

GLOBAL FORUM ON
**TRANSPARENCY AND EXCHANGE OF
INFORMATION FOR TAX PURPOSES**

Peer Review Report on the Exchange of Information
on Request

LITHUANIA

2024 (Second Round)

Global Forum on Transparency and Exchange of Information for Tax Purposes: Lithuania 2024 (Second Round)

PEER REVIEW REPORT ON THE EXCHANGE
OF INFORMATION ON REQUEST

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Reader's guide

The Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) is the multilateral framework within which work in the area of tax transparency and exchange of information is carried out by over 160 jurisdictions that participate in the Global Forum on an equal footing. The Global Forum is charged with the in-depth monitoring and peer review of the implementation of the international standards of transparency and exchange of information for tax purposes (both on request and automatic).

Sources of the Exchange of Information on Request standards and Methodology for the peer reviews

The international standard of exchange of information on request (EOIR) is primarily reflected in the 2002 OECD Model Agreement on Exchange of Information on Tax Matters and its commentary, Article 26 of the OECD Model Tax Convention on Income and on Capital and its commentary and Article 26 of the United Nations Model Double Taxation Convention between Developed and Developing Countries and its commentary. The EOIR standard provides for exchange on request of information foreseeably relevant for carrying out the provisions of the applicable instrument or to the administration or enforcement of the domestic tax laws of a requesting jurisdiction. Fishing expeditions are not authorised but all foreseeably relevant information must be provided, including ownership, accounting and banking information.

All Global Forum members, as well as non-members that are relevant to the Global Forum's work, are assessed through a peer review process for their implementation of the EOIR standard as set out in the 2016 Terms of Reference (ToR), which break down the standard into 10 essential elements under three categories: (A) availability of ownership, accounting and banking information; (B) access to information by the competent authority; and (C) exchanging information.

The assessment results in recommendations for improvements where appropriate and an overall rating of the jurisdiction's compliance with the EOIR standard based on:

1. The implementation of the EOIR standard in the legal and regulatory framework, with each of the element of the standard determined to be either (i) in place, (ii) in place but certain aspects need improvement, or (iii) not in place.
2. The implementation of that framework in practice with each element being rated (i) compliant, (ii) largely compliant, (iii) partially compliant, or (iv) non-compliant.

The response of the assessed jurisdiction to the report is available in an annex. Reviewed jurisdictions are expected to address any recommendations made, and progress is monitored by the Global Forum.

A first round of reviews was conducted over 2010-16. The Global Forum started a second round of reviews in 2016 based on enhanced Terms of Reference, which notably include new principles agreed in the 2012 update to Article 26 of the OECD Model Tax Convention and its commentary, the availability of and access to beneficial ownership information, and completeness and quality of outgoing EOI requests. Clarifications were also made on a few other aspects of the pre-existing Terms of Reference (on foreign companies, record keeping periods, etc.).

Whereas the first round of reviews was generally conducted in two phases for assessing the legal and regulatory framework (Phase 1) and EOIR in practice (Phase 2), the second round of reviews combine both assessment phases into a single review. For the sake of brevity, on those topics where there has not been any material change in the assessed jurisdictions or in the requirements of the Terms of Reference since the first round, the second round review does not repeat the analysis already conducted. Instead, it summarises the conclusions and includes cross-references to the analysis in the previous report(s). Information on the Methodology used for this review is set out in Annex 3 to this report.

Consideration of the Financial Action Task Force Evaluations and Ratings

The Financial Action Task Force (FATF) evaluates jurisdictions for compliance with anti-money laundering and combating terrorist financing (AML/CFT) standards. Its reviews are based on a jurisdiction's compliance with 40 different technical recommendations and the effectiveness regarding 11 immediate outcomes, which cover a broad array of money-laundering issues.

The definition of beneficial owner included in the 2012 FATF standards has been incorporated into elements A.1, A.3 and B.1 of the 2016 ToR. The 2016 ToR also recognises that FATF materials can be relevant for carrying out EOIR assessments to the extent they deal with the definition of beneficial ownership, as the FATF definition is used in the 2016 ToR (see 2016 ToR, Annex 1, part I.D). It is also noted that the purpose for which the FATF materials have been produced (combating money-laundering and terrorist financing) is different from the purpose of the EOIR standard (ensuring effective exchange of information for tax purposes), and care should be taken to ensure that assessments under the ToR do not evaluate issues that are outside the scope of the Global Forum's mandate.

While on a case-by-case basis an EOIR assessment may take into account some of the findings made by the FATF, the Global Forum recognises that the evaluations of the FATF cover issues that are not relevant for the purposes of ensuring effective exchange of information on beneficial ownership for tax purposes. In addition, EOIR assessments may find that deficiencies identified by the FATF do not have an impact on the availability of beneficial ownership information for tax purposes; for example, because mechanisms other than those that are relevant for AML/CFT purposes exist within that jurisdiction to ensure that beneficial ownership information is available for tax purposes.

These differences in the scope of reviews and in the approach used may result in differing conclusions and ratings.

More information

All reports are published once adopted by the Global Forum. For more information on the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and for copies of the published reports, please refer to www.oecd.org/tax/transparency and <http://dx.doi.org/10.1787/2219469x>.

Abbreviations and acronyms

2016 Terms of Reference	Terms of Reference related to EOIR, as approved by the Global Forum on 29-30 October 2015
AB	Public Limited Liability Companies (<i>akcinė bendrovė</i>)
AML	Anti-Money Laundering
AML Law	Law on Prevention of money laundering and terrorist financing
BoL	Bank of Lithuania
CAO	Code of Administrative Offences
CCN	Common Communication Network
CDD	Customer Due Diligence
County STIs	County State Tax Inspectorates
CSD	Central Securities Depository
CTS	Common Transmission System
DODVS	Work Organisation and Document Management System
DTC	Double Taxation Convention
EEIG	European Economic Interest Grouping
EOI	Exchange of Information
EOIR	Exchange of Information on Request
EU	European Union
EOI Rules	Rules on Mutual Assistance and Exchange of Information with Tax Administration of Foreign States
EUR	Euro, official currency of the 20 Member States of the European Union that are part of the Economic and Monetary Union

FAQ	Frequently Asked Questions
FCIS	Financial Crime Investigation Service
Global Forum	Global Forum on Transparency and Exchange of Information for Tax Purposes
IIED	International Information Exchange Division
ITIS_EU TMIM	System for the International Information Exchange Registration and Transmission
JADIS	Information System of Legal Entities Participants
JADIS Regulations	Regulations of the Information System of Legal Entities Participants
JANGIS	JANGIS Subsystem of JADIS
KŪB	Limited Partnership (<i>komanditinė ūkinė bendrija</i>)
LBA	Lithuanian Bar Association
LCA	Lithuanian Chamber of Auditors
LCSF	Law on Charity and Sponsorship Foundations
LFA	Law on Financial Accounting
LRU	Law on Reporting by Undertakings
LMFI	Law on Market in Financial Instruments
LTA	Law on Tax Administration
MB	Small Partnership (<i>mažoji bendrija</i>)
Multilateral Convention	Convention on Mutual Administrative Assistance in Tax Matters, as amended in 2010
RLE	Register of Legal Entities
RLE Regulations	Regulations of the Register of Legal Entities
SE	European Company (<i>Societas Europaea</i>)
STI	State Tax Inspectorate
TCSP	Trust or company incorporation and administration service providers
TIEA	Tax Information Exchange Agreement
TŪB	General Partnership (<i>tikroji ūkinė bendrija</i>)

UAB	Private Limited Liability Companies (<i>uždaroji akcinė bendrovė</i>)
VAT	Value Added Tax
ŽŪB	Agricultural Companies (<i>žemės ūkio bendrovė</i>)

Executive summary

1. This report analyses the implementation of the standard of transparency and exchange of information on request in Lithuania on the second round of reviews conducted by the Global Forum. It assesses both the legal and regulatory framework in force as at 26 April 2024 and the practical implementation of this framework against the 2016 Terms of Reference, including in respect of requests for exchange of information received and sent during the review period from 1 January 2020 to 31 December 2022. This report concludes that Lithuania is rated overall **Largely Compliant** with the standard. In 2015 the Global Forum evaluated Lithuania on the practical implementation of its legal and regulatory framework as part of a Phased review against the 2010 Terms of Reference. The report of that evaluation (the 2015 Report) concluded that Lithuania was rated Compliant overall (see Annex 3).

Comparison of ratings for First Round Report and Second Round Report

Element	First Round Report (2015)	Second Round Report (2024)
A.1 Availability of ownership and identity information	Compliant	Largely Compliant
A.2 Availability of accounting information	Compliant	Largely Compliant
A.3 Availability of banking information	Compliant	Largely Compliant
B.1 Access to information	Compliant	Largely Compliant
B.2 Rights and Safeguards	Compliant	Compliant
C.1 EOIR Mechanisms	Compliant	Compliant
C.2 Network of EOIR Mechanisms	Compliant	Compliant
C.3 Confidentiality	Compliant	Compliant
C.4 Rights and safeguards	Compliant	Compliant
C.5 Quality and timeliness of responses	Compliant	Compliant
OVERALL RATING	Compliant	Largely Compliant

Note: the four-scale ratings are Compliant, Largely Compliant, Partially Compliant, and Non-Compliant.

Progress made since previous review

2. The 2015 Report concluded that the legal and regulatory framework of Lithuania and its implementation in practice generally ensured the availability, access and exchange of information (EOI). Certain gaps were identified in the availability of ownership information and in the exchange of information, but these did not prevent Lithuania from being rated as overall Compliant with the standard.

3. Since then, Lithuania has made further progress in exchanging information in a timely manner. In the limited number of cases where information could not be exchanged within 90 days, status updates or partial responses were generally provided soon after, which addresses the recommendation in the previous review (see below).

4. The standard on transparency was strengthened in 2016 to require the availability of beneficial ownership information of legal persons and arrangements. Lithuania revised its anti-money laundering (AML) framework to set up a register of beneficial owners and introduced corresponding obligations on all actors involved. Certain improvements are required to ensure that beneficial ownership information is available in line with standard (see below).

Key recommendations

5. The recommendation from the previous review relating to ensuring the availability of legal ownership information of foreign companies with a sufficient nexus with Lithuania and foreign partnerships conducting business in or deriving income from Lithuania remains unaddressed.

6. The Information System of Legal Entities (JADIS) is the first source of legal ownership information of legal entities, but the enforcement of obligations related to reporting of changes to legal ownership information to JADIS has been low (Element A.1). Second, the availability of beneficial ownership information is required through the AML framework with the obligation on legal entities to keep and file information on their beneficial owners, but legal entities do not have a mechanism available to become aware of changes in their beneficial ownership, which would allow them to fulfil their obligations. Third, the legal and beneficial ownership information is also not ensured in the case of nominee arrangements as nominee shareholders are not required to disclose their status to legal entities (Element A.1). Fourth, clear and comprehensive guidance is required to enable AML-obliged persons to accurately identify beneficial owners of their customers (Elements A.1 and A.3) and maximum acceptable frequencies need to be specified for updating beneficial ownership information for each risk category in the absence of other triggers (Element A.3). Finally,

a comprehensive supervision and enforcement mechanism is required to ensure compliance with the obligations set out in the AML framework (Elements A.1).

7. Recommendations have been made to ensure that the system in place allows timely availability of underlying accounting documentation even when a company re-domiciles out of Lithuania, and to ensure the availability of accounting information for foreign trusts with resident trustees or administrators (Element A.2).

8. In order to ensure effective exchange of information, a recommendation has been made to use access powers in relation to all available sources of information, and exercise of compulsory powers and enforcement measures each time this is necessary (Element B.1).

Exchange of information in practice

9. Lithuania's EOI network has expanded with the increased number of jurisdictions participating in the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (Multilateral Convention).

10. Lithuania has considerable experience in EOI and is considered to be an important partner by its peers. The volume of exchanges increased significantly in the current review period where Lithuania received 1 017 requests, as compared to 439 EOI requests received in the period under review in the 2015 Report.

11. Well-delineated organisational processes and efficient use of information technology have contributed to the significant progress observed on the timeliness of exchanges. Lithuania was able to respond to 97% of the requests within 90 days and 100% within 180 days, as against 63.5% and 90% respectively, of the requests during the previous review period. Lithuania maintains its Compliant rating on the elements of the standard related to exchange of information.

Overall rating

12. Lithuania is rated as Largely Compliant on Elements A.1, A.2, A.3 and B.1 and Compliant on all other elements. Lithuania is therefore rated overall **Largely Compliant** with the EOIR standard on a global consideration of its compliance with the individual Elements.

13. This report was approved at the Peer Review Group of the Global Forum on 19 June 2024 and was adopted by the Global Forum on 18 July 2024. A follow up report on the steps undertaken by Lithuania to address

the recommendations made in this report should be provided to the Peer Review Group in accordance with the methodology for enhanced monitoring as per the schedule in Annex 2 of the methodology. The first such self-assessment report from Lithuania will be expected in 2026, and subsequently once every two years.

Summary of determinations, ratings and recommendations

Determinations and ratings	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that ownership and identity information, including information on legal and beneficial owners, for all relevant entities and arrangements is available to their competent authorities (Element A.1)		
The legal and regulatory framework is in place but needs improvement	Ownership information on foreign companies having sufficient nexus with Lithuania (in particular, having their place of effective management in Lithuania) and on foreign partnerships carrying on business in Lithuania or deriving taxable income from Lithuania is not consistently available.	Lithuania is recommended to ensure that legal ownership and identity information on foreign companies with sufficient nexus with Lithuania (in particular, having their place of effective management in Lithuania) and on foreign partnerships carrying on business in Lithuania or deriving taxable income is available in all cases.
	There is no obligation for a professional or a non-professional nominee shareholder to disclose its nominee status or the identity of the nominator to the company. Without this disclosure, the company would not know whether the shareholder is a nominee. This can prevent the company from maintaining and reporting accurate information.	Lithuania is recommended to ensure that nominee shareholders disclose their nominee status and make identity information on the nominator available to the company.

Determinations and ratings	Factors underlying recommendations	Recommendations
	<p>Although guidance is available for legal entities to identify their beneficial owners, there is limited guidance available for AML-obliged persons.</p> <p>The Bank of Lithuania has published frequently asked questions, but these are not fully accurate. They conflate the identification of beneficial owners on the basis of control through other means with the back stop option of identifying a senior managing official. This lack of clarity also raises concerns about the accurate identification of beneficial owners of partnerships in line with their form and structure where general partners exercise control over the entity by virtue of their status instead of shareholding. Lack of clarity regarding identification of beneficial owners on the basis of control through other means and insufficient understanding of nominee arrangements was also noticed during the on-site interactions, which may affect the accurate identification of beneficial owners in practice. There is also no guidance on identification of beneficial owners of trusts, particularly on adopting a look through approach.</p> <p>No guidance has been issued for non-financial AML-obliged persons.</p>	<p>Lithuania is recommended to ensure that clear and comprehensive guidance is available to enable identification of beneficial owners of legal entities and arrangements in line with the standard.</p>
	<p>Legal entities are required to file their beneficial ownership information and notify changes therein to the State Enterprise Centre of Registers. However, there is no mechanism available for legal entities to become aware of changes in their beneficial ownership.</p> <p>While AML-obliged persons could potentially serve as a means to alert the legal entity about inaccurate reporting of beneficial ownership based on information held by them, this information may not be accurate due to the lack of sufficient guidance for AML-obliged persons on identifying beneficial owners of customers and the</p>	<p>Lithuania is recommended to ensure that up-to-date beneficial ownership information of all relevant legal entities is available in all cases.</p>

Determinations and ratings	Factors underlying recommendations	Recommendations
	absence of specified risk-aligned threshold frequency for updating beneficial ownership information of customers.	
EOIR Rating Largely Compliant	While legal entities are required to maintain their legal ownership and identity information, the Information System of Legal Entities (JADIS) is the first source of such information used by the competent authority. For legal entities that are inactive, cease to exist or cease to operate in Lithuania, JADIS is the only source of their legal ownership information. However, the enforcement of obligations related to reporting of changes to legal ownership information to JADIS has been insufficient. No checks are undertaken to ensure that the information is updated in JADIS in a timely manner. This is not adequately mitigated by potential actions by the shareholders themselves and the tax authorities.	Lithuania is recommended to take effective supervisory and enforcement measures to ensure that all legal entities comply with their requirements to report legal ownership and identity information to the Information System of Legal Entities (JADIS).
	Lithuania has put in place a beneficial ownership register (JANGIS), which is a sub-system of its Information system of legal entities. JANGIS is relied upon as a source of beneficial ownership information of legal entities, but the accuracy and currency of the information held therein is not assured in all cases as no checks are performed on the information filed. Moreover, no enforcement actions have been taken in respect of entities that have not complied with this obligation. AML-obliged persons have an important role in ensuring the accuracy of information held in JANGIS and may be the only source of information on trusts but there is scope for improvement in the supervisory activity conducted, particularly in respect of non-financial AML-obliged persons, both in terms of coverage and the checks made to verify compliance with AML obligations relating to identification of beneficial owners of customers.	Lithuania is recommended to put in place a comprehensive supervision and enforcement mechanism to ensure the availability of adequate, accurate and up-to-date beneficial ownership information on all relevant legal entities in line with the standard.

