

Lithuania

Transfer Pricing Country Profile

Updated October 2017

	SUMMARY	REFERENCE
The Arm's Length Principle		
1	<p>Does your domestic legislation or regulation make reference to the Arm's Length Principle?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>For the purpose of calculating taxable profits in accordance with the procedure laid down in CIT Law and for the purpose of calculating taxable income in accordance with the procedure laid down in ITI Law, entities and individuals must recognise the amount which is in line with the actual market price of a transaction or economic operation as income from such transaction or economic operation and they must recognise the total amount of costs incurred during a transaction or economic operation which is in line with the actual market price of such transaction or economic operation as allowable deductions or limited allowable deductions.</p> <p>Where the conditions created or prescribed by mutual transactions or economic operations between associated persons are other than those created or prescribed by a mutual transaction or economic operation between non-associated persons, any profit (income) that would be attributed, if no such conditions existed, to one of such persons but due to such conditions is not attributed to him, may be included in the income of that person and taxed accordingly.</p> <p>The "Arm's Length Principle" shall mean the principle, according to which the prices of the controlled transactions should not differ from the actual market price and the profits earned or the income received from performance of the controlled transactions should not differ from the profits (income) that should be earned if the transaction was carried out at the actual market price. The arm's length principle shall be based on comparison of the controlled transaction with the comparable transaction or transactions.</p>	<p>Article 40 of the Law on Corporate Income Tax (CIT Law) http://www.vmi.lt/cms/documents/10162/7977078/Law+on+Corporate+Income+Tax/544d4127-2488-4fdc-bffd-adb0195525a3</p> <p>Article 15 of the Law on Income Tax of Individuals (ITI Law) https://www.vmi.lt/cms/documents/10162/9030883/Law+on+income+tax+of+individuals.pdf/bf8a1af5-2053-4427-9a82-7b0d5063b5fa</p> <p>Clause 3 of the Rules for Implementation of paragraph 2 of Article 40 of the Republic of Lithuania Law on Corporate Income Tax and paragraph 2 of Article 15 of the Republic of Lithuania Law on Personal Income Tax (hereinafter referred to as the TP Rules) approved by of the Minister of Finance of the Republic of Lithuania Order No 1K-123 of 9 April 2004</p>

2	<p>What is the role of the OECD Transfer Pricing Guidelines under your domestic legislation?</p>	<p>The Lithuanian transfer pricing rules are mainly in-line with the OECD Transfer Pricing Guidelines. Moreover, it is recommended in the TP Rules to use the OECD Transfer Pricing Guidelines insofar as the provisions do not contradict the provisions of the TP Rules.</p>	<p>TP Rules https://www.e-tar.lt/portal/lt/legalAct/TAR.55EC668C883A/VaDnMPiQMO</p>
3	<p>Does your domestic legislation or regulation provide a definition of related parties? If so, please provide the definition contained under your domestic law or regulation.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Arm’s Length Principle applies to associated parties. This concept encompasses both related parties and other associated entities (persons). Article 2 of CIT Law provides with the following definitions:</p> <p>Associated persons mean persons (entities or natural persons) where they meet at least one of the following criteria:</p> <p>1) they are related persons. 2) they may have an influence over each other resulting in the conditions of their mutual transactions or economic operations being other than those where a maximum economic benefit is sought by each of the said persons.</p> <p>Related persons are treated as such if on any day of the current tax period or the tax period preceding the current tax period they meet at least one of the following criteria, i.e. they are:</p> <p>1) an entity and its members; 2) an entity and members of its management bodies; 3) an entity and the spouses, engaged couple, fiancés and cohabitants of its members or members of its management bodies, other natural persons related to members of the entity or members of its management bodies by consanguinity (in the direct line up to the second degree, in the collateral line up to the fourth degree) or by marriage (a natural person and the relatives of his spouse (in the direct line up to the second degree, in the collateral line up to the second degree), and also the relatives of the cohabitants of members of the entity or members of its management bodies (in the direct line up to the second degree, in the collateral line up to the second degree), the spouses or cohabitants of the relatives of members of the entity or members of its management bodies (in the direct line up to the first degree, in the collateral line up to the second degree) as well as the relatives of the said spouses or cohabitants (in the direct line up to the first degree, in the collateral line up to the second degree); 4) members of a group of entities; 5) an entity and members of another entity where such entities comprise a single group of entities; 6) an entity and members of the management bodies of another entity where such entities comprise a single group of entities;</p>	<p>Article 2 of CIT Law (Article 2 of ITI Law).</p>

