



Taxation of international executives: Lithuania



January 2023

Contents

| | | |
|----------|--|-----------|
| 1 | Overview and Introduction | 4 |
| 2 | Income Tax | 6 |
| 3 | Special considerations for short-term assignments | 16 |
| 4 | Other taxes and levies | 18 |
| 5 | Immigration | 21 |

01

Overview and Introduction

1 Overview and Introduction

Taxation of international executives

The extent of the liabilities to Lithuanian tax on earnings depends upon residence status in Lithuania.

While individuals resident in Lithuania are subject to tax on worldwide income (with some exceptions regarding income from employment abroad), non-residents are liable to income tax on Lithuanian-sourced income.

Income is taxed depending on the type of income at 5/15/20/32% rates.

Herein, host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. Home country/jurisdiction refers to the country/jurisdiction where the assignee normally lives when they are not on assignment.

02

Income tax

2 Income Tax

2.1 Tax return and compliance

When are tax returns due? That is, what is the tax return due date?

Resident's annual personal income tax returns must be filed no later than 1 May of the following year.

What is the tax year-end?

The tax year ends 31 December

What are the compliance requirements for tax returns in Lithuania?

Residents

Resident individuals are obliged to submit the annual income tax return by 1 May of the following year (the tax period is the calendar year). Lithuanian residents are required to report their worldwide income in Lithuania. Worldwide income includes Lithuanian and foreign employment income and personal income, e.g. income from investments, rent, capital gains, business activity, non-taxable income and other. However, if in the taxable period individual has received taxable income only in Lithuania from which personal income tax has been withheld and paid and the individual does not have any deductions/or does not wish to apply them or/and his/her income does not exceed the threshold for the application of progressive PIT rate, no tax return has to be filed.

Income tax has to be paid by 1 May (the filing deadline).

Non-residents

Lithuanian non-residents do not have to file the annual income tax return, unless their income is subject to progressive PIT rates, or they can and intend to apply the non-taxable amount or get a refund for the income tax withheld in Lithuania from interest. In this case, the same filling and tax payment deadlines as to residents apply.

If a non-resident receives income from a foreign source for the work performed in Lithuania, they have to submit the non-resident's income tax return and pay taxes due within 25 days of the income receipt.

2.2 Tax rates

What are the current income tax rates for residents and non-residents in Lithuania?

Residents

PIT rates applicable for 2023.

Progressive 20/32% PIT rate is applicable to:

- employment income;
- remuneration paid for activities of the supervisory or management board;
- royalties received from employer;
- remuneration of the directors of small partnerships (under civil contracts).

If the total annual income (from sources listed above) exceeds certain threshold (EUR 101,094.00 in 2023) which also serves as a cap for social security contributions, the exceeding part is subject to 32 percent rate.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of Lithuania?

Tax residency in Lithuania is determined by the following criteria:

- permanent residence (domicile) in Lithuania,
- individuals whose place of personal, social and economic interest is Lithuania,
- individuals staying in Lithuania for 183 days in a tax year or staying in Lithuania with or without breaks for 280 or more days during 2 consecutive tax years, whereby one stay in Lithuania during each of these years must be at least 90 days,
- Lithuanian citizen employed and remunerated by the Lithuanian state institutions.

For an individual to be recognized as a Lithuanian tax resident at least one of the criteria mentioned above has to be met. Double tax treaty provisions are also considered when defining an individual a resident of Lithuania.

Is there a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

No minimum number of days rule is established in Lithuania, see below for more details.

What if the assignee enters the country/jurisdiction before their assignment begins?

An individual is considered a Lithuanian tax resident from the first day of arrival in Lithuania after they spent more than 183 days in a tax year or stayed in Lithuania with or without breaks for 280 or more days during 2 consecutive tax years, whereby one stay in Lithuania during each of these years was at least 90 days. Hence, visiting before/after assignment may extend residency.

