10 years from the tax period in which improvement works were completed). If the assets were acquired or imported before identification for VAT purposes, deduction of the VAT shall be adjusted for as many years as the portion of the VAT was deducted.

3. The amount of the input or import VAT on a given unit of tangible capital assets, including material improvement of a building/construction, shall be divided by the number of years of adjustment of VAT deductions. Following the end of each calendar year, taking account of the actual use of that property in the course of activities specified in this Law, paragraph 1, Article 58, during that calendar year, the deductible portion of the VAT on purchase and/or importation attributable to that calendar year must be calculated in accordance with the procedure established by the Government of the Republic of Lithuania or an institution authorised by it, and the VAT deduction must be adjusted in the annual VAT return.

4. If the deductible portion of the VAT on purchase and/or importation of property calculated according to the actual indicators attributable to that calendar year differs from the actually deducted portion of the VAT on purchase and/or importation attributable to that calendar year by not more than 5 per cent, the VAT deduction need not be adjusted.

5. Should it transpire that the tangible capital assets referred to in paragraph 1 of this Article have been started to be used for activities other than those specified in paragraph 1, Article 58 of this Law or have been lost, the VAT deduction must be adjusted in the VAT return for the tax period when the above circumstances become known, by increasing accordingly the amount of the VAT payable into the budget/reducing the VAT amount refundable from the budget by the deducted portion of the input or import VAT attributable to the period remaining until the end of the time set for adjustment of VAT deduction. VAT deduction shall not be adjusted if it is proved, in accordance with the procedure established by the Government of the Republic of Lithuania or an institution authorised by it, that the assets have been lost as a result of *force majeure* or a criminal activity of third persons.

AMENDED:

By Law No. X-261 of 21 06 2005 (from 30 06 2005)

6. Provisions of Article 70 of this Law shall apply to tangible capital assets of a natural person who is a VAT payer.

Article 68. Special Rules for the Transfer of the Obligation to Adjust VAT Deduction

AMENDED:

By Law No. X-261 of 21 06 2005 (from 30 06 2005)

1. After the VAT registered person carries out material improvement of a building/structure which he uses on grounds other than the right of ownership, the obligations of adjustment of VAT deductions for him and for the owner of the building/structure shall be distributed as follows:

1) all the obligations relating to the adjustment of VAT deduction shall be met only by the owner of the building/structure, immediately after the VAT registered person, having completed its material improvement, transfers the improvement to the owner of the building/structure by calculating the relevant output VAT and issuing an appropriate document to the owner, or

2) obligations relating to the adjustment of VAT deduction shall be met, first of all, by the VAT registered person who carried out the material improvement of the building/structure and deducted the VAT on purchase of tangible capital assets manufactured by himself in such a way. When the building/structure is returned to the owner and the improvement is transferred in accordance with the procedure established in this Law, by calculating the relevant output VAT and by issuing to the owner of the item an appropriate document, the obligation of adjustment of VAT deduction shall pass to the owner. The owner of the building/structure shall adjust VAT deduction for as many years as are left until the end of the 10 year period starting from the tax period in which the improvement was completed and the input VAT on such assets was deducted by the VAT registered person who improved the building/structure.

2. When economic activity carried out by a taxable VAT registered person (or part of such activity) is transferred, in its entirety, to another taxable VAT registered person, it shall be deemed that the assignee of the assets involved in such activity has included the input VAT and/or import VAT (and where such assets were manufactured by the person himself – the input VAT and/or import VAT on the goods/services consumed for such manufacture) in his VAT deduction and has assumed the duty to adjust the VAT deduction according to the procedure established in this Chapter.

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

3. When the VAT payer transfers the property held and used in trust (and if it has been manufactured for his own use - the input and/or VAT on the goods and services used for manufacturing the property was wholly or partly deducted) to another taxable person who is a VAT payer and also in cases where the property, if manufactured by himself – the input and/or VAT on the goods and services used for manufacturing the property was wholly or partly deducted, is transferred, under the Law on Companies of the Republic of Lithuania, to another VAT payer by division, separating the transferor who is the VAT payer. It shall be regarded in the above cases that the transferee of the property, if the property has been manufactured by himself – deducted the input and/or import VAT on the goods and/or services used for manufacturing, shall meet the obligation of adjustment of VAT deduction following the procedure set forth in this Chapter.

Article 69. Adjustment of VAT Deduction Due to Removal from the Register of VAT Payers or Liquidation

1. When removing a taxable person from the register of VAT payers or when he is being wound up due to liquidation, VAT deduction shall be adjusted in the VAT return of the person who is being removed from the register of VAT payers or who is in liquidation, in accordance with the procedure established in Articles 66 and 67 of this Law, and the deducted input and/or import VAT on goods and/or services, capital assets included, which will be no longer used for the activities specified in paragraph 1, Article 58 of this Law, shall be returned to the budget.

2. VAT deduction need not be adjusted when the VAT payer, the owner of an individual/personal enterprise in liquidation intends to carry out activities referred to in paragraph 1 of Article 58 of this Law, without establishing an enterprise, and the goods and/or services acquired and/or imported by the enterprise, capital assets included, will be used for these activities. It shall be regarded in this case that the input and/or import VAT on goods and/or services (and where they were manufactured by himself - the input and/or import VAT on goods and/or services used for manufacturing) was wholly or partly deducted by the owner of the enterprise and he/she shall meet the obligation of adjustment of VAT deduction following the procedure set forth in this Chapter.

Article 70. Adjustment of VAT Deduction due to the Change in the Use of Tangible Capital Assets of a Natural Person

The procedure for adjustment of VAT deduction on tangible capital assets of a natural person, a VAT payer, a share whereof has been assigned, following the procedure laid down in this Law, for carrying out economic activities by this person, shall be determined by the Government of the Republic of Lithuania or an institution authorised by it.

CHAPTER IX

OBLIGATION TO CALCULATE AND PAY VAT. REGISTRATION FOR VAT AND OBLIGATIONS OF VAT REGISTERED PERSONS

Article 71. Obligation to Calculate and/or Pay VAT and Compulsory Registration for VAT

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Obligation to register as a taxpayer for VAT purposes and calculate VAT and pay it to the budget falls on taxable persons who supply goods or services within the territory of the country, except where only such goods and/or services are supplied within the territory of the country in respect of which the obligation to calculate and pay VAT to the budget in accordance with the provisions of paragraphs 2, 3 and 4 of Article 95 of this Law falls on the purchaser. A person who is obliged to register as a taxpayer for VAT purposes must submit an application for registration as a VAT payer regardless of whether or not he has been registered as a taxpayer for VAT purposes in accordance with the procedure laid down in sections 5, 6 and 7 of Chapter XII of this Law.

AMENDED:

1. *By Law No. XI-518 of 03 12 2009 (from 01 01 2010)*
2. *By Law No. XII-78 of 20 12 2012 (29 12 2012)*
3. *By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)*
4. *By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

2.

AMENDED:

1. *By Law No. XI-1817 of 20 12 2011 (from 01 01 2012)*
2. *By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)*

Notwithstanding paragraph 1 of this Article, a taxable person of the Republic of Lithuania shall not be obliged, under the provisions of this Law, to file an application for VAT registration and to calculate VAT and pay it to the state budget for the supply of goods (except for new means of transport supplied to other Member States) and/or services, provided that the total amount of consideration for the goods and/or services supplied as part of economic activities carried out by the person in the territory of the country does not exceed EUR 45,000 per year (during the past 12 months). Calculation of VAT shall be started from the month in which the aforesaid threshold was exceeded. No VAT shall be calculated on the supply of goods and/or services the consideration for which did not exceed EUR 45,000 as stated above. In calculating the EUR 45,000 amount, the following shall be excluded:

- 1) consideration for the supply of goods and/or services in respect of which no input and/or import VAT shall be deductible pursuant to provisions of Article 62 (1) of this Law if the taxable person was registered for VAT;
- 2) consideration for the supply of capital assets used by the taxable person in his economic activities;
- 3) advance payments received;
- 4) consideration received for the supply of immovable assets and the provision of financial services referred to in Article 28 of this Law, provided that such transactions are not regular and the taxable person is not usually engaged in such activities.

3.

AMENDED:

1. *By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)*
2. *By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)*
3. *By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

A foreign taxable person is obliged to register as a taxpayer for VAT purposes through a branch located within the territory of the country, and if there is no such branch, through a designated fiscal agent located in the Republic of Lithuania. The requirement to appoint a fiscal agent does not apply to taxable persons located in other Member States or territories where the provisions of instruments of mutual assistance, which are broadly equivalent in scope to the provisions of Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures and of Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax, with any amendment thereto, apply, and to taxable persons that register as taxpayers for VAT purposes for the application of the special schemes specified in sections 5, 6 and 7 of Chapter XII of this Law (they can be directly registered as taxpayers for VAT purposes). A foreign taxable person is not obliged to register as a taxpayer for VAT purposes if he is engaged only in the following activities within the territory of the country:

- 1) supplies goods and/or services which under this Law are exempt from VAT;
- 2) supplies goods and/or services which under this Law are not subject to VAT;

3) supplies goods and/or services which under this Law would be taxed at a 0 percent VAT rate, except for the activities specified in Articles 41, 49, as well as in subparagraphs 1, 2, 5, 6 of paragraph 1 and in paragraphs 5, 6, 10 of Article 53 and in Article 53¹ of this Law.

4. Failure to file an application for VAT registration shall not release the taxable person from the obligation to calculate VAT on the goods and/or services supplied by him and on goods acquired from another Member State and to pay VAT to the state budget if this obligatory under paragraphs 1 through 3 of this Article and Article 71¹.

5. A division of a foreign taxable person or a fiscal agent appointed by such person and the foreign taxable person himself shall be jointly and severally liable for the discharge of the taxable person's tax obligations related to VAT. The procedure for the appointment of a fiscal agent of a foreign taxable person and the requirements for such fiscal agent shall be approved by the Government of the Republic of Lithuania or an institution authorised by it.

6. Any person who has specified VAT in a document recording the supply of goods and/or services on which VAT was not chargeable must pay the specified amount of VAT into the budget.

7. Where the same person (either by himself or jointly with other persons who are related parties under this Law) controls several legal persons, all the legal persons under his control and he himself (where he himself conducts economic activities) must file applications for VAT registration if the total amount of consideration received by them or payable to them for supplied goods and/or services while carrying out economic activities during a year (the last 12 months) exceeded the threshold specified in paragraph 2 of this Article, irrespective of the fact that the amount of the consideration received by each such person or part of them or payable to them is lower than the stated threshold.

8. *INVALIDATED*

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

9. Persons referred to in Article 53 that are liable to calculate and pay VAT shall calculate and pay VAT irrespective of the fact that they have not been registered and are not liable to register for VAT.

10. Persons who are not taxable persons and who supply new means of transport to other Member States shall not be liable to register for VAT but must submit a declaration as required under Article 92(6).

11. Taxable persons to which the provisions of sections 5 and/or 5, and/or 7 of Chapter XII of this Law apply, and which supply within the territory of the country the services and/or goods specified in section 5 and/or 6, and/or 7 of Chapter XII of this Law, respectively, and which are already registered as taxpayers for VAT purposes in any Member State in accordance with the provisions of the legal acts of that Member State, which are substantially equivalent to the provisions of sections 7 and/or 6 and/or 7 of Chapter XII of this Law, respectively, are not obliged to register as taxpayers for VAT purposes in the Republic of Lithuania, however, only if their obligation to register as a taxpayer for VAT purposes arises solely from the supply of such services and/ or goods.

AMENDED:

1. *By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*
2. *By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)*
3. *By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

12. A management company that manages an investment fund shall be liable for the discharge of such investment fund's tax obligations related to VAT.

AMENDED:

By Law No. XI-518 of 03 12 2009(from 01 01 2010)

Article 71¹. VAT Registration of Persons Acquiring Goods from Another Member State

AMENDED (title):

1. *By Law No. XI-518 of 03 12 2009 (from 01 01 2010)*
2. *By Law No. XI-1817 of 20 12 2011(from 29 12 2011)*

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1.

AMENDED:

1. *By Law No. XI-518 of 03 12 2009(from 01 01 2010)*
2. *By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)*
3. *By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)*
4. *By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

If a taxable person, which is not registered and is not obliged to register as a taxpayer for VAT purposes according to Article 71 or 72 of this Law, also a legal person, which is not a taxable person, acquires goods

within the territory of the country from another Member State he must calculate VAT on goods purchased from another Member State and pay it to the budget, also apply for registration as a taxpayer for VAT purposes regardless of whether he has been registered as a taxpayer for VAT purposes in accordance with the procedure established in sections 5, 6 and 7 of Chapter XII of this Law, unless all of the following conditions are met:

1) the person acquiring the goods is:

- a) a farmer acquiring goods for the economic activities in which he is engaged which are covered by the scheme of the compensatory VAT rate specified in Section One, Chapter XII of this Law, or
- b) a taxable person engaged only in the activities the input/import VAT on the goods and services intended for which may not be deductible under this Law, or
- c) a legal person which is not a taxable person;

2) the amount of all the intra-Community acquisitions of goods by a person, except for the new means of transport or goods on which excise duties are charged, exclusive of VAT due or paid in a Member State of departure, during the preceding year was not in excess of EUR 14,000 and it is not estimated to exceed the threshold during the current year.

AMENDED:

By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)

2. Where the value of goods acquired from other Member States exceeded the threshold referred to in subparagraph 2 of paragraph 1 of this Article, no VAT shall be calculated on the goods whose value did not exceed the stated EUR 14,000 threshold, however, if such threshold is exceeded, VAT shall be calculated on all the goods the acquisition of which has resulted in exceeding of such threshold.

AMENDED:

By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)

3. A foreign person who acquires in the territory of the country from another Member State only such goods to which Article 33¹ (3) of this Law applies shall not be liable to file an application for VAT registration.

4. Provisions of Article 71(3) of this Law concerning method of registration shall apply to a foreign person liable to register for VAT in the Republic of Lithuania under paragraph 1 of this Article.

5. Failure to file an application for VAT registration shall not release the person from the obligation to calculate VAT on goods acquired from another Member State, goods/services supplied in the territory of the country and services supplied to him in the territory of the country by a foreign taxable person, and to pay it to the state budget, if he is liable to do so under provisions of this Article and Article 71.

AMENDED:

By Law No. XI-518 of 03 12 2009(from 01 01 2010)

6. Provisions of Article 71(7) of this Law shall apply, *mutatis mutandis*, in determining the obligation to register for VAT under paragraph 1 above for taxable persons or legal persons that are not taxable persons, controlled by the same person.

7. Any person who is not registered and is not liable to register for VAT under Article 71 or paragraph 1 of this Article and who has acquired a new means of transport from another Member State as well as any legal person who is not registered and is not liable to register for VAT under Article 71 or paragraph 1 of this Article and who has acquired excise goods from another Member State shall not be registered for VAT and shall declare and pay VAT according to the procedure prescribed by Article 92 of this Law.

8. Provisions of Article 71(2) shall not apply to a taxable person of the Republic of Lithuania who has been or must be registered for VAT on the grounds established in this Article 71¹.

9. *INVALIDATED :*

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

Article 72. Voluntary Identification for VAT Purposes

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. A person of the Republic of Lithuania who is carrying out or intends to carry out an economic activity, shall be entitled to file an application to be identified for VAT purposes irrespective of the fact that the total amount of consideration does not come up to the threshold referred to in paragraph 2, Article 71 of this Law, except for the case when he is carrying out or intends to carry out only such an activity in which input and/or import VAT on goods and/or services used could not be deductible under the provisions of paragraph 1, Article 62 of this Law unless otherwise provided in Chapter XII of this Law.

2. A person who is acquiring or intends to acquire goods from another Member State shall be entitled to file an application to be identified for VAT purposes irrespective of whether the total value of the goods acquired and the goods which he intends to acquire does not exceed the threshold referred to in subparagraph 2,

paragraph 1, Article 71¹ of this Law, except for the case where the goods acquired or which he intends to acquire are new means of transport or goods on which excise duties are charged.

Article 73. Security or Guarantee for Discharge of Tax Obligations by a Taxable Person Registered for VAT

INVALIDATED :

By Law No. X-1251 of 03 07 2007 (from 19 07 2007)

Article 74. VAT Registration Number

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

A taxable person who has been registered for VAT or a person who is not a taxable person shall be issued a VAT registration number, the procedure for the formation of which shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

Article 75. Deregistration of VAT Registered Persons

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. A person shall be entitled to apply for the cancellation of his VAT registration or his registration may be cancelled on the initiative of the tax administrator if the person was not liable to register for VAT under Articles 71 or 71¹ of this Law prior to his registration for VAT.

AMENDED:

- 1. By Law No. XI-518 of 03 12 2009 (from 01 01 2010)*
- 2. By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)*
- 3. By Law No. XIII-3169 of 26 06 2020 (from 04 07 2020)*

2. If a person has voluntarily registered as a taxpayer for VAT purposes according to paragraph 2 of Article 72 of this Law, he cannot be deregistered from the register of VAT payers within 24 calendar months of his registration, unless the person is liquidated.

