

# Lithuania Transposes DAC7 Directive, Introduces Other Important Changes to Law on Tax Administration

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Lithuania adopted several important amendments to the Law on Tax Administration (for previous reporting, see [Lithuania-1, News 21 September 2022](#)).

## Obligation for operators of digital platforms transposing DAC7 directive

Operators of digital platforms are obliged to provide the tax authorities with information on sellers who receive income from activities that have been facilitated through digital platforms.

The legislation defines "platform operator", "reporting operator", "platform", "seller", "relevant activity" and "personal service" in the same way as the [Amending Directive to the 2011 Directive on Administrative Cooperation \(2021/514\) \(DAC7\)](#). The legislation defines entity broadly as a legal entity or a person of any other legal and/or activity form, except for a natural person.

Foreign digital platform operators will be required to register with the Lithuanian tax authorities. If they do not comply, the Internet access service provider can be issued an order (required approval of Vilnius Administrative Court) to cancel Internet access to the foreign digital platform operator's website.

If the reporting operator does not fulfil the obligation to provide information about sellers, after two consecutive reminders (no later than within 90 days, but no earlier than 30 days after the second reminder) the Internet access service provider can be issued an order (required approval of Vilnius Administrative Court) to cancel Internet access to the digital platform operator's website.

If the seller, after receiving a request from the reporting operator to provide information and being warned two times in a row, does not provide the required information within 60 days of receiving the first warning, the reporting operator must delete the seller's account and prevent the seller from re-registering on the platform or suspend payment of remuneration to the seller until the seller provides the requested information.

The entities exempted from these rules are the same as indicated in the [Amending Directive to the 2011 Directive on Administrative Cooperation \(2021/514\) \(DAC7\)](#). The rules do not apply to platform operators whose platform business model is such that they do not have reportable information about sellers, as well as to foreign platform operators when information about sellers is automatically exchanged under international contracts or agreements.

Platform operators shall start collecting information as of 1 January 2023 and shall report the first information about the sellers to the tax authorities by 31 January 2024.

## Fines for breaches of tax laws

The amounts of fines for breaching tax laws were increased. The fines now range from 20% to 100% of the calculated tax amount. Previously, the fine rates ranged from 10% to 50% of the calculated tax amount.

Moreover, if persons have violated customs laws jointly, the customs authorities will impose an individual fine for each offender, the amount of which is 60% of the average calculated amount of the fine, divided by the number of persons who have jointly violated the tax laws.

If the unpaid tax amount is determined during a tax inspection and the taxpayer cannot substantiate the source of income on which tax was unpaid, this would be held as an aggravating circumstance.

## Amendments regarding criteria of reliable taxpayers

The criteria for reliable taxpayers were amended by removing several administrative offences from the Code of Administrative Offenses (mostly related to acquisition of licences to carry out commercial activity, sale of alcohol, etc.) as grounds not to recognize a taxpayer as a reliable taxpayer.

## Interest calculated on tax overpayment

The rate of interest calculated on tax overpayment that was not returned by the taxpayer on time would be the same as interest paid under tax loan agreements. Previously, the rate of late payment interest was applied.

## Confidentiality of taxpayer information

The adopted amendments introduced that information concerning the facts of a tax investigation and/or tax audit of a taxpayer would not be considered confidential.

## Definition of a person

The definition of a person for tax administration purposes is expanded by including investment funds and pension funds. Previously, these two subjects were not specified in the definition.

## General commentaries on tax laws

When preparing general commentaries on tax laws, the tax authorities would not be obliged to obtain approval from the Ministry of Finance.

## Rules for tax laws to come into force

The adopted amendments introduced that a rule for tax laws to come into force no sooner than after 6 months would not apply to tax laws that would not aggravate the position of taxpayers (i.e. would not increase tax burden or otherwise complicate the procedure of tax payment).

# Obligation of taxpayer to comply with GDPR

A new obligation for the tax administrator was introduced to comply with the requirements for processing personal data and implementing appropriate technical and organizational data security measures as well as other requirements set in the [General Data Protection Regulation \(EU\) 2016/679 \(GDPR\)](#).

# Right of tax administrator to receive information from Register of Suspects, Accused and Convicts

The tax administrator was granted a right to receive information from the Register of Suspects, Accused and Convicts regarding pre-trial investigations initiated against natural and legal persons, convictions of natural and legal persons for fraud, illegal enrichment, criminal offenses against the economy and business order, and criminal offenses against the financial system.

The amendments regarding the obligation for operators of digital platforms transposing DAC7 directive and criteria of reliable taxpayers came into effect on 1 January 2023, other amendments will come into force on 1 May 2023.

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

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