The count of days includes:

- day of arrival;
- day of departure;
- holidays, weekends;
- vacation spent in Lithuania;
- transit days in Lithuania if the period exceeds 48 hours.

2.4 Termination of residence

Are there any tax compliance requirements when entering or leaving the country/jurisdiction?

If the foreign taxpayer permanently leaves Lithuania, they have to file the Lithuanian leaving tax return. The leaving tax return has to be submitted and tax paid before the departure date. If the leaving date is in the first half of the taxable period, one tax return has to be prepared. If the leaving day is in the second half of the year, an annual income tax return for that year also has to be submitted to the tax authorities by 1 May of the following year.

What if the assignee comes back for a trip after residency has terminated?

Normally the residency will not be extended. However, each situation should be analyzed on case by case basis.

Communication between immigration and taxation authorities

Do the immigration authorities in Lithuania provide information to the local taxation authorities regarding when a person enters or leaves Lithuania?

No. However, to some extent, the information is exchanged.

Filling requirements

Will an assignee have a filling requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

Upon leaving the assignee has to submit the leaving tax return (as mentioned above) and deregister their place of residence from Lithuania. Additional requirements may apply for certain third country/jurisdiction nationals.

2.5 Economic employer approach

Do the immigration authorities in Lithuania provide information to the local taxation authorities regarding when a person enters or leaves Lithuania?

No. However, to some extent, the information is exchanged.

De minimus number of days

Are there a de minimus number of days² before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

No.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

In general, the following categories of income are subject to income tax in Lithuania:

- employment income, including bonuses, awards, cost of living allowances, housing allowances, etc.
- property/investment income, including dividends, rental income, royalties, interest on deposits and loans, capital gains on securities, movable and immovable property (certain exceptions apply),
- other sources (sport activities, performer's activities, etc.).

Benefits in kind received by an employee are taxed in the same manner as employment income.

Furthermore, the taxable income of non-resident individuals include: employment income for the work performed in Lithuania, interest, income from distributed profits, payments to board and supervisory board members, income from rent or sale of immovable assets located in Lithuania, royalties and compensation for violation of copyright or similar rights, income from sports activities and performer's activities.

2.7 Intra-group statutory directors

Will a non-resident of Lithuania who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company situated in Lithuania) trigger a personal tax liability in Lithuania, even though no separate director's fee/remuneration is paid for their duties as a board member?

Based on the Lithuanian Labor Code, a statutory director (managing director) of a Lithuanian company must have an employment contract with that company next to their formal appointment as the managing director and, therefore, remuneration must be paid. Personal tax liability might be triggered on the remuneration, if a non-resident director is present in Lithuania when performing work functions. Special rules apply for board members.

a) Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Lithuania?

Taxation on salary might be triggered, if a non-resident director is present in Lithuania when performing work functions. Board members may be taxed based on their company (to be analyzed on case by case basis considering the type of income received).

b) Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Lithuania (i.e. as a general management fee where the duties rendered as a board member is included)?

Remuneration must be paid by the Lithuanian company. Personal taxation does not directly depend on who bears the costs.

c) In the case that a tax liability is triggered, how will the taxable income be determined?

Generally, part of work performed while being physically present in Lithuania is taxable in Lithuania. However, actual taxable income should be determined on case by case basis.

2.8 Tax-exempt income

Are there any areas of income that are exempt from taxation in your country/jurisdiction? If so, please provide a general definition of these areas.

Tax-exempt income includes:

- certain interest not exceeding EUR 500 per year,
- interest from peer-to-peer lending platform not exceeding EUR 500 per year,
- certain capital gains from securities not exceeding EUR 500,
- gifts from close relatives,
- gifts not exceeding the value of EUR 2,500,
- prizes and gifts from an employer not exceeding the value of EUR 200 per taxable year,
- certain allowances and compensations, insurance benefits, etc.,
- certain income from the sale of real estates.

2.9 Expatriate concessions

Are there any concessions made for expatriates in your country/jurisdiction?

No. There is no special regime for expatriates.

