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VAT PROFILE, LITHUANIA

The European Union (EU) VAT Directive is implemented in Lithuania through the VAT Law (in Lithuanian “Pridėtinės vertės mokesčio įstatymas”). VAT is called in Lithuania “Pridėtinės vertės mokestis” or “PVM”.

1. Taxable Persons**1.1 VAT registration for domestic businesses**

A Lithuanian taxable person has the obligation to register as a taxable person for VAT and charge VAT to his customers starting from the month in which his revenue from supplies of goods and provision of services exceeded LTL 155,000 (approximately EUR 45,000). The request to register as a taxable person must be filed with local tax authorities before the revenue exceeds the threshold. However, the registration is not necessary in case only goods and services which are subject to reverse charge, are supplied.

Furthermore, a Lithuanian taxable person or a non-taxable legal entity must register if it acquires goods in Lithuania from another EU Member State that do not fall under the exemption (see also section 5).

The decision on registration (or non-registration) is issued in three days as of the day on which the competent tax authorities received the application. If at the request of the tax authorities additional information is provided, the decision on registration is issued in three days as of the receipt of the additional information.

A registration application has to be submitted to the State Tax Authority. The application form (number FR0388) can be downloaded at the following link:

www.vmi.lt > Apie VMI > Paslaugos > Informacijosrinkmenos > Formos
(<http://www.vmi.lt/cms/formos>)

1.2 VAT registration for foreign taxable persons

There is no registration threshold for foreign taxable persons. A foreign taxable person has the obligation to register for VAT before performing the first transaction subject to Lithuanian VAT. The obligation to register does not arise in case of goods and services, for which the reverse charge

applies, or if the supply is VAT exempt or taxed with the zero rate (except export and intra-Community supply of goods).

Furthermore, a foreign taxable person or a non-taxable legal entity must register for VAT if it acquires goods in Lithuania from another EU Member State if the acquisition does not fall under the exemption (see also section 5).

EU companies may choose in which office they wish to be registered. However, if the company has a branch, a fixed establishment, owns real estate in Lithuania or is a payer of the social security contributions, it has to register in the county where the branch, fixed establishment, real estate or the employee is based.

For the registration the following documents have to be submitted to STI:

- registration application for the taxpayer's register;
- registration application for the VAT payer's register;
- commercial register extract issued by the competent authority of the country of establishment, approved by apostille (applicable for foreign legal entities) and translated into Lithuanian.

The address of Vilnius County State Tax Inspectorate where the registration applications with accompanying documents have to be sent is as follows:

*Vilniaus apskrities valstybinė
mokesčių inspekcija
Šermukšnių g. 4
LT - 01509 Vilnius
Lithuania*

The decision on registration (or non-registration) of a taxable person is issued in three days as of the day on which the competent tax authorities received the application. If at the request of the tax authorities additional information is provided, the decision on registration is issued in three days as of the receipt of the additional information. The application form on registration with the taxpayer's register (number FR0227) can be downloaded at the following link:

www.vmi.lt > Apie VMI > Paslaugos > Informacijos rinkmenos > Formos (<http://www.vmi.lt/cms/formos>). The application form on registration with the VAT payer's register (number FR0388) can be downloaded at the following link:

www.vmi.lt > Apie VMI > Paslaugos > Informacijos rinkmenos > Formos (<http://www.vmi.lt/cms/formos>).

1.3 VAT grouping

There is no VAT grouping in Lithuania

1.4 Fiscal representative

A foreign taxable person must register as a taxable person for VAT in Lithuania through its subsidiary established in Lithuania or through a fiscal representative. Taxable persons established in other EU Member States do not have to appoint a fiscal representative. Also taxable persons from non-EU member states with which Lithuania has treaties on tax administrators' cooperation do not have to appoint a fiscal representative.

Any taxable person of the Republic of Lithuania may be a fiscal representative provided that:

- they have been registered as taxable persons in Lithuania for more than three years. An exception to this rule is applied only to audit firms or attorneys at law;
- they provide services as lawyers, accountants, auditors or consultants on tax matters;
- during the past 12 months, they have had no tax arrears to the State budget or funds the fiscal revenues of which are administered by the State Tax Inspectorate;
- during the past 12 months have committed no offences against customs laws; and
- have committed no other legal transgressions.