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

3. INVALIDATED :

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

4. The tax administrator may cancel VAT registration for such persons who, according to the information available to the tax administrator, are not engaged in economic activities, do not acquire goods from other Member States, do not acquire services from foreign taxable persons or do not provide services in another Member State.

AMENDED:

- 1. By Law No. XI-518 of 03 12 2009 (from 01 01 2010)*
- 2. By Law No. XIII-3169 of 26 06 2020 (from 04 07 2020)*

Article 76. Procedure of Registration of VAT Payers

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Persons shall be identified for VAT purposes in accordance with the procedure prescribed by the Law on Tax Administration and other legal acts. An application to be identified for VAT purposes may be filed electronically in accordance with the requirements set by the central tax administrator.

Article 77. Obligations of VAT Payers and Other Persons

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. A VAT payer must:

- 1) keep accounts and have in his possession all the documents required under this Law;
- 2) comply with the requirements of this Law and other legal acts for the execution of the supply of goods and services;

3) produce VAT returns required under this Law, statements about intra- Community supplies of goods and other statements and following the procedure and deadlines set in this Law pay into the budget the VAT that has become chargeable calculated in the manner prescribed by this Law.

AMENDED:

By Law No. XII-2151 of 10 12 2015 (from 01 01 2016)

2. A person not referred to in paragraph 1 of this Article who acquires from another Member State a new means of transport and/or excisable goods for which, under this Law, he must pay VAT, must comply with the requirements specified in Article 92 of this Law about informing the tax administrator, submission of tax returns and payment of VAT.

3. A person not referred to in paragraph 1 of this Article who is supplying to another Member State a new means of transport must comply with the requirements specified in Article 79 concerning the formalities relating to the supply and the requirements set in Article 92 concerning submission of statements to the tax administrator and submission of return.

4. *INVALIDATED :*

By Law No. X-932 of 28 11 2006(from 16 12 2006)

Article 78. Accounts and Retaining of Documents

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Taxable persons shall keep their accounts according to the procedure prescribed by legal acts in such a way that the accounting information enables a correct determination of the person's obligations with respect to VAT.

2. Accounting for the activities referred to in Article 58(1) shall be kept separately from accounting for any other activities.

3. Taxable persons shall separately record cases of goods export to another Member State for the purposes referred to in subparagraphs 5 through 7 of Article 5¹ (2) of this Law. The requirements for such registration shall be set by the central tax administrator.

4. Taxable persons shall keep separate accounting for the goods which are delivered to them to the territory of the country by a person registered for VAT in another Member State or another person hired by the latter for the purposes of the goods' valuation and servicing (repairs, maintenance, adjustment etc.), processing and treatment, as well as accounting for the aforesaid services (including consumption of goods for the supply of such services). The requirements for such accounting shall be set by the central tax administrator.

AMENDED:

By Law No. XI-1817 of 20 12 2011(from 01 01 2013)

5. Taxable persons shall keep registers of VAT invoices received and issued by them: such registers shall include all VAT invoices issued and received except for VAT invoices referred to in Article 80(7) of this Law. The requirements for the keeping, storage and submission of such registers shall be set by the central tax administrator. VAT invoice data from these registers shall be submitted to the State Tax Inspectorate in accordance with the provisions of the Law on Tax Administration.

AMENDED:

1. By Law No. IX-2347 of 13 07 2004 (from 29 07 2004)

2. By Law No. XI-1817 of 20 12 2011(from 01 01 2013)

3. By Law No. XII-2039 of 19 11 2015 (from 01 10 2016)

5¹. Taxable persons who transport goods from the territory of the country that are intended to be delivered in order to be supplied on call of stock basis, as defined in Article 42 of this Law, and taxable persons who acquire in the territory of the country the goods that are intended to be delivered in order to be supplied on call of stock basis, as defined in Article 42 of this Law, must keep a log of those goods. The data that are required to be provided in a log of transported goods that are intended to be delivered in order to be supplied on call of stock basis and the procedure of their provision (completion) are established by the Central Tax Administrator.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

5². If, using an electronic interface such as a marketplace, platform, portal or similar means, a taxable person creates conditions, within the meaning of Article 54b of Regulation (EU) No 282/2011, for supply goods or services in the European Union to a non-taxable person in accordance with the provisions of Articles 12, 12¹, 13 and 13² of this Law or the relevant provisions of the legislation of other Member States, a taxable person that creates such conditions for supply of goods or services must keep accounting records relating to that supply of goods or services for 10 calendar years from the end of the year in which the transaction took

place, and must also enable, during this 10-year period, the competent authorities of the Member State in which the goods and/or services are deemed to have been supplied to receive by electronic means, read and otherwise use the data in these accounting records for supervisory purposes. The Central Tax Administrator shall detail the accounting record keeping requirements that are related to the supply of goods (services) to a non-taxable person in accordance with the provisions of Articles 12, 12¹, 13 and 13² of this Law or the relevant provisions of the legislation of other Member States, and the data to be provided in these records.

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

6. The central tax administrator shall also be entitled to establish other requirements for the keeping and management of accounting registers used for VAT calculation.

7. Taxable persons must ensure that VAT invoices which they have issued (or which have been issued on their behalf by purchasers or third parties) as well as VAT invoices that they have received are kept in accordance with the procedure laid down in this Article. VAT invoices which were issued to formalize the supply of goods or services within the territory of the country, as well as VAT invoices received by taxable persons established in the Republic of Lithuania must be kept for 10 years from the date of their issuance. Taxable persons must ensure that the authenticity of the origin and the integrity of the content of VAT invoices are maintained throughout the document retention period and that the documents remain legible. If VAT invoices are in electronic form and/or they are stored in electronic form, at the same time using electronic means, data ensuring the authenticity of the origin and the integrity of the content of these VAT invoices must also be kept. Taxable persons of the Republic of Lithuania must keep these documents within the territory of the country if the documents are not stored using electronic means. If taxable persons of the Republic of Lithuania keep documents using electronic means and ensure full access to the data contained therein (i.e. the possibility to receive these documents by electronic means, read them and otherwise use them on the grounds established by the Law on Tax Administration), documents also may be kept outside the country. Taxable persons of the Republic of Lithuania must inform the local tax administrator about the place where documents are kept, if the documents are kept outside the territory of the country. VAT invoices issued to formalize supply of goods or services within the territory of the country, as well as VAT invoices received by taxable persons established in the Republic of Lithuania, and other data related to these documents in any case may not be kept in territories not covered by Directive 2010/24/EU and Regulation (EU) No 182/2011, or by instruments of mutual assistance which are essentially equivalent in scope to them. Taxable persons that keep within the territory of the country VAT invoices issued by them (or by purchasers or a third party on their behalf), as well as VAT invoices that have been received using electronic means which ensure full access to the data contained therein, must enable the competent authorities of the Member States in which these taxable persons are established or in which goods or services are supplied to receive these documents by electronic means, to read and otherwise use them for supervisory purposes.

AMENDED:

1. By Law No. IX-2347 of 13 07 2004 (from 29 07 2004)

2. By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

3. By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

4. By Law No. XIII-3346 of 05 11 2020 (from 01 01 2021)

8. Legal persons who are not taxable persons, when making intra-Community acquisitions, natural persons who are not taxable persons, when making intra-Community acquisitions of means of transport, as well as legal and natural persons who are not taxable persons making intra-Community supplies of means of transport must store VAT invoices related to the above activities for a period of ten years from their issuance.

Article 78¹. Rules Applicable to the Documentation of Supply of Goods/Services by Means of a VAT Invoice

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

1. Provisions of this Law on the documentation of the supply of goods or services by means of a VAT invoice shall apply in those cases where the supply of goods/services under the provisions of this Law takes place in the territory of the country.

2. Provisions of this Law on the documentation of the supply of goods or services by means of a VAT invoice shall also apply where the goods or services, the place of supply of which, based on the provisions substantially equivalent to the provisions of this Law, is outside the territory of the Republic of Lithuania, are supplied by a taxable person of the Republic of Lithuania or a foreign taxable person through a division located in the territory of the country.

3. Notwithstanding provisions of paragraph 1 above, in cases where the obligation to calculate and pay VAT for the supply of goods or services, under Article 95 of this Law or provisions of legal acts of other Member

States equivalent to the latter, in the territory of the country or another Member State lies with the buyer of the goods/services (or would lie with the buyer if the goods were exempt from VAT or taxed at a 0% VAT rate), the provisions of this Law concerning documentation of the supply of goods/services by means of a VAT invoice shall

1) not apply if the goods/services are supplied in the territory of the country by a taxable person established in another Member State (in case if he has a division in the territory of the country, the goods/services are supplied not through this division) or where the goods/services are supplied in the territory of the country through a division of a taxable person located in another Member State;

2) apply if the goods/services, the place of supply of which is another Member State as determined based on provisions on determination of the place of supply of goods/services, substantially equivalent to the provisions of this Law, are supplied by a taxable person of the Republic of Lithuania (in case if he has a division in the territory of the country, the goods/services are supplied not through this division) or a foreign taxable person through a division located in the territory of the country.

4. Where the supply of goods or services referred to in paragraph 3 above is formalised, by means of a VAT invoice under the provisions of this Law or equivalent provisions of other Member States, by the buyer of the goods/services, provisions of paragraph 1 above shall apply.

5. Notwithstanding the provisions of paragraph 1 of this Article, the requirements of this Law regarding the formalization of supply of goods and/or services by issuing a VAT invoice shall apply in cases where a taxable person supplies goods and/or services to which the provisions of section 5, 6 or 7 of Chapter XII of this Law apply, and this person registers in the Republic of Lithuania for the purposes of applying the special schemes specified in section 5, 6 or 7 of Chapter XII of this Law.

AMENDED:

1. *By Law No. XIII-1681 of 04 12 2018 (from 01 01 2019)*

2. *By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

Article 79. Documentation of Supply of Goods or Services by Means of a VAT Invoice

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*

2. *By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)*

1. The supply of goods or services that has taken place shall be documented by a VAT registered person (except for a taxable person of the Republic of Lithuania to whom provisions of Article 71(2) apply) by means of a VAT invoice, or such person shall ensure that such supply is documented on his behalf by the buyer of the goods/services or a third party. VAT invoices shall be issued to document:

1) supply of goods or services to another taxable person or a legal person who is not a taxable person (where insurance and financial services referred to in Article 27 and 28 of this Law are supplied, VAT invoices shall only be issued if such services are supplied in the territory of the Republic of Lithuania by a taxable person of the Republic of Lithuania or a foreign taxable person through a division located in the territory of the country). In cases established by the Government of the Republic of Lithuania or an institution authorised by it, the obligation to issue a VAT invoice may not apply where goods/services that are exempt from VAT or taxed at a 0% VAT rate are supplied;

2) supply of goods according to subparagraph 1 of paragraph 3 of Article 12 of this Law, except in cases where a taxable person applies the special scheme specified in section 6 of Chapter XII of this Law;

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

3) supply of goods subject to a 0% VAT rate under Article 49 of this Law.

2. A VAT invoice shall be issued:

1) immediately upon supply of goods or services, however, in case of long-term supply of services (i.e. where services are supplied during a certain continuous period (telecommunications, lease etc.) or continuously, such as supply of electricity, gas, heating and other energy), a VAT invoice may be issued for the total quantity of services/goods supplied during a month not later than by the 10th date of the month following the month in which the supply took place;

2) not later than by the 15th date of the month following the month in which the supply took place in the case of supply of goods to another Member State to which provisions of Chapter VI of this Law, or substantially equivalent legal provisions of another Member State apply, or in the case of supply of services, with respect to which the VAT calculation and payment obligation, under Article 95 of this Law or equivalent provisions of a Member State, lies with the buyer (or would lie with the buyer if the goods were exempt from VAT or taxed at a 0% VAT rate). A VAT invoice for the goods supplied longer than one calendar month shall be issued not later than by the 15th date of the month following the month in which the goods were supplied. A VAT invoice for the long-term services referred to in this paragraph may be issued for the total quantity supplied

during a month not later than by the 15th date of the month following the month in which the services were supplied.

3. VAT registered persons of the Republic of Lithuania shall document, by means of a VAT invoice, also supply of goods or services to natural persons who are not taxable persons, provided that the supply took place in the territory of the country, except for cases established by the Government of the Republic of Lithuania or an institution authorised by it.

4. Where advance payment is received prior to the supply of goods/services in any of the cases referred to in paragraphs 1, 2 or 3 above, the receipt of which gives rise to an obligation to calculate VAT under Article 14 of this Law, the receipt of such advance payment shall be documented by means of a VAT invoice whereas supply of such goods (services) shall be documented by VAT invoice where consideration is reduced by received advance payment.

AMENDED:

By Law No. XII-2039 of 19 11 2015 (from 01 10 2016)

5. According to the procedure and in cases established by the Government of the Republic of Lithuania or an institution authorised by it, a VAT invoice may document goods or services supplied jointly by several VAT registered persons.

6. A common VAT invoice may be used to document all supplies of goods or services which took place during a certain period of time and which give rise to the obligation to calculate VAT in the same calendar month. Such common VAT invoice shall contain all the required particulars of a VAT invoice for each specific supply of goods/services, except for those particulars which are common to all the supplies (such as date of issue, VAT registration number of the supplier/provider of the goods/services etc.). The central tax administrator shall be entitled to establish additional cases where a common VAT invoice shall be used to document all supplies of goods/services which took place during a certain period and with respect to which the obligation to calculate VAT arises during a period longer than one calendar month; such VAT invoice shall be issued within the term prescribed by the tax administrator.

7. Where new means of transport are supplied to another EU Member State, VAT invoices shall also be issued by other persons not registered for VAT irrespective of the recipient of such goods.

8. Supply of goods or services may be documented by a third party on behalf of the supplier of the goods or services. The buyer of the goods/services may also document such supply on behalf of the supplier of the goods/services, provided that the supplier and the buyer have agreed on this in advance.

9. VAT invoices for agricultural products supplied by VAT registered persons of the Republic of Lithuania shall always be issued by the buyer of the agricultural products, provided that he has registered for VAT in the Republic of Lithuania.

10. Where it is desirable that VAT invoices documenting the supply of goods/services are issued, on behalf of the supplier of the goods/services, by the buyer or a third party established in the territory to which provisions of Directive No 2010/24/EU and Regulation (EU) No 904/2010 or provisions of documents governing mutual assistance, substantially equivalent to the latter by the scope of their application, do not apply, then the central tax administrator may set additional conditions and requirements upon meeting of which such documenting shall be permitted.

11. VAT invoices can be issued in writing (on a printed paper form) or electronically. An electronic VAT invoice shall be an invoice which contains the established particulars of a VAT invoice and which has been issued and received electronically. An electronic VAT invoice may be used subject to prior agreement of the buyer. A person who is liable to issue a VAT invoice or cause other persons to do so shall also establish methods to ensure authenticity of origin, integrity of content, and legibility of a VAT invoice. For the purposes of this Law, authenticity of origin of a VAT invoice means the established identity of the supplier of the goods/services or the person who issues the VAT invoice, and integrity of content means absence of corrections of the particulars than a VAT invoice must contain under this Law. The person can ensure authenticity of origin, integrity of content, and legibility of a VAT invoice by any means of business control that enable a reliable verification of the link between the VAT invoice and the relevant supply of goods or services. Authenticity of origin, integrity of content of an electronic VAT invoice can also be ensured by the following methods:

1) using secure electronic signature under the Republic of Lithuania Law on Electronics Signature;

2) using the means of electronic data interchange as stated in Article 2 of Annex 1 to Commission Recommendation 1994/820/EC of 19 October 1994 relating to the legal aspects of electronic data interchange, provided that agreement on such interchange stipulates the application of procedures to ensure authenticity of origin and integrity.

12. Supply of goods and services in the cases referred to in Articles 5, 6, 8 and 9 of this Law shall be documented by means of a VAT invoice.

13. Where the total value of goods/services supplied as specified in a VAT invoice does not exceed EUR 100 (including VAT), a simplified VAT invoice may be issued under Article 80(9) of this Law.

AMENDED:

By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)

14. Provisions of paragraph 13 above shall not apply if a VAT invoice is required under subparagraphs 2 and 3 of paragraph 1 and paragraph 7 of this Article or where the goods/services are provided by a taxable person who is not established in a Member State (if such person has a division in the Member State – where goods/services are supplied not through that division) in which the goods/services are deemed to be supplied and the buyer of the goods/services is obliged to calculate and pay VAT, in such Member State where the goods/services are deemed to be supplied, under provisions of Article 95 or equivalent legal provisions of another Member State.