7) an entity and the spouses engaged couple and cohabitants of members of another entity or members of its management bodies, other natural persons related to members of another entity or members of its management bodies by consanguinity (in the direct line up to the first degree, in the collateral line up to the second degree) or by marriage (a natural person and the relatives of his spouse (in the direct line up to the first degree, in the collateral line up to the second degree), and also the relatives of the cohabitants of members of another entity or members of its management bodies (in the direct line up to the first degree, in the collateral line up to the second degree), the spouses or cohabitants of the relatives of members of another entity or members of its management bodies (in the direct line up to the first degree, in the collateral line up to the second degree) where the said taxable entities comprise a single group of entities;

8) two entities where one of them controls directly or indirectly (through a single or several entities or natural persons) over 25% of the shares (interests, member shares) of the other entity or holds the right to over 25% of the decisive votes of the other entity or has undertaken to coordinate its decisions regarding the activities with the other entity or has undertaken to be liable for the obligations of the other entity in respect of third parties or has undertaken to transfer all or part of its profits to the other entity or has granted the other entity the right to use over 25% of its assets;

9) two entities where their members or the spouses, engaged couple and cohabitants of such members, natural persons related by consanguinity (in the direct line up to the second degree, in the collateral line up to the fourth degree) or by marriage (a natural person and the relatives of his spouse (in the direct line up to the second degree, in the collateral line up to the second degree)), and also a natural person and the relatives of his cohabitant (in the direct line up to the second degree, in the collateral line up to the second degree), a natural person and the spouses or cohabitants of his relatives (in the direct line up to the first degree, in the collateral line up to the second degree) as well as the relatives of the said spouses or cohabitants (in the direct line up to the first degree, in the collateral line up to the second degree) control directly or indirectly 25% of the shares (interests, member shares) in each of such entities;

10) an entity and its permanent establishment;

11) two entities where one of them holds decision-making rights in the other entity.

Related persons are treated as such if on any day of the current tax period or the tax period preceding the current tax period they are:

- 1) an individual, who is a member (e. g. shareholder) of an entity, and that entity, or
- 2) an individual, who is a member of the managing bodies of an entity, and that entity, or
- 3) an individual whose spouse, fiancé or cohabitant is a member of the managing bodies of an entity, and that entity, or

4) an individual and his spouse, fiancé, cohabitant; an individual and persons related to him by consanguinity (in the direct line up to the second degree, in the collateral line up to the fourth degree) or by marriage (an individual and the relatives of his spouse (in the direct line up to the second degree, in the collateral line up to the second degree)); an individual and the relatives of his cohabitant (in the direct line up to the second degree, in the collateral line up to the second degree); an individual and the spouses or cohabitants of his relatives (in the direct line up to the first degree, in the collateral line up to the second degree) as well as the relatives of the said spouses or cohabitants (in the direct line up to the first degree, in the collateral line up to the second degree), or

5) two individuals who are members of the same entity and each of the individuals controls directly or indirectly over 25% of the shares (interests, member shares) in that entity, or

6) two individuals who are members (e. g. shareholders) of the same entity and each of the individuals, together with other persons (a spouse, fiancé, cohabitant or relatives of the said cohabitant (in the direct line up to the second degree, in the collateral line up to the second degree), persons related to him by consanguinity (in the direct line up to the second degree, in the collateral line up to the fourth degree) or by marriage (an individual and the relatives of his spouse (in the direct line up to the second degree, in the collateral line up to the second degree)), also the spouses or cohabitants of his relatives (in the direct line up to the first degree, in the collateral line up to the second degree) as well as the relatives of the said spouses or cohabitants (in the direct line up to the first degree, in the collateral line up to the second degree), controls directly or indirectly over 25% of the shares (interests, member shares) in that entity, or

7) an individual and his fixed base.