However, a foreign taxable person is not obligated neither to register for VAT in Lithuania nor to appoint a fiscal representative if, within the territory of the country, he is engaged only in the following activities:

- supply of goods and/or services on which, under this Law, no VAT is chargeable;
- supply of goods and/or services which, under this Law, are not subject to VAT; or
- supply of goods and/or services on which, under this Law, the zero-rate VAT would be charged.

A fiscal representative is jointly and severally liable for the payment of tax, interest and penalties together with the foreign taxable person represented for the performance of tax obligations in respect to VAT. A bank guarantee may be required.

2. Simplification Measures

2.1 Consignment and call-off stock

A call-off stock simplification exists in Lithuania. However, the VAT Law does not allow consignment stock simplification.

The transfer of goods to the call-off stock located in Lithuania is treated as an intra-Community acquisition by the local customer if the following preconditions are met:

- the goods are stored in a warehouse as a call-off stock which is owned or otherwise possessed by the local customer (taxable person);
- the goods are taken out from the stock by the local customer within twelve months after the arrival date of the goods; and
- the local customer is the only legal entity which uses the transferred goods for its economic activities.

Therefore, if the goods are delivered as call-off stock, the supplier of the goods will not have to register for VAT in Lithuania and he will be able to issue zero rate VAT invoices if all the above requirements are met.

2.2 Simplified triangulation rules

Under Lithuanian VAT legislation the simplified triangulation rules may be applied if the following conditions are met:

- all three parties participating in the triangulation (the so-called ABC contract) are registered as taxable persons in different EU Member States and respectively carry out the transaction using VAT identification (ID) numbers granted in different EU Member States;
- the Lithuanian VAT payer is either the supplier (A), middleman (B), or the final customer (C); and
- the goods sold by (A) to (B) and by (B) to (C) are being transported directly from (A) to (C).

Where Lithuania is the EU Member State of arrival of the goods, the wording of the Lithuanian legislation does not prevent the application of the triangulation rules if the middleman (B) is VAT registered in the country of dispatch, provided that the general requirement for the three parties participating in the triangulation to use VAT ID numbers of different EU Member State is satisfied.

Please note that the triangulation simplification measures do not apply where the middleman is established in Lithuania or registered for VAT purposes (as a non-established company) for other supplies in Lithuania if Lithuania is the country of arrival of the goods. Subsequently, Lithuanian VAT must be applied in the latter cases.

2.3 Transfer of business

Lithuania applies the option to exempt the transfer of business as a going concern from VAT (Articles 19 and 29 of the EU VAT Directive).

If the taxable person transfers a business (or part of) to another taxable person as a going concern, this transaction is not considered as the supply of goods or services and, thus, falls outside the scope of VAT, provided that the following conditions are met:

- the activities are transferred as a complex of assets, liabilities rights and obligations related to the said activities;
- the activities are transferred from one taxable person to another; and
- the activities are continued by the transferee after the transfer.

3. Installation Supplies

When the supplied goods have to be assembled or installed by the supplier or another person acting on behalf of the supplier, such goods are treated as supplied in the country where they are assembled or installed. Reverse charge is applied to such supplies if provided by foreign taxable persons in Lithuania. No reverse charge is available for supplies provided by taxable persons established in Lithuania

Construction of a new building or reconstruction of a building resulting in its substantial improvement is treated as a supply of goods. This supply is generally subject to reverse charge when supplied to the owner of the building.

4. Distance Sales Threshold

The distance sales threshold is LTL 125,000 (approximately EUR 36,200).

If the threshold in the previous or current calendar year is not exceeded, foreign businesses may opt to register for VAT in Lithuania and to apply Lithuanian VAT. A foreign business opting to register must file an application. The option is applicable for a period of at least twenty-four months from the date the option was exercised.

5. Acquisition Threshold

Acquisition threshold for non-taxable legal persons, taxable persons engaged in exempt activities and flat-rate farmers from suppliers established in another EU Member State is LTL 35,000 (approximately EUR 10,150).

If the threshold is not exceeded, foreign businesses may opt to register for VAT in Lithuania and to apply Lithuanian VAT.

6. Effective Use and Enjoyment

The services mentioned below are considered to be rendered in Lithuania if the effective use and enjoyment takes place in Lithuania:

- (i) services rendered by a non-EU resident to a non-taxable person residing in Lithuania:
 - electronically provided services;
 - telecommunication services;
 - radio and television broadcasting services; and
 - non-standard software development, sale and other transmission services.
- (ii) services rendered by a non-EU resident to a taxable person residing in Lithuania:
 - carriage of goods, additional transportation services and agency in these contracts services;
 - long-term lease of means of transport.