However, if an individual (non-Lithuanian national) is recognized as a Lithuanian tax resident due to the number of days spent in Lithuania, only Lithuanian sourced income is taxed and declared in Lithuania.

2.10 Salary earned from working abroad

Is salary earned from working abroad taxed in Lithuania? If so, how?

The taxation of salary earned from working abroad depends on an individual's residency status and source of income.

As a rule, worldwide income of a Lithuanian resident is taxable in Lithuania. If the individual has worked abroad they have to file the annual income tax return and report income earned in the foreign country/jurisdiction. If the income tax has been paid abroad credit or exemption method for elimination of double taxation can be applied (specific rules apply).

2.11 Taxation of investment income and capital gains

Are investment income and capital gains taxed in your country/jurisdiction? If so, how?

Dividends, interest, and rental income.

Income from distributed profits is subject to a 15% income tax rate.

Interest and rental income is taxed at a progressive 15/20% income tax rate. The total annual amount exceeding the threshold established (EUR 202,188.00 in 2023) is subject to 20% rate (otherwise 15% rate applies). However, certain interest not exceeding EUR 500 per year is non-taxable.

Gains from employee stock option exercises

Generally, the employees are subject to a 20/32% income tax rate on the gains from stock option exercises (cap for social security contributions is applied). As of February 2020, special exemption applies to stock options. Value of shares vested under stock options not earlier than after 3 years of grant will be exempt from personal income tax (similar exemption from social security contributions is already applicable).

Foreign exchange gains and losses

Special rules apply depending on the type of transaction.

Principal residence gains and losses

N/A

Capital losses

Loss carry-back or carry forward is not possible for personal income tax purposes, except for persons engaged in individual activity.

Personal use items

N/A

Gifts

Gifts are non-taxable if received from spouse or close relatives such as siblings, parents.

Gifts not exceeding the value of EUR 2,500 from individuals (not a family member) are non-taxable.

Foreign property reporting

Bank accounts in foreign countries/jurisdictions shall be disclosed.

Non-resident trusts

N/A

2.12 Additional capital gains tax (CGT) issues and exceptions

Are there capital gains tax exceptions in your country/jurisdiction? If so, please discuss.

EUR 500 for securities.

Pre-CGT assets

N/A

Deemed disposal and acquisition

N/A

2.13 General deductions from income

What are the general deductions from income allowed in your country/jurisdiction?

The following expenses incurred by individuals can be deducted from their taxable income:

- Housing loan interest if the credit was granted before 2009,
- Fees for higher education or vocational training,
- Life insurance premiums,
- Pension contributions
- II pillar pension contribution exceeding 3 percent.

However, the limit of such deductions is set at 25 percent of the total income. In 2023, the maximum total deductible amount of life insurance premiums and pension contributions is EUR 1,500.

Individuals engaged in individual activities may opt to deduct all properly documented expenses from their annual income or may reduce the taxable income by 30 percent without having an obligation to collect all supporting documents.

2.14 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in your country/jurisdiction?

Depending on the employer, gross-up can be used in the tax year to cover tax charges that the employer is going to bear.

2.15 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in your country/jurisdiction? For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

Personal income tax is calculated based on the actual amounts paid to the employee or other income actually received (cash basis), while social security contributions based on accrued amounts.

Payroll taxes (personal income tax and social security contributions) are calculated by the employer on a monthly basis. Before the salary payment the employer withholds and pays all the due tax amounts to the authorities and transfers the net income to the employee.

When are estimates/prepayments/withholding of tax due in your country/jurisdiction? For example, monthly, annually, both, and so on.

If the employee is on the company's payroll, tax withholding is due every month.

Employers are required to submit personal income tax return and social security report on a monthly basis. The personal income tax withheld has to be remitted to the authorities by the 15th day of the current month (if the remuneration is paid prior to 15th day of the current month) or by the end of current month (if remuneration is paid after 15th day of the current month). While, the social security contributions payable have to be transferred no later than by the 15th day of the month following the month during which the payment was made. An additional year-end annual income tax return needs to be submitted no later than 15th of February of the following year by the employer.