Transfer Pricing Methods

4 **Does your domestic legislation provide for transfer pricing methods to be used in respect of transactions between related parties?**

Yes

No

If affirmative, please check those provided for in your legislation:

CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (<i>If so, please describe</i>)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The TP Rules also provides with the possibility to combine and modify the methods if this allows achieving the result which is in line with the arm's length principle.

Clause 19 of the TP Rules.

<https://www.e-tar.lt/portal/lt/legalAct/TAR.55EC668C883A/VaDnMPiQMO>

5	<p>Which criterion is used in your jurisdiction for the application of transfer pricing methods?</p>	<p>Please check all that apply:</p> <p><input checked="" type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <hr/> <p>Two criteria are applied to determine the selection of a transfer pricing method:</p> <p>- hierarchical order: the priority is granted to the comparable uncontrolled price method. In case there is no possibility of applying this method, other traditional methods are to be taken into consideration. Profit-based methods may be eligible if there is no sufficient reliable data for application of traditional methods (Clause 22 of the TP Rules). The taxpayers are required to substantiate not only the reason why the method they applied was the most reliable one, but also why every previous method in the list was regarded as not acceptable.</p> <p>To be noted, amendments to the application of hierarchy among the transfer pricing methods to implement the recommendations set out in OECD Transfer Pricing Guidelines are currently under preparation;</p> <p>- most appropriate method: a taxpayer has to choose the method which ensures the most reliable result in determining the arm's length price. It should be done with regard to the characteristics of the transaction, reliability of available data, reasonableness of assumptions and forecasts, degree of similarity between the transaction for which the pricing method is chosen and the transactions used for comparison.</p> <p>Hierarchical order should be applied firstly; however, the most appropriate criteria would prevail. This means that taxpayer should be looking for the most appropriate method respecting the hierarchical order.</p>	<p>Clauses 20-23 of the TP Rules.</p> <p>Error! Hyperlink reference not valid.https://www.e-tar.lt/portal/lt/legalAct/TAR.55EC668C883A/VaDnMPiQMO</p>
6	<p>If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.</p>	<p><input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p> <p><input type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities (<i>if so, please explain</i>)</p> <p><input type="checkbox"/> Other (<i>if so, please explain</i>)</p> <hr/> <p>Due to the requirement in domestic legislation “to use the OECD Transfer Pricing Guidelines insofar as the provisions do not contradict the provisions of the TP Rules”, for controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed.</p>	

Comparability Analysis

7	<p>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The TP Rules determines the following process of evaluation: Step I: the evaluation of the controlled transaction; Step II: the selection of the most suitable uncontrolled transaction; Step III: the evaluation of the selected uncontrolled transaction; Step IV: the application of the proper transfer pricing method.</p> <p>The evaluation of the controlled and uncontrolled transactions is performed according to five comparability factors:</p> <ol style="list-style-type: none"> 1. Characteristics of the subject of the transaction. 2. Functions performed, risks assumed, assets used of the parties to the transaction when carrying out the functional analysis. 3. Contractual provisions. 4. Economic circumstances. 5. Business strategy. 	<p>Clauses 6 -13 of the TP Rules https://www.e-tar.lt/portal/lt/legalAct/TAR.55EC668C883A/VaDnMPiQMO</p>
8	<p>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
9	<p>Does your tax administration use secret comparables for transfer pricing assessment purposes?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
10	<p>Does your legislation allow or require the use of an arm's length range and/or statistical measure for determining arm's length remuneration?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Determination of the arm's length range is established in Clauses 49 to 51 of the TP Rules:</p> <ul style="list-style-type: none"> - If application of the pricing method or methods by a taxpayer results not in one number, but in several numbers, the price or profit of the transaction is deemed to be in line with the arm's length principle if it does not fall outside the arm's length range established on the basis of the comparable transactions. - In pursuance of proving that the price or profit of the transaction does not fall outside the arm's length range, the taxpayer has to prove that the range was established on the basis of equally reliable comparisons (the burden of proof lies on the taxpayer). 	<p>Clauses 49 to 51 of the TP Rules. Judicial practice (may be found at http://liteko.teismai.lt/viesasprendimupaieska/detalipaieska.aspx?detali=2).</p>