7. Bad Debt Relief

Bad debt relief for VAT purposes is available in Lithuania as of 1 January 2012.

The amount of payable output VAT may be reduced by VAT attributable to bad debts. A bad debt could be deducted from income only in the tax period during which it was proved that the debt is bad. A consideration is treated as a bad debt if the following conditions are met:

- the output VAT was reported in the VAT return;
- a debt is not paid within the last twelve calendar months following the taxation of the supplied goods or provided services or the debtor passed away, has been liquidated or gone bankrupt; and
- such a debt as well as efforts to recover it is properly substantiated by documentary evidence.

The documents which are required to substantiate that the debts are bad depend on the amount of the debts and debtor's status. In general, to recognize such debt as a bad, effective court order or final decision indicating the amount of the debt and proving that there are no opportunities to recover it is required. However, a requirement to provide substantiating documents does not apply if the amount of a debt from a single debtor does not exceed LTL 1,000 (approximately EUR 289).

The recognition of the claim as a bad debt and the attribution of the output VAT to this bad debt should be recorded by the supplier in a free-form document by the 10th day of the following month during which such recognition was made.

The above-described provisions are not applicable to the transactions performed between related parties.

8. Special Rules

8.1 Postponed accounting on import

Postponed accounting on imports is introduced in Lithuania as of 1 March 2013. Accounting of import VAT in the VAT return instead of paying it in cash to the customs authorities is possible for taxable persons registered in Lithuania. In that case the import VAT does not have to be paid at the time of importation but before the 25th day of the month following the month in which the goods

were imported. Such procedures for offsetting the import VAT can be applied by entities registered in Lithuania that:

- are carrying out VAT taxable activities;
- do not perform taxable activities but are registered as taxable persons due to the purchase of goods or services from countries outside Lithuania;
- are carrying out mixed economic activities; or
- are carrying out economic and non-economic activities.

Thus, entities, which are not registered in Lithuania as taxable persons would have to pay the import VAT upon importation to the Customs' account as previously.

However, accounting of VAT in the VAT return instead of paying it in cash to the customs authorities is not possible for those who are not registered in Lithuania as taxable persons. Thus, in such situations payment of VAT could be delayed only if a guarantee for the payment of import VAT is provided.

8.2 VAT warehouse

There is a possibility to store goods in a VAT warehouse provided that goods supplied, imported or acquired from another EU Member State are intended for:

- selling in a special shopping area of an international seaport or airport for the passengers who are departing to third territories or third countries; or
- supplying to the passengers travelling by air or sea to a destination outside the territory of the European Communities in the course of the transportation.

Payment of VAT for the goods held in the VAT warehouse is suspended.

8.3 Bonded (customs) warehouse

It is possible to store goods in a bonded warehouse regime.

General conditions stipulated in the EU Customs code and governing application of the respective customs procedure apply to putting/storing the goods in a bonded warehouse. Zero rate VAT is applicable to goods that are stored in the customs warehouse.

When the goods are withdrawn from the customs (bonded) warehouse and released into free circulation then the VAT becomes due. The person who initiates the release is responsible for VAT.

9. Reverse Charge

9.1 Reverse charge mechanism – B2B services

Under the general rule, in case of B2B services the customer is entitled to calculate VAT under the reverse charge mechanism in his country of residence. For the purpose of the application of this rule, the customer is considered to fall under the definition of “business” if it is:

- a legal entity or individual established in Lithuania and carrying out only economic or composite activities;
- a non-taxable legal entity registered as a taxable person; or
- a taxable person acquiring goods and services being used for its non-taxable activities.

The invoice should indicate that the reverse charge mechanism applies and make a reference either to the VAT Law or to Directive 2006/112/EC. Reverse charge mechanism applies according to Article 95 of the VAT Law.

9.2 Local reverse charge mechanism – non-resident suppliers

The reverse charge applies, in addition to supplies already mentioned (see also section 9.1), to supplies of goods that are installed or assembled by a foreign supplier or other person authorised by the foreign supplier in Lithuania (see also section 3). The reverse charge can also be applied to any other supply of goods and services carried out by a foreign supplier to a Lithuanian taxable person unless the supplier is VAT registered in Lithuania. If the supplier is already registered, the reverse charge can only be applied if the supplier ceases to VAT register in Lithuania as required by the VAT Law. This provision of the VAT Law is preventive and intends to ensure that irrespective of the failure of the foreign supplier to VAT register in Lithuania, Lithuanian VAT is accounted on the supply.

