

Use and Enjoyment - VAT Directive 2006/112/EC - Article 59a

In Lithuania, there are no use and enjoyment rules applicable with respect to telecommunications, broadcasting and electronic services provided to non-VAT taxable persons in accordance with Article 59a of Directive 2006/112/EC.

Time of supply / chargeability - Deferment and Cash Accounting Scheme - VAT Directive 2006/112/EC - Article 66

In Lithuania, telecommunications, broadcasting and electronic services provided to non-VAT taxable persons become taxable when the invoice is issued.

If no invoice is issued, VAT generally becomes chargeable at the earliest of:

- 1) when the service is supplied
- 2) when the payment is received

In case of the continuous telecommunications, broadcasting and electronic services, the liability to calculate VAT arises when an invoice for the services supplied during the particular period of time is issued. In case an invoice is not issued, the tax point is when the consideration is received. If the invoice for the supply of services is not issued and the consideration is not received by the 10th day of the month following the month when the services were supplied, VAT shall become chargeable on the day following the expiry of the time period within which the invoice had to be issued.

Reference to the above may be found under Article 14 of the Lithuanian VAT Law.

Time of supply / chargeability - Continuous supplies - VAT Directive 2006/112/EC - Article 64(2)

In Lithuania, the continuous supply of services provided to non-VAT taxable persons is deemed to be completed at intervals of one month.

Reference to the above may be found under Articles 14 and 79 of the Lithuanian VAT Law.

Re-valuation of services at open market value - VAT Directive 2006/112/EC - Article 80

In Lithuania, if the tax authorities have grounds to suspect that the taxable amount of a supplied service has been artificially increased or reduced, the taxable amount may be recalculated where the following two criteria are met:

- 1) The taxable amount is:
 - significantly lower than the open market value and the customer does not have a right to deduct the whole amount of input VAT or has a right to deduct part of it; or
 - significantly higher than the open market value and the supplier does not have a right to deduct the whole amount of input VAT or has a right to deduct part of it;

- 2) The taxable amount is artificially reduced or increased in order to gain tax benefit and the transaction is concluded between related parties.

Reference to the above may be found under Article 17 of the Lithuanian VAT Law.

Bad Debt relief - VAT Directive 2006/112/EC - Article 90

In Lithuania, bad debt relief is available with respect to supplies of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons where it can be considered that payment cannot be recovered after 12 months from the chargeable event and the VAT on the debt due was calculated and reported according to the requirements of the Lithuanian VAT Law.

Reference to the above may be found under Article 89-1 of the Lithuanian VAT Law.

Application of reduced VAT rates - VAT Directive 2006/112/EC - Article 98

In Lithuania, no reduced VAT rates apply with respect of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

Reference to the above may be found under Article 19 of the Lithuanian VAT Law.

Standard VAT Rate - VAT Directive 2006/112/EC - Article 96-97

In Lithuania the standard VAT rate is 21%. Reference of the above may be found in Article 19 of the Lithuanian VAT Law.

Release from payment of insignificant amounts of VAT - VAT Directive 2006/112/EC - Article 212

Lithuania has not implemented a rule under its domestic legislation whereby taxable persons are released from the payment of VAT where the amount due is insignificant.

Invoicing Obligations - Obligation to issue an invoice - VAT Directive 2006/112/EC - Articles 217-249

In Lithuania, the requirement to issue a VAT invoice for telecommunications, broadcasting and electronic services provided to natural persons who are not taxable persons does not apply as it was eliminated by the amendment of the legislation on 18 May 2016. VAT taxable persons are still obliged to issue a VAT invoice for supplies of telecommunications, broadcasting and electronic services provided to taxable persons. However, where the amount of the VAT invoice is not higher than EUR 100 (including VAT), a simplified VAT invoice may be issued.

Reference to the above may be found under Article 79 of the Lithuanian VAT Law.

Invoicing Obligations - Content of an invoice - VAT Directive 2006/112/EC - Articles 217-249

In Lithuania, invoices should be issued in accordance with Directive 2006/112/EC.

- Entities established in Lithuania (including fixed establishments of foreign entities) must issue invoices in Lithuanian language.
- Bilingual invoices may be used.
- For invoices in a foreign language, the tax authorities may require the invoice to be translated in cases of tax audits or investigations.

Reference to the above may be found under Article 6 of the Lithuanian Accounting Law and under Articles 79 and 80 of the Lithuanian VAT Law.

Invoicing Obligations - Time limit for issuing an invoice - VAT Directive 2006/112/EC - Articles 217-249

In Lithuania, invoices must be issued instantly after the relevant services are supplied.

For continuous supplies of services (e.g. monthly supplies) the invoice can be issued by the 10th day of the following month.

Reference to the above may be found under Article 79 of the Lithuanian VAT Law.

Invoicing Obligations - Summary Invoices - VAT Directive 2006/112/EC - Articles 217-249

In Lithuania, a summary invoice can be issued for supplies of telecommunications, broadcasting and electronic services where the chargeable event occurs in the same calendar month. It should be noted that a summary invoice can only be addressed to a single person.

Reference to the above may be found under Article 79 of the Lithuanian VAT Law.