Article 80. Particulars to be Specified in VAT Invoice

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. A VAT invoice shall contain the following particulars:

- 1) date of issue of VAT invoice;
- 2) series and number of VAT invoice enabling its identification;
- 3) VAT registration number of supplier of goods / service provider;
- 4) VAT registration number of the buyer/customer of the goods/services specified by him at acquisition of the goods/services. Where a taxable person of the Republic of Lithuania supplies goods or services in the territory of the country, the buyer's VAT registration number (if registered for VAT) shall be specified in all cases;
- 5) name of supplier of goods / service provider and address of registered office (for legal persons) or of permanent place of residence (for natural persons);
- 6) name and address of the buyer/customer of goods/services;
- 7) description and quantity of goods/services supplied;

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

8) date of supply of goods/services if it is different from the date of issue of the VAT invoice. Where the VAT invoice documents receipt of advance payment, the date of receipt of advance payment shall be specified if it is different from the date of issue of the VAT invoice;

9) unit price of the goods/services supplied (excluding VAT) as well as any discounts not included in the unit price;

10) taxable amount of the goods/services supplied that are taxed at the same rate;

11) VAT rate/rates;

12) VAT amount in euros;

AMENDED:

By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)

13) where the VAT invoice documents supply of goods/services that are exempt from VAT or taxed at a 0% VAT rate, reference to the relevant provision of this Law or Directive 2006/112/EC, or any other reference to such exemption/0% VAT rate;

AMENDED:

1. By Law No. X-932 of 28 11 2006 (from 16 12 2006)

2. By Law No. X-1322 of 13 11 2007 (from 01 12 2007)

3. By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

14) particulars of a new means of transport specified in Article 2(16) of this Law (such as entry into service, run, number of hours) in case of supply of a new means of transport into another EU Member State;

15) where a special VAT taxation scheme for tourism services referred to in Section 2 of Chapter XII of this Law applies – a reference “Margin taxation scheme. Travel agencies” and where a special VAT taxation scheme for second-hand goods, works of art, collectors' items and antiques referred to in Section 3 of Chapter XII of this Law applies – the relevant reference “Margin taxation scheme. Second-hand Goods”, “Margin taxation scheme. Works of Art”, “Margin taxation scheme. Collector's Items and Antiques”;

AMENDED:

1. By Law No. X-932 of 28 11 2006 (from 16 12 2006)

2. By Law No. X-1322 of 13 11 2007 (from 01 12 2007)

3. By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

16) VAT registration number, name and address of a fiscal agent – where the obligation to calculate VAT under this Law lies with a fiscal agent appointed by a foreign taxable person;

17) where provisions of goods/services with respect to which the obligation of VAT calculation (or deduction) and payment lies with the buyer/customer - a reference “Reverse Taxation”;

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

18) where the obligation to calculate VAT arises upon receipt of consideration for the supply of goods/services - a reference "Cash Accounting System";

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

19) where a VAT invoice is issued by the buyer on behalf of the supplier of goods/services – a reference „Self-Issue of Invoices“.

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

2. Where pursuant to the provisions of this Law, the supply of goods and services to natural persons who are not taxable persons must be documented in the VAT invoices and in case the supplied goods and services, the list whereof is approved by the Government of the Republic of Lithuania or an institution authorised by it and which are specified in Chapter IV of this Law, are exempt from VAT, some of the particulars specified in paragraph 1 of this Article need not be given following the procedure determined by the Government of the Republic of Lithuania or an institution authorised by it.

AMENDED:

By Law No. IX-2347 of 13 07 2004 (from 29 07 2004)

3. The Government of the Republic of Lithuania or an institution authorised by it shall have the right to set simplified requirements for VAT invoices whereby supply of goods and services in cases referred to in Articles 5, 6, 8 and 9 of this Law is documented.

4. Where, according to the procedure laid down in Article 79(5) of this Law, goods and/or services jointly supplied by several VAT registered persons are documented by a common VAT invoice, other particulars set by the Government of the Republic of Lithuania or an institution authorised by it shall be provided in the VAT invoice instead of a business ID / personal ID number of the supplier of the goods/services. Where a single VAT invoice is used to document a joint supply of goods/services to several buyers/customers, other particulars set by the Government of the Republic of Lithuania or an institution authorised by it shall be provided in the VAT invoice instead of a business ID / personal ID number of the buyer of the goods/services.

5. In cases established in Chapter XII of this Law, no VAT rate and amount are specified VAT invoices.

6. Where more than one VAT invoice is simultaneously sent to the same buyer by electronic means, particulars common to all the invoices may be specified only once.

7. Where goods and services are sold in retail trade in fuel (engine petrol, diesel fuel, liquefied gas), a receipt issued by a cash register stating the value of the goods/services (including VAT) not exceeding EUR 150 and containing all the particulars mandatory for such receipt (including particulars enabling identification of the buyer of the goods/services) shall be deemed to be a VAT invoice. Provisions of this paragraph shall not apply in cases referred to in Article 79(14) of this Law.

AMENDED:

1. By Law No. IX-2347 of 13 07 2004 (from 29 07 2004)

2. By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

3. By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)

8. Where the buyer is liable to calculate and pay VAT on the supply of goods or services under Article 95 of this Law or equivalent legal provisions of other Member States, except for cases where the supply of such goods/services shall be documented by means of a VAT invoice by the buyer, taxable amount of the goods/services may be specified instead of particulars established in subparagraphs 9 through 12 of paragraph 1 of this Article.

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

9.

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

A simplified VAT invoice shall specify:

- 1) date of issue of VAT invoice;
- 2) number of VAT invoice enabling its identification;
- 3) VAT registration number of supplier of goods / service provider;

- 4) name of supplier of goods / service provider;
- 5) VAT registration number of the buyer/customer of the goods/services specified by him at acquisition of the goods/services. Where a taxable person of the Republic of Lithuania supplies goods or services in the territory of the country, the buyer's VAT registration number (if registered for VAT) shall be specified in all cases;
- 6) description and quantity of goods/services supplied;

- 7) taxable amount of goods/services supplied that are taxed at the same rate;
- 8) VAT rate/rates;
- 9) VAT amount in euros.

AMENDED:

By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)

Article 81. Documentation of the Payment

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

In the case of acquisition of agricultural products for which the supplier has chosen to calculate VAT in accordance with the procedure referred to in paragraph 9, Article 14 of this Law, the purchaser, when paying the consideration, must document the payment in an accounting document; its copy shall be given to the supplier of products, while the original shall remain with the purchaser. Apart from all the requisite particulars, the accounting document must state the following:

- 1) the name (full name) of the supplier of products, the identification number (personal number) and the VAT identification number;
- 2) the name (full name) of the purchaser of products, the identification code (personal number) and the VAT identification number (where applicable);
- 3) the date of issue of the VAT invoice, its series and number, which documents the supply of agricultural products for which the payment is being made;
- 4) the amount which is being paid, (excluding the VAT itself). Where the VAT amount calculated on the subsidies and grants included in the taxable amount are being paid, this amount must be specified separately;
- 5) the date of payment.

Article 82. Requirements for Document Forms

INVALIDATED :

By Law No. XI-1817 of 20 12 2011(from 01 01 2013)

Article 83. Credit and Debit Notes

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Where, after documenting of supply of goods or services, the taxable amount and/or quantity of the goods or services subject to taxation changes, price discounts are granted, the goods or part thereof are returned, goods or part thereof or services are refused, or the consideration payable by the buyer/customer changes, a credit note documenting the aforesaid change of circumstances shall be issued by the person who had issued the original accounting document recording the supply of goods/services. By agreement of the parties, the change of circumstances may be documented by a debit note issued by the buyer/customer (provided that the buyer/customer is registered for VAT) rather than by a credit note issued by the supplier of the goods/services.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

2. Any changes recorded in credit and/or debit notes must be entered in the VAT accounting of both the supplier of goods/services and the buyer/customer.

3. Credit and debit notes shall state the particulars established for VAT invoices in Article 80(1) of this Law (including non-adjustable particulars), the issue date, series and number of the VAT invoice being adjusted (where it is possible to identify the accounting document whose data is being adjusted) or other details (where it is not possible to identify the accounting document whose data is being adjusted) shall be provided on the accounting documents being adjusted (such as the period in which the goods/services were supplied etc.).

AMENDED:

By Law No. XI-1817 of 20 12 2011(from 01 01 2013)

4. Notwithstanding provisions of paragraph 3 above, the person may opt to provide, in credit and debit documents, particulars of simplified VAT invoices stated in Article 80(9) of this Law. In such cases, credit and debit documents shall state, apart from the required particulars of simplified VAT invoices (including non-adjustable particulars), the issue date, series and number of the VAT invoice being adjusted (where it is possible to identify the accounting document whose data is being adjusted) or other details (where it is not possible to identify the accounting document whose data is being adjusted) of the accounting documents being adjusted (such as the period in which the goods/services were supplied etc.). Provisions of this paragraph shall not apply in cases established in Article 79(14) of this Law.

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

Article 84. Tax Period

1. Unless otherwise specified in this Article or in section 5, 6 and 7 of Chapter XII of this Law, the tax period is a calendar month.

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

AMENDED:

2. By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

2. If all the income of a VAT payer, except natural person, from his economic activities during the preceding calendar year did not exceed EUR 300,000, such a VAT payer shall be entitled to file an application with the tax administrator to regard a calendar quarter as the tax period. The right to file an application with a request to regard a calendar quarter as the tax period shall also be granted to newly established VAT payers who estimate that during the current calendar year the income from their economic activities is not going to exceed the threshold established in this paragraph.

AMENDED:

1. By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)

2. By Law No. XII-1708 of 11 12 2018 (from 01 07 2019)

3. If a calendar quarter is chosen as the tax period, the tax period may be changed at the request of a VAT payer but not before the expiry of the calendar quarter.

AMENDED:

By Law No. XII-1708 of 11 12 2018 (from 01 07 2019)

4. The tax period of a natural person who is a VAT payer shall be a calendar half-year unless the natural person applies to the local tax administrator with a request to regard a calendar month as the tax period. The tax period may be changed into a calendar month from the start of the calendar half-year following the application. If during the tax period a natural person chooses a calendar month he may apply with a request to regard a calendar half-year again as the tax period. However, the tax period may be changed in this way not before the start of the calendar half-year following the filing of the application.

AMENDED:

By Law No. IX-1098 of 24 09 2002 (from 2002 10 04)

5. A legal person or a foreign taxable person registered for VAT shall be entitled to approach the local tax administrator, according to the procedure established by the central tax administrator, requesting to establish a tax period other than a calendar month if such tax period would be more convenient for the person due to the specificity of financial accounting of parent company of such foreign taxable person or of such person himself. A different tax period shall be fixed subject to the following provisions:

1) such period may not be longer than 60 days;

2) the beginning of the first tax period of the financial year and the end of the last tax period of the VAT registered person must coincide with the beginning and end of the relevant calendar year.

6. In cases determined by the Government of the Republic of Lithuania or an institution authorised by it, when it is necessary to ensure the discharge of tax obligations (including justification of setting-off and refunding of VAT difference), the tax administrator shall have the right to establish that the tax period of a VAT registered person shall be the period specified in paragraph 1 of this Article even though the VAT registered person has applied for a different tax period under paragraphs 2 or 5 of this Article, and/or a different tax period was fixed for him.

7. Provisions of paragraphs 2 through 6 of this Article shall not apply to VAT registered persons acquiring goods from other Member States and services which are provided in the territory of the country by VAT registered persons of another Member State and the buyers puff which are liable to calculate and pay VAT under Article 95(2) of this Law.

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)
2. By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

Article 85. Interval for Submitting a VAT Return for the Tax Period

1. If a tax period is a calendar month, the VAT return for the tax period must be submitted not later than by the 25th day of the next month.

1¹. If a tax period is a calendar quarter, the VAT return for the tax period must be submitted not later than by the 25th day of the first month of the next quarter.

AMENDED:

By Law No. XIII-1708 of 11 12 2018 (from 01 07 2019)

2. If a tax period is a calendar half-year, the VAT return shall be submitted not later than by the 25th day of the first month of the next half-year.

3. If a tax period is established in accordance with Article 84 (5) of this Law, the VAT return for the tax period must be submitted not later than within 25 days following the end of the period.

4. If the provisions of Chapter XII, Section Five of this Law are applied, the interval for submitting the VAT return shall be set in Article 115⁽³⁾ of this Law.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

5. If provisions of section 6 of Chapter XII of this Law apply, the deadline for submitting a VAT return is specified in Article 115⁸ of this Law.

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

6. If provisions of section 7 of Chapter XII of this Law apply, the deadline for submitting a VAT return is specified in Article 115¹³ of this Law.

AMENDED:

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

Article 86. The VAT Return for the Tax Period

The form of the VAT return for the tax period, the particulars to be stated therein and the procedure of filling it in shall be determined by the central tax administrator.

Article 87. The Annual VAT Return and the Interval for Submitting It

1. If following the end of a calendar year and after the actual indicators have been established, the VAT deductions have to be adjusted following the procedure set forth in Chapter VIII of this Law, the VAT payer must submit, not later than by the 1st day of October of the next calendar year, the annual VAT return in which the amounts adjusting the VAT deduction must be stated.

2. The form of the annual VAT return, the particulars to be stated therein and the procedure of filling it in shall be determined by the central tax administrator.

Article 88. VAT Return of a Person Who Is Being Removed from the Register of the VAT Payers or Entity in Liquidation

1. If a taxable person was removed from the register of the VAT payers either at his own request or on the initiative of the tax administrator, he must submit, within 20 days after his removal, a special VAT return of a person who is being removed from the register of the VAT payers or of an entity in liquidation and declare in it, following the procedure set forth in this Law, all his remaining obligations relating to the calculation and payment of VAT. If a VAT payer is in liquidation he must submit, before the liquidation, a special VAT return of a person who is being removed from the register of the VAT payers or of an entity in liquidation and declare in it, following the procedure set forth in this Law, all his remaining obligations relating to the calculation and payment of VAT.

2. The form of the VAT return of a person who is being removed from the register of the VAT payers or of an entity in liquidation, the particulars to be stated therein and the procedure of filling it in, and if the VAT return is submitted by VAT payers in liquidation - the deadline for submitting the return, shall be determined by the central tax administrator.

Article 88¹. Report on Supply of Goods and/or Services to Other Member States

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)
2. By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

1. VAT registered persons supplying to another Member State goods and/or services the place of supply of which, based on the criteria for the determination of the place of supply of services, is another Member State (according to provisions substantially equivalent to the provisions of Article 13(2), subparagraph 1 of this Law), shall submit after the end of a calendar month, by the 25th date of a calendar month, to the local tax administrator in the territory of which they have been registered for VAT, a report on the supply of goods/services to other Member States. Such report shall contain information on VAT registered persons of other Member States to whom goods were supplied under paragraphs 1 and 4 of Article 49, VAT registered persons in another Member State to whom goods acquired from another Member State were supplied under Article 12²(3) of this Law, and VAT registered persons to whom services referred to in Article 13(2), subparagraph 1 of this Law were supplied in the territory of another Member State (except for services which are exempt from VAT or taxed at a 0% VAT rate in such other Member State), on which these VAT registered persons are liable to calculate and pay VAT in another Member State according to provisions substantially equivalent to the provisions of Article 95(2) of this Law. The report for the relevant calendar month shall also provide information on corrections of taxable amounts of the relevant goods/services supplied in previous reporting period, made during the calendar month, where corrections were necessary due to circumstances specified in Article 15(19) of this Law.

11. VAT payers who transport goods to another Member State according to the conditions applicable to the delivery of the goods to be supplied on call of stock basis laid down in Article 42 of this Law, must specify such transport of goods in a report on supplies of goods and / or provision of services to other Member States, or where a report on supplies of goods and / or provision of services to other Member States by providing information on the VAT identification number of the persons referred to in Article 42(1)(3) or (2) of this Law, and information on any change in the information provided. Information shall be provided in a report on supplies of goods and / or provision of services to other Member States in which the goods were transported or information has changed.

AMENDED:

By Law No. XIII-2487 of 17 10 2019 (from 01 01 2020)

2. A person whose VAT registration is being cancelled or a person under liquidation shall submit the report on the supply of goods/services to other Member States according to the same procedure as the procedure applicable to VAT returns, providing information for the period from the beginning of the relevant calendar month until the date of de-registration/liquidation.

3. The form of the report on the supply of goods/services to other Member States, data provision requirements and the report completion and submission procedures shall be established by the central tax administrator.

Article 88². Submission of Returns and Reports

INVALIDATED:

By Law No. XII-2039 of 19 11 2015 (from 01 10 2016)

Article 89. Calculation of the Amount of VAT due for the Tax Period

1. When calculating the amount of VAT due for the tax period, the deductible amount of input/import VAT shall be subtracted from the amount of output VAT on goods and/or services supplied, calculated during the tax period (with the exception of VAT which, subject to the procedure set forth in this Law, must be withheld and paid by the purchaser of goods and/or services), also from the amount of VAT payable into the budget on the acquired goods and/or services if, under this Law, following the procedure set forth in this Law, the VAT payer is obligated to calculate or to withhold and pay this VAT, as well as from import VAT that is subject to the procedure of inclusion into output VAT established in Article 94 of this Law.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. If the taxable amount and/or VAT deduction had to be adjusted during the tax period, the VAT amount due, calculated subject to the procedure laid down in paragraph 1 of this Article, shall be increased or reduced by the amounts as appropriate, adjusting the taxable amount and/or VAT deduction.

