

# Investment Account

## Why this matters

**Starting 1 January 2025, a new tax regime for investments, the investment account is introduced to simplify the investment process.**

The investment account will allow Lithuanian residents to invest more conveniently in different financial products that will be subject to tax only on the profits withdrawn, rather than on all the investment income intended for reinvestment. Individuals wishing to use an investment account will have to notify the Lithuanian tax authorities that their account at a given financial institution will be

used for investment purposes (granting the status of an “investment account”). Multiple accounts both in Lithuanian and foreign financial institutions can be selected, however, each investment account can be used by only one individual. Typically these should be accounts dedicated for investment purposes (e.g. current account or deposit account may not work as any withdrawals potentially would be taxable). The amount used for investments through the investment account will not be limited.

## Investments in scope

Income received through the investment account will include interest and income from:

- transfer of securities,
- money market instruments,
- collective investment undertaking securities,
- derivative financial instruments,
- crowdfunding,
- peer-to-peer lending services,
- Lithuanian and foreign government bonds.

## Taxation

Personal income tax (PIT) will only be payable on profits withdrawn, exceeding initial contributions, and any excess contributions can be carried over to the next period. Withdrawals will be subject to PIT as any other investment income (currently subject to 15/20% PIT rate). Note that existing PIT exemptions (e.g. annual EUR 500 non-taxable amounts for capital gains and interest income) would not apply to profits used for reinvestment, nor taxable withdrawals.

The investment account regime will not apply to dividend income either (dividends remain subject to a 15% rate).

## How to report

The investment account along with its opening and closing balance will have to be reported upon submitting the annual PIT return for 2025. No specific reporting is needed in advance, except for financial products held before 31 December 2024. To treat such financial products as purchased through an investment account, their purchase price must be allocated to an investment account before 31 December 2025. Special rules will be passed for such reporting by the Lithuanian Tax Authorities.

## Phase-out of PIT Reliefs

PIT reliefs for long-term life insurance and third-pillar pension contributions will gradually phase out over the next 10 years, ending in 2034. These reliefs will be applicable solely for contracts concluded before the end of 2024. This means that individuals who enter into new long-term life insurance, or third-pillar pension fund contracts after this date, will no longer be able to take advantage of the opportunity to reclaim PIT from their paid contributions.