Determinations and ratings	Factors underlying recommendations	Recommendations
Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements (Element A.2)		
The legal and regulatory framework is in place but needs improvement	Lithuania law does not ensure that reliable and complete accounting records and underlying documentation for foreign trusts would be available with Lithuania resident trustees or administrators in all cases.	Lithuania is recommended to ensure the availability of accounting information for foreign trusts with resident trustees or administrators in line with the standard.
	There are concerns regarding availability of accounting information, including underlying accounting documentation after a company re-domiciles out of Lithuania, as there are no explicit retention requirements in this regard.	Lithuania is recommended to ensure that accounting information, including underlying accounting documentation is available in a timely manner and in line with the standard, including when companies re-domicile out of Lithuania.
EOIR Rating Largely Compliant		
Banking information and beneficial ownership information should be available for all account-holders (Element A.3)		
The legal and regulatory framework is in place but needs improvement	There are no specified frequencies in the legal and regulatory framework to update beneficial ownership information for each risk category of account holders, in the absence of other triggers for updating such information. The frequencies adopted by banks as part of their internal policies are also not consistent. Hence, there may be instances where the information held by banks is not up to date.	Lithuania is recommended to ensure that up to date beneficial ownership information of bank accounts is available in all cases.

Determinations and ratings	Factors underlying recommendations	Recommendations
	<p>The Bank of Lithuania has published frequently asked questions, but these are not fully accurate. They conflate the identification of beneficial owners on the basis of control through other means with the back stop option of identifying a senior managing official. This lack of clarity also raises concerns about the accurate identification of beneficial owners of partnerships in line with their form and structure where general partners exercise control over the entity by virtue of their status instead of shareholding. Lack of clarity regarding identification of beneficial owners on the basis of control through other means and insufficient understanding of nominee arrangements was also noticed during the on-site interactions, which may affect the accurate identification of beneficial owners of bank accounts in practice.</p> <p>There is also no guidance identification of beneficial owners of trusts, particularly on adopting a look through approach.</p>	<p>Lithuania is recommended to ensure that clear and comprehensive guidance is available to enable identification of beneficial owners of bank accounts in line with the standard.</p>
<p>EOIR Rating Largely Compliant</p>		
<p>Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information) (Element B.1)</p>		
<p>The legal and regulatory framework is in place</p>		

Determinations and ratings	Factors underlying recommendations	Recommendations
EOIR Rating Largely Compliant	During the review period, Lithuania did not use its access powers in relation to all available sources of information and did not exercise compulsory powers and enforcement measures, when this was needed, to access the requested information. This affected effective exchange of information in two cases.	Lithuania is recommended to use its access powers in relation to all available sources of information and to exercise compulsory powers and enforcement measures, when needed, to ensure effective exchange of information.
The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information (Element B.2)		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
Exchange of information mechanisms should provide for effective exchange of information (Element C.1)		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
The jurisdictions' network of information exchange mechanisms should cover all relevant partners (Element C.2)		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received (Element C.3)		
The legal and regulatory framework is in place		

Determinations and ratings	Factors underlying recommendations	Recommendations
EOIR Rating: Compliant		
The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties (Element C.4)		
The legal and regulatory framework is in place		
EOIR Rating: Compliant		
The jurisdiction should request and provide information under its network of agreements in an effective manner (Element C.5)		
	This element involves issues of practice. Accordingly, no determination on the legal and regulatory framework has been made.	
EOIR Rating: Compliant		

Overview of Lithuania

14. This overview provides some basic information about Lithuania that serves as context for understanding the analysis in the main body of the report.

15. The Republic of Lithuania (hereinafter referred to as “Lithuania”) is located in Northern Europe, bordering Latvia, Belarus, Poland and the Russian federal exclave of Kaliningrad. Lithuania has a population of 2.85 million as of 1 January 2023.¹ It is divided into 60 municipalities, including Vilnius, which serves as the capital city. It became a member of the European Union (EU) on 1 May 2004 and adopted the Euro (EUR) as its official currency on 1 January 2015.

16. Lithuania is a high-income economy, with a Gross Domestic Product (GDP) of EUR 71.986 billion and a per capita GDP of EUR 14 840 in 2023. During 2023, the most important sectors of Lithuania’s economy were wholesale and retail trade, transport, accommodation and food services (28.4%), industry (19.1%) and public administration, defence, education, human health and social work activities (15.2%). In 2023, the EU led Lithuania’s goods exports, representing 60.6% of the total, with major trading partners being Latvia, Poland, Germany and the Netherlands.

Legal system

17. Lithuania, a unitary state, is a constitutional parliamentary democratic republic, with president as the head of state and the prime minister as the head of government.

18. Lithuania’s legal system belongs to the legal tradition of civil (continental) law, and is encapsulated in the Constitution, which stands at the apex of the hierarchy of laws. The principal branches of substantial and procedural law are codified (e. g. Civil Code, Code of Civil Procedure, Labour Code, Criminal Code, Code of Criminal Procedure, Code of Administrative

1. Source: [Facts and figures, EU demographics | European Union \(europa.eu\)](#) (accessed on 3 October 2023 and 27 May 2024).

Offences). Laws including Codes are subordinate to the Constitution but prevail over resolutions of the Parliament (the Seimas), resolutions of the Government, decrees of the President of the Republic, orders of ministers and other (regulatory) legal acts. International treaties and conventions are ratified by the Parliament and become part of the Lithuanian legal system. In case of conflict, the provisions of the treaty will prevail. This principle of the primacy of international treaties is also contained in the tax law.

19. The system of courts, their competence, the status of judges and other issues related to the judicial activities are regulated by the Constitution, the Law on Courts and other legal acts. The hierarchy of the judicial system is as follows: Constitutional Court, Supreme Court (court of cassation), Court of Appeal, five regional courts and eleven district courts. The Supreme Administrative Court and the regional administrative court are courts of special jurisdiction that hear disputes arising from administrative legal relations, including tax disputes. Tax disputes are examined in a pre-trial procedure by the State Tax Inspectorate under the Ministry of Finance (Central Tax Administrator) and the Tax Disputes Commission before being taken to the administrative courts.

Tax system

20. Lithuania's tax system includes both direct taxes (corporate income tax, personal income tax and property taxes) and indirect taxes (value added tax (VAT) and excise duties).

21. The Law on Tax Administration requires that a legal person who is subject to tax under the tax law must register with the respective tax administrator within five days from its legal registration, or if the person commences activity earlier than five working days after the legal registration, not later than on the day on which the activity commences (Articles 45 and 46). The tax authorities automatically receive data on registration of legal entities (see paragraph 61).

22. Lithuanian law does not include the place of effective management as a criterion for establishing tax residency of foreign companies. Nevertheless, foreign legal persons carrying out or intending to carry out activities and/or having tax obligations in Lithuania must register with the tax administration. This includes foreign legal persons engaged in activities through a permanent establishment, holding immoveable property, paying excise or state social insurance contributions or third-party platform operators.² The location of the headquarters or head office in Lithuania

2. "Platform" is defined as a software, including a website or part thereof, and applications, including mobile applications, which are available to platform users and which

of a foreign legal person may get captured in the definition of permanent establishment by virtue of their permanency.³

23. Corporate income tax at a standard rate of 15% is paid by Lithuanian taxable units on their worldwide income and by foreign units on their income derived from a permanent establishment in Lithuania. Income derived by foreign units from residents of Lithuania, such as interest income, dividends, royalties, franchise payments, income from the transfer or letting of (immovable) property situated in the territory of Lithuania, and compensation for infringements of copyright or related rights, is subject to withholding tax. A tax rate of 5% is applied to the taxable profits of units where the average number of employees does not exceed 10 persons and the revenue for the tax period does not exceed EUR 300 000. Newly registered units are exempted from corporate income tax for the first tax period. Annual corporate income tax returns must be submitted by 15 June of the following year (provided that the tax period coincides with a calendar year), regardless of whether or not the legal entity has taxable income.

24. Personal income tax is established by the Law on Personal Income Tax. Resident individuals are subject to tax on their global income, while non-resident individuals are taxed on income from individual activities carried out through a permanent base, as well as income for which the source is in Lithuania. The standard tax rate is 15%. Income from employment relations, remuneration for activities in Supervisory Board or Management Board, loan committee, income received from the employer under copyright agreements, and income received under service agreements by directors of Small Partnerships who are not members of those Small Partnerships are taxed at a rate of 20%. This rate increases to 32% if the income from employment relations exceeds 60 average national wages.⁴ Income received from activities carried out under a business certificate are subject to a flat-rate income tax set by municipal councils.

sellers can use to contact other platform users in order to carry out relevant activities related to those users. It includes any means of collecting and paying remuneration in relation to the relevant activity.

3. A foreign entity is considered to be operating through a permanent establishment where: it permanently carries out activities in Lithuania; or carries out its activities in Lithuania through a dependent representative (agent); or uses a building site, a construction, assembly or installation object in Lithuania; or makes use of installations or structures in Lithuania for prospecting or extracting natural resources, including wells or vessels used for that purpose. (Article 2(22), Law on Corporate Income Tax).
4. For the purposes of personal income tax, the average national wage applied for calculation of the state social insurance contribution base of insured persons for 2024 is EUR 1 902.7 per month. <https://www.sodra.lt/lt/situacijos/statistika/pagrindiniai-socialiniai-rodikliai?lang=en>.

25. Non-commercial immovable property owned by individuals is tax exempt when not exceeding a value of EUR 150 000. Above this value, it is taxed at progressive rates of 0.5%, 1% and 2%. For any other immovable property owned by individuals or legal persons, tax rate of 0.5% to 3% of the taxable value of the immovable property is applied. Land tax ranges from 0.01% to 4% of the taxable value of the land, and is payable by legal and natural persons for their private land holdings, except for areas with forest land and agricultural land with established state forest.

26. Inheritance tax is payable by residents and non-residents of Lithuania who have inherited property by law or by will, except when the inheritance is received from close family members. The rate of tax is 5% where the taxable value of the inheritance does not exceed EUR 150 000 and 10% in other cases.

27. Taxable persons engaged in the provision of goods or services in Lithuania of value exceeding EUR 45 000 during any 12-month period must register as VAT payers and calculate and pay VAT to the state budget. The standard VAT rate is 21%. A reduced rate of 5% or 9% applies to certain products and services.

28. Governed by the Law on the fundamentals of Free Economic Zones, there are seven Free Economic Zones (FEZ) operating in Lithuania, which are: Akmenė, Kaunas, Kėdainiai, Klaipėda, Marijampolė, Panevėžys and Šiauliai. For operating in an FEZ, companies have to register with the Registrar of Legal Entities as well as the tax authorities (see paragraphs 56 et seq. for details). They are eligible for tax incentives⁵ if they meet substance requirements, i.e. a capital investment of minimum EUR 1 million (or, in the case of services, of minimum EUR 100 000) and at least 75% of the income of the tax year must be generated from the FEZ.

29. The State Tax Inspectorate (STI) administers corporate income tax, personal income tax, VAT and excise duties. The STI consists of the Central Tax Administrator and five county state tax inspectorates (County STI).⁶ Activities of the STI and tax administration procedures are governed by the Law on Tax Administration (LTA). As of December 2023, there were 3 178 630 taxpayers registered with the STI, which included 237 503 legal entities and 46 773 foreign legal entities.

5. The tax incentives include exemption from corporate income tax for 10 years and a 50% reduction in corporate income tax for the next 6 years.

6. The County State Tax Inspectorates are located in Vilnius, Kaunas, Klaipėda, Panevėžys and Šiauliai. At the time of the 2015 Report, there were 10 County Tax Inspectorates, but these were reduced to five, with effect from 12 January 2016, consequent to an optimisation exercise conducted by the STI.

30. STI is also the delegated Competent Authority for exchange of information. Lithuania has 151 EOI partners (including jurisdictions covered by the Multilateral Convention). During the review period, Lithuania was a net receiver of requests. Exchanges were primarily with European jurisdictions with which Lithuania has most of its economic and financial relations (e.g. Cyprus,⁷ Denmark, Estonia, Finland, France, Latvia, Sweden, Ukraine and United Kingdom).⁸ Besides EOIR, Lithuania also engages in automatic exchange of financial account information, spontaneous exchanges, exchanges under Actions 5 and 13 of the Base Erosion and Profit Shifting (BEPS) framework, service of documents, simultaneous and joint audits.

31. The Customs Department is responsible for the administration of customs duties, and certain VAT and excise duties assigned to it. The STI and the Customs Department are subordinate to the Ministry of Finance. Institutions authorised by the Ministry of Environment, jointly with the STI, take part in the administration of taxes on public natural resources, oil and gas resources, and pollution. The State Social Insurance Fund Board and its territorial offices are responsible for the administration of state social insurance contributions.⁹

Financial services sector

32. Lithuania's financial sector is dominated by its banking sector, and pension funds form a distant second. The banking sector primarily services the domestic market and comprises six banks, seven specialised banks,¹⁰

7. Note by Türkiye: The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

8. The jurisdictions are listed in alphabetical order, rather than by volume of requests sent or received.
9. Source: [Tax Administration | Ministry of Finance of the Republic of Lithuania \(Irv.lt\)](#) (accessed on 4 October 2023).
10. The Law on Banks permits two types of banking licences – a regular and a specialised bank licence. An entity holding an ordinary banking licence may provide all financial services, while a specialised bank has certain restrictions on investment and certain financial services, and can only provide the following services: receipt of deposits and other repayable funds; lending (including mortgage loans); financial

and five branches of foreign banks. In addition, 468 foreign banks provide services in Lithuania under the EU passporting scheme.¹¹ At the end of Q3 2023, the total assets of the banking sector accounted for EUR 57 billion. During the same period, the total assets of the pension funds (in total 69 pension funds managed by 6 pension accumulation companies) amounted to EUR 7.4 billion.

33. The Bank of Lithuania (BoL) licenses and supervises over 800 financial market participants, which include banks, credit unions, insurance undertakings, electronic money institutions, payment institutions, management companies, consumer credit providers, issuers, etc. Financial market participants are also required to provide the STI with information on all types of accounts opened and closed, renting of safe deposit boxes, representatives of persons and beneficial owners, etc. (Article 55, LTA).

Anti-money laundering framework

34. Lithuania's anti-money laundering framework (AML) comprises the Law on the Prevention of Money Laundering and Terrorist Financing (AML Law) and subsequent guidance issued by BoL. The AML Law was amended in June 2017 to transpose the Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (commonly referred to as the EU 4th AML Directive) into the national law and set up a register of beneficial owners (see paragraphs 148 et seq.).

35. AML obligations apply to financial market participants, including banks, and service providers such as auditors, accountants, tax advisors,

lease; payment services; issuing and administering travellers' cheques, bankers' drafts and other means of payment, provision of financial assurances and financial guarantees; financial mediation (agent), administering of money, credit rating services, lease of safes, currency exchange (in cash), and issuance of electronic money. Minimum capital requirements also differ – EUR 5 million for a regular bank and EUR 1 million for a specialised bank. All other requirements and the authorisation process as well as supervision process are identical for both types of banks.