Other income is taxed and declared annually or monthly depending on the type of income received.

2.16 Relief for foreign taxes

Is there any Relief for Foreign Taxes in your country/jurisdiction? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

The exemption method is applied for employment income, earned and taxed in EU member countries/jurisdictions or countries/jurisdictions with which Lithuania has a double tax treaty. Credit method is applicable for employment income received from other countries/jurisdictions.

Exemption and credit methods could be also applied for the other income, e. g. rent income. However, special conditions apply).

Lithuania has an extensive network of tax treaties covering income tax, currently there are 58 treaties concluded.

2.17 General tax credits

What are the general tax credits that may be claimed in your country/jurisdiction? Please list below.

Lithuania allows crediting foreign tax against Lithuanian tax liability arising on the same income or gains.

2.18 Sample tax calculation

The calculation assumes a married taxpayer resident in Lithuania with two children whose assignment begins 1 January 2020 and ends 31 December 2023. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 4 years.

| | 2020 USD | 2021 USD | 2022 USD | 2023 USD |
|--|-------------|-------------|-------------|-------------|
| Salary | 100,000 | 100,000 | 100,000 | 100,000 |
| Bonus | 20,000 | 20,000 | 20,000 | 20,000 |
| Cost-of-living allowance | 10,000 | 10,000 | 10,000 | 10,000 |
| Housing allowance | 12,000 | 12,000 | 12,000 | 12,000 |
| Company car | 6,000 | 6,000 | 6,000 | 6,000 |
| Moving expense reimbursement | 20,000 | 0 | 20,000 | 20,000 |
| Home leave | 0 | 5,000 | 0 | 0 |
| Education allowance | 3,000 | 3,000 | 3,000 | 3,000 |
| Interest income from non-local sources | 6,000 | 6,000 | 6,000 | 6,000 |

Exchange rate used for calculation: USD 1.00 = EUR 0.890 (2014.10.05).

Other assumptions

- All income earned is attributable to local sources.
- The employee is considered a Lithuanian resident throughout the assignment.
- Bonuses are paid out at the end of the taxation year along with December's salary (for the work performed in Lithuania).
- The company car is used for business and private purposes.
- The market value of the car is USD 66,667. Then monthly amount of the benefits in kind received is calculated by multiplying market value of the car (estimated in the beginning of the year) by 0.75 percent.
- Education allowance covers only those studies required for work.
- Moving expenses are actual expenses incurred by the employee due to relocation (plane tickets etc.).
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.

Calculation of taxable income

| Year-ended | 2020 EUR | 2021 EUR | 2022 EUR | 2023 EUR |
|--|----------------|----------------|----------------|----------------|
| Days in Lithuania during year | 366 | 365 | 365 | 365 |
| Earned income subject to income tax | | | | |
| Salary | 89,000 | 89,000 | 89,000 | 89,000 |
| Bonus | 17,800 | 17,800 | 17,800 | 17,800 |
| Cost-of-living allowance | 8,900 | 8,900 | 8,900 | 8,900 |
| Housing allowance | 10,680 | 10,680 | 10,680 | 10,680 |
| Company car | 5,340 | 5,340 | 5,340 | 5,340 |
| Moving expense reimbursement | 0 | 0 | 0 | 0 |
| Home leave | 0 | 4,450 | 0 | 0 |
| Education allowance** | 0 | 0 | 0 | 0 |
| Total earned income | 131,720 | 136,170 | 131,720 | 131,720 |
| Investment income*** | 5,340 | 5,340 | 5,340 | 5,340 |
| Total income | 137,060 | 141,510 | 137,060 | 137,060 |
| Deductions | 0 | 0 | 0 | 0 |
| Total taxable income | 136,560 | 141,010 | 136,560 | 136,560 |

