

Lithuania

# Lithuania Prepares to Transpose Public Country-by-Country Reporting Directive into Legislation

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Report from our correspondent Eglė Burbaitė

The Ministry of Finance has prepared draft amendments to the Law on Company Financial Statements transposing the requirements of [Amending Directive to the Accounting Directive \(2013/34\) as regards the Disclosure of Income Tax Information by Certain Undertakings and Branches \(2021/2101\)](#) (the Public Country-by-Country Reporting (CbCR) Directive).

The draft legislation establishes a requirement to disclose information related to corporate income tax by submitting it to the administrator of the Register of Legal Entities and by publishing a corporate income tax information report on the website of the legal entity.

The requirement would apply in the following cases:

- for groups of companies or individual companies whose annual consolidated or annual income in each of the last 2 consecutive financial years on the last day of the financial year exceeded EUR 750 million and which are established or have a permanent place of business in more than one tax jurisdiction. There are currently six parent companies and three individual companies exceeding this income threshold in Lithuania. In order to avoid duplication of reporting in the credit institution sector, the requirement would not apply if such companies would report information in accordance with Article 89 of the Directive on Banking Prudential Requirements (2013/36) and would include all relevant information;
- for medium and large subsidiaries controlled by the main parent company (which is not subject to the legislation of Lithuania or another Member State) and whose annual consolidated income in each of the last 2 consecutive financial years on the last day of the financial year exceeded EUR 750 million. In Lithuania, there are currently 84 medium and large companies that have one shareholder who is not a legal entity from a Member State. If the income threshold would be exceeded, the mentioned medium and large subsidiaries would be required to publish a report on the corporate income tax information of their main parent company for the second of the last 2 financial years. When the information needed to prepare the report would not be available, the subsidiary should ask its ultimate parent to provide it with all the information it needs. If the ultimate parent company would fail to provide all the required information, the subsidiary company should prepare and publish a corporate income tax information report containing all the information it has or has received and a statement stating that its ultimate parent company has not provided the required information; and
- for branches established in Lithuania by legal entities not established in Lithuania or in another Member State, whose net sales revenue in each of the last 2 consecutive financial years exceeded EUR 8 million. In Lithuania, there would be no branches opened by companies from non-Member States exceeding this income threshold. Such affiliates are subject to a corresponding requirement to publish the corporate income tax information statement of the main parent company or separate company. Additional requirements would apply to branches established in Lithuania under the draft legislation.

The draft legislation also foresees the exemptions from the reporting requirements as well as other provisions. The draft legislation delegates the Minister of Finance to establish the content of the corporate income tax information report.

The purpose of the draft legislation is to implement the provisions of the CbCR Directive, which aim to ensure greater transparency in the field of tax paid by multinational or group companies in separate countries. At the same time, it is expected to promote corporate social responsibility, so that international companies would conduct business responsibly and would pay corporate income tax accordingly. Detailed information on corporate income tax paid in each country allows the public to better assess the contribution of international companies to the creation of public welfare.

If adopted, the amendments would come into force as of 22 June 2023.

The draft legislation is available [here](#) (only in Lithuanian).

Further developments will be reported in due course.

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