11. The EU passporting system for banks and financial services companies enables firms that are authorised in any State within the EU or the European Economic Area to trade freely in any other with minimal additional authorisation. Such banks and financial service companies remain subject to the supervision of the licensing jurisdiction. These passports are the foundation of the EU single market for financial services. The list of foreign banks providing services in Lithuania under this scheme can be found at [#1 Finansų rinkos dalyviai | Lietuvos bankas \(lb.lt\)](#), and are included here only to provide a comprehensive picture of Lithuania's financial sector.

judicial officers, notaries, advocates (when engaged in transactions relating to the purchase or sale of immovable property or undertakings, management of client money, securities or other assets, opening or management of bank or securities accounts, organisation of contributions necessary for the establishment, operation or management of legal persons and other organisations, creation and operation or management of trust or company service providers and/or related transactions) and other trust or company service providers (collectively referred to as AML-obliged persons in this report).

36. BoL is entrusted with the AML supervision of financial market participants. This supervision is undertaken following a risk-based approach and in accordance with the financial market supervision policy.

37. The AML supervision of service providers is conducted by respective governing bodies in co-ordination with the Financial Crime Investigation Service (FCIS), under the Ministry of the Interior. The Lithuania Chamber of Notaries and the Chamber of Judicial officers are self-governing bodies of notaries and judicial officers, respectively, and function as the AML supervisor for their membership. The Lithuanian Bar Association, a public legal entity and a self-regulatory institution of advocates, supervises the activities of advocates related to the implementation of AML measures. Auditors are supervised by the Chamber of Auditors. Accountants, tax advisors, and trust and company service providers (TCSPs) are directly supervised by the FCIS.

38. Lithuania is a member of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL). The fifth-round mutual evaluation report of Lithuania was adopted in December 2018. Following the adoption of its 3rd Enhanced Follow-up Report in December 2022, Lithuania was upgraded from Partially Compliant to Largely Compliant on Recommendation 24 (Transparency and Beneficial Ownership of Legal Persons) and continues to be rated as Largely Compliant on Recommendations 10 (Customer Due Diligence), 22 (Designated Non-Financial Businesses or Professions: Customer Due Diligence) and 25 (Transparency and Beneficial Ownership of Legal Arrangements). Lithuania has achieved a moderate level of effectiveness on Immediate Outcomes 3 (Supervision) and 5 (Legal Persons and Arrangements).¹²

Recent developments

39. Developments since the previous EOIR report include:

- The AML Law was amended in 2017 to transpose the EU 4th AML Directive into the national law. An obligation was introduced for

12. [3rd Enhanced Follow-up Report to Lithuania's Mutual Evaluation Report \(December 2022\)](#).

all legal entities to obtain, update and store accurate information on their beneficial owners and submit it to a register of beneficial owners called the Information System of Legal Entities Participants (JADIS). Related obligations have also been introduced on AML-obliged institutions that have access to JADIS (in 2019) and on beneficial owners of legal entities (in 2022).

- As of 12 July 2018, the LTA was amended to implement the EU Directive 2016/2258 and formalise the power of the tax authority to access AML-information (e.g. beneficial ownership information) available with third parties (e.g. financial institutions).
- In 2018, amendments were made to the Code of Administrative Offences (CAO) to increase the amount of fines for infringements such as infringement of the procedure for submitting reports, declarations or other documents and data necessary for the exercise of the functions of the tax administration (Article 187); violation of the procedure for identification as a taxpayer (Article 189); infringement of the legislation governing financial accounting (Article 205); misrepresentation of accounts opened and closed (Article 207).
- New amendments to the CAO introduced in December 2021 will come into force from 1 July 2024, which will allow for an automatic (administrative offence recorded by software used in state registers) process of drawing up protocols of administrative offences with an administrative instruction for non-compliance with the requirement to submit the financial statements.
- The European Parliament and of the EU Council have agreed on a Regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, which will form the legal framework governing the AML requirements of obliged entities and underpin the EU's AML institutional framework, including the establishment of an Authority for anti-money laundering and countering the financing of terrorism (AMLA). Among other things, the Regulation stipulates that the period between updates of customer information by obliged entities shall be dependent on the risk posed by the business relationship and shall not in any case exceed: (a) one year for higher risk customers, and (b) five years for all other customers.¹³ This regulation is in the final stages of adoption and will be applicable to Lithuania, being a EU Member State.

13. [Regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.](#)

Part A: Availability of information

40. Sections A.1, A.2 and A.3 evaluate the availability of ownership and identity information for relevant entities and arrangements, the availability of accounting information and the availability of banking information.

A.1. Legal and beneficial ownership and identity information

Jurisdictions should ensure that legal and beneficial ownership and identity information for all relevant entities and arrangements is available to their competent authorities.

41. The 2015 Report found the Lithuanian legal and regulatory framework to be in place and well implemented to ensure the availability of legal ownership information for Lithuania incorporated entities. Ownership and identity information of foreign trusts with Lithuania resident trustees or administrators could also be expected to be available. However, the availability of ownership information on foreign companies with a sufficient nexus with Lithuania and on foreign partnerships carrying on business in or deriving taxable income from Lithuania was not assured in all cases, hence a recommendation was issued. On an overall consideration, Lithuania was rated Compliant with Element A.1 of the standard.

42. Lithuania introduced certain amendments in its tax law, but these do not address the recommendation as their focus is on beneficial ownership information.

43. This report identifies a concern regarding nominee shareholding as nominees are not required to disclose their nominee status or the identity of the nominator to the company. Without this disclosure, the company would not know whether the shareholder is a nominee, and the availability of accurate information may be compromised.

44. Lithuania has an Information System of Legal Entities Participants (JADIS) where all legal entities must report their legal ownership information and any changes therein. JADIS forms the first source of legal ownership

information and may be the only source of legal ownership information in respect of inactive companies, and companies that cease to exist or cease to operate in Lithuania. However, the enforcement of obligations related to reporting of legal ownership information to JADIS has been insufficient, and this is not adequately mitigated by potential actions by the shareholders themselves and the tax authorities.

45. The standard now also requires that beneficial ownership information be available on all relevant legal entities and arrangements. To meet this requirement of the standard, Lithuania has adopted a multi-pronged approach comprising legal entities, a central register and AML-obliged persons.

46. Lithuania has created a sub-system of JADIS, called JANGIS, for recording beneficial ownership information. All legal entities are required to submit their beneficial ownership information and notify changes therein to JANGIS. However, legal entities do not have an effective mechanism to become aware of changes in their beneficial ownership, which is likely to affect the currency of information held in JANGIS.

47. Clear and comprehensive guidance is needed for AML-obliged persons to ensure that they accurately identify beneficial owners of all types of customers in line with the standard, particularly for situations when the beneficial owner(s) exercises control through means other than ownership or when nominee arrangements appear within the ownership and control structure of the customer.

48. Finally, a comprehensive supervision and enforcement mechanism is required to ensure that legal entities fully comply with their obligations relating to JANGIS. There is also scope for improvement in the supervision of AML-obliged persons, who play an important role in ensuring that the information held in JANGIS is accurate and may be the only source of beneficial ownership information of trusts.

49. During the review period, Lithuania received 20 EOI requests seeking ownership information. Lithuania successfully responded to all requests to the satisfaction of its peers.

50. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
<p>Ownership information on foreign companies having sufficient nexus with Lithuania (in particular, having their place of effective management in Lithuania) and on foreign partnerships carrying on business in Lithuania or deriving taxable income from Lithuania is not consistently available.</p>	<p>Lithuania is recommended to ensure that legal ownership and identity information on foreign companies with sufficient nexus with Lithuania (in particular, having their place of effective management in Lithuania) and on foreign partnerships carrying on business in Lithuania or deriving taxable income is available in all cases.</p>
<p>There is no obligation for a professional or a non-professional nominee shareholder to disclose its nominee status or the identity of the nominator to the company. Without this disclosure, the company would not know whether the shareholder is a nominee. This can prevent the company from maintaining and reporting accurate information.</p>	<p>Lithuania is recommended to ensure that nominee shareholders disclose their nominee status and make identity information on the nominator available to the company.</p>
<p>Although guidance is available for legal entities to identify their beneficial owners, there is limited guidance available for AML-obliged persons. The Bank of Lithuania has published frequently asked questions, but these are not fully accurate. They conflate the identification of beneficial owners on the basis of control through other means with the back stop option of identifying a senior managing official. This lack of clarity also raises concerns about the accurate identification of beneficial owners of partnerships in line with their form and structure where general partners exercise control over the entity by virtue of their status instead of shareholding. Lack of clarity regarding identification of beneficial owners on the basis of control through other means and insufficient understanding of nominee</p>	<p>Lithuania is recommended to ensure that clear and comprehensive guidance is available to enable identification of beneficial owners of legal entities and arrangements in line with the standard.</p>

Deficiencies identified/Underlying factor	Recommendations
<p>arrangements was also noticed during the on-site interactions, which may affect the accurate identification of beneficial owners in practice. There is also no guidance on identification of beneficial owners of trusts, particularly on adopting a look through approach. No guidance has been issued for non-financial AML-obliged persons.</p>	
<p>Legal entities are required to file their beneficial ownership information and notify changes therein to the State Enterprise Centre of Registers. However, there is no mechanism available for the legal entities to become aware of changes in their beneficial ownership.</p> <p>While AML-obliged persons could potentially serve as a means to alert the legal entity about inaccurate reporting of beneficial ownership based on information held by them, this information may not be accurate due to the lack of sufficient guidance for AML-obliged persons on identifying beneficial owners of customers and the absence of specified risk-aligned threshold frequency for updating beneficial ownership information of customers.</p>	<p>Lithuania is recommended to ensure that up-to-date beneficial ownership information of all relevant legal entities is available in all cases.</p>

Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/Underlying factor	Recommendations
<p>While legal entities are required to maintain their legal ownership and identity information, the Information System of Legal Entities (JADIS) is the first source of such information used by the competent authority. For legal entities that are inactive, cease to exist or cease to operate in Lithuania, JADIS is the only source of their legal ownership information. However, the enforcement of obligations related to reporting of changes to legal ownership information to JADIS has been insufficient. No checks are undertaken to ensure that the information is updated in JADIS in a timely manner. This is not adequately mitigated by potential actions by the shareholders themselves and the tax authorities.</p>	<p>Lithuania is recommended to take effective supervisory and enforcement measures to ensure that all legal entities comply with their requirements to report legal ownership and identity information to the Information System of Legal Entities Participants (JADIS).</p>

Deficiencies identified/Underlying factor	Recommendations
<p>Lithuania has put in place a beneficial ownership register (JANGIS), which is a sub-system of its Information system of legal entities. JANGIS is relied upon as a source of beneficial ownership information of legal entities, but the accuracy and currency of the information held therein is not assured in all cases as no checks are performed on the information filed. Moreover, no enforcement actions have been taken in respect of entities that have not complied with this obligation.</p> <p>AML-obliged persons have an important role in ensuring the accuracy of information held in JANGIS and may be the only source of information on trusts but there is scope for improvement in the supervisory activity conducted, particularly in respect of non-financial AML-obliged persons, both in terms of coverage and the checks made to verify compliance with AML obligations relating to identification of beneficial owners of customers.</p>	<p>Lithuania is recommended to put in place a comprehensive supervision and enforcement mechanism to ensure the availability of adequate, accurate and up-to-date beneficial ownership information on all relevant legal entities and arrangements in line with the standard.</p>

A.1.1. Availability of legal and beneficial ownership information for companies

51. The Lithuanian Civil Code sets out the fundamental principles that underly commercial relationships, including the formation and operation of companies, which is supplemented by specific legislation governing each type of company. The types of companies that can be incorporated in Lithuania remain the same as described in the 2015 Report (paragraph 60).

Types of Companies

52. Mainly, the following types of companies can be formed under the Lithuanian law:¹⁴

- Governed by the Law on Companies, **Public Limited Liability Companies** (*akcinė bendrovė, AB*) can be formed by one or more Lithuanian or foreign natural or legal persons. ABs can only issue uncertificated shares (represented by entries in securities accounts). They must have a minimum share capital of EUR 25 000. There is no limit on the shares that can be issued, and the shares may be publicly traded. Each shareholder has liability limited to the amount of the shareholding. An AB must have a general meeting of shareholders, a manager and at least one collegial body, i.e. the

14. The Lithuanian law also permits the formation of individual enterprises and public institutions but being not relevant for the purposes of this review, these are not discussed in this report.

Supervisory Board or the Board (Article 19). As of 1 March 2024, there were 260 ABs in Lithuania, out of which 54 ABs had a single owner and 27 ABs had publicly traded shares.

- Governed by the Law on Companies, **Private Limited Liability Companies** (*uždaroji akcinė bendrovė, UAB*) can be formed by one or more Lithuanian or foreign natural or legal persons. They must have a minimum share capital of EUR 1 000.¹⁵ Shares may be issued in certificated form (documents printed in accordance with the requirements established by law) or uncertificated form. Each shareholder has liability limited to the amount of the shareholding. A UAB must have a general meeting of shareholders and a manager (who must be a natural person). The management body must be represented by a single natural person, who is authorised to act and make decisions on behalf of the company (Article 37). This is the most popular legal form and as of 1 March 2024, there were 109 241 UABs in Lithuania, of which 76 772 have a single owner.
- Governed by the Law on Small Partnerships, **Small Partnerships** (*mažoji bendrija, MB*) are akin to companies and can be formed by one or more (up to 10) members who must always be Lithuanian or foreign natural persons (Article 2). Members of an MB usually have the right of pre-emption if one of the members intends to sell their membership rights. There is no minimum capital requirement for MBs, and the liability of the members is limited to their respective contributions. These are usually favoured for small businesses but have started gaining popularity. As of 1 March 2024, there were 48 999 MBs in Lithuania.
- Governed by the Law on Agricultural Companies, **Agricultural Companies** (*žemės ūkio bendrovė, ŽŪB*) are limited liability companies that can be formed by at least two Lithuanian or foreign natural or legal persons. Over 50% of the income of a ŽŪB must be derived from agricultural production and agriculture related services. As of 1 March 2024, there were 535 ŽŪBs in Lithuania.
- Governed by the Law on European Companies,¹⁶ **European Companies** (*Societas Europaea, SE*) are public limited liability companies usually formed by at least two companies originating in different countries of the European Economic Area through merger,

15. Pursuant to amendments to the law on Companies adopted on 17 November 2022, the minimum share capital of UABs was reduced from EUR 2 500 to EUR 1 000, with effect from 1 May 2023.

16. The Law on European Companies operationalises the Council Regulation (EC) No. 2157/2001 of 8 October 2001.

conversion or establishment of a holding/subsidiary company.¹⁷ They must have a minimum capital of EUR 120 000. All other rules relating to ABs in Lithuania apply to SEs with their head office in Lithuania. As of 1 March 2024, there were 2 SEs in Lithuania and both had single shareholders.

53. ABs, UABs, MBs and SEs operating in Lithuania must have a registered office in Lithuania, while ŽŪBs also have the option to have their registered office in one of the European Union (EU) Member States or in the European Economic Area. The registered office of a legal person is the seat of its principal managing body, but where the two diverge, the seat of the principal managing body may be considered as the registered office (Article 2.49, Civil Code). The industry representatives interviewed during the review process advised that registered office services are often provided by service providers that assist in incorporation of companies and the registered office need not be a place of business, it can even be a post office box.

Legal ownership and identity information requirements

54. The legal ownership and identity requirements for companies are mainly contained in the company law framework. All companies must maintain a list of their shareholders. Companies are registered with the Register of Legal Entities (RLE) maintained by the State Enterprise Centre of Registers and the RLE also holds legal ownership information of ABs and UABs and SEs, when they are held by single shareholders, and in certain cases, for MBs. After registration, all UABs, MBs and ŽŪBs must file and report subsequent changes in their legal ownership information to the Information System of Legal Entities Participants (JADIS), a database maintained by the State Enterprise Centre of Registers. The Central Securities Depository (CSD) maintains the securities accounts of shareholders of ABs, therefore legal ownership information of ABs is also available there.

55. The tax law and the AML framework are supplementary but incomplete sources of legal ownership information. The following table shows a summary of the legal requirements to maintain legal ownership information in respect of companies.