**Education allowance covering only those studies required for work are non-taxable in Lithuania.

***Assuming it includes interest income not exceeding EUR 500 per year.

Calculation of tax liability

| | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|
| Taxable income as above | 136,560 | 141,010 | 136,560 | 136,560 |
| Less: | | | | |
| Tax-exempt amount* | 0 | 0 | 0 | 0 |
| Foreign tax credit | 0 | 0 | 0 | 0 |
| Lithuanian tax thereon | 30,363.09 | 34,560.96 | 32,046.88 | 30,745.12 |

* Basic tax-exempt amount is applied only for employment related income. Basic tax exemption per year for 2023 is calculated based on these formulas:

- Annual tax-exempt amount of EUR 7,500 applies to residents whose gross yearly income does not exceed EUR 10,080;
- For residents whose gross yearly salary is more than EUR 10,080 but less than EUR 23,112, the annual tax-exempt amount is calculated according to the formula: $7,500 - 0.42 \times (\text{gross yearly income} - 10,080)$;
- For residents whose gross yearly salary is more than EUR 23,112, the annual tax-exempt amount is calculated according to the formula: $4,800 - 0.18 \times (\text{gross yearly income} - 7,704)$.

If gross income is EUR 34,370.67 per year or higher – no tax-exempt amount applies.

03

**Special considerations
for short term
assignments**

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

There are no special residency considerations for short-term assignments. The same rules as described previously for determining residency are applicable.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

No special considerations apply for short-term assignments.

3.3 Taxable income

What income will be taxed during short-term assignments?

Subject to tax treaty relief, all of the income relating to the work performed in Lithuania will be taxable. If the assignee is not resident in Lithuania, income relating to non-Lithuanian work will not be taxed. Also, if an individual (not Lithuania national) is recognized as a Lithuanian tax resident due to the number of days spent in Lithuania, only Lithuanian sourced income is taxed and declared in Lithuania.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in your country/jurisdiction?

Short-term business trips may not be taxable in Lithuania, provided the employee does not work for the benefit of the host company (case by case analysis would be required).

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in your country/jurisdiction? If so, what are the rates for employers and employees?

Social security and mandatory health insurance contributions are payable in respect of gross employment income by the employer and employee. Income cap for social security contributions on employment income is applicable. In 2023 it is EUR 101,094.00. Specific rules are established for self-employed individuals with a cap for contributions applied.

It should be noted, that it is likely that most international assignees would not be liable for Lithuanian social security, as assignees would remain in their home countries/jurisdictions' social security system under the European Union regulations which also cover European Economic Area countries/ jurisdictions and Switzerland, or they remain in their home countries/jurisdictions' social security system under a totalization agreement with Lithuania.

The standard rate of social security contributions is 21.27%, from which 1.77% is employer's part and 19.5% is employee's part. Additionally, 3% is withheld from the gross employment income of an employee participating in certain pension accumulation plans.

Pension Plan

No separate payment – included in the general social security contributions.

Employment insurance

No separate payment – included in the general social security contributions.

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in your country/jurisdiction?

Inheritance tax

Taxable property includes movable assets that have to be legally registered and immovable assets located in the Republic of Lithuania, shares and money.

Tax is not levied on the property inherited from close relatives or when the value of the inherited property does not exceed EUR 3,000.

The rates of inheritance tax are as follows:

- 5% on inherited property, if the taxable value does not exceed EUR 150,000,
- 10% on inherited property, if the taxable value exceeds EUR 150,000.

Gifts

Gifts from close relatives, gifts not exceeding the value of EUR 2,500 are non-taxable. Gifts exceeding the aforementioned value are taxed at 15/20% personal income tax rate.

Wealth

There is no wealth tax in Lithuania.

4.3 Real estate tax

Are there real estate taxes in your country/jurisdiction?

As of 2020 Lithuanian and foreign individuals owning real estate other than that of commercial use in Lithuania are subject to 0.5-2% real estate tax on the taxable value exceeding EUR 150,000 of the whole real estate owned. An individual non-taxable value of EUR 150,000 should be applied for each family member who owns (acquires) immovable property.

