

GMS Flash Alert



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Lithuania - Changes in Taxation of Employment-Related Income for 2023

Lithuania's government approved the country's 2023 average monthly salary used for the social security contribution (SSC) base and the progressive personal income tax (PIT) calculation.¹

WHY THIS MATTERS

Following the 2019 tax reform,² caps for the SSC ("SSC ceiling") and progressive income tax rate are applied. The value of the SSC ceiling and threshold for progressive PIT amount to 60 times the average monthly salary and it changes every year as the country's average salary tends to increase.

In cases of assignments to Lithuania when assignees are subject to Lithuanian taxation, and for assignees working outside Lithuania but still subject to Lithuanian taxation, international assignment cost projections and budgeting should reflect the changes described. Where appropriate, adjustments to gross-up packages and withholding taxes may need to be considered.

Summary of Taxation of Employment-related Income as of 2023

The approved average monthly salary amount (applicable for tax purposes) is EUR 1,684.90.

- The ceiling for SSC (except for mandatory health insurance contributions and employer's contributions) is EUR 101,094 (EUR 90,246 in 2022).
- The standard SSC rates for income up to the SSC ceiling:
 - Employer's part - 1.77 percent
 - Employee's part - 19.5 percent (additional 3 percent is withheld if the employee is participating in a certain second pillar pension accumulation fund).

- The standard SSC rate for income exceeding the SSC ceiling:
 - Employee's part - 6.98 percent
 - Employer's part - 1.77 percent.
- PIT rates for total annual employment-related income together with remuneration paid for activities of the supervisory or management board and certain income of managers of small partnerships:
 - 20 percent for income up to EUR 101,094 (EUR 90,246 in 2022)
 - 32 percent for income exceeding EUR 101,094 (EUR 90,246 in 2022).

KPMG NOTE

The laws introducing the changes were approved by the Parliament of Lithuania on 17 November 2022, and signed by the president on 29 November 2022. The changes become effective as of 1 January 2023.

FOOTNOTES:

1 [Legislative changes](#) (*Lietuvos Respublikos Valstybinio socialinio draudimo fondo biudžeto 2023 metų rodiklių patvirtinimo įstatymas*) accepted by the Parliament of Lithuania (in Lithuanian).

2 For prior coverage, see [GMS Flash Alert 2020-018](#), 30 January 2020.

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We are pleased to share with you the 2022 KPMG Global Assignment Policies and Practices Survey Report

For global-mobility leaders of multinational organisations, benchmarking their global-mobility policies and practices against those of other global organisations can be a powerful tool for reflecting on their current approach and preparing their talent-mobility program for the future.

The [results of this year's survey](#) shed light on how global-mobility programs are evolving in terms of mobility, tax, and immigration policies, governance, technology and more!

Contact us

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