



# GMS Flash Alert

## Immigration Edition

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## Lithuania – Provisions Planned for U.K. Nationals in Case of “No-Deal” Brexit

New guidelines for U.K. nationals residing in Lithuania as well as draft changes to the Laws on Personal Income Tax (PIT), Corporate Income Tax (CIT), and Social Security have been prepared in Lithuania as a “no-deal” Brexit scenario appears to be increasingly probable.

In this *GMS Flash Alert*, we provide a summary of these transitional rules and their applicability.

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### WHY THIS MATTERS

After Brexit, U.K. citizens will no longer be European Union (EU) citizens and thus will no longer be able to claim residence in an EU or European Economic Area (EEA) member state on the basis of the EU treaty. As a result, they would be subject to rules and conditions similar to those required for third-country citizens in Lithuania and the rest of the EU. The provisions prepared by Lithuania’s authorities should help address many of the uncertainties and concerns in respect of U.K. citizens living and working (and studying) in Lithuania in the event of a no-deal Brexit and aim to help clarify and assure their residence, immigration, social security, tax, and other rights following Brexit, which is due to happen on 22 May 2019, with an alternate date of 12 April 2019 possible (and no longer on 29 March 2019 as originally slated).

Therefore, certain steps will need to be taken by U.K. nationals in Lithuania (or planning to live and work or study in Lithuania, pre-Brexit and post-Brexit) in order to establish their legal stay and situation in Lithuania.

Furthermore, certain tax reliefs that have been available for income derived from U.K. sources may not apply as the U.K. will no longer belong to EU/EEA.

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### Residence of U.K. Nationals in Case of No-Deal Brexit

All U.K. citizens will be able to stay in Lithuania in case of a no-deal Brexit. Consultation material<sup>1</sup> prepared by the migration authorities indicates that a transition period from the date the U.K. formally leaves the EU to 31 December 2019 will be applicable. During this period, all U.K. nationals working or seeking tertiary education in Lithuania and

intending to stay in the country after 1 January 2020, will be required to obtain a residence permit to establish their legal right to stay. These permits will be issued under more favorable requirements than for other third-country nationals. Non-EU family members of U.K. nationals residing in Lithuania will also retain their right to live in Lithuania. However, new residence permits will have to be obtained during the transition period.

## Social Security of Posted Employees

Certain changes in the *Law on Social Security* related to A1 certificates of U.K. nationals posted to Lithuania are expected to be implemented upon a no-deal Brexit.<sup>2</sup> Based on the proposed changes, thus far, social security contributions will not have to be paid in Lithuania, provided an A1 certificate has been issued *prior to Brexit* and the individual has a residence permit.

## Personal and Corporate Income Taxation

In the event of a no-deal Brexit, should they be passed and come into effect, the proposed changes to the *Law on PIT* and the *Law on CIT* would provide for a two-year transition period (until 30 March 2021).<sup>3</sup> Consequently, provisions of these laws would apply to U.K. residents as well as U.K. entities in the same way as they apply to EEA individuals and entities, meaning certain reliefs would continue to be applicable.

### FOOTNOTES:

1 See "[Brexit: right of residence in Lithuania for the UK citizens and their family members](#)" (Updated 2019-02-06) on the website of Lithuania's Ministry of the Interior.

On the same website, also see for additional information on the legal status of U.K. nationals and their family members in Lithuania: "[The Government has approved the proposal of the Ministry of the Interior on Brexit related legal amendments.](#)"

Amendments to the Law on the Legal Status of Aliens approved by the government and other draft legislation related to the Brexit will still have to be approved by the Seimas at the spring session.

2 See "[Pristatyti projektai dėl galimo JK išstojimo iš ES be susitarimo](#)" on the website for the Seimas, Lithuania's parliament.

3 See the texts of "[Dėl Lietuvos Respublikos pelno mokesčio įstatymo Nr. IX-675 papildymo 591 straipsniu įstatymo, Lietuvos Respublikos gyventojų pajamų mokesčio įstatymo Nr. IX-1007 papildymo 40 straipsniu įstatymo, Lietuvos Respublikos rinkliavų įstatymo Nr. VIII-1725 papildymo 19 straipsniu įstatymo ir Lietuvos Respublikos labdaros ir paramos įstatymo Nr. I-172 papildymo 15 straipsniu įstatymo projektus,](#)" on the website for the Seimas.

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## Contact us

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**The information contained in this newsletter was submitted by the KPMG International member firm in Lithuania.**

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