		<p>- If the tax administrator adjusts the price by applying the arm's length range and does not have more precise data, the price of profit which is the average arm's length range is deemed to be the price of profit which is in line with the arm's length principle, unless the circumstances allow stating or the taxpayer proves that the price or profit which is in line with the arm's length principle is different. In case where the taxpayer avoids cooperation with the tax administrator what renders it more difficult to set the price or profit which is in line with the arm's length principle, the tax administrator is entitled to consider each number within the arm's length range as conforming to the arm's length principle. These provisions may be invoked only during the tax audit.</p> <p>Statistical tools: the use of statistical tools is not regulated in national legislation nevertheless it is widely used in practice. The most common method is quartiles. If the taxpayer chooses not to use quartiles or to use other tools (e. g. 10th percentile), the taxpayer should submit the rational justification of his option.</p> <p>The Supreme Administrative Court of Lithuania sustained the possibility of using the statistical tools.</p>	
11	<p>Are comparability adjustments required under your domestic legislation or regulations?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The TP Rules embed legal grounds for comparability adjustments. The main requirement is to ensure that if there are significant differences between the controlled transactions and the comparable transactions, they may be addressed by making adjustments that would ensure more reliable and accurate comparability. However, in cases, where too many different conditions are established that would require to adjust almost every aspect of the comparable transaction, this implies the necessity to consider the application of another transfer pricing method, as too many adjustments may distort the actual pricing level upon which the independent parties would be willing to agree. In cases, where the adjustment changes the price materially, this would be regarded with caution as well.</p> <p>Dealing with practical cases, the tax administrator adheres to the OECD Transfer Pricing Guidelines provisions on the comparability adjustments.</p>	<p>16, 26, 32, 33, 38, 39 clauses of the TP Rules. https://www.e-tar.lt/portal/lt/legalAct/TAR.55EC668C883A/VaDnMPiQMO</p>
Intangible Property			
12	<p>Does your domestic legislation or regulations contain guidance specific to the pricing of controlled transactions involving intangibles?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>Clauses 52 to 59 of the TP Rules https://www.e-tar.lt/portal/lt/legalAct/TAR.55EC668C883A/VaDnMPiQMO</p>

		<p>Chapter IX of the TP rules provides for specific provisions regarding transactions related to intangibles. The main aspects are the following:</p> <ul style="list-style-type: none"> - When setting the value of intangible assets, the benefits related to the assets and costs and risks of the parties to the transaction in relation to the assets are taken into account. - When determining the fact of existence of intangible assets, it has to be determined if consideration for the use of such assets is not included in the price of the subject of the transaction. In case of determining that consideration for the use of intangible assets is included in the price of the subject of the transaction, additional payments for the same assets (for example, in case of conclusion of a licence agreement) are deemed to be equal to zero. - In pursuance of assessing the intangible assets related to benefits, there is a particular need to identify the real beneficiary of the benefits in relation to such assets by taking into account the fact that this may be the entity that is not a legal owner of such assets. - In pursuance of assessing the costs and risks in relation to intangible assets, the entity that actually assumes such costs and risks have to be firstly identified by taking into account the fact that this may be the entity that is not a legal owner of such assets. - Where the right to use intangible assets is subject to the established periodic payments, the compliance of the amounts of such periodic payments with the arm's length principle has to be assessed according to the information available to the parties at the moment of entering into the respective transaction and the assumptions regarding the benefits of such assets, related additional costs and risks that could be reasonably made by the parties. Nevertheless, if there is evidence that independent persons acting in comparable circumstances would agree to revise the amount of the payments or other conditions after the respective period of time, the subsequent amount has to be recalculated accordingly. 	
13	<p>Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard to value intangibles (HTVI)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
14	<p>Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