3. *INVALIDATED:*

By Law No. XII-2039 of 19 11 2015 (from 01 10 2016)

4. If a negative figure is obtained when calculating in accordance with the procedure laid down in paragraphs 1 to 3 of this Article it shall be considered that the amount of VAT for the tax period refundable from the budget (called the VAT excess in this Law) shall be due to the VAT payer.

Article 89¹. Adjustment of VAT Amount Payable for a Tax Period Due to Bad Debts

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 29 12 2011)

1. The VAT amount calculated under Article 89 of this Law and payable to the state budget may be reduced by the amount of the output VAT attributable to bad debts (including output VAT) recognised under the procedure laid down in this Article. Consideration receivable for goods and/or services supplied shall be deemed to be a bad debt (including output VAT) provided that a person is not able to recover such consideration on expiration of at least 12 last calendar months from the moment of taxation of the goods/services supplied and provided that the output VAT amount attributable to the debt was calculated and declared according to the procedure established by this Law. In all cases, the person shall prove, according to the procedure established by the Government of the Republic of Lithuania or a person authorised by it, that the debts (including output VAT) are bad debts and that the person has put forth efforts to recover them. The output VAT amount attributable to the debt shall be calculated in proportion to the consideration receivable (or part thereof).

2. Where the goods or services were supplied to a taxable person or a legal person who is not a taxable person, except for cases where the taxable amount with respect to the goods/services is the margin calculated according to the procedure established in Chapter XII of this Law, the supplier of the goods/services shall document the recognition of the debt as a bad debt and the attribution of the output VAT amount in a free-form accounting document not later than by the 10th date of the month following the month in which the debt (including output VAT) was recognised as bad debt. The procedure for the issue of such document and the mandatory particulars thereof shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

3. Requirements established for VAT invoices in Article 78 of this Law shall apply to the retention of documents referred to in paragraph 2 above.

4. Where the buyer has included the input VAT on the goods/services, which had resulted in a bad debt (including output VAT) for the supplier, in VAT deduction, then the VAT amount payable to the state budget shall be increased by the deducted part of the input VAT attributed to the outstanding bad debt, based on the free-form accounting document issued under paragraph 2 of this Article, and the relevant data shall be declared in the tax period in which the said circumstances came to light.

5. Where the bad debt (including output VAT) is repaid to the supplier of the goods/services in full or in part, the supplier shall increase the VAT amount payable to the state budget by the output VAT amount attributable to the repaid bad debt, in the tax period in which the debt was repaid. On repayment of the debt, the buyer shall adjust the input VAT.

6. In case if, at the moment of recognition or repayment of a bad debt, VAT registration of the supplier of the goods/services or the buyer of such goods/services has been cancelled, both of them shall adjust the payable or refundable VAT amounts, calculated additionally under this Article, by submitting an adjusted VAT return in which the relevant data had been included.

7. Provisions of this Article shall not apply if the supplier of the goods/services and the buyer of such goods/services are related parties or have become related parties in the calendar year following the calendar year in which the debt (including output VAT) was recognised as a bad debt and the VAT amount payable to the state budget was reduced by the output VAT amount attributed to it.

NOTE: According to Law No XI-1817 of 20 12 2011, provisions of Article 89¹ shall apply to output VAT amounts calculated and declared according to the procedure established by the Republic of Lithuania Law on VAT from 1 January 2012.

Article 90. Payment of the Amount of VAT Payable to the Budget

1. An amount of VAT payable to the budget for the tax period, that has been calculated in accordance with the procedure established in Article 89 of this Law, must be paid to the budget not later than the deadline for submitting a VAT return for the tax period specified in Article 85 of this Law, and when the provisions of section 5, 6 and 7 of Chapter XII of this Law apply, an amount of VAT payable to the budget must be paid before the deadline for submitting a VAT return for the tax period provided for in Articles 115³, 115⁸ or 115¹³, respectively.

AMENDED:

1. By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

2. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

3. **INVALIDATED:**

By Law No. XII-2151 of 10 12 2015 (from 01 01 2016)

4. **INVALIDATED:**

By Law No. XII-2151 of 10 12 2015 (from 01 01 2016)

4. If an additional VAT amount due is calculated in the annual VAT return, the amount must be paid no later than by the end of the interval for submitting a VAT return as laid down in Article 87 of this Law.

5. If an additional VAT amount due is calculated in the VAT return of a person who is being removed from the register of VAT payers or of an entity in liquidation, it must be paid no later than on the same day when the return of a person who is being removed from the register of VAT payers or an entity in liquidation is being submitted but not later than by the end of the set interval for submitting this VAT return if it was not submitted within the set time period.

6. *INVALIDATED* :

By Law No. X-1251 of 03 07 2007 (from 01 01 2008)

Article 91. Carrying Forward and Refunding of VAT Refunds

AMENDED:

1. By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

2. By Law No. XIII-3169 of 26 06 2020 (from 01 01 2021)

1. The overpayment of VAT and the difference in VAT incurred for the relevant tax period shall be credited (refunded) in accordance with the procedure and terms established by the Law on Tax Administration, taking into account the exceptions and restrictions specified in this Article.

2. For VAT payers who do not meet the minimum reliable taxpayer criteria set out in Article 401 of the Law on Tax Administration in accordance with the provisions of Paragraph 1 of this Article, the amount of not credited (not refunded) VAT difference for the tax period may be refunded not earlier than 6 months after the incursion of overpayment.

3. The restrictions set out in Paragraph 2 of this Article shall not apply to the refund of the VAT refundable amount indicated in the annual VAT return, as well as if the VAT payer is wound up or the taxable person is being deregistered from VAT payers.

4. The refund or offset of the VAT difference shall be suspended when the authorities authorized to investigate crimes provide the tax administrator with data on the initiated investigation of the activities of the VAT payer regarding a criminal offense, if it is related or may be related to improper fulfilment of VAT payer's obligations (including illegal refunding and offsetting of the VAT difference). If the pre-trial investigation is being refused to be initiated, the pre-trial investigation or the commenced criminal case are terminated or an acquittal takes effect in the criminal case, the VAT difference shall be refunded (offset) in accordance with the procedure established by this and the Tax Administration Laws. The authorities authorized to investigate crimes must provide the tax administrator with data on the initiated investigation of the activities of the VAT payer regarding a criminal offense, if it is related or may be related to improper fulfilment of VAT payer's obligations (including illegal refunding and offsetting of the VAT difference).

Article 91¹. Correction of Errors in VAT Returns

INVALIDATED :

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

Article 92. VAT Payment Obligations of Persons Not Registered for VAT

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. A taxable person who was obliged to submit an application for VAT registration under Article 71 or Article 71¹ of this Law but has failed to do so, shall be liable to calculate and pay VAT, according to the procedure established in this Article, on the goods and services on which he would be liable to calculate and pay VAT under this Law if he were a VAT registered person. The VAT amount payable for the goods and/or services supplied shall be calculated from the formula provided below (when Article 71(2) of this Law applies – no VAT shall be calculated on the supply of goods and services the consideration for which did not exceed EUR 45,000 specified in Article 71(2), however, if the said threshold is exceeded, VAT shall be calculated on all the goods and services supplied the supply of which has resulted in the exceeding of the threshold:

VAT amount payable = consideration * T/(100%+T),

where T is the VAT tariff rate established in this Law for the goods/services, %;

* is the multiplication sign.

AMENDED:

1. By Law No. XI-1817 of 20 12 2011 (from 01 01 2012)

2. By Law No. XII-1122 of 23 09 2014 (from 01 01 2015)

2. A person who was obliged to submit an application for VAT registration under Article 71¹ of this Law but has failed to do so shall be liable to calculate and pay VAT, according to the procedure established in this Article, on the goods and services on which he would be liable to calculate and pay VAT under this Law if he were a VAT registered person, except for the cases where VAT on such goods/services has been paid in the Republic of Lithuania by the supplier of the goods/services.

3. Persons referred to in paragraphs 1 and 2 above as well as other foreign taxable persons not registered for VAT who provide goods/services subject to VAT in the territory of the country, except for the goods/services referred to in Article 117(2) of this Law, shall calculate the VAT amount payable to (refundable from) the state budget for a specific calendar month according to the procedure established in Article 89 of this Law, by submitting, by the 25th date of next month, a VAT statement of a person not registered for VAT, in the form established by the central tax administrator. The VAT amount calculated for the specific calendar month shall be paid to the state budget by the 25th date of next month.

AMENDED:

By Law No. XI-1817 of 20 12 2011 (from 01 01 2013)

4. The amount of the VAT on the goods and/or services supplied by the persons referred to in paragraph 1 of this Article, calculated as described above, may not be stated separately in the accounting documents recording the supply of those goods and/or services.

5. A person who is not registered for VAT but is liable to pay VAT to the state budget under provisions of Article 53 of this Law, shall pay the VAT due within 10 days from the occurrence of circumstances that gave rise to such liability, and the person who is liable to pay VAT to the state budget under provisions of Article 71(6), shall pay the VAT due within 10 days from the date of issue of the document in which the VAT was groundlessly stated.

6. A legal person who is not registered for VAT and is not obliged to do so under this Law and who supplies new means of transport to another Member State shall submit, not later than within 5 working days from the date of relevant transaction, a special return in the form established by the central tax administrator. The procedures for the completion and submission of such tax return shall be established by the central tax administrator. Where new means of transport are supplied to another Member State by a natural person who is not registered for VAT and is not obliged to do so under this Law, such person shall submit, not later than within 5 working days from the date of relevant transaction, documents on such transaction as required by the central tax administrator (the latter shall also establish the procedures for the submission of such documents). The amount of input/import VAT deducted under Article 58(2) of this Law shall be refunded to the persons referred to in this paragraph not earlier than upon presentation of evidence that VAT on the new means of transport supplied was paid in another Member State. The deducted amount shall be refunded according to the procedure established in the Law on Tax Administration.

7. A legal person who is not registered for VAT and is not obliged to do so under this Law and who has acquired, from another Member State, excise goods or a new means of transport, shall pay the VAT on such goods not later than within 5 working days from the date of importation thereof into the territory of the country. At the same time, a VAT statement of a person not registered for VAT, in the form established by the central tax administrator, shall be submitted.

8. Where new means of transport are acquired from another Member State by a natural person who is not registered for VAT and is not obliged to do so under this Law, such person shall submit, not later than the 25th date of the month following the month of the acquisition, documents on such transaction as required by the central tax administrator, except for documents containing data that the central tax administrator may obtain from state registers or other state information systems. The procedures for the submission of the documents shall be established by the central tax administrator. The tax on the new means of transport acquired from another Member State shall be assessed by the central tax administrator. The tax shall be paid not later than within 5 working days from the date when the amount assessed was notified to the natural person.

AMENDED:

By Law No. XIII-3169 of 26 06 2020 (from 04 07 2020)

9. Other cases where persons not registered for VAT are liable to calculate and pay VAT to the state budget are specified in Chapter XI of this Law.

10. A buyer of services who is not registered for VAT but is liable to calculate and pay VAT to the state budget under Article 95(2) of this Law shall pay the VAT according to the procedure established in paragraph 3 above.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

CHAPTER X CALCULATION AND PAYMENT OF IMPORT VAT

AMENDED:

By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

Article 93. Calculation of the Amount of Import VAT Due

The amount of import VAT due shall be calculated in accordance with the procedure established by this Law and the implementing legislation.

Article 94. Procedure for Payment of Import VAT

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

1. Import VAT on goods shall be paid within the same time limits as the time limits established in the Union Customs Code and the supplementing and implementing European Union legislation for import duties on such goods (if such import duties were established). Import VAT on goods imported by persons registered for VAT may be carried forward according to the procedure established by the Government of the Republic of Lithuania or an institution authorised by it. The Government of the Republic of Lithuania or an institution authorised by it shall also establish the criteria to be met by VAT registered persons applying for the carrying forward of import VAT.

2. In those cases, where import VAT is not paid on account or immediately when the obligation to calculate it arises and when it is necessary to secure the discharge of obligations to the customs the emerging tax liabilities shall be guaranteed by the same procedure which ensures the obligations related to the import customs debt, as set out in the Union Customs Code and the supplementing and implementing European Union legislation.

3. Import VAT must be paid by the importer.

CHAPTER XI

CASES WHEN THE BUYER IS LIABLE TO CALCULATE (OR TO DEDUCT) AND PAY VAT ON GOODS AND/OR SERVICES SUPPLIED TO HIM

AMENDED (title of the Chapter):

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 95. Cases When The Buyer Is Liable to Calculate (or to Deduct) and Pay VAT on Goods and/or Services Supplied to Him

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1.

AMENDED:

1. By Law No. X-261 of 21 06 2005 (from 30 06 2005)

2. By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

Provisions of this Article shall apply only to the goods and/or services supplied within the territory of the country by foreign taxable persons ("the foreign persons") not established in the territory of the country, where such goods and/or services

1) are subject to VAT;

2) are not exempt from VAT under Chapter IV of this Law;

3) are not taxable at 0% VAT rate under Chapter VI of this Law.

Foreign persons not established in the territory of the country also include foreign persons having a division in the territory of the country which supply goods and/or services under this paragraph not through such division.

2. A buyer of services, provided that he is a taxable person as defined in Article 13 of this Law, shall be liable to calculate and pay to the state budget VAT on services which are provided to him by the foreign person not established in the territory of the country and which are defined in Article 13(2), subparagraph 1.

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

3.

AMENDED:

1. *By Law No. X-261 of 21 06 2005 (from 30 06 2005)*
2. *By Law No. XI-518 of 03 12 2009 (from 01 01 2010)*

A buyer of goods who is a VAT registered person shall be liable to calculate and pay to the state budget VAT on the following goods supplied to him in the territory of the country by the foreign person not established in the territory of the country:

1) gas, electric power, heating or cooling energy as specified in Article 12(6) of this Law;

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 01 01 2011)

2) goods that are installed or assembled in Lithuania.

4. A buyer of the goods who is a VAT registered person shall be liable to calculate and pay to the state budget VAT on the goods supplied to him in the territory of the country by the foreign person where the goods are supplied on the conditions established in Article 33¹(3) of this Law.

5. Where the foreign person not established in the territory of the country is engaged in activities not specified in paragraphs 2, 3 or 4 of this Article and is not registered for VAT, the buyer of the goods/services supplied by such foreign person, provided that the buyer is registered for VAT, shall be liable to calculate and pay, according to the procedure prescribed by this Law, output VAT on the goods/services supplied by such foreign person.

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

6. Where the purchaser is a VAT payer, the output VAT on the goods and/or services supplied during a tax period within the territory of the country by a foreign person shall be included into the VAT return for this tax period of the purchaser as the VAT payable into the budget. The amounts of the output VAT calculated in this way may be deducted, following the standard procedure set forth in this Law, by the purchaser like any other output VAT.

7. Where the purchaser is not a VAT payer, he must pay the amount of output VAT calculated in accordance with the procedure set forth in this Article into the budget until the 25th day of month following the month when this tax had to be calculated. At the same time an invoice must be filed, of a form prescribed by the central tax administrator, of the VAT due by a person not identified for VAT purposes.

8. Documents issued by foreign persons in which the supply of goods and/or services specified in this Article is recorded the VAT of the Republic of Lithuania shall not be indicated.

Article 96. Cases Where the Buyer is Liable to Withhold and Pay VAT on Goods or Services Supplied to Him

AMENDED (title):

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Person registered for VAT purposes to whom a document recording supply of goods or services is issued has obligation to withhold and pay to the state budget:

1) the VAT calculated on assets taken over as a contribution in kind or due to reorganization of another person registered for VAT purposes, i.e. the VAT payer who takes over assets as a contribution in kind or due to reorganization of another person registered for VAT purposes;

2) the VAT on a material improvement of a building/ structure being transferred, calculated in case of goods supplied referred to in Article 9(4) of this Law, i.e. person registered for VAT purposes who is the owner of the building/ structure upon improvement;

3) the VAT calculated in case of construction works referred to in Article 7(4) of this Law as it defined in the Republic of Lithuania Law on Construction Article 2(90), i.e. taxable person registered for VAT purposes, who is the customer of the construction works;

AMENDED:

By Law No. XIII-817 of 05 12 2017 (from 14 12 2017)

4) other cases established by The Government of the Republic of Lithuania or an institution authorized by it where VAT on goods and/ or services supplied is calculated and paid to the state budget by the buyer/ customer of the goods and/ or services provided if the buyer/customer is a VAT payer.