Commercial property (for purposes other than those subject to the above taxation) owned by individuals is taxed in the same way as real estate owned by legal entities.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in your country/jurisdiction?

The standard value-added tax (VAT) rate is 21%. There is also a reduced rate of 9% and 5%. There are several transactions which are subject to VAT at a rate of 0% or are VAT exempt.

4.5 Unemployment tax

Are there unemployment taxes in your country/jurisdiction?

There are no separate unemployment taxes in Lithuania since such payments form a part of social security contributions.

4.6 Other taxes

Are there additional taxes in your country/jurisdiction that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and soon.

Custom/excise tax might be applied on certain imported goods/belongings.

4.7 Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g. foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

Individuals have to report opened and closed accounts in foreign financial institutions to the Lithuanian tax authorities if turnover in any of the accounts is equal or more than EUR 15,000 during a calendar year. The deadline for the reporting is 1 May of the following year when the turnover exceeded EUR 15,000.

05

Immigration

5 Immigration

Following is an overview of the concept of Lithuania's immigration system for skilled labor. (E.g. which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft flow chart illustrating the process).

A citizen of an EU, EFTA and EEA Member State and Switzerland may enter Lithuania and stay therein for a period not exceeding 3 months starting from the first day of entry into Lithuania. If they enter Lithuania for residence for a time period that is longer than 3 months within half a year, a certificate to confirm their right to reside in Lithuania must be issued. The temporary certificate is valid for 5 years, whereas the permanent certificate is valid for 10 years from the adoption of a decision on the issuance of the certificate or for the planned period of residence in Lithuania, where this period is shorter.

Documents to be submitted for obtaining the certificate: documents must be submitted via electronic Migration System MIGRIS. The documents to be submitted together with the application depends on the ground of stay. The application is examined and the certificate is issued not later than within 1 month as from the date of submitting the application and enclosed documents to a territorial unit of the Migration Department.

For the foregoing persons work permits are not necessary.

In case of citizens of third countries/jurisdictions (not citizens of EU, EFTA, EEA Member States and Switzerland), they have to obtain a visa (a Schengen visa and a National visa) to enter Lithuania (unless visa-free travel is applicable for a short enter (up to 3 months) or a Temporary residence permit.

A Schengen visa is issued for staying in Lithuania for a time period that is not longer than 3 months within half a year. However, a person having a Schengen visa cannot work in Lithuania. In order to be able to work in Lithuania, a person has to obtain a National visa or a Temporary residence permit. A National visa grants a right to enter and stay in Lithuania for 1 year. Whereas a Temporary residence permit is valid for 2 years.

An alien should apply to diplomatic mission of Lithuania or consular office abroad for the issuance of national visa. Visa application processing time takes up to 15 calendar days from the date the applicant files their application and all other required documents to a visa service. Depending on individual circumstances and the complexity of a case the visa processing time can be prolonged up to 30 calendar days; on exceptional cases missing documentation may result in a longer processing time up to 60 days.

Application for the issuance of a Temporary residence permit is submitted via electronic Migration System MIGRIS. An alien's application for the issuance of the Temporary residence permit must be considered not later than within 4 months from the filling of the application, and if applied on an urgent basis – not later than within 2 months from the date of submission of the application.

When it comes to citizens of third countries/jurisdictions willing to work in Lithuania, a Lithuanian employer has to go through necessary procedures (unless a foreigner is highly qualified or will be taking an occupation that is a scarce in Lithuania) regarding the work permit issuance if an alien is not exempted from the obligation to obtain a work permit. A work permit is issued if there is no specialist in Lithuania that meets the qualification requirements of an employer. A highly qualified worker is not required to obtain a work permit; they are subject to other conditions for issuance of a temporary residence permit.

An employer who wishes to recruit a foreigner must apply to the Territorial Employment Office in whose territory the registered vacancy is registered. A work permit is issued within a month.