Intra-group Services

15	<p>Does your domestic legislation or regulations provide guidance specific to intra-group services transactions?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>According to the provisions of Chapter X of the TP Rules, when examining the controlled transactions the subject of which is the provision of services or which are related to the provision of services, it is important to determine the following three aspects:</p> <ul style="list-style-type: none"> - if the service was actually provided; - the way of remuneration for provision of the service – for each service separately or by distributing the respective costs among the members of the group; - if remuneration for provision of the service is in line with the arm's length principle - it should be taken into account that, as a rule, the service provider should receive not only such remuneration which covered his costs, but which would also give economic benefit. Nevertheless, in certain economic circumstances or in case of implementation of the respective business strategies, provision of services without any benefit is not in conflict with the arm's length principle. <p>Remuneration for the provided services may be included in the price of other transactions. In such cases, additional payments for receipt of such services calculating the corporate income tax or personal income tax shall be deemed to be equal to zero.</p>	<p>Clauses 60-67 of the TP Rules https://www.e-tar.lt/portal/lt/legalAct/TAR.55EC668C883A/VaDnMPiQMO</p>
16	<p>Do you have any simplified approach for low value-adding intra-group services?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
17	<p>Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<h3>Cost Contribution Agreements</h3>			
18	<p>Does your jurisdiction have legislation or regulations on cost contribution agreements?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

Transfer Pricing Documentation

19	<p>Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><i>If affirmative, please check all that apply:</i></p> <p><input type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</p> <p><input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</p> <p><input type="checkbox"/> Other (specify):</p> <p>National transfer pricing documentation includes some requirements which may be regarded as applicable for Master file according the provisions of BEPS Action 13 (e.g. information on other associated persons; description of the organisational structure of the group a member of which the taxpayer is; description of control, monetary, information and other flows within the group).</p> <p>CbC report is a separate form for provision of information, which is already introduced in national legislation, however, it is not regarded as a part of transfer pricing documentation.</p>	<p>Clauses 68 - 77 of the TP Rules</p> <p>https://www.e-tar.lt/portal/lt/legalAct/TAR.55EC668C883A/VaDnMPiQMO</p> <p>http://www.vmi.lt/cms/documents/10162/9264980/VA-47+taisyl%C4%97s/be7538d0-3ada-4cde-a05e-34836899e529</p>
20	<p>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e. timing for preparation or submission, languages, etc.)</p>	<p>There is no explicit term for preparation of the transfer pricing documentation in the national law – it is presumed that when a taxpayer provides the annual income tax return (the submission deadline – 15th day of the sixth month of the next tax period), it should have justification for the transfer prices applied.</p> <p>The transfer pricing documentation may be stored in a form and language chosen by the taxpayer until the request by the tax administrator. When the tax administrator requests for the documentation, it has to be provided in an original language. In case, the language is different than Lithuanian, the tax administrator may require the translation. In practice, the transfer pricing documentation is usually prepared in Lithuanian or English – both languages are accepted. The transfer pricing documentation has to be submitted within 30 days after receipt of a special request of the tax administration.</p>	<p>Clauses 68 - 77 of the TP Rules</p> <p>https://www.e-tar.lt/portal/lt/legalAct/TAR.55EC668C883A/VaDnMPiQMO</p>
21	<p>Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>Article 188 of Code of Administrative Offences</p>