17. An SE may have a single shareholder under certain circumstances. For example, when a public limited-liability company transformed into an SE, by combining with a subsidiary company that has existed under the law of another Member State for at least two years (Article 2 of the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company). Further, the data of shareholders (including the number of them) can change after the formation and registration of the SE.

Companies covered by legislation regulating legal ownership information¹⁸

Type	Company law	Tax law	AML law
Public Limited Liability Company (AB)	All	Some	Some
Private Limited Liability Company (UAB)	All	Some	Some
Small Partnerships (MB)	All	Some	Some
European Company (SE)	All	Some	Some
Agricultural Company (ŽŪB)	All	Some	Some
Foreign companies (with sufficient nexus)	Some	Some	Some

The Register of Legal Entities

56. Companies are deemed to be incorporated from the moment of registration in the Register of Legal Entities (RLE) (Article 2.59, Civil Code). The RLE is managed by the State Enterprise Centre of Registers (Registrar), under the overarching administrative control of the Ministry of Justice.

57. Before registration, all companies are formed through a Memorandum of Association (or a Deed of Incorporation when formed by a single person), which must include information on the incorporators, i.e. the first shareholders,¹⁹ with the following details:²⁰

- for natural persons: full name, personal identity code and place of residence/correspondence address
- for legal persons: name, legal form, registration code, and registered office; information on the legal representative (full name, personal identity code and place of residence) and the registered office.

58. For registration, a company must provide its name, address, legal form, incorporation documents containing information on the incorporators (i.e. the Memorandum of Association or the Deed of Incorporation, as applicable), Articles of Association, and details of the management body or the company board and its authorised representative (where applicable).

18. The table shows each type of entity and whether the various rules applicable require availability of information for “all” such entities, “some” or “none”. “All” means that the legislation, whether or not it meets the standard, contains requirements on the availability of ownership information for every entity of this type. “Some” means that an entity will be covered by these requirements if certain conditions are met.

19. Incorporators of a company must acquire shares in the company and become its shareholder (Article 6, Law on Companies). As such, incorporators would be shareholders at the time of incorporation of the company.

20. Article 7 of Law on Companies, Article 4 of Law on Small Partnerships and Article 7 of the Law on Agricultural Companies.

Articles of Association not registered with RLE within six months of signing become invalid (Article 4(9), Law on Companies).

59. Applications for registration with the RLE may be submitted online on the self-service system, at the customer service unit of the Registrar or through post. The level of checks performed depends on whether the documents have already been notarised (and checked by the notary) or not, in which case the application is checked for completeness and availability of all specified documents (see paragraph 114). The decision to register a company must be taken within three days of submission of application.²¹ In case of deficiencies in the application or the accompanying documents, the legal entity is asked to rectify them within a specified time period.

60. Branches or a representative office of a foreign legal person operating in Lithuania must also register with the RLE and provide information on their activities, and information on the foreign legal person, i.e. its legal status, authorised capital and members of its management bodies (Point 32, RLE Regulations). Legal ownership information of the foreign legal person is not expected to be filed.

61. Upon registration, the company is assigned a registration code. The fact of registration of companies is also automatically transmitted daily to the STI for tax registration.

62. While information on the first shareholders or incorporators of all companies would be available with the RLE (through the Memorandum of Association or Deed of Incorporation), information on subsequent shareholders need not be registered, except in some cases of companies that have a single shareholder. When all the shares of an AB or an SE are acquired by one person, the manager of the company must notify the RLE. For UABs with single shareholders, the RLE receives information on the shareholder from the Information system on legal entities (see paragraph 72). For MBs, in cases where its single member also functions as its manager, the details of this single member would be available with the RLE (see paragraph 57).

63. Any change in the particulars contained in the incorporation documents, of the documents themselves or changes in the particulars that must be registered with the RLE as per law, including the name and address of the single shareholder, the company manager or the authorised representative, must be registered with the RLE (Article 2.66(3), Civil Code).

21. This period may be reduced to one day for UABs and MBs that are incorporated electronically, fulfilling certain conditions viz. the incorporator has a qualified electronic signature, the company's name does not include "Lithuania", the incorporation documents are prepared in accordance with the approved templates, shares are paid by a monetary contribution, and the electronically signed consent of the owners of premises to use it for registration of the office is available (if the premises do not belong to the incorporator).

64. In addition, the register records information on the branches or representative offices of Lithuanian companies set up outside Lithuania. It also records the legal status of the company, i.e. whether a company is undergoing liquidation, restructuring, insolvency or de-registration along with information on the liquidator or insolvency administrator (as applicable).

65. All Information recorded with the RLE is available through an online public register.²² E-guides and a compilation of frequently asked questions are also available online,²³ which provide step by step instructions for registration of legal entities with RLE.

66. Information recorded in the RLE is retained for 50 years in an electronic archive after the entity is removed from the RLE (Point 136, RLE Regulations).

Companies' obligations

67. Shareholder rights commence from the registration of a person in the list of shareholders maintained by the company, whether AB, UAB, MB, ŽŪB or SE. Therefore, companies (with more than one shareholder) must prepare a list of shareholders (signed by the company manager) on the basis of the incorporation documents. It must indicate the particulars of all shareholders – for natural persons: full name, personal identity code, place of residence or correspondence address; for legal persons: name, legal form, registration code, registered office, full name and place of residence or correspondence address of the representative – number of shares owned, by class and nominal value, and the date and manner of acquisition of shares (Article 41¹, Law on Companies). Additional information must be recorded for foreign shareholders: for natural persons – the personal identity code issued by the jurisdiction of citizenship along with the name of the issuing jurisdiction, or the date of birth; for legal entities – the registration number and information about the register wherein the legal entity is registered. The law does not mandate that the list of shareholders must be kept in Lithuania.

68. For this purpose, the manager of a UAB must maintain shareholder information in a format that corresponds to whether the UAB issues certificated or uncertificated shares. In the case of certificated shares, the company manager or an outsourced account manager must maintain a shareholders registry journal, where identity information and dates of acquisition and disposal of shares by each shareholder are recorded.

22. [Public Search in the Register of Legal Entities | SE Centre of Registers \(registrucentras.lt\)](#).

23. [See E-guide: Starting Business/Organisation | SE Centre of Registers \(registrucentras.lt\) and INFO \(registrucentras.lt\)](#).

Uncertificated shares must be maintained in separate personal securities accounts for each shareholder, and these accounts must be administered by the UAB (Article 41(3), Law on Companies). The account manager must also keep a record in a shareholders registry journal.

69. The details of such an outsourced account manager must be informed to the shareholders, although there are no legal or licensing requirements for persons who may act as an outsourced account manager, nor is there a requirement for the outsourced account manager to be in Lithuania. At the request of the shareholder, the outsourced account manager must produce an extract from this account stating the information recorded in the account, including the number of shares. Although, unlike in the case of ABs (see paragraph 84), there is no legal obligation on the account manager to provide information to the UAB, given the contractual agreement between the company and the account manager, the company manager would be able to obtain the information on the shareholders to fulfil his/her obligation to prepare the list of shareholders.

70. In the event of change of shareholder in a UAB, a revised list of shareholders must be compiled on the basis of entries made in the personal securities accounts of the holders of uncertificated shares or in the share registry journal of holders of certificated shares.

71. Property rights (to transfer shares, receive dividends or receive a part of assets in liquidation, etc.) and non-property rights (to participate in the general meetings, receive information on the business activities, etc.) of the shareholder commence from the inclusion in the list of shareholders. In case of non-inclusion of a shareholder in the list of shareholders, the affected shareholder has the right to appeal in court against the actions of the company manager or account manager. As a corollary, it is important for the UAB that the list of shareholders is accurate to ensure that the rights are exercised by the appropriate persons. Therefore, this is a self-executing mechanism which ensures that the UAB maintains an accurate and up-to-date list of shareholders.

Information System of Legal Entities Participants (JADIS)

72. Within five days of registration with the RLE, UABs, MBs and ŽŪBs must submit the list of their shareholders to the Information System of Legal Entities Participants (JADIS), which is a separate database managed by the State Enterprise Centre of Registers.²⁴ In case of changes in shareholding, the revised list of shareholders must also be submitted in JADIS within five

24. JADIS only records legal ownership information of private limited liability companies, agricultural companies, small partnerships, public institutions, co-operatives and charity and sponsorship foundations which are non-governmental organisations.

days of the change (Article 41¹(2), Law on Companies). For JADIS, information on participants can only be filed at the self-service system on the website of the State Enterprise Centre of Registers. For UABs with a single shareholder, JADIS transfers the data on the single shareholder to the RLE (see paragraph 62).

73. The company manager is responsible for the correctness, legality, accuracy and timely provision of data to JADIS (Article 41¹(3), Law on Companies read with Point 14, JADIS Regulations). Limited checks on information submitted in the JADIS are performed as in respect of the information filed with the RLE (see paragraph 114).

74. Information recorded in JADIS can be obtained by legal entities and their participants using the self-service system. Other persons may file an application to receive JADIS excerpts and copies of documents, which include the following information of the legal entity: registration code, name, registered office, authorised capital, articles of association, details of shareholders, and the last date for updating the data on the participants.

75. Information from JADIS is also automatically imported into the STI database. Therefore, Lithuanian authorities generally rely on JADIS as the first source of legal ownership information of UABs (with more than one shareholder), MBs and ŽŪBs.

76. Information filed with JADIS is retained for a period of 10 years in the system archive after its entry or after deregistration of the legal entity from the RLE (Point 44, JADIS Regulations). The Lithuanian authorities clarified that only irrelevant data is deleted after 10 years. The legal ownership information of companies, being relevant throughout the lifetime of the company, is not deleted even if it remains unchanged after 10 years.

77. User manuals providing guidance on submission (and change) of shareholder information in JADIS along with the relevant forms and fee details are available online.²⁵

78. Obligations of UABs, MBs and ŽŪBs to file their lists of shareholders with JADIS at the time of registration and consequent to a change, ensures that legal ownership information for such companies is also available therein.

79. As a result, the legal ownership information of companies available with the RLE and with JADIS is as summarised in the table below.

25. [Submission of data to the JADIS | VĮ Registru centras \(registrucentras.lt\)](https://registrucentras.lt).

Legal ownership information of companies held with RLE and with JADIS

Type of company	Information available with the RLE	Information available with JADIS
Public Limited Liability Company (AB)	Only ABs with single shareholders	No information
Private Limited Liability Company (UAB)	Only UABs with single shareholders	All UABs
Small Partnerships (MB)	Information about the member if he/she acts as the company manager	All MBs
European Company (SE)	Only SEs with single shareholders	No information
Agricultural Company (ŽŪB)	No information	All ŽŪBs

Central Securities Depository

80. Legal ownership information of ABs can be obtained from the Lithuanian Central Securities Depository (CSD) as well as the ABs themselves. CSD functions are performed by the Lithuanian branch of a Latvian company, Nasdaq CSD SE.²⁶ ABs must necessarily issue shares in uncertificated form. Shares of ABs, being transferable securities, are treated as financial instruments and held in the financial securities account of the AB (i.e. register) at the CSD. Simultaneously, the CSD holds the personal securities accounts of persons (the account managers) transacting in shares.

81. Securities accounts are managed by account managers who may be licensed Lithuanian credit institutions, licensed non-EU financial brokerage firms, and credit institutions and financial brokerage firms licensed in any other EU member State (through passporting of their home licence) (Articles 4(1), 4(27) and 65, Law on Markets in Financial Instruments (LMFI)). By virtue of handling financial instruments, account managers must comply with obligations under the AML law (see paragraphs 157 et seq.).

82. Any transfer of shares is recorded in the personal securities accounts of both parties to the transaction as well as the financial securities account of the AB. Records made in a book-entry form in the CSD clearly identify the account managers and financial instruments.

83. The account manager records the name, legal form, registration number and registered office of the company whose shares are disposed of, the class, nominal value and the number of the shares disposed of, and the share code assigned by the CSD (Article 46, Law on Companies).

26. In 2017-20, the central depositories of Latvia, Lithuania, Estonia and Iceland were merged under Nasdaq CSD SE. Nasdaq CSD SE is governed by the Latvian Commercial Law, Law on European Companies and Regulation (EU) No 909/2014 of the European Parliament and of the Council, and it is licensed and supervised by the Bank of Latvia. [Legal Acts : Nasdaq CSD Lithuania](#).

Account managers must submit the list of owners of shares to the CSD for settlement.

84. The AB, through the CSD, can obtain from the account managers a list of owners of its registered financial instruments and the names of the persons on behalf of which the accounts have been opened (Article 64, LMFI and Article 41(5), Law on Companies). Therefore, the ABs themselves and the CSD serve as sources of legal ownership information of ABs.

Companies that cease to exist in Lithuania

85. While the availability of an accurate and up-to-date list of shareholders during the period of activity of a company is assured, there are no stipulated retention arrangements that must be made when a company ceases to exist consequent to liquidation or ceases to operate in Lithuania consequent to a re-domiciliation.

86. Companies may be liquidated as a result of a members' resolution, bankruptcy, expiry of terms or a court order (Article 2.106, Civil Code)).

87. ABs and UABs can re-domicile to another EU Member State through cross-border conversions, mergers and divisions. SEs are allowed to transfer their seat (re-domicile) outside Lithuania.

88. For a company undergoing liquidation, the liquidator must transfer activity documents of the company whose retention period has not expired to the territorial municipality of its registered office, and provide the certificate of such transfer to RLE for the deregistration (Article 74, Law on Companies and Article 17, Law on Documents and Archives). However, there is no stipulated retention period for the list of shareholders, nor is this list explicitly required to be transferred to the municipality at the time of liquidation of a company.

89. Retention of information after re-domiciliation is not envisaged in the legal provisions.

90. Nevertheless, under such circumstances, the last reported legal ownership information of UABs, MBs and ŽŪBs (not ABs and SEs) would be available in JADIS (see paragraphs 114 et seq.).

91. For ABs, the CSD is required to retain information on all its services and activities for a period of 10 years (Article 29(1), Regulation (EU) No 909/2014). Since securities accounts and settlement of transactions in financial instruments (shares) are undertaken at the CSD and the CSD acts as the issuer, the legal ownership information of ABs would continue to be available with the CSD even after they cease to exist or re-domicile outside Lithuania (see paragraph 83). Additionally, account managers being AML-obliged persons must retain all information regarding their clients

for five years from the date of termination of transactions or business relationship (see paragraphs 81 and 170). When an AB ceases to exist, it would also be the end of the business relationship with the account manager.

92. However, the continued availability to legal ownership information of SEs after they cease to exist or transfer their seat outside Lithuania is not assured. Lithuania should ensure that legal ownership information of SEs continues to be available after they cease to exist or transfer their seat outside Lithuania (Annex 1).

Tax law requirements

93. The STI's Register of Taxpayers automatically imports information on registered companies from the RLE (see paragraph 61) and the legal ownership information from JADIS (see paragraph 72).

94. Taxpayers must submit *inter alia* contact details, details of the accountant and the activity of the company. Any change in this data must be notified to the STI within five days of the change through a duly completed notification form FR0791.

95. Lithuanian companies must also file information on their controlling persons as part of the annual tax return (Article 50, Law on Corporate Income Tax). Controlling persons are legal or natural persons that, singly or jointly (with a related person), hold directly or indirectly over 50% of the shares (interests, member shares) in the controlled entity or rights to a portion of distributable profits or pre-emptive rights to acquisition. Given the high threshold, the information on controlling persons does not amount to complete legal ownership information.

Foreign companies

96. The standard requires that legal ownership information on foreign companies with a sufficient nexus to a jurisdiction be available in the jurisdiction. The legal and regulatory framework of Lithuania was found to be deficient on this aspect in the 2015 Report and a recommendation was issued. The actions taken by Lithuania in this regard since then, however, do not sufficiently mitigate the gap.

97. As at the time of the 2015 Report, permanent establishments of foreign legal persons must register with the STI (see paragraph 22). Legal ownership information, however, is not required to be filed at the time of tax registration. A copy of the certificate of registration from the jurisdiction of incorporation and information on the fiscal representative in Lithuania must be submitted. Whether information on all legal owners is included in the certificate of registration would depend on the legal provisions of the jurisdiction of incorporation of the foreign legal person.