5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter Lithuania as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

- a) EU, EFTA and EEA Member States and Switzerland nationals; nationals of the other countries/jurisdictions which are the subject to visa-free travel, more information here: <http://keliauk.urm.lt/en/entry-to-lithuania/visas/list-of-countries-whose-citizens-do-not-require-visas-to-enter-the-republic-of-lithuania>
- b) Arranging matters related to negotiations for a contract as well as the execution of such contract, training of the staff; Attending internal business meetings; Attending or holding internal seminars or trainings; Participating in expositions to present and sell company products, buying goods for sale outside the country/jurisdiction; other activities on behalf of a foreign employer or other activities, not related with employment at Lithuanian employer.
- c) For up to 90 days within a 180 days period

Describe (a) the regulatory framework for business traveler being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

- a) Visa nationals are required to obtain a Schengen visa to be able to enter Lithuania for business visitor activities. A Schengen visa is issued for multiple entries. The application for the Schengen visa must be filed at the Lithuanian embassy/consulate in the respective country/jurisdiction of residence.
- b) In regard to the permitted activities and permitted duration of stay please see answers to question 2.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

In order to obtain a Schengen visa, an alien shall provide the following documents:

1. A valid travel document, the period of validity of which must be at least 3 months longer than the period of validity of a visa requested to be issued. It must contain at least two empty pages and must be issued within the past 10 years;
2. A completed application for the issuance of a Schengen visa;
3. One 35x45 color photo corresponding the person's age;
4. A valid document confirming possession of medical insurance, the amount of which is EUR 30,000;
5. Documents indicating a destination of travelling;
6. Documents indicating a place of accommodation or proof that (s)he is in possession of adequate means of subsistence to pay for accommodation;
7. Documents indicating that a person submitting an application to issue a visa is in possession of adequate means of subsistence (EUR 40 for 1 day).
8. Other information to help assess whether the visa applicant intends to leave the territory of the member states before the end of the validity period of the requested visa.

Visas are issued in Diplomatic missions and consular offices of Lithuania abroad or Diplomatic missions and consular offices of other Schengen countries/jurisdictions, which represent Lithuania. Schengen visas are issued within 15 calendar days (this period can be extended up to 30 calendar days, and on an exceptional basis – up to 60 calendar days) from the day of submitting an application.

Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?

No.

5.2 Long-Term Assignments

What are the main work permit categories for long-term assignments to Lithuania? In this context outline whether a local employment contract is required for the specific permit type.

There are no separate categories of a work permit, established by Lithuanian law. The employment contract is always required.

Provide a general process overview to obtain a work and residence permit for long-term assignments (including processing times and maximum validation of the permit).

There are two types of residence permit in Lithuania: temporary residence permit and permanent residence permit in Lithuania.

Temporary residence permit is usually issued for 1, 2 or 3 years (depending on the ground of issuance). However, it may be issued for a shorter period. For the persons of Lithuanian origin and foreigners who have retained the right for the Lithuanian citizenship, a temporary residence permit is granted for 5 years.

A permanent residence permit is issued for 5 years.

Application for the issuance of the residence permit and other documents is submitted via electronic Migration System MIGRIS. These documents shall be submitted together with the application:

1. A valid travel document (passport);
2. Documents confirming the ground for issuance of a residence permit;
3. A document confirming that a person has enough funds in order to live in Lithuania;
4. A document regarding a place of residence in Lithuania;
5. A certificate regarding (the absence of) a criminal record. Foreigners who come to work as highly qualified employees can submit a statement written by themselves confirming that they do not have a criminal record;
6. A document confirming that a person has a health insurance.

However, the final list of documents depends on specific circumstances.

Documents issued by foreign states must be legalized or certified with an Apostille (except for the documents issued in EU, Russia, Moldova and Ukraine) and translated into the Lithuanian language.

An application for the issuance of the residence permit must be considered not later than within 3 months from the lodging of the application, and if applied on an urgent basis – not later than within 45 calendar days from the date of submission of the application.