The invoice should indicate that the reverse charge mechanism applies (see section 9.1).

9.3 Reverse charge mechanism – supply of natural gas and electricity

If gas or electricity, heating and cooling energy is supplied by a foreign person to a Lithuanian taxable person whose purpose of acquisition is reselling or if the place of the real use of gas, electricity or energy is a territory of Lithuania, the place of supply is considered to be in Lithuania and, therefore, the customer is entitled to calculate VAT under the reverse charge mechanism in Lithuania.

9.4 Reverse charge mechanism – specific domestic rules

A Lithuanian taxable person is required to account for VAT if it:

- buys goods from a legal entity for which a bankruptcy or reorganization procedure has been started;
- takes over property that is transferred as a contribution to a legal entity;
- is an owner of the building and overtakes a material improvement of a building/structure;
- buys ferrous or non-ferrous metals scrap or materials resulting from their recycling; or
- buys timber.

10. VAT Rates

10.1 Standard rate

The standard VAT rate in Lithuania is 21%.

10.2 Reduced rate

The reduced rate of 9% is applicable to:

- energy supplied to residential premises for the purpose of heating, the supply of hot water to residential premises or cold water for the preparation of hot water and heating energy used to warm up this water (until 31 December 2014);
- accommodation in hotels and other specialized accommodation services (as of 1 January 2015);
- supply of books and non-periodical press;
- supply of newspapers, magazines and other periodical press; and
- transportation of passengers and their luggage by regular routes.

The reduced rate of 5% is applicable to:

- supply of some pharmaceutical products; and
- supply of technical aid for disabled people and maintenance thereof.

10.3 Exemptions with right to deduction (zero rate)

Zero rate is applicable to:

- export of goods;
- intra-Community supply of goods;
- goods (the value of which does not exceed a certain amount set by the Lithuanian Government) exported by persons who have their permanent residence outside the EU;
- supply, maintenance, repairs, modification, modernization and hiring out of seagoing vessels used for transportation of passengers or goods on international routes or for other services for reward, of seagoing fishing vessels and of vessels used for rescue or assistance at sea;
- supply and hiring out of aircraft to taxable persons who receive more than half of their annual income from transporting passengers and (or) cargo on international routes and related services;
- resources supplied to vessels and aircrafts mentioned above;
- transportation and other services directly related to export and import of goods;
- transportation of passengers and their luggage on international routes;
- insurance and financial guarantees directly linked to the exportation of goods;
- goods and services destined for diplomatic missions, consular institutions, EU institutions and international organisations as well as the staff of those organisations and their family members;
- gold destined for the System of the European Central Banks and the European Central Bank;
- goods supplied to Lithuanian recipients of sponsorship who transport them as sponsorship outside the EU to organisations which could be recipients of sponsorship under Lithuanian laws; and
- maintenance and recycling of goods under the inward-processing relief.

The zero rate applies on the supply of goods which are exported by or on behalf of the supplier outside the territory of the EU. The export must be supported by evidence that proves that the goods have left the EU. Suitable evidence for exports includes the acknowledgment from customs of the third country, transportation documents and other documents. The zero rate also applies on intra-Community supplies of goods to a taxable person identified for VAT purposes in another Member State. In such case evidence should prove that goods left Lithuania and were delivered to a taxable person registered in another Member State. Suitable evidence for the intra-Community supply of goods includes transportation documents stamped by the recipient of the goods.

10.4 Exemptions without right to deduction

The following supplies are exempted without the right of deduction:

- supply of goods and services related to healthcare;
- supply of social services and related goods;
- supply of education and training services;
- supply of cultural and sport services;
- supply of goods and services by non-profit legal entities;
- supply of postal services;
- supply of information to the public via radio and television;
- supply of insurance services,
- supply of financial services;
- supply of special marks;

- betting, gambling and lotteries;
- letting, sale and other transfer of immovable property.