Invoicing Obligations - Electronic invoices - VAT Directive 2006/112/EC - Articles 217-249

In Lithuania electronic invoicing is available in accordance with the requirements laid down in Directive 2006/112/EC. Reference to the above may be found under Article 79 the Lithuanian VAT Law.

Invoicing Obligations - Batch of electronic invoices - VAT Directive 2006/112/EC - Articles 217-249

In Lithuania, batches of electronic invoices can be issued for supplies of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

Additional obligations deemed necessary for collecting VAT and preventing evasion (anti-avoidance measures) - VAT Directive 2006/112/EC - Article 273

Lithuania has not implemented any rules or anti-avoidance measures that may directly impact telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

Stand-still scheme - Derogations for States which were members of the Community on 1 January 1978 - VAT Directive 2006/112/EC - Articles 370-391

N/A

Stand-still scheme - Derogations for States which acceded to the Community after 1 January 1978 - VAT Directive 2006/112/EC - Articles 370-391

There are no provisions which are applicable under a Stand-still Scheme in the Lithuanian VAT legislation or subject to common practice in Lithuania that may be relevant for telecommunications, broadcasting and electronic services provided to non-VAT taxable persons.

VAT Treatment of vouchers

There are no specific rules regarding the VAT treatment of vouchers in Lithuanian VAT Law. The treatment of vouchers depends on the type of voucher, it might be treated as a supply of services (according to the CJEU decision in the Lebara case C-520/10) or as a supply outside the scope of VAT.

Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (E-learning activities)

In Lithuania, supplies related to pre-school education, primary, general, secondary, tertiary and higher education, informal training of children, vocational training are exempt from VAT if provided by legal persons legally qualified to provide these services.

Reference to the above may be found under Article 22 of the Lithuanian VAT Law.

In Lithuania, gambling and e-gambling activities that fall within the definition of 'gambling' activities in accordance with the Lithuanian Gambling Law (i.e. games or mutual betting in which the participant may win or lose money, and where the gain or loss depends on chance, the result of any event or a sport match) are exempt from VAT.

Reference to the above may be found under Article 30 of the Lithuanian VAT Law.

Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (Gambling activities)

The VAT treatment of bonus points/credits earned as part of e-gambling activities is not explicitly regulated in the Lithuanian VAT Law and the exact VAT treatment should be analysed on a case by case basis

Exemptions - VAT Directive 2006/112/EC - Articles 132 & 135 (General)

There are no further exemptions in the Lithuanian VAT legislation under which the supply of telecommunications, broadcasting and electronic services provided to non-VAT taxable persons may fall.

VAT Registration Process

The competent tax authority responsible for the registration process will be State Tax Inspectorate. The registration must be made electronically via the web portal of the State Tax Inspectorate.

Access to web-portal and contact details of the local VAT Authorities

The MOSS portal is available at: <https://www.vmi.lt/moss/Page/Home/>

General information on MOSS portal is provided through tax authorities' call centre: tel.: 1882 (local calls) or 00 370 5 255 3190 (international line)

Contact VAT obligations and reimbursements:

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Appointment of a VAT Agent

No VAT agent is required with respect to the MOSS in Lithuania.

Penalties for non-compliance (Failure to register and late registration)

Penalties for non-registration to MOSS are not applicable since the registration to the system is optional. However, warnings and penalties are applied for non-compliance of VAT obligations, i.e. failure apply for VAT (not MOSS) registration and/or late registration, which amount from EUR 150 to EUR 300 and an additional penalty for the head of the entity amounting from EUR 300 to EUR 850. Subsequent failure or failure with intention to avoid tax will increase the penalty.

Reference to the above may be found under Article 189 of the Lithuanian Code of Administrative Violations of Law that is to be enforced as of 1 January 2017.

Penalties for non-compliance (Non-payment and late payment of VAT)

Penalties for non-payment and/or late payment of VAT may amount from 10 to 50% of the VAT amount due. Late payment interest shall also be applied and shall amount to 0.03% (currently) per day of the VAT amount due. Reference to the above may be found under Article 123 of the Lithuanian VAT Law.

Penalties for non-compliance (Non-submission and late submission of VAT returns)

Penalties for non-submission and/or late submission of VAT returns amount from EUR 150 to EUR 300. Subsequent failure or failure with the intention to avoid tax will increase the penalty.

Reference to the above may be found under Article 187 of the Lithuanian Code of Administrative Violations of Law that is to be enforced as of 1 January 2017.

Penalties for non-compliance (Incomplete and incorrect VAT returns)

Penalties amounting to 10-50% of the VAT amount due will apply in cases of incorrect VAT returns that result in understated VAT. (Where VAT has been overstated, the tax authorities would not in practice apply penalties). Reference to the above may be found under Article 123 of the Lithuanian VAT Law.

Penalties for non-compliance (Non-compliance with invoicing and accounting obligations)

Penalties for failure to comply with accounting obligations (that covers VAT obligations as well) amount from EUR 30 to EUR 60. Subsequent failure or failure due to negligence or failure with the intention to avoid tax or failure due to negligence will increase the penalty.

Reference to the above may be found under Article 205 of the Lithuanian Code of Administrative Violations of Law that is to be enforced as of 1 January 2017.