An alien must obtain a work permit before arriving in Lithuania. A work permit for an alien may be issued if there is no specialist in Lithuania that meets the qualification requirements of the employer. A highly qualified worker is not required a work permit; they are subject to other conditions for issuance of a temporary residence permit.

In order a work permit to be granted:

1. An employer must register a job vacancy in a local Territorial Employment Office. The job vacancy must be open for at least 5 business days.
2. Before inspecting the employee, the Territorial Employment Office checks whether the employer meets all the necessary requirements (operates according to the law, is not bankrupt etc.)
3. The work permit is issued within a month.
4. An employer provides the Territorial Employment Office with the necessary documents in accordance with specific employment circumstances.

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

An alien's salary may not be less than that paid to a resident of Lithuania for performing the same work at the same employer.

Allowances cannot be taken into account for the salary.

A temporary residence permit may be issued to an alien who intends to work highly qualified job if there is the employer's written undertaking to pay the alien a monthly salary of not less than 1,5 amounts of average gross monthly salary in the whole economy most recently published by the Department of Statistics of Lithuania.

Is there a fast-track process which could expedite the visa/ work permit?

No. There is no fast-track process.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

An alien is allowed to start working once an employment contract is concluded and the authorities issue a visa and/or a work permit and/or a residence permit (if they are necessary accordingly to the specific circumstances).

Can a short-term permit/ business visa be transferred to a long-term permit in Lithuania?

No.

Is it possible to renew work and residence permits?

A residence permit may be renewed.

A work permit may be renewed only if it was issued for a term, shorter than 2 years. In that case it can be prolonged so that the total validity term would be 2 years.

Is there a quota or system or a labor market test in place?

A work permit shall be issued to an alien considering the needs of the Lithuanian labor market. A work permit is issued if:

- There is no specialist in Lithuania who meets the qualification requirements established by employer;
- An employer undertakes to conclude an employment contract with an alien for at least 6 months;
- The Lithuanian Employment Office is provided with documents evidencing that an alien has the established qualification, they worked the qualified job for 1 year during the last 5 years.

5.3 General Immigration Related Questions

Would it be possible to bring family members to Lithuania?

Yes. Family members of the citizens of an EU Member State may enter Lithuania together with the citizen of the EU Member State or arrive to them and stay in Lithuania for a period not exceeding 3 months starting from the first day of entry into Lithuania. Family members of EU Member State citizen, having arrived to live in Lithuania for more than 3 months within half a year, who arrive together with a citizen of EU Member State or join them, must acquire a certificate granting family member of Union citizen a permission to temporarily live in Lithuania.

Is it possible to obtain a permanent residence permit?

Yes. Usually aliens apply for a permanent residence permit after holding a temporary residence permit for 5 years if they have sufficient Lithuanian language knowledge.

What if circumstances change after the Work and Residence application process (e.g. change of employment or personal situation, including job title, job role or salary)?

In this case an alien must apply for a new work permit.

How long can a permit holder leave Lithuania without their permit becoming invalid?

No longer than 6 months.

Must immigration permissions be cancelled by the end of the assignment/employment?

An employer shall notify the Territorial Employment Office about the employment termination. In this case the Territorial Employment Office cancels a work permit and Migration Department may cancel a residence permit, if these are no other grounds for an alien to live in Lithuania.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

Criminal liability for an employer – penalty or imprisonment up to 2 years.

Administrative liability: fine up to EUR 850

5.4 Other important Items

Below you will find a list of other important items to note and the most common obstacles:

- An alien must receive the salary which is equal to the salary received by Lithuanians for the same job.
- Foreign documents must be legalized or approved with Apostille, translated into Lithuanian.
- Criminal records may influence the refusal to obtain a residence permit.
- If there are any inconsistencies in documentation the authorities may require further supporting documentation and the process may be prolonged.

[Back to top](#)



kpmg.com



KPMG' refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

© 2023 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.