		<p>On 1 January 2017 a new Code of Administrative Offences came into force. Article 188 of the Code establishes a specific penalty related to the transfer pricing documentation imposed on the manager (or other delegated person of an enterprise, i.e. personal liability). Non-compliance with the requirements of transfer pricing documentation rules incurs a penalty ranging from EUR 1,400 to EUR 4,300, while the offense committed repeatedly incurs a penalty ranging from EUR 2,900 to EUR 5,800. The penalty may apply only regarding obligation to document transfer pricing of the controlled transactions concluded in a financial year of 2016 and later.</p> <p>Until 1 January 2017 in case of non-compliance with the transfer pricing documentation rules, the tax authorities could apply the standard tax penalties for failure to comply with tax administrators order: a fine ranged from EUR 14 to EUR 579.</p>	
22	<p>If your legislation provides for exemption from transfer pricing documentation obligations, please explain.</p>	<p>The transfer pricing documentation according to standardized requirements embedded in Chapter XI of the TP Rules must only be prepared by the Lithuanian entities and permanent establishments of the foreign entities acting in Lithuania with turnover of a previous taxable year when the transaction was actually carried out exceeding EUR 2 896 200 (this limitation is not applied to financial undertakings, credit institutions and insurance companies which are obliged to prepare the transfer pricing documentation despite the size of their turnover).</p> <p>The taxpayers that do not have an obligation to prepare the transfer pricing documentation according to the aforementioned requirements are allowed to justify the application of the arm's length principle in a free manner.</p>	<p>Clause 68 of the TP Rules</p> <p>https://www.e-tar.lt/portal/lt/legalAct/TAR.55EC668C883A/VaDnMPiQMO</p>
Administrative Approaches to Avoiding and Resolving Disputes			
23	<p>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</p>	<p>Please check those that apply:</p> <p><input checked="" type="checkbox"/> Rulings</p> <p><input type="checkbox"/> Enhanced engagement programs</p> <p><input checked="" type="checkbox"/> Advance Pricing Agreements (APA)</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Unilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Bilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Multilateral APAs</p> <p><input checked="" type="checkbox"/> Mutual Agreement Procedures</p> <p><input type="checkbox"/> Other (<i>please specify</i>):</p>	<p>Article 37-1 of the Law on Tax Administration of the Republic of Lithuania;</p> <p>https://www.e-tar.lt/portal/lt/legalAct/TAR.3EB34933E485/rDLYSrNhXL</p> <p>VA-105;</p> <p>https://www.e-tar.lt/portal/lt/legalAct/TAR.DCC35BF665DF/WCVyeseaWG</p> <p>VA-106</p> <p>https://www.e-tar.lt/portal/lt/legalAct/TAR.512C4E907A4D/NShbuzBCle</p>

		<p>Relevant regulations:</p> <p>The Rules for the Submission of a Taxpayer's Request to Consent to the Application of the Provisions of Tax Laws to a Future Transaction, Examination of the Request, Adoption and Amendment of the Decision Obligating the Tax Administrator, adopted by 19 October 2011 order of Head of State Tax Inspectorate under Ministry of Finance No. VA-105 (VA-105);</p> <p>The Rules for the Submission of a Taxpayer's Request to Consent to the Principles of Pricing of a Future Controlled Transaction, Adoption and Amendment of the Decision Obligating the Tax Administrator, adopted by 21 October 2011 order of Head of State Tax Inspectorate under Ministry of Finance No. VA-106;</p> <p>Double Tax Avoidance Treaties:</p> <p>Convention 90/436/EEC on the elimination of double taxation in connection with the adjustment of profits of associated enterprises</p> <p>MAP:</p> <p>For more information please refer to MAP profile of Lithuania.</p>	<p>MAP profile of Lithuania</p> <p>http://www.oecd.org/tax/dispute/Lithuania-Dispute-Resolution-Profile.pdf</p>
Safe Harbours and Other Simplification Measures			
24	Does your jurisdiction have rules on safe harbours in respect of certain industries, types of taxpayers, or types of transactions?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
25	Does your jurisdiction have any other simplification measures not listed in this questionnaire? If so, please provide a brief explanation.	No.	
Other Legislative Aspects or Administrative Procedures			
26	Does your jurisdiction allow/require taxpayers to make year-end adjustments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<p>Taxpayers have to adjust transfer prices in cases they are not compatible with the arm's length principle. However, if the price is within arm's length range, adjustment will not be appropriate.</p>	

		Taxpayer is required to substantiate the reasonableness of the adjustment proving the rightness and relevance of transfer pricing policy (e. g. that the factual circumstances did not change and taxpayer did not start performing more functions which should be additionally rewarded). Any price adjustments (except interest) have to be formalised by issuing accounting documents (i. e. invoices).	
27	Does your jurisdiction make secondary adjustments?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Other Relevant Information			
28	Other legislative aspects or administrative procedures regarding transfer pricing	N/A	
29	Other relevant information (e.g. <i>whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire</i>)	Proposed legislation amendments for implementation of BEPS Actions 8-10, 13 are under preparation. Anticipated term for adoption – the end of 2017.	