98. As of December 2023, a total of 46 773 foreign legal persons were registered with the STI, which included 944 foreign legal persons that operate in Lithuania through a permanent establishment.²⁷

99. Branches or representative offices of foreign legal persons operating in Lithuania must also register with RLE, but this too does not result in the availability of complete legal ownership information as they are not expected to file legal ownership information with the RLE (see paragraph 60).

100. To address the recommendation in the 2015 Report, the LTA was amended in December 2019 to include a requirement for non-AML-obliged persons that act as representatives of a foreign person to identify the beneficial owner (as defined in Article 2(14), AML Law, see paragraphs 132 et seq.) of the foreign person and retain this information for a period of five years (Article 55(7)). However, this obligation would result in the complete legal ownership of the foreign person in a limited number of cases where the beneficial owner(s) of the foreign legal person coincide with the legal owner(s) (see also paragraph 103).

101. Consequently, the availability of legal ownership information of foreign companies with a sufficient nexus with Lithuania continues to not be assured in all cases and the recommendation from the 2015 Report remains. Therefore, **Lithuania is recommended to ensure that ownership information on foreign companies with sufficient nexus with Lithuania (in particular, having their place of effective management in Lithuania) is available in all cases.**

Anti-Money Laundering Law requirements

102. Under AML Law, AML-obliged persons are required to apply customer due diligence (CDD) measures prior to establishing a business relationship, executing an occasional transaction or where there are doubts about the veracity of the recorded information, in order to obtain identity and beneficial ownership information of customers, obtain information on the purpose and intended nature of the business relationship or occasional transaction, and take reasonable measures to understand the ownership and control structure of the customer. The requirement to understand the ownership and control structure of the customer does not correspond with a requirement to record full legal ownership information on the customer in all cases.

27. Lithuania advised that the remaining foreign legal persons might be registered for other purposes such as real estate taxes, excise or VAT payers, or investment funds.

103. As AML-obliged persons have to identify all the beneficial ownership of their customers, availability of complete legal ownership information with AML-obliged persons is assured in cases where the legal owners correspond with beneficial owners, however, it may be less likely where the shareholding is diversified.

104. Hence, the AML framework is not considered a reliable source of legal ownership information in all cases. The AML framework, being more relevant to availability of beneficial ownership information, is discussed comprehensively under that section (see paragraphs 157 et seq.)

Nominees

105. The Lithuanian legal framework does not contain the concept of nominees but it does not explicitly prohibit nominee arrangements either.

106. Within the company law framework, the person recorded in the (certificated) share or the person in whose name the personal securities account is opened (for an uncertificated share) is considered as the shareholder. The holding of shares on behalf of another person or acting on behalf of the actual shareholder(s) is nonetheless permitted under specific circumstances.

107. First, uncertificated shares may be held in the securities account of another person when the shares are pledged with the European Central Bank or the central bank of another EU Member State and held in the name of the holder of the pledge, or when the (Lithuanian or foreign) account manager maintains a securities account with another Lithuanian account manager to hold shares on behalf of its clients (Article 64, LMFI). In all such cases, the securities account must indicate that the shares are held on behalf of another person and the information on the owner(s) of the shares must be provided to the CSD upon request.

108. Second, in case of joint ownership of a share, one shareholder may represent/act on behalf of the other shareholders when authorised by a duly notarised written proxy agreement (Article 40, Law on Companies). Where such a proxy arrangement relates to the shares of an AB or a UAB, the identity of the representative is noted, in conjunction with the names of all shareholders, in the list of shareholders.

109. Apart from these specifically regulated cases, nominee ownership is allowed in Lithuania. Under the AML framework, trust or company incorporation and administration service providers (TCSP) are permitted, by way of business, to act as or arrange for another person to act as a nominee shareholder for another person (other than a listed company) (Article 2(15)). Considering the customer due diligence obligations of the professional

TCSPs, the identity of the client, i.e. the nominator as well as its beneficial owner should be available with the TCSPs (also see paragraphs 173 et seq.).

110. Non-professional nominees are not precluded and are under no legal obligation to maintain all identification information on the nominator although they may be able to obtain this information from the nominator itself if requested by the company.

111. However, there is no obligation for the nominee (professional or not) to disclose its nominee status or the identity of the nominator to the company, to the account manager or to any other AML-obliged persons engaged by the company. Without this disclosure, the company would not know if the shareholder were a nominee, and this can prevent it from maintaining and reporting accurate information. Therefore, **Lithuania is recommended to ensure that nominee shareholders disclose their nominee status and make identity information on the nominator available to the company.**

112. Lithuanian authorities advised that nominee arrangements are not popular in Lithuania. Lack of clarity about nominee arrangements was noted during the interviews with industry representatives (see paragraph 166).

Legal ownership information – Oversight and enforcement measures

113. The State Enterprise Centre of Registers has a limited supervisory role in respect of the requirement on companies to file adequate, accurate and up-to-date information with the RLE and JADIS. The CSD, being an SE licensed in another EU Member State (Latvia), is not directly monitored by the Lithuanian authorities. The CSD in turn supervises the account managers, but limited information is available in this regard.

Oversight by the State Enterprise Centre of Registers

114. The State Enterprise Centre of Registers does not assess the accuracy of the information filed in the RLE or JADIS, but it ascertains that all specified information and documents have been submitted and the adequacy of the information, i.e. whether the information provided corresponds with the supporting documents. Contact details and addresses are verified against information held in other interconnected centralised registers, including the Population Register, the Address Register and the Real Property Cadastre.

115. As noted in paragraph 72, UABs, MBs and ŽŪBs must file their legal ownership information with JADIS. As of December 2023, 98% of the obliged legal entities have complied with their obligation to provide legal

ownership information to JADIS. The remaining 2% include 1 041 companies (985 UABs and 56 ŽŪBs), which have been registered with RLE for an average of 19.86 years.

116. A penalty ranging between EUR 30 and EUR 1 450 may be imposed for failure to submit data or other information to the RLE or to JADIS in a timely manner (Article 223, Code of Administrative Offences). In isolated cases, penalties were applied for failure to submit data or other information to the RLE in a timely manner when complaints have been received from interested individuals regarding inaccuracy of data in the RLE. Lithuanian authorities informed that for the filing of information to the RLE or JADIS, legal entities are encouraged to comply voluntarily through awareness raising programmes while enforcement procedures, like penalties and initiation of liquidation proceedings, are mainly applied for non-submission of annual financial statements (see paragraphs 122 et seq.).

117. No checks are undertaken to ensure that the information is updated in JADIS in a timely manner. There are no incentives for timely reporting of changes to JADIS as shareholder rights emerge from the shareholder's name being recorded in the list of shareholders maintained by the company itself.

118. The enforcement of obligations related to JADIS has been low. Shareholders have used their right to appeal to ensure up-to-date information is recorded therein. At least in one case, a shareholder appealed against the actions of the company manager for non-inclusion of their name in the list of shareholders and in JADIS. This appeal was upheld at the level of the Supreme Court and directions were also given to the company manager to update information in both places.²⁸

Additionally, Lithuanian authorities advised that if during the course of a tax control, any discrepancies are noted in the information recorded in JADIS, the tax authorities would inform the State Enterprise Centre of Registers, but so far there have not been any cases where discrepancies were noted. No statistics are available on the number of cases where this was verified.

119. Although, the shareholders themselves and the STI's activities may ensure that accurate and up-to-date information is held in JADIS in certain cases, this may not apply for all cases. As noted above, there are no explicit requirements on companies to make arrangements for retention of the list of shareholders after they cease to exist or cease to operate in Lithuania (see paragraphs 85 et seq.). Under such circumstances JADIS would be the only source of legal ownership information. Hence, it is crucial that the information held therein is accurate and up to date.

28. The Court decision (in Lithuanian) is available at: litateko.teismai.lt/viesasprendimu-paieska/tekstas.aspx?id=f66e3acb-c51f-4e03-8eaf-20031137403d.

120. Lithuanian authorities argue that necessary powers are available to access legal ownership information directly from the companies; nevertheless, JADIS is the first source of legal ownership information for the Competent Authority, and was used to respond to all requests for ownership information. Moreover, where a company ceases to exist or ceases to operate in Lithuania, in the absence of explicit record retention requirements, the required legal ownership information may no longer be available, nor may any person be available in Lithuania from whom the information can be obtained.

121. Therefore, **Lithuania is recommended to take effective supervisory and enforcement measures to ensure that all companies comply with their requirements to report legal ownership information to JADIS.**

Inactive companies

122. Legal entities registered with the RLE may be considered as “inactive” under specific conditions:

- It has not submitted annual financial statements within 12 months from the end of the deadline.
- The management bodies of the legal entity have not been formed for more than six months.
- Members of the management bodies of the legal entity cannot be found at the registered office and/or their addresses specified in the RLE for more than six months.
- The legal entity has not updated its data in the RLE within five years and there is a reason to believe that the legal entity does not carry out any activity.
- The authorised capital of an AB/UAB is lower than the minimum authorised capital.
- The court adopts a ruling to refuse to file a bankruptcy case for an insolvent legal entity.

123. For entities fulfilling any of the criteria for inactivity, the Registrar has the right to initiate liquidation proceedings. The procedure, as laid down by the Civil Code, commences with the notification of the possibility of initiation of liquidation proceedings to the legal entity as well as to the public. The date of such notification is recorded in the RLE. The legal entity has three months to rectify the circumstance that led to the notification, failing which the Registrar initiates the liquidation proceedings. Within one year, a member of the legal entity or its management body may apply to the court to revoke the liquidation proceedings, or the creditors of the legal entities may file a lawsuit for fulfilment of pending obligations or initiation of bankruptcy

proceedings. If these applications are accepted by the court, the liquidation process is discontinued. Else, the Registrar proceeds with the liquidation and subsequent de-registration of the legal entity. Lithuanian authorities advised that the liquidation procedure takes about 1.5 years, during which period the legal entity retains its legal personality.

124. The tax law does not have any separate provisions related to designating entities as “inactive”. Legal entities that temporarily cease economic activity may request a temporary exemption from filing a tax return. Nevertheless, tax will have to be paid if the liability arises during the period of exemption. If there are no tax or criminal investigations underway, or the legal entity has no payment liabilities to the state/municipal budgets or the budget of the State Social Insurance Fund, the STI may request the Registrar for the de-registration of a Lithuanian legal entity (as per the procedure described above) if the STI has no data on the activities carried out by such Lithuanian legal entity for five years. During the period 1 January 2020 to 29 March 2024, the STI sent 18 836 proposals to the Registrar for initiation of liquidation proceedings of Lithuanian entities.

125. In the years 2020 to 2022, 63 461 legal entities were notified by the Registrar regarding the possibility of initiation of liquidation proceedings. Out of these, 11 847 legal entities (i.e. 18%) rectified their deficiencies and provided the necessary documents to RLE. For the remaining 51 614 legal entities (including 33 167 UABs, 14 ABs, 7 426 MBs and 234 ŽŪBs), the liquidation procedure was initiated.

126. The main reason for initiating liquidation proceedings was non-submission of annual financial statements (in 2022 – 9 289 legal entities (28.7%) and in 2023 – 19 586 legal entities (83%)), on the ground of multiple bases (in 2022 – 15 007 legal entities (46%) and in 2023 – 2 843 legal entities (12%)) and for non-updating of data held by RLE for five years (in 2022 – 7 306 legal entities (22%) and in 2023 – 1 187 legal entities (5%)).²⁹ No information is available on the nature of data that was not updated.

127. Ultimately, a total of 48 858 legal entities were de-registered during 2020-23 (2020 – 403, 2021 – 7 135, 2022 – 19 529 and 2023 – 21 791), which included 47 ABs, 29 660 UABs, 2 776 MBs and 439 ŽŪBs.

128. As of 13 October 2023, 53 459 legal entities have been identified as inactive, which included 9 ABs, 24 657 UABs, 2 870 MBs and 67 ŽŪBs.

129. While the Registrar has taken decisive steps to clean up the RLE by liquidating and de-registering inactive entities, non-filing or non-updating of legal ownership information (to JADIS) or beneficial ownership

29. The data regarding reasons for initiating liquidation procedures of entities is not available for 2020 and 2021.

information (to JANGIS) is not considered as a criterion for considering a company as “inactive” and initiating liquidation proceedings. For inactive companies (except ABs and SEs), the only available legal ownership information would be as last registered in JADIS. Therefore, it is important that accurate and up-to-date legal ownership information is available in JADIS and **Lithuania is recommended to take effective supervisory and enforcement measures to ensure that all companies comply with their requirements to report legal ownership information to JADIS.**

130. Legal ownership information of ABs would continue to be available with the CSD but the legal ownership information of SEs may no longer be available. Therefore, Lithuania should ensure that legal ownership information of SEs continues to be available even when they are considered inactive (Annex 1).

Availability of beneficial ownership information

131. The standard was strengthened in 2016 to require that beneficial ownership information be available on companies. In Lithuania, this aspect of the standard is met through a multi-pronged approach, with the AML law requiring legal entities to file their beneficial ownership information to the State Enterprise Centre of Registers and requiring AML-obliged persons to obtain beneficial ownership information on their clients. There is, however, no requirement for all legal entities to mandatorily engage an AML-obliged person throughout their existence. There are no requirements under the company law or tax law which would ensure availability of beneficial ownership information of companies in line with the standard. Each of these legal regimes is analysed below.

Companies covered by legislation regulating beneficial ownership information

Type	Company law	Tax law	AML law/ Legal Entity	AML law/ JANGIS	AML law/ CDD
Public Limited Liability Company (AB)	None	None	All	Some	Some
Private Limited Liability Company (UAB)	None	None	All	All	Some
Small Partnerships (MB)	None	None	All	All	Some
European Company (SE)	None	None	All	All	Some
Agricultural Company (ŽŪB)	None	None	All	All	Some
Foreign companies (with sufficient nexus)	None	None	None	None	All ³⁰

30. Where a foreign company has a sufficient nexus, then the availability of beneficial ownership information is required to the extent the company has a relationship with

Definition of Beneficial Owner

132. The AML Law transposes the definition of beneficial owner as set out in the EU 4th AML Directive and defines a “beneficial owner” as “any natural person who owns the customer (a legal person or a foreign undertaking) or controls the customer and/or the natural person on whose behalf a transaction or activity is being conducted” (Article 2(14), AML Law).

133. For a legal person, the beneficial owner(s) includes the following:

a) the natural person who owns or manages the legal person through direct or indirect **ownership** of a sufficient percentage of the shares or voting rights in that legal person, including through bearer shareholdings, or through control via **other means**, other than public limited liability companies or collective investment undertakings whose securities are traded on regulated markets that are subject to disclosure requirements consistent with the European Union legislation or subject to equivalent international standards. A shareholding of 25 % plus one share or an ownership interest of more than 25 % in the customer held by a natural person shall be an indication of direct ownership. A shareholding of 25 % plus one share or an ownership interest of more than 25 % in the customer held by an undertaking, which is under the control of a natural person(s), or by multiple undertakings, which are under the control of the same natural person(s), shall be an indication of indirect ownership;

b) if no person under sub-point (a) of this paragraph is identified, or if there is any doubt that the person identified is the beneficial owner, the natural person who holds the position of senior managing official in the legal person who has been identified;

134. The method of identification of beneficial owner(s) of legal persons expects beneficial owner(s) to be identified on the basis of direct or indirect ownership or control through other means simultaneously, which is acceptable under the standard.

135. The threshold for identification of beneficial owners on the basis of ownership rights is “more than 25%” which is acceptable under the standard. Natural persons with ownership rights (i.e. shares or voting rights) of over 25% must be identified as beneficial owners on the basis of direct ownership. Indirect ownership includes ownership rights over the 25% threshold of a natural person(s) exercised through or jointly with a network of legal entities, which indicates both joint ownership and a look through approach.

an AML-obligated service provider that is relevant for the purposes of EOIR. (Terms of Reference A.1.1 Footnote 9).

136. The back-stop option of identifying the natural person(s) who holds the position of the senior managing official when a beneficial owner cannot be identified on the basis of ownership or control through other means, or there are doubts that the person identified is indeed the beneficial owner, conforms with the requirements of the standard.