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*

2. *By Law No. X-932 of 28 11 2006 (from 16 12 2006)*

3. *By Law No. XII-1502 (from 01 07 2015)*

2. *INVALIDATED :*

By Law No. X-932 of 28 11 2006 (from 16 12 2006)

3. The amounts of the VAT withheld during a given tax period which, subject to the provisions of this Article, must be paid into the budget by the purchaser/customer of the goods and/or services shall be indicated in the VAT return of that tax period as the VAT payable into the budget. These amounts of VAT may be deducted as prescribed by this Law by the purchaser/customer like any other input VAT.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

4. The Government of the Republic of Lithuania or an institution authorised by it shall establish the procedure for the application of this Article.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

CHAPTER XII SPECIAL VAT SCHEMES

SECTION 1 COMPENSATORY VAT RATE SCHEME FOR FARMERS

Article 97. Application of Provisions of this Section

1. The provisions of this Section shall apply to farmers who meet all the requirements set forth below:

1) the total amount of consideration during a year (the last 12 months) for goods and services supplied in the course of his economic activities does not exceed the threshold specified in paragraph 2, Article 71 of this Law. Where the total amount of consideration of all the members of a farmer's farm for the goods and services supplied in the course of their economic activities exceeds the above threshold it shall be regarded that he does not meet this requirement;

AMENDED:

1. By Law No. IX-1534 of 22 04 2003 (from 01 05 2003)

2. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2) they have registered a farmer's farm in accordance with the procedure laid down in the Law of the Republic of Lithuania on the Farmer's Farm or have documents evidencing allotment of land for a personal farm;

3) the registered land area of a farmer's farm or the area of land allotted for a personal farm does not exceed the limit in hectares set by the Government of the Republic of Lithuania.

2. A farmer who meets the requirements of paragraph 1 of this Article shall have a right to be identified for VAT purposes in accordance with the regular procedure as prescribed in Chapter IX of this Law. If a farmer has been identified for VAT purposes, the provisions of this Section may not apply to him. Neither may they apply to a farmer when at least one member of a farmer's farm has been identified for VAT purposes.

AMENDED:

By Law No. IX-1534 of 22 04 2003 (from 01 05 2003)

3. The procedure for identification of farmers for VAT purposes who are eligible for the compensatory VAT rate scheme shall be established by the Government of the Republic of Lithuania or an institution authorised by it.

Article 98. Application of Compensatory VAT Rate

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Farmers to whom the compensatory VAT rate scheme applies shall have the right to receive from the purchasers/customers a compensation for:

1) agricultural products and agricultural services in accordance with the list of agricultural services in Annex I of this Law when the agricultural products/services are supplied to taxable persons who are not farmers who are eligible for the VAT compensatory rate scheme in the Republic of Lithuania;

2) agricultural products in intra-Community supply of a legal person identified for VAT purposes who is not a taxable person.

2. The amount of the compensation shall be calculated on the amount of consideration (the amount of the compensation itself excluding) paid by purchasers/customers for agricultural products and/or agricultural services supplied by farmers by applying the compensatory VAT rate specified in Article 100 of this Law.

3. The amount of the compensation must be stated in the accounting documents recording the supply of agricultural products and/or services. The amount of the compensation shall be deductible by the purchaser of agricultural products and/or services who is a VAT payer, in accordance with the normal procedure as prescribed in this Law, like any other input VAT.

4. Supply of agricultural products to the VAT payers of the Republic of Lithuania by a farmer who is eligible for the compensatory VAT rate scheme shall be recorded in accordance with the procedure laid down in paragraph 9, Article 79 of this Law. Supply of agricultural products to other persons as well as supply of agricultural services shall be recorded in an accounting document of a free form. This document shall be issued by the purchaser provided that he is a VAT payer of the Republic of Lithuania or in other cases – by the farmer himself. This accounting document must give all the mandatory particulars under the legal acts regulating accounting as well as supplementary particulars the list whereof shall be determined by the central tax administrator.

5.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

The compensatory payment made by buyers to farmers to whom the compensatory VAT rate scheme applies shall be refunded to the buyers, according to the procedure established by the Government or an institution authorised by it, for:

1) agricultural products supplied to another Member State to a taxable person registered for VAT or a legal person registered for VAT who is not a taxable person;

2) agricultural products to which (if they were supplied by a person other than a farmer to whom the compensatory VAT rate scheme applies) provisions of Chapter VI of this Law would apply and which are supplied to a taxable person established outside the territory of the European Union, provided that the taxable person uses such products for such activities outside the territory of the country, which, if they were carried out in Lithuania, would entitle to the input/import VAT deduction, and/or for activities taxed at a 0% VAT rate according to provisions of Chapter VI of this Law, and/or in the supply of services in the Member State in which the buyer is established, provided that the buyer is liable to calculate and pay VAT on such services;

3) agricultural services provided to a taxable person of another Member State or a taxable person established outside the territory of the European Union, provided that such services are used for such activities outside the territory of the country, which, if they were carried out in Lithuania, would entitle to the input/import VAT deduction, and/or for activities taxed at a 0% VAT rate according to provisions of Chapter VI of this Law, and/or in the supply of services in the Member State in which the buyer is established, provided that the buyer is liable to calculate and pay VAT on such services

6. Provisions of subparagraphs 2 and 3 of paragraph 5 above shall not apply if in the state, in which the buyer is established, he is subject to provisions substantially equivalent to provisions of Article 71(2) of this Law.

Article 99. Accounts of the Compensatory VAT Rate

1. Farmers who are eligible for the compensatory VAT rate scheme shall keep their accounts of agricultural products and services supplied in accordance with the procedure established by the central tax administrator.

2. Farmers who are eligible for the compensatory VAT rate scheme shall not be entitled to VAT deductions and the requirements of this Law shall not apply to them where they are applied only in respect of VAT payers.

3. Taxable persons of the Republic of Lithuania acquiring agricultural products and/or services from farmers who are eligible for the compensatory VAT rate scheme shall submit accounts of such acquisitions of the form prescribed by the central tax administrator.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 100. Compensatory VAT Rate

The compensatory VAT rate shall be 6%.

SECTION 2 TAXATION SCHEME FOR TOURIST SERVICES

Article 101. Application of the Provisions of this Section

AMENDED:

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

1. The provisions of this Section shall apply only to those tourist services, which are acquired by the VAT payer from other taxable persons and subsequently provided to the purchaser (customer) in his own name (hereinafter in this Section such a VAT payer shall be referred to as a travel agent). Where the purchaser (customer) is sold a package of several tourist services purchased from other taxable persons, which are

provided during a single journey, it shall be deemed that the travel agent has supplied a single service to the purchaser (customer).

AMENDED:

By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

2. Services provided by the travel agents under this Section shall be deemed to be supplied in the territory of the country if the travel agent:

- 1) is established in the territory of the country except for cases where the service is provided through a foreign division of the travel agent established in the territory of the country;
- 2) is a foreign taxable person providing services through its division in the territory of the country.

Article 102. Taxable Amount

AMENDED:

By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

1. The taxable amount of any service provided by the travel agent to the purchaser (customer) shall be the travel agent's margin calculated in accordance with the procedure established in paragraph 2 of this Article.

2. The travel agent's margin shall be determined as the difference between the amount (exclusive of VAT itself) payable by the purchaser (customer) to the travel agent for the service provided by him and the amount (including VAT) paid or payable by the travel agent to other taxable persons for this tourist service or services (where the purchaser (customer) is sold a package). The travel agent's margin shall be calculated regardless of whether or not these services provided by third persons are subject to VAT.

Article 103. Characteristics of VAT Deduction

1. A travel agent shall have no right to deduct the input VAT referred to in Article 102 paragraph 2 of this Law, which has been paid or is payable to other taxable persons for the tourist services acquired from them.

AMENDED:

By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

2. Input and/or import VAT not indicated in paragraph 1 of this Article shall be deductible in accordance with the general procedure established in this Law.

Article 104. Transactions outside the territory of European Union

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*
2. *By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*
3. *By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)*

Services provided by a travel agent shall be subject to the zero-rate of VAT where the travel agent acquires from other taxable persons and provides to the purchaser (customer) tourist services, which are provided by such other taxable persons outside the European Union. Where a travel agent acquires from other taxable persons and provides to the purchaser (customer) services a part of which is provided by other taxable persons outside the European Union, the zero-rate VAT shall apply only to this part of the services.

Article 105. Characteristics of the Invoicing of Services Provided by a Travel Agent

AMENDED:

By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

A service provided by the travel agent to the purchaser (customer) shall be invoiced in accordance with the standard procedure established by this Law; however, the document invoicing the service shall not specify the rate and amount of VAT.

SECTION 3

TAXATION SCHEME FOR SECOND-HAND GOODS, WORKS OF ART, COLLECTORS' ITEMS AND ANTIQUES

Article 106. Application of Provisions of this Section

1. A VAT payer supplying second-hand goods, works of art, as well as collectors' items and/or antiques within the meaning of this Article shall calculate VAT on the supplied second-hand goods, works of art, collectors' pieces and antiques in accordance with the procedure established in this Section. The provisions of this Section shall apply to VAT payers who, in the course of their economic activities, are continuously engaged in the supply of second-hand goods, works of art, as well as collectors' items and/or antiques.

Where the VAT payer is supplying his own second-hand fixed assets, it shall be deemed that in respect of such transactions, the fixed assets meet the requirements for the regular engagement in the supply of second-hand goods.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2.

AMENDED:

1. By Law No. IX-1362 of 13 03 2003(01 04 2003)

2. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

3. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

Provisions of this Section shall apply in the case when a VAT registered person supplies second-hand goods, works of art, collectors' items and/or antiques acquired without VAT in the territory of the European Union, as well as second-hand goods, works of art, collectors' items and/or antiques acquired under this special taxation scheme, or second-hand means of transport which were subject, in the Member State from which they were imported, special transitional provisions on second-hand means of transport applicable in that Member State. Furthermore, the VAT registered person shall have the right to opt for the application of provisions of this Section also to the following transactions:

1) supply of works of art, collectors' items and/or antiques, which he has imported himself and in respect of which import VAT has been calculated in accordance with the prescribed procedure;

2) supply of works of art acquired from their authors or their successors in title, in the supply whereof VAT has been calculated by such VAT registered person;

3) supply of works of art acquired from taxable persons (persons to whom this special taxation scheme does not apply) in the supply whereof VAT has been calculated by such taxable persons at a reduced VAT rate applicable to works of art in any Member State.

3. For the purposes of this Section, an organiser of auction shall mean any taxable person who, in the course of his economic activities, offers goods for sale by auction in his own name but for the account of the seller of the goods, and hands the goods over to the highest bidder in his own name but for the account of the seller.

4.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

The provisions of this Section shall also apply to organisers of sales by public auction supplying second-hand goods, works of art, collectors' items and/or antiques by public auction, provided that such goods are sold by public auction in the name of the organiser of the sale by public auction but for the account of the seller of the good, who is:

1) a non-taxable person;

2) a taxable person whose supply of these goods is exempt from VAT under the provisions of this Law, paragraph 1, Article 33 of this Law;

3) a taxable person who has not been identified for VAT purposes and, under paragraph 2, Article 71 of this Law, must not be identified for VAT purposes. This provision shall apply only in the case of the supply of fixed assets; or

4) a taxable person whose supply of goods would be taxable in accordance with the procedure established in this Section, or

5) a taxable person who supplies a second-hand means of transport was subject to VAT in the Member State of dispatching under special transitional provisions applied to second-hand means of transport in that member State.

5. For the purposes of this Section, second-hand goods shall mean any used movable property (except for those referred to in paragraphs 6-8 of this Article, as well as precious metals, precious stones), including articles of precious metals and/or precious stones, when such items are suitable for further use as they are, irrespective of whether, or not those items require additional repairs and/or other servicing prior to their use.

AMENDED:

By Law No. XIII-3169 of 26 06 2020 (from 04 07 2020)

6.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

For the purposes of this Section, works of art shall mean:

- 1) paintings, drawings and pastels classified under subheading 9701 of the Combined Nomenclature (hereinafter referred to as CN);
- 2) original engravings, prints and lithographs classified under CN subheading 9702;
- 3) original sculptures and statuary classified under CN subheading 9703 provided that they are produced in not more than 8 copies each;
- 4) tapestries classified under CN subheading 5805 and wall textiles classified under CN subheading 6304 made by hand from designs provided by artists, provided that they are produced in not more than 8 copies each.
- 7.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

For the purposes of this Section, collectors' items shall mean:

- 1) postage or revenue stamps, postmarks, first-day covers, postal (stamped) paper and the like classified under CN subheading 9704;
 - 2) collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest classified under CN subheading 9705.
8. For the purposes of this Section, antiques shall mean objects classified under CN subheading 9706 (except for those referred to in paragraphs 6 and 7 of this Article) of an age exceeding 100 years.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

9. VAT payers who, in the cases specified in subparagraphs 1 to 3, paragraph 2 of this Article, have opted to apply the provisions of this Section, must declare this option in accordance with the procedure determined by the central tax administrator. Such an option will be valid for at least 24 months from the date of declaration of the option in respect of all the appropriate transactions effected by the VAT payer.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

10. The provisions of this Section shall not apply in respect of the supplies to another Member State of new means of transport.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 107. Taxable Amount

1. When supplying the goods referred to in paragraph 2, Article 106 of this Law, the taxable amount shall be the seller's margin calculated in accordance with the procedure established in paragraph 2 of this Article.
2. The seller's margin shall be calculated as the difference between the consideration (exclusive of VAT itself) received or receivable by the seller for the good supplied and the amount (including VAT) paid or payable by him to his supplier when acquiring this good. Where the good imported by the VAT payer is supplied, the amount of import duties, import charges and import VAT charged on this good shall be additionally subtracted.
3. When supplying the goods referred to in paragraph 4, Article 106 of this Law by public auction, the taxable amount shall be the margin of the organiser of the sale by public auction calculated as the difference between the total consideration (exclusive of VAT itself) received or receivable from the purchaser of the good and the amount (including VAT) paid or payable by the auctioneer to the seller of the good. The total consideration received or receivable from the purchaser shall be constituted of not only the price of the good at the public auction but also the amounts specified in subparagraphs 1 and 2 of Article 15 (5) of this Law. The amount paid or payable to the seller of the good shall be the difference between the price of the good at the public auction and the commission received or receivable by the organiser of the sale by public auction under the contract with the seller of the good.
4. A VAT payer who is covered by the provisions of this Section shall have the right to calculate VAT on the total taxable amount of the good supplied, which is determined in accordance with the procedure established in Article 15 of this Law.

Article 108. Characteristics of VAT Deduction

1. Where a VAT payer calculates VAT in respect of the supply of the good referred to in this Section on the margin, he shall have no right to deduct input or import VAT on that good.
2. Where a VAT payer calculates VAT in respect of the supply of the good referred to in this Section on the total taxable amount of the good, the right to deduct input or import VAT on that good shall arise at the earliest upon the supply of that good by the VAT payer.

Article 108¹. Application of Provisions of this Chapter in the Cases Established in this Section

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Where the goods listed in this Section are supplied under the conditions specified in Article 41 to 44 or Article 47 of this Law, the margin calculated for these goods shall be subject to a zero-rate VAT.

Article 109. Invoicing of the Supply of Goods

1. Where, in accordance with Article 107 (1), (2) and (3) of this Law, the VAT on the supply of the good has been calculated not on the total value of the good, the VAT payer shall have no right to specify the VAT calculated in this manner in documents invoicing this supply.

2. The organiser of the sale by public auction must, in the invoice he is issuing to document the supply of the good to the purchaser of that good, separately indicate the price of the good at the public auction, as well as the amounts payable by the purchaser, which are specified in subparagraphs 1 and 2, paragraph 5, Article 15 of this Law. For the purpose of documenting the supply of the good, the organiser of the sale by public auction must issue to the seller of the good a document of the form prescribed by the central tax administrator, which must specify the price of the good at the public auction and the amount of the commission received or receivable by the organiser of the sale by public auction under the contract with the seller of the good. This document issued by the organiser of the sale by public auction shall be deemed a VAT invoice by which the seller of the good provided that he is a VAT payer documented the supply of goods.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 110. Accounting

1. The Government of the Republic of Lithuania or an institution authorised by it shall have the right to determine cases when a VAT payer shall be entitled to calculate VAT on the margin in respect of all the goods or all the goods of a particular kind supplied during the tax period rather than every good supplied.

2. The central tax administrator shall set additional requirements for the accounting of VAT by the VAT payer who applies the provisions of this Section.

3. The organiser of the sale by public auction must specify separately in his invoice the amounts received or receivable from the purchasers as well as the amounts paid or payable to the seller.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

SECTION 4

VAT SCHEME FOR INVESTMENT GOLD

Article 111. Application of the Provisions of this Section

1. Under the provisions of this Section, investment gold shall mean:

1) gold bars, wafers and plates with a purity of at least 995/1000 recognised in the international markets of precious metals, provided the weight of such a bar, wafer or plate is at least 1 gram;

2) gold coins with a purity of at least 900/1000 and minted after 1800, which are or have been used as tender in their country of origin and are normally sold at a price which does not exceed the market value of the gold contained in a coin by more than 80%.