There is an option to tax certain types of transactions in immovable property and financial services. The rent of immovable property and sale thereof (if this property is not new) is, as a general rule, exempt from VAT. However, a taxable person may elect to charge VAT if the property is rented or sold to another taxable person. The same applies for financial services such as lending, issuing guarantees, controlling loans, payment and currency operations, and other financial services set in a decree of the Minister of Finance. The option is applicable for a period of at least twenty-four months from the date the option was exercised.

11. Recovery of input VAT

11.1 Non-deductible input VAT

Input tax may not be recovered on the purchase of goods and services that are not used for business purposes (for example goods purchased for private use by the taxable person). In addition, input tax may not be recovered for certain items of business expenditure.

Input VAT cannot be recovered if it is:

- related to goods and services intended for entertainment or representation, if the expenses incurred cannot be deducted from the income when counting the taxable profit;
- related to purchased or leased passenger cars designed for the transportation of not more than eight persons (excluding the driver), including off-the-road vehicles, if the purpose of their use is not rendition of services of transportation of passengers or driving instruction, reselling or lease. This exclusion is not applicable for the special purpose motor vehicles;
- related to passengers transportation by motor vehicles, unless the taxable person is involved in that transportation as a commissioner; or
- paid on behalf of a third party.

11.2 Excess input VAT

As a general rule, input VAT may be deducted from the payable output VAT. If the amount of input VAT exceeds the amount of output VAT, the amount of excess input VAT may be carried forward to the following tax periods or recovered. Input VAT can only be recovered for the current and the previous five years. The request to recover input VAT must be accompanied by valid VAT invoices confirming the input VAT paid. The excess VAT is paid by the tax authorities within thirty days as of submission of the application or, if a tax audit is carried out, within twenty days after its completion.

11.3 Capital goods – adjustment periods

For immovable property – ten years from the taxable period in which input VAT was deducted.
For other long-term tangible assets – five years from the taxable period in which input VAT was deducted. The adjustment for capital goods/immovable property is not applicable for services.

11.4 VAT refund for foreigners

11.4.1 VAT refund for non-resident EU taxable persons

A foreign taxable person established in another EU Member State is allowed to apply for VAT refund if the following conditions are satisfied:

- during the period for which a VAT refund requested, the claimant did not have a fixed establishment in Lithuania from which economic activities were effected, or, if an individual, his normal place of residence was not in Lithuania; and
- the claimant did not carry out any activities in Lithuania that would be subject to VAT, except for:
 - the supply of transportation services and ancillary services that would be subject to the 0% rate; or
 - the supply of certain goods or services for which the reverse charge mechanism applies.

When the application relates to a period of less than one calendar year but not less than three months, the amount for which application is made should not be less than LTL 1,380 (approximately EUR 400), however, when the application relates to a period of a calendar year or the remainder of a calendar year, the amount may not be less than LTL 170 (approximately EUR 50).

The application must cover a period of not less than three consecutive calendar months in one calendar year and not more than one calendar year, unless the period represents the remainder of a calendar year. The application must be submitted to the Lithuanian tax authorities by 30 September of the following year. The deadline will not be extended.

The application form on VAT refund must be submitted electronically through the portal of the tax authorities in the country in which the claimant is established. The request can be submitted by the claimant or an authorized person established in any EU member state. If a third party is to submit the application, the relevant power of attorney should be submitted electronically with the VAT refund claim. If the power of attorney is not in Lithuanian or English, it must be translated into Lithuanian. The claimant or its authorized representative should also provide the following information on the application:

- general information relating to the claimant;
- economic activities the claimant is engaged in and for which VAT was incurred;
- information relating to the authorized person, if any;
- details of the bank account to which the refund is to be paid;
- list of invoices and import documents in which each document can be manually typed in; and
- scanned invoices or import documents should also be attached to the application.

An electronic copy of invoices should be submitted only if the amount of the invoice or import document is LTL 3,500 (approximately EUR 1,016) or more (LTL 900 for invoices relating to fuel costs). The Lithuanian authorities are allowed to request additional documents/information.

The decision on the VAT refund is issued within four months of receipt of the claim. The term may be extended to six months where additional information is requested or eight months where the authorities request additional information after a first request.

If the refund is granted, it will be paid within 10 business days after the end of the relevant period to the bank account number provided to the authorities. However, if the refund is not granted, an appeal could be made to the Lithuanian tax authorities within 20 days after the date of receipt of the decision. Mentioned time limit can be extended upon request. If this appeal is unsuccessful, the claimant can initiate proceedings before the Lithuanian court.

