

GMS Flash Alert

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Lithuania - Changes in Taxation of Employment-Related Income for 2024

Lithuania's government approved the 2024 country's average monthly salary used for the social security contribution (SSC) base and progressive personal income tax (PIT) calculation.¹

Following Lithuanian legislation, a cap is applied for the SSC (ceiling) and progressive income tax rate. The value of the SSC ceiling and threshold for the progressive PIT amounts to 60 times the average monthly salary, which gets adjusted annually as the country's average salary tends to increase.

The changes became effective as of 1 January 2024.

WHY THIS MATTERS

Employers will need to take into account the changes for 2024. In cases of assignments to Lithuania where 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 2024

The approved average monthly salary amount (applicable for tax purposes) is EUR 1,902.70.

- The ceiling for SSC (except for mandatory health insurance contributions and employer's contributions) equals EUR 114,162 (EUR 101,094 in 2023).

- The standard SSC rates for income up to the SSC ceiling:
 - Employer's part – 1.77 percent.
 - Employee's part – 19.5 percent (an 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:
 - Employer's part – 1.77 percent.
 - Employee's part – 6.98 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 114,162 (EUR 101,094 in 2023).
 - 32 percent for income exceeding EUR 114,162 (EUR 101,094 in 2023).

KPMG INSIGHTS

Companies that need assistance with determining the appropriate workforce subject to the SSC and PIT revised base for 2024 and payroll-related obligations, should contact their qualified tax professional or a member of the GMS team with KPMG in Lithuania (see the Contacts section). Penalties may be incurred for lack of compliance.

FOOTNOTE:

1 [Legislative changes](#) (*Lietuvos Respublikos Valstybinės socialinių fondų biudžetų 2024 metų rodiklių patvirtinimo įstatymas*) accepted by the Parliament of Lithuania (in Lithuanian).

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Lithuania:



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