2. For the purposes of this Section, investment gold shall also mean securities certifying the right of ownership in respect of gold referred to in subparagraph 1 of paragraph 1 of this Article, as well as securities certifying the right or obligation to purchase or transfer the securities certifying the right of ownership in respect of gold referred to in subparagraph 1 of paragraph 1 of this Article.

3. For the purposes of this Law, gold coins referred to in subparagraph 2, paragraph 1 of this Article shall not be considered as coins of numismatic interest.

Article 112. Procedure for the Taxation of Investment Gold and Related Services

1. The supply, acquisition from another Member State and import of investment gold shall be exempt from VAT.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. Services of agency (agent's services) shall also be exempt from VAT, where the agent takes part in supplying or acquiring investment gold in the name and for the account of another person.

3. VAT payers producing investment gold or transforming any gold into investment gold shall have the right to choose to calculate VAT on the supply of investment gold in accordance with the standard procedure established by this Law, provided that the purchaser of investment gold is the VAT payer.

4. Where a VAT payer producing investment gold or transforming any gold into investment gold exercises the right referred to in paragraph 3 of this Article, the agent taking part in the transaction for the supply of this investment gold in the name and for the account of another person shall also have the right to calculate VAT on the services of agency (agent's services) provided by him in accordance with the standard procedure established by this Law.

5. Where a VAT payer chooses to calculate VAT in the cases provided for in paragraphs 3 and 4, he must declare his choice following the procedure prescribed by the central tax administrator.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 113. Right of the Supplier of Investment Gold to be Identified for VAT purposes

In derogation from the provisions of Article 72 of this Law, taxable persons who are not VAT payers and who are engaged in the supply of investment gold shall have the right to be identified for VAT purposes.

Article 114. Characteristics of VAT Deduction

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. Irrespective of the fact that the supply of investment gold is exempt from VAT, the VAT payer shall have the right to deduct the following:

1) input VAT on purchases paid or payable in respect of investment gold to the supplier who has exercised the right referred to in paragraph 3, Article 112 of this Law;

2) input and/or import VAT on gold acquired and/or imported, which is intended for transforming it into investment gold;

3) input VAT on the services acquired, which consist of the change of form, weight and/or purity of gold.

2. A VAT payer producing investment gold or transforming any gold into investment gold shall have the right to deduct input and/or import VAT on the goods and/or services acquired and/or imported, which are related to the production or transformation of the above-mentioned gold, irrespective of whether or not he has exercised the right referred to in paragraph 3, Article 112 of this Law while continuing supply of this investment gold.

Article 115. Accounting

The Government of the Republic of Lithuania or an institution authorised by it shall set additional requirements for the accounting of taxable persons who are covered by the provisions of this Section.

SECTION 5

SPECIAL SCHEME FOR THE TAXATION OF SERVICES SUBMITTED BY TAXABLE PERSONS ESTABLISHED OUTSIDE THE TERRITORY OF THE EUROPEAN UNION

AMENDED (section):

1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

3. By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

Article 115¹. Application of the provisions of this Section

1. The provisions of this section apply to services supplied by a taxable person established outside the territory of the European Union to persons who are not taxable persons.

2. A taxable person established outside the territory of the European Union and providing services within the territory of the European Union to persons from different Member States, who are not taxable persons, has the right to choose to apply a special tax Scheme for Services Submitted by Taxable Persons Established Outside the Territory of the European Union (hereinafter - the scheme for persons not established in the European Union), to register as a taxpayer for VAT purposes in one of the Member States and to fulfil, through that Member State, obligations relating to tax obligations throughout the territory of the European Union. The scheme for persons not established in the European Union applies to all relevant services supplied by such taxable person within the territory of the European Union. In applying the scheme for persons not established in the European Union:

1) a taxable person that does not have a permanent establishment or a branch within the territory of the European Union is considered a taxable person established outside the territory of the European Union;

- 2) a Member State in which a taxable person established outside the territory of the European Union decides to register is considered a Member State of registration;
 - 3) a Member State in which, in accordance with Articles 12¹, 13, 13² of this Law or the provisions of the relevant legislation of other Member States, on the basis of which the place of supply of services is determined, services are considered to have been supplied, is considered a Member State of consumption.
3. The provisions of this section apply when a taxable person established outside the territory of the European Union chooses to apply the scheme for persons not established in the European Union and to register as a taxpayer for VAT purposes in the Republic of Lithuania, regardless of whether he has been registered as a taxpayer for VAT purposes in accordance with the procedure established in Article 71, 71¹ or 72 of this Law.

Article 115². Registration

1. Taxable persons established outside the territory of the European Union, having chosen to apply the scheme for persons not established in the European Union and to register as taxpayers for VAT purposes in the Republic of Lithuania, are registered, deregistered and a VAT identification number, which is intended for the application of the scheme for persons not established in the European Union, is compiled and given to them in accordance with the procedure established by the central tax administrator.
2. The taxable person referred to in paragraph 1 of this Article shall provide the necessary information to the tax administrator, and the tax administrator shall provide information to the taxable person by electronic means.

Article 115³. Submitting VAT return and payment of VAT

1. A taxable person having chosen to apply in the Republic of Lithuania the scheme for persons not established in the European Union, at the end of each calendar quarter must submit a VAT return by the last day of the first month of the following quarter. The central tax administrator shall determine the data necessary for filling in a VAT return, and the procedure for filling in and submitting a VAT return. A VAT return has to be submitted regardless of whether or not a taxable person supplied, during that quarter, the services to which the provisions of this section apply. When it is necessary to adjust the data of a VAT return submitted, the adjusted data shall be included in the subsequent return within three years from the date on which the initial return had to be submitted.
2. A taxable person having chosen to apply in the Republic of Lithuania the scheme for persons not established in the European Union must pay the amount of VAT indicated in the VAT return in accordance with the procedure established by the central tax administrator no later than the deadline for submitting a VAT return referred to in paragraph 1 of this Article, calculated for all services supplied to which the provisions of this section apply.
3. VAT paid by a taxable person having chosen to apply in the Republic of Lithuania the scheme for persons not established in the European Union in accordance with the provisions of Regulation (EU) No 904/2010 shall be distributed to the Member States concerned. The detailed procedure for the distribution of this VAT shall be determined by the Minister of Finance.

Article 115⁴. Accounting requirements

A taxable person to which the provisions of this section apply must keep records of the services for which VAT is payable in accordance with the procedure laid down in this section as set out in Article 63c of Regulation (EU) No 282/2011. A taxable person must keep the accounting data for 10 calendar years calculated from the year in which the services, to which the provisions of this section apply, were submitted, also must enable, during this 10-year period, the competent authorities of the Member State of consumption or of the Member State of registration to receive, at their request, this accounting data by electronic means, read and otherwise use it for supervisory purposes.

Article 115⁵. Cases in which the provisions of this section cease to apply

The provisions of this section shall cease to apply where a taxable person:

- 1) notifies that he ceases to supply the services, to which the provisions of this section apply, within the territory of the European Union; or
- 2) according to the information available to the tax administrator, is no longer engaged in the economic activities referred to in this section; or
- 3) no longer meets the requirements for a person that wishes to be covered by the provisions of this section; or
- 4) persistently violates, within the meaning of Article 58b of Regulation (EU) No 282/2011, the provisions of this section“.

SECTION 6

**SPECIAL TAXATION SCHEME FOR DISTANCE SELLING OF GOODS WITHIN THE EUROPEAN UNION,
FOR THE SUPPLY OF GOODS IN A MEMBER STATE USING ELECTRONIC INTERFACES WHICH
CREATE CONDITIONS FOR THE SUPPLY OF GOODS, AND FOR SERVICES SUPPLIED BY TAXABLE
PERSONS ESTABLISHED IN THE EUROPEAN UNION BUT NOT IN THE MEMBER STATE OF
CONSUMPTION**

*AMENDED (section):
By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

Article 115⁶. Application of the provisions of this Section

1. The provisions of this section apply:

- 1) to distance selling of goods within the European Union that is carried out by a taxable person;
- 2) to goods that are supplied by a taxable person which is deemed to supply these goods in accordance with the provisions of paragraph 2 of Article 4³ of this Law, if transport of these goods supplied begins and ends in the same Member State;
- 3) to services supplied by a taxable person established within the territory of the European Union, but not in the Member State of consumption (in which he has no permanent establishment or branch) to persons which are not taxable persons.

2. The taxable person referred to in paragraph 1 of this Article shall have the right to choose to apply a Special Taxation Scheme for Distance Selling of Goods within the European Union, for the Supply of Goods in a Member State using Electronic Interfaces which Create Conditions for the Supply of Goods, and for Services Supplied by Taxable Persons Established in the European Union but not in the Member State of Consumption (hereinafter - the Scheme for persons established in the European Union) and to fulfil, through his Member State of registration, as it is defined in subparagraph 2 of this paragraph, obligations relating to tax liabilities arising because of those Member States in which the taxable person supplies the goods and/or services referred to in paragraph 1 of this Article. The Scheme for persons established in the European Union applies to all goods and services supplied by a taxable person within the territory of the European Union. In applying the Scheme for persons established in the European Union:

- 1) a taxable person which has a permanent establishment or branch(s) in the territory of the European Union, but not in the Member State of consumption, is considered a taxable person established in the territory of the European Union but not in the Member State of consumption;
- 2) a Member State in which a taxable person has a permanent establishment or, if he does not have a permanent establishment within the territory of the European Union, then a Member State in which this person has a branch, is considered a Member State of registration. If a taxable person, which does not have a permanent establishment within the territory of the European Union, has branches in several Member States, then a Member State in which this person has a branch and that he chooses to consider a state of registration is considered a state of registration (such choice of a Member State of registration by a taxable person shall be valid for at least the current and the next two calendar years). If a taxable person does not have a permanent establishment within the territory of the European Union and has no branch therein, then a Member State in which dispatch or transport of goods begins is considered a Member State of registration. If there are several Member States in which dispatch or transport of goods begins, then a taxable person shall specify which of these Member States is a Member State of registration (such choice of a Member State of registration by a taxable person shall be valid for at least the current and the next two calendar years);
- 3) a Member State of consumption is considered:

- a) when services are supplied – a Member State in which, in accordance with Articles 12¹, 13, 13² of this Law or the provisions of the relevant legislation of other Member States, on the basis of which the place of supply of services is determined, services are considered to have been supplied;
- b) when distance selling of goods within the European Union is carried out – a Member State in which dispatch or transport of goods to a buyer (customer) ends;
- c) when goods are supplied by a taxable person which is considered a person supplying these goods according to paragraph 2 of Article 4³ of this Law and dispatch or transport of the goods supplied begins and ends in the same Member State – that Member State.

3. The provisions of this section apply when a taxable person of the Republic of Lithuania or a taxable person of the Republic of Lithuania or a taxable person which has a branch in the Republic of Lithuania, whose permanent establishment is outside the territory of the European Union, chooses to apply the Scheme for persons established in the European Union and to register as a taxpayer for VAT purposes, regardless of whether he has been registered as a taxpayer for VAT purposes in accordance with the procedure established in Article 71, 71¹ or 72 of this Law. If a taxable person, whose permanent establishment is outside the territory of the European Union, has branches in the Republic of Lithuania and in another Member State (or other Member States), the provisions of this section apply when this taxable person chooses to consider the Republic of Lithuania a Member State of registration. If a taxable person, whose permanent establishment is outside the territory of the European Union, does not have a branch

within the territory of the European Union, the provisions of this section apply when this taxable person begins dispatch or transport of goods within the territory of the country, and when dispatch or transport of goods begins in the Republic of Lithuania and another Member State (or other Member States), the provisions of this section apply when this taxable person chooses to consider the Republic of Lithuania a Member State of registration.

Article 115⁷. Registration

1. The taxable persons referred to in paragraph 1 of Article 115⁶ of this Law, having chosen to apply the Scheme for persons established in the European Union and to register as taxpayers for VAT purposes in the Republic of Lithuania, are registered, deregistered and a VAT identification number, which is intended for the application of this special scheme, is compiled and given to them in accordance with the procedure established by the central tax administrator.
2. The taxable person shall provide the necessary information to the tax administrator, and the tax administrator shall provide information to the taxable person by electronic means.

Article 115⁸. Submitting VAT return and payment of VAT

1. A taxable person having chosen to apply in the Republic of Lithuania the Scheme for persons established in the European Union, at the end of each calendar quarter must submit a VAT return by the last day of the first month of the following quarter. The central tax administrator shall determine the data necessary for filling in a VAT return, and the procedure for filling in and submitting a VAT return. A VAT return has to be submitted regardless of whether or not a taxable person supplied, during that quarter, the goods and/or services to which the provisions of this section apply. When it is necessary to adjust the data of a VAT return submitted, the adjusted data shall be included in the subsequent return within three years from the date on which the initial return had to be submitted.
2. A taxable person having chosen to apply in the Republic of Lithuania the scheme for persons established in the European Union must pay the amount of VAT indicated in the VAT return in accordance with the procedure established by the central tax administrator no later than the deadline for submitting a VAT return referred to in paragraph 1 of this Article, calculated for all goods and/or services supplied to which the provisions of this section apply.
3. VAT paid by a taxable person having chosen to apply in the Republic of Lithuania the scheme for persons established in the European Union in accordance with the provisions of Regulation (EU) No 904/2010 shall be distributed to the Member States concerned. The detailed procedure for the distribution of this VAT shall be determined by the Minister of Finance.

Article 115⁹. Accounting requirements

A taxable person to which the provisions of this section apply must keep records of the goods and/or services for which VAT is payable in accordance with the procedure laid down in this section as set out in Article 63c of Regulation (EU) No 282/2011.

A taxable person must keep the accounting data for 10 calendar years calculated from the year in which the goods and/or services, to which the provisions of this section apply, were submitted, also must enable, during this 10-year period, the competent authorities of the Member State of consumption or of the Member State of registration to receive, at their request, this accounting data by electronic means, read and otherwise use it for supervisory purposes.

Article 115¹⁰. Cases in which the provisions of this section cease to apply

The provisions of this section shall cease to apply where a taxable person:

- 1) notifies that he no longer supplies the goods and services, to which the provisions of this section apply; or
- 2) according to the information available to the tax administrator, is no longer engaged in the economic activities referred to in this section; or
- 3) no longer meets the requirements for a person that wishes to be covered by the provisions of this section; or
- 4) persistently violates, within the meaning of Article 58b of Regulation (EU) No 282/2011, the provisions of this section“.

SECTION 7 SPECIAL SCHEME FOR THE TAXATION OF DISTANCE SELLING OF GOODS IMPORTED FROM THIRD TERRITORIES OR THIRD COUNTRIES

*AMENDED (section):
By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

Article 115¹¹. Application of the provisions of this section

1. The provisions of this section apply to distance selling of goods imported from third territories or third countries, which are imported in consignments with an own value (of the goods themselves) not exceeding 150 EUR, except for excise goods.

2. In applying a Special Scheme for the Taxation of Distance Selling of Goods Imported from Third Territories or Third Countries (hereinafter – the scheme for imported goods):

1) a taxable person which does not have a permanent establishment or branch within the territory of the European Union is considered a taxable person established outside the territory of the European Union;

2) a person established (having a permanent establishment or branch) within the territory of the European Union, which was appointed by a taxable person engaged in distance selling of goods imported from third territories or third countries, to be responsible for the payment of VAT and fulfilment on his behalf and for his benefit the obligations set out in the scheme of imported goods, is an import intermediary.

3) a Member State of registration is:

a) if a taxable person is established outside the territory of the European Union – a Member State in which he decides to register;

b) if a taxable person, which does not have a permanent establishment within the territory of the European Union, has branch in one Member State or branches in several Member States - that Member State in which this person has a branch and that he specifies as a Member State in which he will apply the scheme for imported goods (in applying this subparagraph, if a taxable person has more than one branch within the territory of the European Union, a taxable person is obliged to specify a Member State of registration for the current and the next two calendar years);

c) if a taxable person has a permanent establishment in a Member State – that Member State;

d) if an import intermediary has a permanent establishment in a Member State – that Member State;

e) if an import intermediary, which does not have a permanent establishment within the territory of the European Union, has a branch in one Member State or branches in several Member States – that Member State in which this person has a branch and that he specifies as a Member State in which he will apply the scheme for imported goods (in applying this subparagraph, if an import intermediary has more than one branch within the territory of the European Union, an import intermediary is obliged to specify a Member State of registration for the current and the next two calendar years);

4) a Member State in which dispatch or transport of goods ends is considered a Member State of consumption

3. The taxable persons listed below have the right to choose to apply the scheme for imported goods and to fulfil through their Member State of registration, as it is defined in subparagraph 3 of paragraph 2 of this Article, the obligations relating to the liabilities laid down in the scheme for import goods scheme, which arise because of the Member States in which dispatch or transport of goods to a buyer ends:

1) a taxable person established within the territory of the European Union and carrying out distance selling of goods imported from third territories or third countries;

2) a taxable person established within the territory of the European Union or established outside the territory of the European Union, that carries out distance selling of goods imported from third territories or third countries, when he is represented by an import intermediary established in the territory of the European Union;

3) a taxable person established in the third country in which the provisions of instruments of mutual assistance, which are broadly equivalent in scope to the provisions of Directive 2010/24/EU and of Regulation (EU) No 904/2010, apply and carrying out distance selling of goods imported from this third country.

