

Tax Authorities Amend Commentary on VAT Law Regarding Leasing Transactions

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The tax authorities have amended the Commentary on VAT Law regarding the issuing of credit invoices and determining of the statute of limitations in leasing transactions.

If the lease contract with the customer is terminated before the end of the term, e.g. when the customer fails to fulfil the obligations stipulated in the contract and transfers the rights and duties according to the contract to another economic entity, then the other economic entity (e.g. a bank) has the right to issue a credit VAT invoice for the return of the asset to the recipient (customer).

In the light of ECJ case law ([Case C-507/20](#)), if it is not proven that the taxable person deprived of the right to VAT reduction has not been sufficiently diligent, and in the absence of abuse or fraudulent arrangements, the statute of limitations should not be determined based on the date of the initial invoice, which expired before the amendment. The statute of limitations for adjusting the VAT return must commence from the time of the termination of the lease contract.

The amended commentary is available [here](#) (in Lithuanian only).