137. The JADIS Regulations provide useful guidance for legal persons on identification of beneficial owners, particularly on situations which would correspond to control being exercised through other means. These situations include the right to take strategic decisions, the right to appoint and/or remove the head of the legal person and/or members of the board (or other collegial management body), the right to veto decisions of the management bodies, the right to approve the annual financial report relating to the payment of dividends, control exercised through close family, other personal or business relations and the possibility to use or receive other benefits from the assets belonging to, and/or activities of, the legal person. The JADIS Regulations also confirm the look-through approach by requiring the identification of all beneficial owners of a trust or an arrangement similar to a trust that appears in the ownership or control structure of the legal entity. The frequently asked questions (FAQs) on the RLE website also reproduce these methods for identification of beneficial owners.³¹

138. Conversely, the guidance issued by supervisory authorities for AML-obliged persons (including the updated FAQs issued by BoL)³² reiterate the customer due diligence requirements of identifying the beneficial owner of customers and the definition of beneficial owner without providing any elaboration on the method to identify beneficial owners of customers, particularly on the basis of control through other means.

139. In another set of FAQs, available on the Bank of Lithuania website, the identification of beneficial owners on the basis of control through other means is conflated with the back stop option of identifying a senior managing official.³³ It is stated therein that where no natural person who holds 25% plus one share or has an ownership interest of more than 25% in the legal person is identified, the AML-obliged person must identify a natural person “that controls the legal person by other means, i.e. not by way of ownership, but, e.g. by taking decisions on the customer’s (legal person’s) behalf, such as a senior managing official”.

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31. [Who is the beneficiary to be reported in the list of beneficiaries, jadis sub-system of beneficiaries \(JANGIS\)? | INFO \(registrucentras.lt\)](#) (accessed on 22 April 2024).
 32. [Who should be considered the beneficial owner of various legal persons \(e.g. in cases of unions or associations of multi-family apartment house owners or in case of a legal person undergoing bankruptcy procedures\)? | Bank of Lithuania \(lb.lt\)](#) (accessed on 22 April 2024).
 33. [How to identify a beneficiary? | Bank of Lithuania \(lb.lt\)](#) (accessed on 22 April 2024).

140. Lack of clarity regarding identification of beneficial owners on the basis of control through other means was also noticed during the on-site interactions, particularly on aspects relating to when it is to be applied (i.e. whether a simultaneous or a cascading approach is to be adopted), what it comprises (i.e. situations which would correspond to control being exercised through means other than ownership) and the distinction from control on the basis of indirect ownership and the back stop option of identifying a senior managing official.

141. Therefore, **Lithuania is recommended to ensure that clear and comprehensive guidance is available to enable identification of beneficial owners of companies in line with the standard.**

Companies' obligations and JANGIS

142. The AML Law requires all companies established in Lithuania to obtain, update and store accurate information on their beneficial owners and submit this information to JANGIS, a subsystem of JADIS which has been functional since January 2022. Publicly listed ABs (27 in 2024) are only required to indicate the name of the regulated market where the AB's shares are traded and the data of the AB's senior managing official (Article 2(14)1a, AML Law read with Point 16.9, JADIS Regulations).

143. Companies must record the following information on their beneficial owners: full name, date of birth, personal identification number (and the state which issued the identity document), place of residence, ownership rights held and their scope (i.e. percentage of shares and voting rights) or other rights of control (i.e. chair of the board, board member, director, senior manager and the proportion of transferred voting rights) (Article 25(1)).

144. Changes in the data on beneficial owners must be registered in JANGIS within 10 days of the occurrence of change (Article 25(1)). This is interpreted to also require new companies to submit beneficial ownership information to JANGIS within 10 days of registration in RLE. However, no checks are made to confirm compliance with this obligation (see paragraph 153).

145. Onus lies on the beneficial owners to disclose information to the representative of the company (Article 25(1')). It is, however, not specified whether the beneficial owner is also expected to *suo moto* notify the company in case of a change in his/her data or status or only provide information when it is sought by the company. There are also no sanctions envisaged in case the beneficial owner refuses to co-operate or provide the information. While the company manager is responsible for the correctness, legality, accuracy and timely provision of data to JANGIS, there are no other expectations, for instance to periodically confirm the continued validity of the beneficial ownership information held by them and/or in JANGIS. Therefore, this mechanism may not be sufficient to ensure that companies become

aware of changes in their beneficial ownership and report it to JANGIS within the stipulated timelines.

146. AML-obliged persons could potentially serve as a means to ensure that the information held in JANGIS is accurate, as they have access to this information and are mandatorily required to check it during the CDD process and alert the company regarding identified discrepancies (see paragraph 160), but the information held by the AML-obliged persons themselves may not be accurate due to lack of sufficient guidance and thus understanding on identification of beneficial owners (see paragraphs 138 et seq.) as well as an absence of a specified risk-aligned threshold frequency for updating beneficial ownership information of customers (see paragraph 168). Therefore, **Lithuania is recommended to ensure that up-to-date beneficial ownership information is available in all cases.**

147. Information recorded in JANGIS is automatically populated in the STI database and it is retained for a period of eight years from new data being entered in the system.

Implementation and Enforcement of JANGIS

148. All legal entities, except for listed companies and legal entities whose sole member is the state or a municipality, must file beneficial ownership information to JANGIS.

149. Information on JANGIS is to be submitted in an online self-service system by the company manager or any other authorised natural person using a verified electronic signature.

150. Existing companies were expected to file their beneficial ownership information to JANGIS by August 2022. An exemption was created for legal entities whose lists of beneficial owners must contain data about the agreements on the transfer of voting rights and trusts, but this exemption was only valid until July 2022.³⁴ As of March 2024, 104 599 companies had complied with this obligation. The break down for companies is 196 ABs (75.4%), 71 824 UABs (65.7%), 32 227 MBs (65.7%), 351 ŽŪBs (65.6%) and 1 SE (50%).

151. For 10 413 companies, foreign natural persons have been reported as beneficial owners. Out of a total of 98 308 companies that have reported a single beneficial owner, 1 506 companies have indicated the manager/ chairman/senior manager as the beneficial owner.

34. The website of the State Enterprise Centre of Registers continues to mention this exemption without indicating the end date in July 2022.

152. Penalties apply for non-compliance with the obligation to file information (see paragraph 116), however, the Registrar has not commenced administrative liability procedures so far. Lithuanian authorities advised that companies are encouraged to voluntarily comply with the obligation through reminders and information campaigns. To create awareness about these obligations, the Registrar has published a compilation of frequently asked questions (FAQs) on the RLE website and videos on social media platforms. The Financial Crime Investigation Service (FCIS) also conducted outreach programmes to advise companies on their obligations and on how to identify beneficial owners.

153. As in the case of JADIS (see paragraphs 114 et seq.), besides cross-verification of identity information from other registers, the Registrar does not conduct any checks on the accuracy of the information submitted or on the timely reporting of changes. As noted above, the company manager remains responsible for the accuracy and currency of information held in JANGIS (see paragraph 145).

154. AML-obliged persons are required to check the beneficial ownership information held in JANGIS during the CDD process, but they have no obligation to report discrepancies. Representatives from the private sector interviewed during the on-site visit confirmed that they check the information held in JANGIS, but some explained that in the absence of any verification checks, this information could not be relied upon. In case of discrepancies identified during periodic checks, they would ask the client to correct the information held in JANGIS, but they did not perceive it as an expectation to suspend or terminate the business relationship.

155. JANGIS reflects the date when the information was last updated but there is no requirement to notify the date when the change in beneficial ownership occurred which led to the update of information held therein. As a result, there is no check on whether the company updates information on JANGIS in a timely manner. Moreover, the company itself has no means to become aware of a change if the beneficial owner does not voluntarily report changes in its data or its status to the company, nor does it have any means to compel information from the beneficial owner or from the intermediate entities. There is no requirement for the company to periodically verify the continued validity of the beneficial ownership information held by itself or in JANGIS.

156. JANGIS is relied upon as a source of beneficial ownership information of companies, but the accuracy and currency of the information held therein is not assured in all cases. Therefore, **Lithuania is recommended to put in place a comprehensive supervision and enforcement mechanism to ensure the availability of adequate, accurate and up-to-date beneficial ownership information on companies in line with the standard.**

Customer Due Diligence obligations

157. AML-obliged persons (see paragraph 35) must apply customer due diligence (CDD) measures (Article 9, AML Law) for new customers and for existing customers (on a risk-basis) in the following circumstances:

- prior to establishing a business relationship
- prior to carrying out one-off or linked transactions, foreign exchange operations, money remittance services or money transfers exceeding specified thresholds
- in the event of new circumstances or information
- in case of doubts about the veracity or authenticity of information previously obtained
- when there are suspicions of money laundering or terrorist financing.

158. CDD measures begin with identifying and verifying the customer and its beneficial owner(s). AML-obliged persons must determine whether the customer acts on its own behalf or is controlled. Where the customer acts through a representative, the identity of the representative must also be established. They must also understand the ownership and management structure as well as the nature of activities of the customer.

159. The identity documents of the customer/beneficial owner must include the following information: a) for natural persons – full name, personal identification number or date of birth, photograph and citizenship; b) for legal persons – name, legal form, registered office, address of actual operation and an extract of the registration along with its date of issuance (Articles 10 and 12).

160. For identification of beneficial owners, AML-obliged persons also have the right to use the information held in JANGIS (see paragraphs 146 and 154). For new customers, if there is no beneficial ownership information recorded in JANGIS or there is a discrepancy in the information, the AML-obliged persons are prohibited from establishing the relationship (Article 12(12)). For existing customers, in case of a discrepancy between the beneficial ownership information held in JANGIS and the information available with the AML-obliged persons, AML-obliged persons are expected to notify the company who is their customer about the same and propose to provide the accurate information to JANGIS (Article 12(11)).

161. For verification of the identity of the customer or the beneficial owner, AML-obliged persons must use documents, data or information obtained from a reliable and independent source. The customer is also expected to indicate the public sources which could validate the information

supplied on the beneficial owner (Article 12(3)). When the senior managing official is identified as the beneficial owner of the customer, his/her identity must be similarly verified. In addition, the AML-obliged person must keep records of the actions taken as well as difficulties encountered during the process of verifying the customer's identity. For representatives, additionally, the power of attorney must be verified.

162. When the identity of the customer or the beneficial owner cannot be established, establishing or continuing business relationships or carrying out transactions is prohibited (Article 12(18)). This provision does not apply when notaries, auditors, and advocates, accountants and tax advisors are ascertaining the legal position of, advising or representing the client. This was confirmed to be the practice by the industry representatives interviewed during the review process.

163. Notwithstanding the above, in low-risk cases, the business relationship may be established without verifying the identity of the customer if all the identification information of the customer and its beneficial owner is available, and it is ensured that no monetary operations will be carried out until the customer identification process is complete (Article 9(5)). Nevertheless, this simplified CDD process must be finalised within one month of opening the account and the identity of the customer and its beneficial owner must be established prior to carrying out a monetary operation.

164. The cases where simplified CDD measures are permitted include (Article 15) – listed companies, state and municipal institutions and agencies, and other financial institutions established in Lithuania, another EU Member State or a third country which applies similar AML requirements and duly supervised by the relevant supervisory authorities, and in certain low-value transactions. Representatives from the banking industry interviewed during the on-site visit advised that they do not usually apply simplified CDD measures.

165. On the other hand, enhanced CDD (Article 14), including additional identification measures and enhanced ongoing monitoring, must be carried out where –

- high-risk is identified
- transactions or business relationships are carried out with politically exposed natural persons or persons residing/established in high-risk third countries identified to have strategic deficiencies in their AML framework by the European Commission and the FATF
- cross-border correspondent banking relationships are carried out with third-country financial institutions.

166. When assessing if there is a higher AML risk, AML-obliged persons are expected to determine if a company has nominee shareholders acting for another person and apply enhanced due diligence measures accordingly. The industry representatives interviewed during the review process conflated nominee arrangements with the presence of trusts in an ownership structure. While the Lithuanian authorities indicated that nominee arrangements are not popular in Lithuania, foreign nominee arrangements may appear in the ownership and control structure of legal entities and the insufficient understanding of nominee arrangements may pose a risk to accurate identification of beneficial owner(s) of clients during the CDD process.³⁵ Therefore, **Lithuania is recommended to ensure that clear and comprehensive guidance is available to enable identification of beneficial owners of legal entities in line with the standard.**

167. Ongoing monitoring of the business relationship with the customer is expected to be undertaken to ensure that the transactions conducted are consistent with the information held on the customer, its business, its risk profile and source of funds.

168. Regularly reviewing and updating documents, data or information submitted during the due diligence process is also mandated to ensure they remain appropriate and relevant. There is, however, no frequency specified in law or guidance for such updating of information when none of the events listed in paragraph 157 occur. The industry representatives interviewed during the review process were seen to employ varied frequencies depending on their internal policies.

169. AML-obliged persons may make use of information gathered by third parties as part of their CDD obligations if it is ensured that the third parties will, upon request, immediately provide all the requested information/data as well as copies of all identification documents (Article 13). Ultimately, the responsibility for compliance with the CDD requirements rests with the AML-obliged person making use of the information. Use of information held by third parties in high-risk countries is prohibited. In practice, the representatives from the banking industry advised that they do not rely on third parties' due diligence and conduct independent CDD measures.

170. Copies of the identity documents of a customer, identity data of the beneficial owner/beneficiary, other data received at the time of establishing the identity of the customer and account and/or agreement documentation

35. Lithuania's Fifth Round Mutual Evaluation Report (2017) (paragraph 434) notes that although Lithuanian law does not provide for the concept of nominees, the authorities confirmed that the provision of company services, which may also include nominee directors and shareholders, by corporate services providers is known to happen.

must be stored for eight years from the date of termination of transactions or business relationships with the customer (Article 19). Transactional information and business correspondence must be stored for a period of five years from the date of termination of transactions or business relationship with the customer.

Oversight and Supervision of AML-obliged persons

171. Different supervisory authorities are responsible for the oversight and supervision of compliance of AML-obliged persons. These authorities establish their own procedures for carrying out inspections (Article 33, AML Law). If inspections reveal evidence of breach of AML obligations *inter alia* customer due diligence or record retention requirements, the supervisory authority may issue mandatory instructions to eliminate breaches within a specified timeline, apply sanctions or carry out additional inspections. Available sanctions range from warning and fines to temporary suspension of activities and withdrawal of licence, but not all supervisory authorities have powers to impose all types of sanctions.

172. Banks fall under the supervisory ambit of the **Bank of Lithuania (BoL)**. BoL has employed a comprehensive strategy for oversight and the supervision conducted has been generally satisfactory. This aspect is discussed in detail in Element A.3.

173. The **Financial Crime Investigation Service (FCIS)** supervises Trust and Corporate Service Providers (TCSPs), tax advisors and accountants.

174. TCSPs do not have any licensing requirements, nevertheless, they must notify the appropriate authority regarding the commencement or termination of activity. Legal persons that operate as TCSPs must notify the RLE about the commencement or termination of such activities within five days of commencement or termination (Article 25(2), AML Law). Similarly, natural persons must notify the STI. As of December 2023, there were 72 TCSPs registered with the RLE and 452 TCSPs registered with the STI. The FCIS can seek this data from RLE and STI. Persons (natural or legal) engaged in TCSP activities are obliged to submit reports regarding appointment of AML compliance officers to the FCIS (as required under Article 22, AML Law). However, out of the 524 TCSPs registered with the RLE and STI, only 263 (50%) have fulfilled this requirement and the FCIS has not applied any enforcement measures for the rest.

175. The FCIS has the power to apply all the sanctions available under the AML Law. These include monetary fines – a fine of 0.5 to 5% of the total annual income for breaches, which may increase up to 10% in cases of serious or systematic breaches; a fine of 0.1 to 0.5% of the total annual income for failure to provide information or providing incorrect information;

and a fine of 0.1 to 1 % of the total annual income for failure to comply or inadequate compliance with mandatory instructions.