4. The taxable persons specified in paragraph 3 of this Article apply the scheme for imported goods for the entire distance selling of goods imported from third territories and third countries. A taxable person which is represented by an import intermediary established within the territory of the European Union cannot at the same time appoint more than one import intermediary.

5. The provisions of this section apply when a taxable person of the Republic of Lithuania, a taxable person established outside the territory of the European Union which has a branch in the Republic of Lithuania, or an import intermediary which is a taxable person of the Republic of Lithuania or which has a branch in the Republic of Lithuania chooses to apply the scheme for imported goods and to register as a taxpayer for VAT purposes, regardless of whether he has been registered as a taxpayer for VAT purposes in accordance with the procedure established in Article 71, 71¹ or 72 of this Law. If a taxable person established outside the territory of the European Union has branches in the Republic of Lithuania and another Member State (or other Member States), the provisions of this section apply when a taxable person established outside the territory of the European Union chooses to consider the Republic of Lithuania a Member State of registration. If an import intermediary has branches in the Republic of Lithuania and another Member State (or other Member States), the provisions of this section apply when an import intermediary chooses to consider the Republic of Lithuania a Member State of registration. In addition, the provisions of this section apply when a taxable person established outside the territory of the European Union chooses to apply the scheme for imported goods and to register as a taxpayer for VAT purposes in the Republic of Lithuania.

6. A taxable person established outside the territory of the European Union, in the country in which the provisions of instruments of mutual assistance, which are broadly equivalent in scope to the provisions of Directive 2010/24/EU and of Regulation (EU) No 904/2010, do not apply, and carrying out distance selling of goods imported from that third country, having chosen to apply the scheme for imported goods in the Republic of Lithuania must appoint an import intermediary.

Article 115¹². Registration

1. The taxable persons specified in paragraph 3 of Article 115¹¹ of this Law, having chosen to apply the scheme for imported goods and to register as taxpayers for VAT purpose in the Republic of Lithuania, and import intermediaries who represent them (when these taxable persons have appointed import intermediaries to represent them), having chosen to register as taxpayers for VAT purposes in the Republic of Lithuania, are registered, deregistered and a VAT identification number, which is intended for the application of this special scheme, is compiled and given to them in accordance with the procedure established by the central tax administrator.

2. The taxable person and an import intermediary (when this taxable person has appointed an import intermediary to represent him) shall provide the necessary information to the tax administrator, and the tax administrator shall provide information to the taxable and an import intermediary person by electronic means.

Article 115¹³. Submitting VAT return and payment of VAT

1. A taxable person or an import intermediary that represents him having chosen to apply in the Republic of Lithuania the Scheme for imported goods, at the end of each calendar month must submit a VAT return by the last day of the next month following the tax period that has ended for which the return is submitted. The central tax administrator shall determine the data necessary for filling in a VAT return, and the procedure for filling in and submitting a VAT return. A VAT return has to be submitted regardless of whether or not a taxable person carried out distance selling of goods imported from third territories or third countries in that month to which the provisions of this section apply. When it is necessary to adjust the data of a VAT return submitted, the adjusted data shall be included in the subsequent return within three years from the date on which the initial return had to be submitted.

2. A taxable person or an import intermediary that represents him, having chosen to apply in the Republic of Lithuania the scheme for imported goods, must pay the amount of VAT indicated in the VAT return in accordance with the procedure established by the central tax administrator no later than the deadline for submitting a VAT return referred to in paragraph 1 of this Article, calculated for all goods supplied in carrying out distance selling of goods imported from third territories or third countries to which the provisions of this section apply.

3. VAT paid by a taxable person or by an import intermediary that represents him, having chosen to apply in the Republic of Lithuania the scheme for imported goods in accordance with the provisions of Regulation (EU) No 904/2010 shall be distributed to the Member States concerned. The detailed procedure for the distribution of this VAT shall be determined by the Minister of Finance.

Article 115¹⁴. Accounting requirements

A taxable person or an import intermediary that represents him to which the provisions of this section apply must keep records of the goods for which VAT is payable in accordance with the procedure laid down in this section as set out in Article 63c of Regulation (EU) No 282/2011.

A taxable person or an import intermediary that represents him must keep the accounting data for 10 calendar years calculated from the year in which the goods, to which the provisions of this section apply, were submitted, also must enable, during this 10-year period, the competent authorities of the Member State of consumption or of the Member State of registration to receive, at their request, this accounting data by electronic means, read and otherwise use it for supervisory purposes.

Article 115¹⁵. Cases in which the provisions of this section cease to apply

1. The provisions of this section shall cease to apply where a taxable person:

- 1) notifies that he terminates distance selling of goods imported from third territories or third countries; or
- 2) according to the information available to the tax administrator, he is no longer engaged in distance selling of goods from third territories or third countries; or
- 3) no longer meets the requirements for a person that wishes to be covered by the provisions of this section; or
- 4) persistently violates, within the meaning of Article 58b of Regulation (EU) No 282/2011, the provisions of this section.

2. The provisions of this section shall cease to apply where an import intermediary:

- 1) two consecutive calendar quarters no longer acts as an import intermediary on behalf of a taxed person that applies the scheme for imported goods; or

- 2) no longer meets the requirements for a person wishing to act as an import intermediary to which the provisions of this section apply; or
- 3) persistently violates, within the meaning of Article 58b of Regulation (EU) No 282/2011, the provisions of this section.
3. When a taxable person is represented by an import intermediary, the provisions of this section no longer apply if:
 - 1) an import intermediary notifies that that taxable person terminates distance selling of goods imported from third territories or third countries; or
 - 2) according to the information available to the tax administrator, that taxable person is no longer engaged in distance selling of goods from third territories or third countries; or
 - 3) that taxable person no longer meets the requirements for a person that wishes to be covered by the provisions of this section; or
 - 4) that taxable person persistently violates, within the meaning of Article 58b of Regulation (EU) No 282/2011, the provisions of this section; or
 - 5) an import intermediary notifies that he no longer represents that taxable person“.

SECTION 8 SPECIAL PROCEDURE FOR DECLARATION AND PAYMENT OF IMPORT VAT

*AMENDED (section):
By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

Article 115¹⁶. Application of the provisions of this section

1. The provisions of this section apply to imported goods (except for excise goods) dispatched in consignments with an own value (of the goods themselves) not exceeding 150 EUR, and to which the scheme for imported goods referred to in section 7 of this Chapter does not apply.
2. a person who presents to the customs authorities the goods referred to in paragraph 1 of this Article, the dispatch or transport of which ends in the territory of the Republic of Lithuania, who declares them for the benefit of the person to whom the goods are intended, has the right to apply the Special Procedure for Declaration and Payment of Import (hereinafter – the special procedure for import VAT)
3. In applying the special procedure for import VAT:
 - 1) the obligation to pay import VAT shall lie with the person to whom the goods are intended and who pays it to the person presenting the goods to customs authorities;
 - 2) the person presenting the goods to customs authorities collects import VAT from the person to whom the goods are intended, and pays it;
 - 3) the person presenting the goods to customs authorities and the person to whom the goods are intended are jointly and severally liable for payment of import VAT.
4. The person presenting the goods to customs authorities must take appropriate measures to ensure that the person to whom the goods are intended pays a tax of an appropriate amount

Article 115¹⁷. Submitting return and payment of VAT

1. The person presenting the goods to customs authorities at the end of each calendar month must submit to the customs authorities by electronic means a report containing information on import VAT collected applying the special procedure for import VAT. The data required to complete this report, the procedure for completing and submitting the report shall be determined by the Customs Department.
2. Import VAT specified in the report referred to in paragraph 1 of this Article shall be paid and its payment shall be secured in accordance with the procedure established in Article 94 of this Law.
3. Irrespective of whether the person presenting the goods to customs authorities collected import VAT from the person for whom the goods are intended, in accordance with the procedure for payment of import VAT established in Article 94 of this Law, he must pay import VAT not later than by the end of the second month following the month in which the obligation to pay import VAT arose.
4. If import VAT has not been collected because the goods were not delivered to the person to whom they were intended, the person having presented the goods to the customs authorities has the right to submit an application to the customs authorities to refuse to recover import VAT in accordance with the procedure laid down in the customs legislation or, if it has already been paid, to refund that import VAT.

Article 115¹⁸. Accounting requirements

Persons applying the special procedure for import VAT must enable the competent national authorities to receive accounting data by electronic means, read and otherwise use the data for supervisory purposes during the data retention period established by law.

Article 115¹⁹. Application of VAT rate

Notwithstanding the provisions of Article 19 of this Law, the standard VAT rate applies to goods imported applying the special procedure for import VAT.

CHAPTER XIII
VAT REFUND TO FOREIGN TAXABLE PERSONS. APPLICATIONS BY TAXABLE PERSONS OF THE
REPUBLIC OF LITHUANIA FOR REFUND OF VAT PAID IN OTHER MEMBER STATES

AMENDED (title):
By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

Article 116. Right to Refund of VAT paid in the Republic of Lithuania

1. Foreign taxable persons shall have the right to the refund of VAT paid in the Republic of Lithuania.
- 2.

AMENDED:
1. By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)
2. By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

The right to the refund of VAT paid in the Republic of Lithuania shall be granted to foreign taxable persons established in those foreign states in which taxable persons of the Republic of Lithuania are entitled to the refund of VAT (or equivalent tax) paid by them. Where a foreign state imposes restrictions on taxable persons of the Republic of Lithuania seeking a refund of VAT (or equivalent tax) in that state, the Government of the Republic of Lithuania or an institution authorised by it shall have the right to impose analogous refund restrictions for foreign persons seeking a VAT refund in the Republic of Lithuania. Provisions of this paragraph shall not apply to:

- 1) to taxable persons established outside the territory of the European Union to whom the provisions of sections 5 and/or 6 and/or 7 of Chapter XII of this Law apply, or equivalent provisions of any other Member State, and who wish to recover VAT paid in the Republic of Lithuania on goods (services) that are intended for the supply of services and/or goods referred to in Sections 5 and/or 6 and/or 7 of Chapter XII of this Law, respectively.

AMENDED:

- 1. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*
- 2. By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)*
- 3. By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)*

- 2) taxable persons established in another Member State;
- 3) foreign taxable persons established in the Member State of the Organization for Economic Co-operation and Development in which there is no VAT (or equivalent tax).

AMENDED:

By Law No. XIII-816 of 05 12 2017 (from 01 01 2018)

Article 117. Requirements for a Foreign Taxable Person Seeking a VAT Refund

1. A foreign taxable person shall have the right to submit an application for the refund of VAT paid in the Republic in Lithuania provided that, in the period for which a VAT refund is requested, the person met the following criteria:

- 1) the person had no division in the Republic of Lithuania through which economic activities were carried out, and in case of a natural person – additionally, the permanent place of residence of such person was not Republic of Lithuania.

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

- 2) the person did not carry out, in the territory of the country, any activities which are subject to VAT under this Law, unless this Article establishes otherwise.

2.

AMENDED
By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

A foreign taxable person who meets the criterion set out in subparagraph 1 of paragraph 1 of this Article also has the right to submit the request; and during the period, during which VAT for which the person seeks a refund has been paid, in the territory of the country such a foreign person:

- 1) provided only goods transport services and ancillary transport services which, in accordance with the provisions of Articles 43, 45, 47, 52, 53 of this Law, would be taxed at a VAT rate of 0 per cent; and/or
 - 2) supplied only such services and goods for which the tax payable must be calculated and paid by their buyer in accordance with the provisions of paragraphs 2, 3 and 4 of Article 95 of this Law; and/or
 - 3) carried out only activities to which the scheme for persons not established in the European Union applies according to the provisions of the legislation of another Member State that are substantially equivalent to the provisions of section 5 of Chapter XII of this Law, also in cases where, together with the activities to which the scheme for persons not established in the European Union applies according to the provisions of the legislation of another Member State that are substantially equivalent to the provisions of section 5 of Chapter XII of this Law, the person also carried out other activities in connection with which this person is not a VAT payer in the Republic of Lithuania and which do not create an obligation for this person to be registered as a taxpayer for VAT purposes in the Republic of Lithuania; and/or
 - 4) carried out only activities to which the scheme for persons established in the European Union applies according to the provisions of the legislation of another Member State that are substantially equivalent to the provisions of section 6 of Chapter XII of this Law, also in cases where, together with the activities to which the scheme for persons established in the European Union applies according to the provisions of the legislation of another Member State that are substantially equivalent to the provisions of section 6 of Chapter XII of this Law, the person also carried out other activities in connection with which this person is not a VAT payer in the Republic of Lithuania and which do not create an obligation for this person to be registered as a taxpayer for VAT purposes in the Republic of Lithuania; and/or
 - 5) carried out only activities to which the scheme for imported goods applies according to the provisions of the legislation of another Member State that are substantially equivalent to the provisions of section 7 of Chapter XII of this Law, also in cases where, together with the activities to which the scheme for imported goods applies according to the provisions of the legislation of another Member State that are substantially equivalent to the provisions of section 7 of Chapter XII of this Law, the person also carried out other activities in connection with which this person is not a VAT payer in the Republic of Lithuania and which do not create an obligation for this person to be registered as a taxpayer for VAT purposes in the Republic of Lithuania“.
3. A foreign taxable person shall have no right to apply for a refund of the VAT paid in the Republic of Lithuania if in the state where he is established provisions equivalent to the provisions of paragraph 2, Article 71 of this Law apply to him.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 118. Refundable VAT

1.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

The following may be refundable to a foreign taxable person:

- 1) import VAT paid in the Republic of Lithuania, the obligation with respect to which arises for the goods imported by him into the territory of the Republic of Lithuania;

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

- 2) The VAT paid by this taxable person for the goods and/service including those acquired from other Member States.

2. The VAT referred to in paragraph 1 of this Article may be refundable only in the case where the goods and/or services, in respect of which the refund of the paid VAT is requested, are intended for use in the following economic activities of a foreign taxable person:

- 1) the one referred to in Article 117 paragraph 2 of this Law and/or;

AMENDED:

By Law No. XII-1318 of 11 11 2014 (from 01 01 2015)

- 2) to supply goods and/or services outside of the territory of the country in the case where such supplies of goods and/or services would not be exempt from VAT if carried out in the territory of the country.

3. The VAT referred to in paragraph 1 above may be refunded to a foreign taxable person established in another Member State, provided that the goods and/or services which were acquired by such person and for which the person requests a VAT refund, are intended for use in such economic activities of the person which grant him the right to VAT deduction in the state in which the person is established. Where a foreign taxable person established in another Member State has concluded, in such Member State, both transactions that entitle to VAT deduction and transactions that do not entitle to VAT deduction, such person shall have the right to refund of only such part of the input VAT and/or import VAT on the goods and/or

services acquired and/or imported, which, according to the provisions of his Member State, is attributed to the transactions entitling to VAT deduction.

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

4. VAT paid by a foreign taxable person on goods and/or services, the input VAT and/or import VAT on which may not be deductible, by VAT registered persons under any circumstances according to provisions of this Law, shall not be refunded to the foreign taxable person.

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

5. The Government of the Republic of Lithuania or an institution authorised by it shall have the right to establish that VAT paid on certain goods and/or services shall not be refunded to foreign taxable persons established outside the territory of the European Union in cases where deduction of input and import VAT on such goods/services is restricted according to provisions of this Law.

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*

2. *By Law No. XI-518 of 03 12 2009 (from 01 01 2010)*

3. *By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)*

6.

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

Input VAT shall not be refunded in the following cases:

1) where no VAT was to be calculated on the supply of goods and/or services according to provisions of this Law;

2) where provisions of Article 49 of this Law could be applied to goods exported to another Member State by the buyer or by another person as ordered by the buyer;

3) where provisions of Article 41(2) of this Law could be applied to goods exported from the territory of the European Union by the buyer or by another person as ordered by the buyer.

AMENDED:

By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)

Article 119. Term of VAT Refund, Minimum Refundable VAT Amount and Refund Procedure

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

1. The maximum and minimum length of the term of the VAT refund that can be requested, the minimum amount of the VAT refund that can be requested by a foreign taxable person, and the procedures for the submission and examination of the requests for VAT refund by foreign taxable persons and for the refunding of VAT shall be established by the Government of the Republic of Lithuania or an institutions authorised by it.

