

# LITHUANIA

As per 1 January 2017

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## EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

<b>Tax rate</b>	Personal income tax rates: <ul style="list-style-type: none"><li>– 15% flat rate;</li><li>– 5% on income received from certain individual business activities (e.g., non-professional activities).</li></ul>
<b>Tax period</b>	Calendar year
<b>Tax residency / Domicile according to domestic law</b>	Tax residency criteria is laid down in the law and principally outlines the following requirements: <ul style="list-style-type: none"><li>– Permanent residence place in Lithuania;</li><li>– Place of personal, social or economic interests in Lithuania;</li><li>– Present in Lithuania with or without breaks for no less than 183 days in a tax period, or</li><li>– Present in Lithuania with or without breaks for no less than 280 days during two consecutive tax periods, and stayed in Lithuania during one of these periods continuously or intermittently for 90 days or more.</li></ul> As a general rule, if at least one of the above requirements is met, individual shall be treated as being a tax resident in Lithuania.
<b>Tax registration</b>	Generally, individuals are not required to register for tax purposes. Except certain cases, e.g. individual carries out individual activities.
<b>Employment income definition</b>	Income received in the course of employment relations (salaries and benefits in cash or in kind received by employee).
<b>Examples of tax exemption</b>	Certain interest income up to EUR 500; gifts of the value up to EUR 2.500; other minor exemptions
<b>Specific expatriate concession</b>	Not applicable
<b>Income of board members</b>	Generally, it is treated as ordinary taxable income and taxed at a general PIT rate of 15%. It is also subject to tax with social security contributions at the rate of approx. 26%.
<b>Tax returns</b>	An individual shall submit annual income tax return until the 1st of May of the following year. In the case of employment relations employer is liable for monthly and annual tax compliance: <ul style="list-style-type: none"><li>– Monthly tax return shall be submitted to the Tax Authorities until the 15th of the following month;</li><li>– Annual tax return shall be submitted until the 15th of February of the following year.</li></ul>
<b>Tax payments</b>	An individual shall pay personal income tax to the Lithuanian budget until the 1st of May of the following year. In the case of employment relations employer has an obligation to withhold, declare and pay PIT to the Lithuanian budget until the 15th or the last day of the month (depending on the salary payment date).

## TAX TREATIES

**Employment income / income from**

board members

Art 15/16 Model OECD Tax Convention.

## INTERNATIONAL SOCIAL SECURITY

Cross border employments

EU Regulation No 883/2004 and EU regulation No. 1408 / 71.

Exception under Art 16 of Reg. 883/2004

Generally applicable.

and Art 17 of Reg. 1408/71

Social Security Cost as % from gross salary and absolute amounts

Due by employer on gross salary:  
– Social insurance contribution at the rate of 27,98%;  
– Health insurance contribution at the rate of 3%;  
Contribution to the State Guarantee fund at the rate of 0,2%.  
Due by employee on gross salary:  
– Social insurance contribution at a rate of 3%.  
– Health insurance contribution at a rate of 6%.

## IMMIGRATION

Work permit

A citizen of one of the Member States of the European Union (EU), European Economic Area (EEA) and the Swiss Confederation may arrive and work in Lithuania for up to 3 months within a 6 month period starting from the day of his arrival. Persons who wish to stay longer than 3 months or have already been in Lithuania for longer than 3 months have to register with the Migration Department. Temporary residence permits are issued for periods of up to 5 years.

A foreigner who intends to work in Lithuania must obtain a work permit before entering Lithuania. A work permit may be issued to a foreigner if there is no Lithuanian citizen meeting employer's qualification requirements.

Visa

EU and EEA citizens do not need a visa to enter Lithuania. Non-EU and EEA citizens from particular countries may be obliged to apply for a visa before entering Lithuania.

Residency permits / registration certificate

Citizens of the EU, EEA or Swiss may stay in Lithuania without formalization for up to 3 months within half a year. Otherwise special form shall be obtained.  
A temporary residence permit in Lithuania is issued to a citizen of a non-EU member state. It is usually issued for a period of one year, though it may also be issued for a shorter period.

Driving license

Driving licenses issued in other countries are recognized in Lithuania. When a person becomes a resident of Lithuania, he should obtain Lithuanian driving license within 12 months of arrival, if it was issued by a non-EU country.

STOCK OPTION PLAN

Provision of the right to obtain shares or receive cash payout after exercise of the stock option plan is not a taxable event. Exercise of the stock option plan is generally taxed as employment income (i.e. PIT and SSC), however, if exercised by providing shares, SSC could be not applied under certain conditions.



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