176. The FCIS has conducted limited inspection activity on TCSPs. During the review period, the FCIS only inspected 8 TCSPs (2020 – 0, 2021 – 0, 2022 – 7, and 2023 – 1) which formed 1.5% of the total known TCSPs. The inspected TCSPs were identified as part of a strategic risk analysis on Virtual Asset Service Providers. No other TCSPs were inspected. These inspections resulted in seven fines (five fines of EUR 2 755 each, one fine of EUR 5 510 and one fine of EUR 8 264) and one warning, *inter alia*, for inadequate application of CDD procedures, retention of information, including identification documents of customers, notification of AML compliance officers and establishing internal control procedures.

177. During 2019 to 2023, no inspections were carried out on tax advisors. Lithuanian authorities explained that this was due to the tax advisory sector not being considered risky enough.

178. During 2019 to 2023, 33 accounting firms were inspected by the FCIS (19 in 2019, 12 in 2020, none in 2021 and 2022, and 2 in 2023), which resulted in nine fines. The total number of accountants registered in Lithuania, the scope of the supervisions and the nature of infringements detected is not known, therefore, the adequacy of the supervision measures cannot be determined.

179. All notaries must be members of the **Chamber of Notaries**, which is responsible for their AML supervision (Article 4(5), AML Law and Article 65, Law on the Notarial Profession). As of March 2024, there were 226 notaries in Lithuania. Although the Chamber of Notaries is expected to issue instructions for implementation of AML obligations, no such instructions have been issued so far. During the review period, the Chamber of Notaries conducted one training each on AML obligations and on sanctions.

180. The Chamber of Notaries conducts comprehensive assessments on all legal obligations of notaries, which may also include elements of AML obligations. Off-site inspections are conducted every five years, during which the notary is expected to answer questionnaires that are followed up by interviews. On-site inspections are generally trigger-based. Representatives from the Chamber of Notaries interviewed during the review process advised that the checks on AML obligations, in particular CDD measures, are limited to ensuring that all steps are completed, rather than a verification or validation of the information held. The Chamber of Notaries cannot apply any sanctions, instead it must forward the inspection documents to the FCIS for application of sanctions. During the review period, the Chamber of Notaries conducted 142 off-site inspections (2020 – 52, 2021 – 40 and 2022 – 50), which did not reveal any infringements of

AML obligations. Onsite inspections commenced in 2023 when 23 inspections were conducted, which also did not reveal any infringements of AML obligations. Therefore, no information was forwarded to the FCIS.

181. The **Lithuanian Bar Association (LBA)** is responsible for the AML supervision of advocates and advocates' assistants (hereafter, collectively referred to as advocates) (Article 4(4), AML Law).³⁶ As of 2023, LBA's membership included 3 000 advocates. The LBA's oversight activity includes annual trainings and supervisions. For breaches found during supervision activity, the LBA can issue warnings or withdraw licences.

182. The LBA organised two remote trainings in 2022 on AML requirements and sanctions. An AML advisory committee has also been established in 2021 to discuss important questions related to AML implementation.

183. For supervisions, the LBA has issued the "Description of the procedure for supervision of compliance of advocates' activities with the requirements of the legislation on prevention of money laundering and/or terrorist financing" (revised in October 2023), which sets out that the supervision exercise commences with the filling of questionnaires by lawyers, followed by scheduled/unscheduled inspections by the LBA and application of sanctions where required. The questionnaires received in 2022 did not result in any inspections or fines, while the analysis of the questionnaires received in 2023 has not yet been concluded.

184. The **Lithuanian Chamber of Auditors (LCA)** supervises the 313 auditors. While the LCA had issued methodological guidance in 2019, the industry representatives interviewed during the review process indicated that there was insufficient practical guidance or instructions available to assist them in the implementation of their AML obligations. The LCA inspected 34 audit companies in 2019, 25 in 2020, 18 in 2021, 37 in 2022 and 18 in 2023. For violations of AML obligations, the LCA applied sanctions in two cases in 2019 and in five cases in 2022, however the scope of the supervisions and the nature of violations is not known.

185. While AML-obliged persons may be a secondary source of beneficial ownership information, they have an important role in ensuring the accuracy of information held in JANGIS (see paragraph 146). Although the various authorities have taken some steps towards ensuring compliance with AML obligations through outreach activity, there is scope for improvement in the supervisory activity both in terms of coverage and the checks made to verify compliance with AML obligations. **Lithuania is recommended to put in place a comprehensive supervision and enforcement mechanism to**

36. Every lawyer with the professional title of an advocate is a member of the LBA (Article 56(4), Law on the Bar).

ensure the availability of adequate, accurate and up-to-date beneficial ownership information on companies in line with the standard.

Tax law requirements

186. The beneficial ownership information held in JANGIS is populated in the STI database against each legal entity.

187. As noted in paragraph 95, the STI gathers information on the controlling persons of Lithuanian companies, however, given the high threshold, the information on controlling persons may not correspond to complete beneficial ownership information in all cases.

Availability of ownership information in EOIR practice

188. Lithuania received 20 EOI requests for ownership information which included requests for ownership interests of natural persons and the legal ownership information for corporations (i.e. companies and partnerships, but separate statistics are not maintained). Legal and beneficial ownership information was requested in all cases. No statistics are available on whether any of the requests related to inactive companies or companies that have ceased to exist.

189. Lithuania successfully exchanged the requested ownership information in all cases, and the peer input also did not reflect any concerns in this regard.

A.1.2. Bearer shares

190. Lithuanian law does not permit the issuance of bearer shares. Information on shareholders of certificated and uncertificated shares must be recorded in accordance with the relevant legal provisions.

A.1.3. Partnerships

Types of partnerships

191. The types of partnerships that can be formed in Lithuania remain unchanged since the 2015 Report. These include:

- Governed by the Law on Partnerships, **General Partnerships** (*tikroji ūkinė bendrija*, TŪB) are formed by at least two partners, who may be legal or natural persons. General partners are jointly and severally responsible for the liabilities of the TŪB. As of 28 March 2024, there were 104 TŪBs in Lithuania.

- Governed by the Law on Partnerships, **Limited Partnerships** (*komanditinė ūkinė bendrija*, KŪB) are formed by at least two partners (one general partner and one limited partner), who may be legal or natural persons (Article 6). General partners are jointly and severally responsible for the liabilities of the KŪB, while the limited partners are liable to the extent of their contribution. As of 28 March 2024, there were 172 KŪBs in Lithuania.
- Governed by the Law on European Economic Interest Groupings,³⁷ **European Economic Interest Groupings** (EEIG) are allowed to be set up in Lithuania by two or more companies or entrepreneurs with their central administration or principal activities in EU Member States. The legal provisions relating to the liability, insolvency and liquidation of the members of general partnerships equally apply to EEIGs. As of 6 May 2024, there were 2 EEIGs in Lithuania.

192. The management of partnerships rests with the general partners and decisions, including on distribution of profits, are made with the common consent of all general partners.

Identity information

193. The identity information on all partners of a TŪB, KŪB and an EEIG is available with the entities themselves, with the RLE (to some extent) and with JADIS.

194. Partnerships are constituted through a notarised partnership agreement which must state *inter alia* the following details – name, legal form, registered office (which must be in Lithuania), data of the general partners (for natural persons: full name, personal identity code, place of residence; for legal persons: name, legal form, registration code and registered office) and the founding partners' contributions.

195. For limited partnerships, a separate limited partner's agreement must be concluded with each limited partner indicating the limited partner's contributions, share of profits and the duration of the agreement.

196. For EEIGs, similar to partnership agreement, the contract of formation must contain identity information on the members of the EEIG.

197. Additionally, TŪBs and KŪBs must conclude an operating agreement indicating the name of the partnership, the legal form, full name and address of all general partners, rule(s) according to which the general

37. The Law on European Economic Interest Groupings operationalises Council Regulation (EEC) No. 2137/85 of July 1985 on the European Economic Interest Grouping.

partnerships will act on behalf of the partnership as the manager/management body, and the procedures for decision-making, distribution of profits, transfer of rights, etc. (Article 4, Law on Partnerships). TŪBs and KŪBs are considered to be founded from the moment of registration of the operating agreement of the partnership in the RLE (Article 3, Law on Partnerships and Point 31.4, RLE Regulations). EEIGs must provide their contract of formation for registration with the RLE. The process of registration is the same as described for companies (see paragraphs 56 et seq.).

198. Accordingly, the RLE holds information on general partners of TŪBs and KŪBs, and information on all members of EEIGs. Any changes in the details of manager of the partnership must be submitted to the RLE (Article 5, Law on Partnerships).

199. All partnerships have the same obligation as companies to file identity information on both general and limited partners to JADIS (Article 5, Law on Partnerships and Point 15, JADIS Regulations). Where the limited partner's contribution represents more than 25% of the value of total partners' contributions, this fact must also be reported. Partnerships must update any change in the data on the partners recorded in JADIS within five days of its occurrence. As a result, updated information on all general partners of TŪBs and KŪBs will be available with JADIS. The updated information on all limited partners of KŪBs will be available with the partnership itself.

200. The table below summarises the legal ownership information on partnerships available with the partnerships, RLE and with JADIS.

Sources of legal ownership information on partnerships

Type of partnership	Information available with the partnership	Information available with the RLE	Information available with JADIS
General Partnerships (TŪB)	All general partners	Information on general partners	Information on general partners
Limited Partnerships (KŪB)	All general partners + all limited partners	Information on general partners	Information on general partners + Information on limited partners in certain cases
European Economic Interest Groupings (EEIG)	All members	Information on members	No information

201. As noted in paragraphs 114 et seq., JADIS is the first source of information for the Competent Authority, but the enforcement of obligations related to reporting information to JADIS has been insufficient. For partnerships that are inactive or cease to exist, JADIS would be the only source of identity information but without adequate enforcement, the availability

of up-to-date information is not assured. **Lithuania is recommended to take effective supervisory and enforcement measures to ensure that all partnerships comply with their requirements to report identity information to JADIS.**

Foreign partnerships

202. In the 2015 Report, Lithuania was recommended to ensure that identity information of foreign partnerships carrying on business in or deriving taxable income from Lithuania be available in all cases.

203. Lithuanian law treats foreign partnerships in the same manner as foreign companies. Permanent establishments of foreign partnerships must register with the tax authorities, and branches and representative offices of foreign partnerships must register with the RLE. However, as seen in the case of foreign companies, such registration requirements do not result in the availability of identity information on the partners of foreign partnerships with a sufficient nexus with Lithuania in all cases (see paragraphs 97 and 99).

204. Further, the amendments to the LTA introduced in December 2019 requiring non-AML-obliged persons that act as representatives of a foreign person to identify the “beneficiary” of the foreign person may not result in the availability of identity information on all partners of foreign partnerships in all cases (see paragraph 100).

205. Hence, the recommendation made in the 2015 Report remains unaddressed and **Lithuania is recommended to ensure that identity information on foreign partnerships carrying on business in or deriving taxable income from Lithuania is available in all cases.**

Beneficial ownership

206. The standard requires that beneficial ownership information be available on partnerships. As in the case of companies, the AML framework obliges partnerships to file beneficial ownership information with JANGIS and AML-obliged persons to gather beneficial ownership information on their customers that are partnerships.

Definition

207. The definition and method of identification of beneficial owners of companies is applied for partnerships (see paragraphs 132 et seq.).

208. Partnerships in Lithuania have legal personality distinct from their partners, but they are not required to have shares, thus the beneficial

owners may not be captured by any share threshold. The simultaneous approach set out in the method of identification of beneficial owners of companies may result in the identification of the general partners who effectively control the partnerships (see paragraph 192) on the basis of control through other means.

209. However, the lack of clarity regarding identification of beneficial owners on the basis of control through other means noted in the guidance issued by AML supervisory authorities and during the on-site interactions raises concerns regarding the accurate identification of beneficial owners of partnerships in line with their form and structure. There are also no illustrations available in the FAQs or in the guidance issued to the attention of legal entities (including partnerships) which would clarify this aspect.

210. Therefore, **Lithuania is recommended to ensure that clear and comprehensive guidance is available to enable identification of beneficial owners of partnerships in line with the standard.**

Beneficial ownership information

211. Partnerships have the same obligation as companies to file their beneficial ownership information to JANGIS and report changes therein within 10 days of change.

212. Moreover, as seen above (see paragraphs 144 et seq.), the mechanism available is not adequate to ensure that partnerships become aware of changes in their beneficial ownership and report them to JANGIS within the stipulated timelines. **Lithuania is recommended to ensure that up-to-date beneficial ownership information is available in all cases.**

213. While the Registrar matches the data submitted with that held in other centralised registers, no other checks are performed to ensure that the beneficial owner is identified correctly, or the changes are reported to JANGIS in a timely manner. As of 28 March 2024, 33 TŪBs (31.7%) and 105 KŪBs (61%) have complied with their obligation to report beneficial ownership information to JANGIS. Compliance statistics for EEIGs are not available. As in the case of companies, no enforcement measures have been initiated so far against non-compliant partnerships.

214. JANGIS is relied upon as a source of beneficial ownership information of partnerships, but the accuracy and currency of the information held therein is not assured in all cases. Therefore, **Lithuania is recommended to put in place a comprehensive supervision and enforcement mechanism to ensure the availability of adequate, accurate and up-to-date beneficial ownership information on partnerships in line with the standard.**

215. AML-obliged persons that have partnerships as their customers would be expected to apply the CDD measures, which include the identification of the beneficial owner(s) of the partnerships (see paragraphs 157 et seq.). The supervision of AML-obliged persons is discussed in Element A.1.1.

Availability of partnership information in EOIR practice

216. Although Lithuania received requests for information relating to partnerships during the review period, they are grouped together with companies in statistics in this regard.

A.1.4. Trusts

217. Lithuanian law does not envision creation of trusts nor is Lithuania a signatory to the Hague Convention on the Law applicable to Trusts and on their Recognition. Nonetheless, there are no restrictions on Lithuanian residents to act as trustee of or administer trusts formed under foreign law.

Requirements to maintain identity and beneficial ownership information in relation to trusts

218. As trusts are not contemplated under Lithuanian law, there are no requirements for registration or for maintaining/filing identity information for trusts. Information of a foreign trust may be available where it controls a Lithuanian legal entity or involves an AML-obliged person.

Tax law

219. The 2015 Report considered that in view of Lithuanian residents being liable to tax on their worldwide income, Lithuanian resident trustees or administrators of foreign trusts would be taxable on the income earned by the trust as their own income unless they are able to prove that the income is attributable to another person by providing evidence of the existence of the trustee relationship through a trust deed containing identity information on the settlor(s) and the beneficiaries. This continues to apply.

220. The standard now requires the identification of beneficial owners of trusts. The 2019 amendment in the LTA requires non-AML-obliged persons that act as representatives of a foreign person to identify the “beneficial owner” (as defined in the AML Law, see below) of the foreign person and retain this information for a period of five years (see paragraph 100). Although neither trusts nor trustees are explicitly mentioned, Lithuanian authorities believe that this amendment would capture non-professional trustees. However, trusts are not covered by the definition of “person” in

the LTA since trusts are not legal entities.³⁸ The LTA provisions have so far not been utilised to seek beneficial ownership information from representatives of foreign persons, therefore, it cannot be established if the Lithuanian authorities' interpretation has been accepted in practice. While professional trustees/TCSPs would be covered by the AML obligations (see paragraph 221 et seq.), a gap exists in respect of non-professional trustees. Lithuania should therefore ensure the availability of identity and beneficial ownership information of foreign trusts with non-professional trustees resident in Lithuania (Annex 1).

AML law

221. Professionals/entities that provide TCSP services and can act as or arrange for another person to act as a trustee of an express trust or a similar legal arrangement, being AML-obliged persons, are required to apply CDD measures *inter alia* to identify and verify the identity of the customer (trust) that they service as well as its beneficial owner(s) (see paragraphs 157 et seq.).

222. In addition, the AML Law also obliges TCSPs to file beneficial ownership information of the trust to JANGIS, if the trustees (TCSPs) are resident or established in Lithuania or another EU Member State, or have business relationships/hold assets in Lithuania or another EU Member State for trust purposes. This obligation would not apply if the information on beneficial owners is already filed with the register of beneficial owners in another EU Member State.