11.4.1 VAT refund for non-resident non-EU taxable persons

Lithuania will refund the VAT incurred by a taxable person established in a non-EU country provided a Lithuanian taxable person is entitled to recover the VAT (or any equivalent tax) in that country.

However, VAT is also refunded to non-EU taxable persons that supply e-services in the EU and, by using a special registration procedure are registered in an EU Member State. Suppliers of e-services can request a refund of VAT paid in Lithuania irrespective of whether the country of their establishment refunds VAT to Lithuanian taxable persons.

The following conditions should be satisfied for a non-EU taxable person to receive a refund of Lithuanian VAT:

- during the period for which the VAT refund is requested, the claimant did not have a fixed establishment in Lithuania from which economic activities were performed, or, if the claimant is an individual, his normal place of residence was not in Lithuania; and
- the claimant has not carried out any activities in Lithuania that would be subject to VAT, except for the supply of:
 - transportation services and ancillary services that would be subject to the 0% rate;
 - certain goods or services for which the reverse charge mechanism applies; or
 - services under a special tax scheme for electronically supplied services.

When the application relates to a period of less than one calendar year but not less than three months, the amount for which application is made should not be less than LTL 1,380 (approximately EUR 400), however, when the application relates to a period of a calendar year or the remainder of a calendar year, the amount may not be less than LTL 170 (approximately EUR 50).

The application must cover a period of not less than three consecutive calendar months in one calendar year and not more than one calendar year, unless the period represents the remainder of a calendar year. The application must be submitted to the Lithuanian tax authorities within six months of the end of the calendar year in which the tax became chargeable, ie, by 30 June of the following year. The deadline will not be extended.

The application form on VAT refund (number FR0445) can be downloaded at the following link:
www.vmi.lt > Apie VMI > Paslaugos > Informacijos rinkmenos > Formos
(<http://www.vmi.lt/cms/formos>).

All invoices must be mentioned in the attachment to the application form. The application must be signed by a person who is legally entitled to represent the company. Otherwise, a power of attorney must be provided. In addition, the following supporting documents must be submitted with each application:

- Originals or copies of invoices (or in certain cases cash register receipts), import documents, on the basis of which corresponding amounts of VAT were paid. In case of fuel cards, the originals or copies of documents should allow identification of the person to whom the fuel card is issued;
- A legalized certificate of VAT status showing that the claimant is registered for VAT purposes in its country of residence. This certificate may not be more than one year old.

If the power of attorney and the certificate of the VAT status are not in Lithuanian or English, the documents must be translated into Lithuanian and include the signature of the translator. The filled in application form supported by related invoices or import documents have to be sent to the following address:

*Vilniaus apskrities valstybinė
mokesčių inspekcija
Ulonų g. 2
LT - 08245 Vilnius*

Lithuania

The decision on VAT refund is issued within four months of the date the application and all supporting documents were provided to the Lithuanian tax authorities. If a refund is granted, it will be processed within 10 working days of the date of the decision and paid to the bank account indicated in the application. However, if the refund is not granted, the appeal against the Lithuanian tax authorities should be made within 20 days as of the date of receipt of the decision. The deadline can be extended upon written request. If the appeal is unsuccessful, the claimant is allowed to initiate proceedings before the Lithuanian court.

12. Invoice Requirements

An invoice has to contain the following data:

- date on which the invoice was issued;
- invoice serial number;
- VAT ID number, name and address of the supplier;
- VAT ID number, name and address of the customer;
- description of goods delivered or services rendered and amount thereof;
- date of the supply if it does not coincide with the date of the invoice;
- price of the good or service per unit (excluding VAT), discounts not included in the price;
- taxable amount of the goods;
- applicable VAT rate;
- amount of VAT in national currency;
- grounds for the application of an exemption, zero rate (reference to the corresponding article of the VAT Act or of the EU VAT Directive or another indication of the reason of such application);
- VAT ID number, name and address of the fiscal representative (if applicable);
- grounds for the application of the special margin scheme (reference to the “Maržos apmokestinimo schema.

Kelionių agentūros”, when the special tourism margin scheme is applicable; “Maržos apmokestinimo schema. Naudotos prekės”, when the special margin scheme for used goods is applicable; “Maržos apmokestinimo schema. Meno kūriniai”, when the special artwork scheme is applicable; and “Maržos apmokestinimo schema. Kolekcionavimo objektai ir antikvariniai daiktai” when the special collectable and antique goods margin scheme is applicable);

- when the reverse charge is applicable, reference to the “atvirkštinis apmokestinimas”;
- when invoice is issued by the buyer (i.e. self-billing), reference to the “Sąskaitų faktūrų išrašymas”.
- identification data of the motor vehicle if it is supplied to another Member State.

