

Lithuania

1. Lithuania was first reviewed during the 2017/2018 peer review. This report is supplementary to Lithuania's 2017/2018 peer review report (OECD, 2018^[1]). The first filing obligation for a CbC report in Lithuania applies to reporting fiscal years commencing on or after 1 January 2016.

Summary of key findings

2. Lithuania's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017^[2]).

Part A: The domestic legal and administrative framework

3. Lithuania has primary and secondary laws in place for implementing the BEPS Action 13 minimum standard¹ establishing the necessary requirements, including the filing and reporting obligations. Since the 2017/2018 peer review, Lithuania has provided an update with respect to the processes it has in place to ensure effective implementation.

(a) Parent entity filing obligation

4. No changes were identified with respect to the parent entity filing obligation.²

(b) Scope and timing of parent entity filing

5. No changes were identified with respect to the scope and timing of parent entity filing.³

(c) Limitation on local filing obligation

6. No changes were identified with respect to the limitation on local filing obligation.

(d) Limitation on local filing in case of surrogate filing

7. No changes were identified with respect to the limitation on local filing in case of surrogate filing.

(e) Effective implementation

8. Lithuania's 2017/2018 peer review included a general monitoring point concerning the fact that there was no specific process that would allow it to take appropriate measures in case Lithuania is notified by another jurisdiction that such other jurisdiction has reason to believe that an error may have led to incorrect or incomplete information reporting by a Reporting Entity or that there is non-compliance of a Reporting Entity with respect to its obligation to file a CbC report. Since the 2017/2018 peer review, Lithuania has provided updated information, explaining that, in such a situation, the person from Tax Obligation Department in charge of the exchange of CbC reports would manually check the CbC reports and contact all Reporting Entities in case of failure to submit the report or in case any errors or problems are identified. State Tax Administration can issue an order to the

Reporting Entity forcing the submission of the CbC report. If the Reporting Entity does not comply with the order, administrative penalties are issued. In view of this update and specific process, the monitoring point is removed.

9. No other changes were identified with respect to the effective implementation.

Conclusion

10. There is no change to the conclusion in relation to the domestic legal and administration framework for Lithuania since the previous peer review. Lithuania meets all the terms of reference relating to the domestic legal and administrative framework.

Part B: The exchange of information framework

(a) Exchange of information framework

11. As of 31 May 2019, Lithuania has 67 bilateral relationships in place, including those activated under the CbC MCAA, under bilateral CAAs and under the EU Council Directive (2016/881/EU). Within the context of its international exchange of information agreements that allow automatic exchange of information, Lithuania has taken steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions.⁴ Regarding Lithuania's exchange of information framework, no inconsistencies with the terms of reference were identified.

(b) Content of information exchanged

12. Lithuania has processes in place that are intended to ensure that each of the mandatory fields of information as required in the CbC template are present in the information exchanged. It has provided details in relation to these processes.

(c) Completeness of exchanges

13. Lithuania has processes in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC reporting template with which it should exchange information as per the relevant QCAAs. It has provided details in relation to these processes.

(d) Timeliness of exchanges

14. Lithuania has processes in place that are intended to ensure that the information to be exchanged is transmitted to the relevant jurisdictions in accordance with the timelines provided in the relevant QCAAs and terms of reference. It has provided details in relation to these processes.

(e) Temporary suspension of exchange or termination of QCAA

15. Lithuania has processes in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA be carried out only as per the conditions set out in the QCAA. It has provided details in relation to those processes.

(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance

16. Lithuania has processes in place that are intended to ensure that the Competent Authority consults with the other Competent Authority prior to making a determination that there is or has been significant non-compliance with the terms of the relevant QCAA.

or that the other Competent Authority has caused a systemic failure. It has provided details in relation to those processes.

(g) Format for information exchange

17. Lithuania confirms that it uses the OECD XML Schema and User Guide (OECD, 2017^[3]) for the international exchange of CbC reports.

(h) Method for transmission

Lithuania indicates that it uses the Common Transmission System to exchange CbC reports.⁵

Conclusion

18. Lithuania has in place the necessary processes to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework. Lithuania meets all the terms of reference regarding the exchange of information.

Part C: Appropriate use

19. No changes were identified in respect of appropriate use. There were no recommendations issued in the 2017/2018 peer review.

20. No information or peer input was received for the reviewed jurisdiction suggesting any issues with appropriate use. There are no concerns to be reported in respect of appropriate use.

Conclusion

21. Lithuania meets all the terms of reference relating to the appropriate use of CbC reports.

Summary of recommendations on the implementation of country-by-country reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative framework	-
Part B	Exchange of information framework	-
Part C	Appropriate use	-

Notes

¹ Primary law consists of CbC reporting introduced in Lithuania by article 61 of the Republic of Lithuania Law on Tax Administration The Republic of Lithuania Law on Tax Administration “Submission of the Reports on Members of Multinational Enterprise Groups”: www.e-tar.lt/portal/lt/legalAct/TAR.3EB34933E485/rDLYSrNhXL (available in Lithuanian text). Secondary law consists of the rules for the provision of information necessary for implementation of the international cooperation obligations concerning exchange of MNE Groups information approved by Order No VA-47 of the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania of 31 May 2017: www.e-tar.lt/portal/lt/legalAct/0c16071045ca11e7846ef01bffb9b64 (available in Lithuanian text).

² Lithuania’s 2017/2018 peer review included a monitoring point relating to the definition of “International Corporation Group”. This monitoring point remains in place.

³ Lithuania’s 2017/2018 peer review included a monitoring point relating to the interpretation of the definitions of “Revenues – Related Party”. This monitoring point remains in place.

⁴ No inconsistency with the terms of reference will be identified where a QCAA is not in effect with one or more jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions, but this is due to circumstances that are not under the control of the reviewed jurisdiction. This may include, for example, where the other jurisdiction intends to exchange CbC reports using the MCAA but it does not have the Convention in effect for the relevant fiscal period, or where the other jurisdiction has declined to have a QCAA in effect with the reviewed jurisdiction

⁵ Countries exchanging under the EU Council Directive (2016/881/EU) use the Common Communication Network (CCN).



From:

Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2)

Inclusive Framework on BEPS: Action 13

Access the complete publication at:

<https://doi.org/10.1787/f9bf1157-en>

Please cite this chapter as:

OECD (2019), “Lithuania”, in *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2): Inclusive Framework on BEPS: Action 13*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/e7d37a8c-en>

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