2. Taxable persons established in other Member States seeking a refund of VAT paid in the Republic of Lithuania shall submit requests for VAT refund through the tax administrator of the Member State in which they are established, using the electronic VAT refund system operating in the Member States.

Article 119¹. Submission of Requests for Refund of VAT paid by Taxable Persons of the Republic of Lithuania in Other Member States

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

Taxable persons of the Republic of Lithuania seeking a refund of VAT paid in other Member States shall approach the tax administrator of the relevant Member State according to the procedure established by the central tax administrator.

**CHAPTER XIV
CONTROL OVER TAX**

Article 120. Control over VAT

AMENDED:

1. *By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)*

2. By Law No. XI-1187 of 30 11 2010 (from 18 12 2010)
3. By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

1. Except in the case referred to in paragraph 2 of this Article, the payment of VAT is controlled by the State Tax Inspectorate. The State Tax Inspectorate also controls the payment of VAT on imported goods if their import VAT is set off in accordance with the procedure established in Article 94 of this Law, also the payment of VAT for goods to which the scheme for imported goods referred to in section 7 of Chapter XII of this Law applies.

AMENDED

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021)

2. VAT on imported goods (including goods of the European Union that are imported into the territory of the European Union from third territories) not referred to in paragraph 1 of this Article shall be controlled by Customs of the Republic of Lithuania.

3. Same customs formalities shall apply to the import of goods of the European Union from third territories into the territory of the European Union as to the non-European Union goods imported into the customs territory of the Union. Where goods, intended for transport to a Member State other than the Member State into which they were imported from third territories, are imported into the territory of the European Union from third territories, such goods may be placed under the internal transit customs procedure provided for in the Article 227 of the Union Customs Code. In case of import from third territories into the territory of the European Union of the goods, which, if they were imported from third countries, could be placed under temporary storage or placed under the following customs procedures: free zone, customs warehousing, inward processing or temporary admission without imposing import duties, such goods shall be subject to the same conditions as the conditions which would apply upon completion of temporary storage or placing under the said customs procedures.

4. Customs formalities applicable to the export of goods from the territory of the European Union into third territories shall be the same as the formalities applicable to the export of goods from the customs territory of the Union. Where goods are temporarily exported from the territory of the European Union into third territories, they shall be subject to the provisions that apply to goods temporarily exported from the customs territory of the Union.

5. Paragraphs 3 and 4 of this Article are implemented by Union Customs Code and the supplementing and implementing European Union legislation.

6. Discharge of tax liabilities that may arise from the import into the territory of the European Union of goods which are not European Union goods and which are not put into free circulation as well as from goods imported from third territories shall be secured according to the same procedure as the procedure applied to the liabilities related to a potential import customs debt.

Article 121. Refund of VAT that was Groundlessly Paid/Recovered. Refund of VAT in Other Cases

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

1. The amount of VAT paid/recovered in excess shall be refundable/carried forward according to the procedure established by the Law on Tax Administration, except for the case specified in paragraph 2 of this Article.

AMENDED:

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

2. The obligation to pay VAT to customs is abolished *mutatis mutandis* according to the Article 124(1) paragraphs d-g of the Union Customs Code. The VAT paid in respect of imported goods shall be refundable or its recovery shall be waived in the cases determined by the Government of the Republic of Lithuania or an institution authorised by it. Decisions on requests to refund the paid import VAT or to waive its recovery shall be taken in accordance with the provisions of Chapter VIII of the Customs Law of the Republic of Lithuania.

AMENDED:

By Law No. XII-2697 of 03 11 2016 (from 01 01 2017)

3. Where a legal person who is not a taxable person paid import VAT in the Republic of Lithuania for goods imported from third countries or third territories and which will be further imported to another Member State, the person shall be refunded the import following the procedure determined by the Government of the Republic of Lithuania or an institution authorised by it.

**CHAPTER XV
LIABILITY FOR VIOLATION OF THIS LAW**

Article 122. Failure to Submit a VAT Return in Due Time

INVALIDATED:

By Law No. X-1251 of 03 07 2007 (from 01 01 2008)

Article 123. Failure to Comply with the Procedure for the Payment of VAT

1. With regard to persons who have violated the provisions of this Law, default interest shall be calculated in accordance with the procedure established by the Law on Tax Administration.

AMENDED:

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

2. Where it is discovered that a VAT payer has unjustifiably reduced the calculated amount of VAT payable into the budget (increased the calculated amount of VAT refundable from the budget), an additional amount of VAT payable shall be calculated whereby the amount of VAT payable into the budget shall be increased (the amount of VAT refundable from the budget shall be reduced) accordingly, and a penalty of 10 to 50% of the calculated additional amount of VAT due shall be imposed.

3. Where it is discovered that a taxable person or any other person, who is not a VAT payer, but in accordance with the procedure established by this Law should have paid VAT into the budget, has failed to pay it, the amount of VAT payable into the budget shall be calculated and a penalty of 10 to 50% of the calculated amount of VAT shall be imposed.

4. The amount of an individual penalty imposed in the cases specified in paragraph 2 or 3 of this Article shall depend on the nature of violation, the form of the guilt of the tax payer and other circumstances which are recognised by the tax administrator as relevant when imposing a larger or smaller penalty.

Article 124. Nonconformity with the Order of Carrying out Customs Approved Treatment and Payment of Import VAT

INVALIDATED :

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

**CHAPTER XVI
FINAL PROVISIONS**

Article 125. Entry into the Budget

VAT shall be entered into the State budget

Article 125¹. Payment of VAT out of the State Budget

INVALIDATED:

By Law No. XI-114 of 23 12 2008 (from 01 09 2009)

Article 126. Entry into Force

1. This Law shall enter into force from 1 July 2002, except for subparagraphs 2, 3, 4, 5, 6 and 7 paragraph 3 of Article 19, Article 130 and Section Four of Chapter XII.

2. Subparagraph 2, paragraph 3, Article 19 of this Law shall enter into force from 1 January 2003. Until 31 December 2002, the printing, publication and circulation of books, newspapers and magazines, except for publications publicising eroticism and violence, which have been recognised as such by an institution authorised by legal acts, as well as paper for printing newspapers shall be exempt from VAT.

3. Subparagraph 3, paragraph 3, Article 19 of this Law shall enter into force from 1 January 2004. Until 31 December 2003, pharmaceuticals and medicinal products included on the list approved by the Government of the Republic of Lithuania shall be exempt from VAT; however, the Government of the Republic of Lithuania shall have the right to approve the list of pharmaceuticals and medicinal products on which VAT shall be chargeable at the reduced rate of 5% from the day of the entry into force of this Law.

AMENDED:

By Law No. IX-1816 of 11 11 2003 (from 01 01 2004)

4. Subparagraphs 4, 6 and 7, paragraph 3, Article 19 of this Law shall enter into force from 1 January 2003.

5. Subparagraph 5, paragraph 3, Article 19 of this Law, setting the reduced rate of VAT of 5% for organic food products (requirements for organic food products shall be laid down by the Government of the Republic of Lithuania) shall enter into force from 1 January 2006.

6. Section Four of Chapter XII of this Law shall enter into force from 1 January 2004.

7. VAT returns for the tax period of June 2002 shall be filed and VAT shall be paid into the budget in accordance with the procedure and time limits established by this Law.

8. VAT on agricultural products, the supply whereof was duly documented prior to the entry into force of this Law, shall be paid into the budget within 10 days from payment by purchasers for it. The VAT on the services or energy supplied prior to the entry into force of this Law, which are paid for with the resources of the state budget of the Republic of Lithuania or municipal budgets, the Privatisation Fund and the Road Fund (Road Maintenance and Development Programmes), as well as with the resources of soft credits allocated from the General and Municipal Funds for the Construction or Purchase of Housing and Apartments, the time period for the payment whereof has not expired upon the entry into force of this Law, shall be paid into the budget in accordance with the provisions laid down in paragraph 6, Article 90 of this Law.

Article 127. Application of this Law to Services Provided by Foreign Taxable Persons

INVALIDATED :

By Law No. XI-518 of 03 12 2009 (from 01 01 2010)

Article 128. Application of the Provisions of this Law to Tangible Capital Assets Acquired and/or Imported prior to the Entry into Force of this Law

1. This Article shall establish the procedure under which VAT deduction shall be adjusted with respect to the tangible capital assets referred to in Article 67 of this Law, acquired or imported prior to the entry into force of this Law, as well as the change in the use of the building/structure materially improved prior to the entry into force of this Law.

2. VAT deduction shall be adjusted in accordance with the procedure established in this Article, provided:

1) less than 10 years have elapsed after the tax period when the input VAT on the property immovable by nature acquired prior to the entry into force of this Law was wholly or partially deducted; or where the property immovable by nature was manufactured by the VAT payer himself and the input and/or import VAT on the goods and/or services used for the manufacture of the said property was wholly or partially deducted – less than 10 years have elapsed after the tax period when this property was put to use;

2) less than 10 years have elapsed after the tax period when the material improvement of the building/structure carried out prior to the entry into force of this Law was completed where the input and/or import VAT on the goods and/or services used for the said improvement was wholly or partially deducted;

3) less than 5 years have elapsed after the tax period when input VAT on the capital tangible assets referred to in subparagraph 2 of Article 67 (1) of this Law, acquired or imported prior to the entry into force of this Law, was wholly or partially deducted; or where such assets were manufactured by the VAT payer himself and the input and/or import VAT on the goods and/or services used for the manufacture thereof was wholly or partially deducted – less than 5 years have elapsed after the tax period when these assets were put to use.

3. Where prior to the entry into force of this Law tangible capital assets were manufactured by the VAT payer himself or the building/structure was materially improved, the input VAT of such tangible capital assets shall, under the provisions of this Law related to VAT deduction and the adjustment thereof, mean the amount of input and/or import VAT on the goods and/or services used for the manufacture of the said assets (where the material improvement of the building/structure is carried out – for improvement works).

4. VAT deduction in respect of the change in the use of the tangible capital assets referred to in this Article shall be adjusted in accordance with the procedure established in Article 67 of this Law until the end of the period for the adjustment of VAT deduction.

Article 129. Temporary Application of Different Rules of Taxation with VAT

INVALIDATED :

By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

Article 130. Proposals to the Government of the Republic of Lithuania

By 1 May 2002, the Government of the Republic of Lithuania shall approve legal acts necessary for the implementation of this Law or shall authorise other institutions to do this by the said date.

Article 131. Repealed Laws

On the entry into force of this Law, the following shall be repealed:

- 1) Republic of Lithuania Law on Value Added Tax;
- 2) Republic of Lithuania Law Amending the Republic of Lithuania Law on Value Added Tax;
- 3) Republic of Lithuania Law Amending and Supplementing the Republic of Lithuania Law on Value Added Tax;
- 4) Republic of Lithuania Law on Value Added Tax;
- 5) Republic of Lithuania Law Amending and Supplementing the Republic of Lithuania Law on Value Added Tax;
- 6) Republic of Lithuania Law Amending and Supplementing the Republic of Lithuania Law on Value Added Tax;

- 7) Republic of Lithuania Law Amending and Supplementing the Republic of Lithuania Law on Value Added Tax;
- 8) Republic of Lithuania Law Amending Article 38 of the Republic of Lithuania Law on Value Added Tax;
- 9) Article 3 of the Republic of Lithuania Law Supplementing Tax Laws of the Republic of Lithuania;
- 10) Law Amending and Supplementing the Republic of Lithuania Law on Value Added Tax;
- 11) Law Amending Article 26 of the Law Amending and Supplementing the Republic of Lithuania Law on Value Added Tax;
- 12) Law Supplementing Article 6 of the Republic of Lithuania Law on Value Added Tax;
- 13) Law Amending Articles 35 and 36 of the Republic of Lithuania Law on Value Added Tax;
- 14) Law Amending Article 38 of the Republic of Lithuania Law on Value Added Tax;
- 15) Law Amending Article 38¹ of the Republic of Lithuania Law on Value Added Tax;
- 16) Law Amending and Supplementing Article 23 of the Republic of Lithuania Law on Value Added Tax;
- 17) Law Supplementing Articles 25 and 38 of the Republic of Lithuania Law on Value Added Tax;
- 18) Law Amending and Supplementing Articles 17, 18, 26, 27, 28 and 41 of the Republic of Lithuania Law on Value Added Tax;
- 19) Law Amending Articles 4, 5, 6, 16, 17, 19, 20, 23, 25, 29, 35 and 36 of the Republic of Lithuania Law on Value Added Tax;
- 20) Law Amending and Supplementing Articles 2, 4, 9, 10, 11, 12, 13, 21, 22, 23, 24, 25, 35, 36, 38 of the Republic of Lithuania Law on Value Added Tax;
- 21) Law Amending Article 41 of the Republic of Lithuania Law on Value Added Tax;
- 22) Law Amending Article 38¹ of the Republic of Lithuania Law on Value Added Tax;
- 23) Law Amending and Supplementing Articles 5, 6, 8 of the Republic of Lithuania Law on Value Added Tax;
- 24) Law Amending Article 18 of the Republic of Lithuania Law on Value Added Tax;
- 25) Law Amending and Supplementing Article 17 of the Republic of Lithuania Law on Value Added Tax;
- 26) Law Supplementing Article 4 of the Republic of Lithuania Law on Value Added Tax;
- 27) Law Amending Article 17 of the Republic of Lithuania Law on Value Added Tax;
- 28) Law Amending and Supplementing Articles 4, 13, 14 of the Republic of Lithuania Law on Value Added Tax;
- 29) Law Amending Article 23 of the Republic of Lithuania Law on Value Added Tax;
- 30) Law Amending and Supplementing Articles 6, 7, 17, 25, 32, 35, 36, 41 of the Republic of Lithuania Law on Value Added Tax;
- 31) Law Amending Articles 4 and 23 of the Republic of Lithuania Law on Value Added Tax;
- 32) Law Repealing the Law Amending Article 4 of the Republic of Lithuania Law on Value Added Tax and Amending Article 4 of the Law on Value Added Tax;
- 33) Law Amending Articles 13 and 25 of the Republic of Lithuania Law on Value Added Tax;
- 34) Law Amending Articles 13 and 14 of the Republic of Lithuania Law on Value Added Tax;
- 35) Law Amending Article 25 of the Republic of Lithuania Law on Value Added Tax;
- 36) Law Amending Article 4 of the Republic of Lithuania Law on Value Added Tax;
- 37) Law Amending and Supplementing Article 25 of the Republic of Lithuania Law on Value Added Tax and Supplementing the Law with Article 38²;
- 38) Law Supplementing Article 13 of the Republic of Lithuania Law on Value Added Tax;
- 39) Law Amending Articles 17 and 32 of the Republic of Lithuania Law on Value Added Tax;
- 40) Law Amending Article 36 of the Republic of Lithuania Law on Value Added Tax;
- 41) Law Amending Article 5 of the Republic of Lithuania Law on Value Added Tax

Invoking paragraph 2 of Article 71 of the Constitution of the Republic of Lithuania, I promulgate this Law passed by the Seimas of the Republic of Lithuania.

CHAIRMAN OF THE SEIMAS
OF THE REPUBLIC OF LITHUANIA

ARTŪRAS PAULAUŠKAS

Annex 1
to the Law on Value Added Tax
of the Republic of Lithuania No IX-751
5 March 2002

AMENDED:
By Law No. IX-1960 of 15 01 2004 (from 01 05 2004)

List of Agricultural Services

1. Field work, reaping and mowing, threshing, baling, collecting, harvesting, sowing and planting.
 2. Packaging and preparation for market, for example drying, cleaning, grinding, disinfecting and ensilage of agricultural products.
 3. Storage of agricultural products.
 4. Stock minding, rearing and fattening.
 5. Hiring out, for agricultural purposes, of equipment normally used in agricultural, forestry or fisheries undertakings.
 6. Destruction of weeds and pests, dusting and spraying of crops and land.
 7. Operation of irrigation and drainage equipment.
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Annex 2
to the Law on Value Added Tax
of the Republic of Lithuania

AMENDED

By Law No. XIII-3346 of 05 11 2020 (from 01 07 2021

IMPLEMENTED LEGAL ACTS OF THE EUROPEAN UNION

1. Thirteenth Council Directive 86/560/EEC of 17 November 1986 on the harmonization of the laws of the Member States relating to turnover taxes - Arrangements for the refund of value added tax to taxable persons not established in Community territory.
 2. Council Directive 2006/79/EC of 5 October 2006 on the exemption from taxes of imports of small consignments of goods of a non-commercial character from third countries (codified version)
 3. Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, last amended by Council Directive (EU) 2019/1995 of 21 November 2019.
 4. Council Directive 2007/74/EC of 20 December 2007 on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries
 5. Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State.
 6. 2011/335/EU: Council Implementing Decision of 30 May 2011 authorising the Republic of Lithuania to apply a measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax.
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