12.2 Time limits for issuing invoices

The invoice should be issued immediately after the supply of goods or services. However, in case of long-term services and the permanent supply of electricity, gas, heating and cooling energy, an invoice may be issued for the services or goods supplied during the period of one month and, therefore, it should be issued by the tenth day of the following month.

For the supplies of goods subject to VAT at a zero rate, as well as for supplies of services subject to the reverse charge, an invoice should be issued by the fifteenth day of the next calendar month. The same deadline applies to supplies of the aforementioned goods and services that last for more than one month.

12.3 Currency

The VAT amount in the invoice should be indicated in the national currency litas.

12.4 Conversion and exchange rate

Lithuania is not part of the Euro zone, however litas is tightly pegged against the Euro at a rate of LTL 3.4528 to EUR 1.

12.5 Self-billing

Under the VAT Law, contractors may agree that the customer will be the issuer of the invoice. There are currently no additional requirements or restrictions related to such invoicing.

12.6 Storage of invoices

The minimum term of storage of invoices is ten years. Taxable persons must store documents in the original form in which they were issued and sent, whether paper or electronic, must ensure that throughout the storage period the authenticity of the origin and integrity of the content of the invoices, as well as their readability be guaranteed.

12.7 Electronic invoicing

Electronic invoices may be used if the origin, authenticity and content integrity is assured. The supplier must have the consent of the customer to use an electronic invoice.

An invoice sent to the customer by electronic mail or by other means (in pdf or other format) is also considered to be an electronic invoice. Such invoice may not be kept in the printed form.

13. VAT Compliance

13.1 VAT return period

The standard VAT return period for legal persons is one month. However, if the annual income of a taxable legal person did not exceed LTL 200,000 (approximately EUR 57,920) the VAT return period may be changed to six months at the request of the taxable person. Furthermore, the VAT return period may be changed to a period no longer than sixty days in line with the taxable period of the parent foreign taxable person. The standard VAT return period for natural persons is six months, which may be changed to one month at the request of a taxable person.

13.2 Filing of VAT return and payment

In general, the VAT return should be filed and the VAT paid within twenty-five days from the end of the VAT return period.

In general, if the average amount of VAT paid during three months consecutively exceeds LTL 10,000,000 (approximately EUR 2,896,200) advance payments of one third of the average amount that has been paid on in the last three VAT returns has to be paid three times a month.

13.3 European sales listing

The European sales listing has to be submitted on a monthly basis before the twenty-fifth day of the next month.

13.4 National recapitulative statement

There are no national recapitulative statements in Lithuania.

13.5 Tax assessment period

The tax assessment period in Lithuania is the current and the previous five years. Therefore, in the year 2014, the last open year for assessment is the year 2009.

14. Penalties

14.1 Penalties for not filing a VAT return or European sales listing in time

For failing to file within the time required or filing incomplete documents, a fine from LTL 200 (approximately EUR 58) up to LTL 500 (approximately EUR 145) can be imposed.

14.2 Penalties for not paying VAT in time

Under the general rule, interest is calculated (for the second quarter of the year 2014 default interest rate is 0.03% per day) for late payment of VAT.

14.3 Penalties on VAT assessments when VAT is not reported correctly

In addition to late payment interest (see also section 14.2) a fine of 10% to 50% of the amount of underpaid VAT may be imposed depending on the type and circumstances of the misdemeanor.

15. Intrastat

Intrastat reports have to be submitted to the Department of Statistics under the Lithuanian Government.

15.1 Intrastat threshold

For 2014 the annual threshold for reporting is LTL 700,000 (approximately EUR 202,734) for arrivals and LTL 750,000 (approximately EUR 217,215) for dispatches (until 31 December 2014).

15.2 Intrastat data to be reported

The information to be reported is:

- taxable person's data;
- data of intermediary;
- reporting period;
- code of the good under the Combined Nomenclature;
- description of the good;
- contract;
- delivery conditions;
- means of transport;
- country of consignor;

- country of consignee;
- country of origin;
- net weight in kilograms;
- value; and
- statistical value.

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