223. As per the AML Law (Article 2(14)(2)), beneficial owners of a trust include the settlor, the trustee, the protector (if any), the natural person(s) benefiting from the trust or the group of persons in whose main interest the trust has been set up or operates, and any other natural person(s) exercising ultimate control over the trust by means of direct or indirect ownership or by other means. This definition is in line with the standard.

224. Although the JADIS Regulations set out a look-through approach when a trust appears in the ownership and control structure of a legal entity (see paragraph 137), this aspect is not clarified on the JADIS website. No guidance has been issued to assist AML-obliged persons in identification of beneficial owners of a trust on this aspect. **Lithuania is recommended to ensure that clear and comprehensive guidance is available to enable identification of beneficial owners of trusts in line with the standard.**

38. LTA defines "person" as a natural person, a legal entity, including any other organisation recognised as a legal entity under the laws of the Republic of Lithuania or a foreign country, investment fund, pension fund.

Oversight and enforcement

225. The STI is not aware of any Lithuania resident trustees or administrators of foreign trusts or of any bank accounts held by foreign trusts in Lithuania. Further, the TCSPs have not reported beneficial ownership information of any trusts to JANGIS so far. The industry representatives interviewed during the review process advised that they have facilitated in setting up foreign trusts for Lithuanian clients.

226. In respect of the tax law requirements on non-professional trustees, the Lithuanian authorities advised that during the period under review, no occasion arose where information was required to be sought from representatives of a foreign person/trust. As a result, there was no monitoring or supervisory activity which could ascertain the fulfilment of this obligation.

227. Professional TCSPs must notify the RLE or the STI about commencement/termination of activity (see paragraphs 173 et seq.). TCSPs fall under the supervisory ambit of FCIS but the FCIS' supervisory activity in respect of TCSPs has been limited.

228. Therefore, **Lithuania is recommended to put in place a comprehensive supervision and enforcement mechanism to ensure the availability of adequate, accurate and up-to-date beneficial ownership information on foreign trusts with Lithuania resident trustees or administrators in line with the standard.**

Availability of trust information in EOIR practice

229. Lithuania did not receive any requests information relating to foreign trusts with Lithuania resident trustees or administrators during the review period.

A.1.5. Foundations

230. Sponsorship and charity foundations in Lithuania are public legal persons set up for the aim of meeting public interests (Article 2.34(2), Civil Code).³⁹

231. According to the Law on Charity and Sponsorship Foundations (LCSF), public benefit/interest includes activities for the purpose of international co-operation, protection of human rights, integration of minorities, promotion of cultural, religious and ethical values, educational, scientific and professional development, non-formal and civic education, sports, social security and labour, health care, national security and defence, law

39. Paragraph 169 of the 2015 Report.

and order, crime prevention, adjustment of living environment and development of housing, protection of copyright and related rights, environmental protection as well as any activities in other fields recognised as selfless and beneficial to society (Article 3).

232. Recipients of charity can only be persons with disabilities, patients, orphaned children, non-working pensioners, the unemployed, victims (of war, natural disasters or legally recognised to be so) and extremely low-income persons (Article 6, LCSF). Sponsorships can be received by legal persons conducting non-profit activities if their income cannot be allocated to their participants and they have been granted the status of a recipient of sponsorship from the Registrar (Article 7, LCSF).

233. Charities and sponsorship foundations have the same requirements for registration with the RLE and for providing legal and beneficial ownership information to JADIS and JANGIS, respectively.

234. The STI exercises control over the provision, receipt and use of charity and sponsorship, and monthly and annual reports must be filed to the STI on these aspects. Where any violation is detected, the STI can end the tax-exempt status of the foundation and impose sanctions.

235. Therefore, and to the extent that charities and sponsorship foundations have a not-for-profit nature, must operate for public interest purposes, have unidentifiable beneficiaries, are prohibited from making distributions to their members/founders, enjoy a tax-exempt status if certain conditions are met, they are not relevant entities for the purposes of this review.

Other relevant entities and arrangements

236. Lithuanian law permits the setting up of **Co-operative Societies**, which are limited liability entities with separate legal personality, that are established to meet the economic, social and cultural needs of their members (Article 2(2), Law on Co-operative Societies). They must have at least five members that are legal or natural persons. As of March 2024, there were 449 co-operative societies in Lithuania.

237. **European Co-operative Societies** can also have their registered office in Lithuania and would be governed by the Law on Co-operative Societies to the extent not covered by the Council Regulation (EC) No. 1435/2003 of July 2003 on the Statute for a European Co-operative Society. There are no European Co-operative Societies in Lithuania.

238. The statutes of incorporation of a co-operative society are the articles of association and memorandum of association which must contain its name, identification particulars of the founders as well as their rights and obligations, the registered office and details of the management, supervisory

and control bodies. The co-operative society is considered incorporated from the moment of its registration in the Register of Legal Entities.

239. Co-operative societies are covered by the requirements to file legal and beneficial ownership and report changes therein to JADIS and JANGIS, respectively. The deficiencies in respect of availability of up-to-date legal ownership information in JADIS also apply to co-operative societies (see paragraphs 114 et seq.). Therefore, **Lithuania is recommended to take effective supervisory and enforcement measures to ensure that all co-operative societies comply with their requirements to report legal ownership information to JADIS.** The deficiencies identified in respect of the identification of beneficial owners on the basis of control through other means (see paragraphs 138 et seq.) and having a mechanism for ensuring the availability of up-to-date beneficial ownership information also apply in the case of co-operative societies (see paragraphs 144 et seq.). Therefore, **Lithuania is recommended to ensure that clear and comprehensive guidance is available to enable identification of beneficial owners of co-operative societies in line with the standard and Lithuania is recommended to ensure that up to date beneficial ownership information is available in all cases.**

240. The oversight and enforcement of this obligation remains the same as described with respect to companies (in A.1.1). The rate of compliance with these obligations leaves room for improvement – as of March 2024, 323 co-operative societies (72%) have filed beneficial ownership information with JANGIS. As in the case of companies and partnerships, no enforcement measures have been initiated against non-compliant entities. Therefore, the same conclusion applies, and **Lithuania is recommended to put in place a comprehensive supervision and enforcement mechanism to ensure the availability of adequate, accurate and up-to-date beneficial ownership information on co-operative societies in line with the standard.**

A.2. Accounting records

Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.

241. The 2015 Report concluded that the Lithuanian legal and regulatory framework and its implementation in practice ensured the availability of accounting records and underlying documentation for all relevant entities in line with the standard and rated Lithuania as Compliant with Element A.2 of the standard.

242. At the time of the 2015 Report, the accounting and tax laws obliged all relevant entities to keep accounting records for a minimum period of ten years, which was supplemented by a requirement to file annual financial

statements with the Register of Legal Entities (RLE). Although there were doubts about the availability of accounting records for foreign trusts with Lithuanian resident trustees, this gap was not considered material due to the absence of any actual experience with trusts or related services or any EOI requests in this regard. Enforcement was seen to be secured by the existence of significant financial penalties for non-compliance and compliance reviewed during the course of regular tax proceedings.

243. This report notes that Lithuania’s legal and regulatory framework remains largely unchanged. Certain amendments have been made in the tax law, but these still do not secure the availability of accounting records and underlying documentation for foreign trusts with Lithuanian resident trustees. This gap has gained some materiality as industry representatives interviewed during the review process confirmed that they had assisted Lithuanian clients in setting up foreign trusts.

244. The continued availability of accounting information, including underlying documentation, after a company re-domiciles outside Lithuania is not assured as no record retention arrangements are stipulated in this regard.

245. During the review period, the bulk of the EOI requests received by Lithuania requested for accounting information (947 requests). Lithuania was able to successfully respond to all but two EOI requests. The peers were also generally satisfied by the quality and timeliness of the responses.

246. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
Lithuania law does not ensure that reliable and complete accounting records and underlying documentation for foreign trusts would be available with Lithuania resident trustees or administrators in all cases.	Lithuania is recommended to ensure the availability of accounting information for foreign trusts with resident trustees or administrators, in line with the standard.
There are concerns regarding availability of accounting information, including underlying accounting documentation after a company re-domiciles out of Lithuania, as there are no explicit retention requirements in this regard.	Lithuania is recommended to ensure that accounting information, including underlying accounting documentation is available in a timely manner and in line with the standard, including when companies re-domicile out of Lithuania.

Practical Implementation of the Standard: Largely Compliant

No issues have been identified in the implementation of the existing legal framework on the availability of accounting information. However, once the recommendations on the legal framework are addressed, Lithuania should ensure that they are applied and enforced in practice.

A.2.1. General requirements

247. The standard is implemented mainly through the accounting law requirements, supplemented by the requirements for archival of documents. These requirements are re-enforced by the tax law. The various legal regimes and their implementation in practice are analysed below.

Accounting law

248. The Law on Financial Accounting (LFA) requires all entities that carry out economic activity in Lithuania (including self-employed individuals) to keep accounting records in order to register and justify business transactions. This requirement also covers branches and representative offices of foreign legal entities operating in Lithuania.

249. All economic operations must be supported by accounting documents and recorded in the accounting registers on the day of the operation or immediately after, but no later than the date on which accounts are drawn up (Article 3, LFA). Accounts must be maintained in a double-entry system. Simplified accounting is permitted only in certain cases where the economic operations are limited or do not exceed certain limits (Article 4, LFA).⁴⁰

250. Entries in the accounting register should indicate the period/date of the economic operation as well as the date of entry in the register, the amount and content of the economic operation, and reference to the underlying accounting document (Article 8, LFA). While the LFA permits entities to choose the accounting registers they maintain, the accounts must be maintained in a way which ensures the preparation of financial statements.

251. The Law on Reporting by Undertakings (LRU) sets forth the procedure for drawing financial statements by profit-seeking limited liability legal

40. Simplified accounting may be used by natural persons who carry out economic activities, legal persons with unlimited liability who are not subject to VAT and who do not have employees, non-profit limited civil liability legal persons that do not have employees and whose income and/or funding received did not exceed EUR 30 000 during the reporting and previous financial years, and religious communities, associations and centres whose income from economic commercial activities did not exceed EUR 15 000 during the previous financial year.

persons (undertakings) which include public limited liability companies (ABs), private limited liability companies (UABs), small partnerships (MBs) and co-operative societies. General partnerships (TÜB) and limited partnerships (KÜB) would also be covered by LRU if the partnership agreement requires the drawing of financial statements, or all their partners are ABs or UABs.

252. Annual financial statements must be drawn at the end of the financial year in accordance with accounting standards established in the LFA (Article 16, LRU). For medium and large undertakings, financial statements must include the balance sheet, the profit (loss) account, the cash flow statement, statement of changes in equity and the notes on the accounts, and must be accompanied by an annual report, while micro and small undertakings need only prepare a balance sheet and a profit and loss account, and/or the notes on the accounts (Article 20, LRU).⁴¹

253. Annual financial statements of ABs must be audited in all cases. For UABs, co-operative societies and partnerships with all partners that are ABs or UABs, the annual financial statements must be audited if they fulfil any two of the following criteria on the last day of the reporting financial year –^{42, 43}

- the net turnover during the reporting financial year is EUR 3 500 000 or more
- the value of assets (in the balance sheet) is EUR 1 800 000 or more
- the average number of staff during the financial reporting year is 50 or more.

254. Approval of financial statements is expected to take place at an ordinary general meeting of the shareholders or a meeting of the members, convened after the end of the financial year.

255. Within 30 days of approval, annual financial statements (with the auditor's report) and/or an annual report must be submitted to the Register of Legal Entities (RLE) by ABs, UABs, agricultural companies, co-operative societies, TÜBs and KÜBs (if they draw annual financial statements),

41. Undertakings are considered as micro, small, medium or large if they do not exceed the specified value for any two of three indicators at the last day of a financial year. These indicators include the value of assets, the net sales revenue and the average annual number of payroll employees (Article 4, LFRU).

42. These requirements cover about 3% of the total UABs, co-operative societies and partnerships.

43. Legislative changes are envisaged to increase the threshold values for the turnover and assets criteria to EUR 4 500 000 and EUR 2 500 000, respectively and the audit requirement will apply to all legal entities (regardless of the form) if they fulfil these criteria.

branches of foreign legal persons, EEIGs, SEs, European Co-operative Societies, MBs, and Charitable Foundations and Associations (unless they draw up annual accounts) (Article 2.66(4), Civil Code).

256. Where the company decided to distribute dividends for a period shorter than the financial year, the interim financial statements must be submitted to the RLE within 30 days of the general meeting of shareholders that decided on the dividend distribution.

257. The head (director/company manager) of the legal entity is responsible for the management and storage of the activity documents of the legal entity (Article 12(3), Law on Documents and Archive).⁴⁴ In this regard, the General Document Storage Terms index stipulates that annual financial statements and accounting documents evidencing an economic operation or economic event (invoices, payment orders, advance accounts, cash registers and other) must be stored by the head of the legal person for at least 10 years (and clauses 10.5 and 10.15). The documents may be stored in physical or electronic format, inside or outside Lithuania.

258. Violation of financial accounting obligations may result in a warning or a fine between EUR 40 to EUR 140 (Article 205, CAO). Repeated violations of this nature may result in a fine between EUR 180 to EUR 780. Negligent management and/or organisation of financial accounting may result in even higher penalties of EUR 1 200 to EUR 6 000, depending on the resulting material damage to the State or a person. The penalties are applied on the company managers of domestic legal entities and on the heads of branches or representative offices of foreign legal entities.

259. Negligent or fraudulent breaches of accounting and record-keeping obligations may be subject to fines or imprisonment of two to seven years (Articles 222 and 223, Criminal Code).

260. Failure to file annual financial statements/annual report in a timely manner or filing inaccurate statements/reports with the RLE is subject to a penalty between EUR 600 and EUR 1 450 (Article 223, CAO). Repeated offences are subject to a fine of EUR 2 000 to EUR 6 000.

Tax law

261. The State Tax Inspectorate (STI) has direct access to the annual financial statements filed with the RLE, hence, these statements are not required to be attached with the annual tax return. For accounting documents, the Law

44. Activity documents” mean documents drawn up, approved, received, taken over from other legal or natural persons by a private legal person in the course of carrying out activities (Article 2(25), Law on Documents and Archive).

on Tax Administration (LTA) reinforces the requirement under the LFA to keep accounting documents and registers by setting it as an obligation of the taxpayer (Article 40(6)). Taxpayers are obliged to provide accounting information, among other information that is necessary for a tax inspection (Article 40(8)).

Companies that ceased to exist and retention period

262. As noted in Element A.1, for companies undergoing liquidation, the liquidator must transfer the company's activity documents whose retention period has not expired to the territorial municipality of its registered office, and provide the certificate of such transfer to the RLE for deregistration. As noted in paragraph 257, accounting information including underlying documentation must be kept for a period of 10 years. The retention period of the document is linked to the creation of documents. At the time of liquidation, any document created five years prior would be past its retention requirement under the standard. For documents created after, the retention period of 10 years would not have expired and therefore, would be expected to be transferred to the municipality.

263. Lithuanian authorities explained that for an entity undergoing liquidation, the liquidator must hand over the documents in his/her possession to the municipality through an application indicating the documents being transferred and the period for which they must be retained. The municipality is not expected to carry out any checks or procedures regarding the documents submitted but issues a certificate of transfer as per the liquidator's application. Lithuanian authorities explained that this certificate is mandatorily required to be filed for the de-registration process. The documents taken over are retained for the "missing period", i.e. the period before the 10-year retention period expires, after which they are destroyed. Therefore, accounting information, including underlying documentation of companies that undergo liquidation are expected to be available in line with the standard.

264. Lithuanian companies may re-domicile outside Lithuania subsequent to a cross-border conversion, division or merger. Under such circumstances, the original entity is de-registered from the RLE, and the assets, rights and obligations are transferred to the resultant entity (Articles 14, 26 and 39, Law amending the Law on Cross-Border Conversions, Mergers and Divisions of Limited Liability Companies). The Lithuanian authorities believe that the transferred obligations also include the obligation to preserve accounting documents of the original entity, and the tax authorities will have the power to require submission of these documents using the available access powers, or with the assistance of tax authorities in the jurisdiction of re-domiciliation. However, in the absence of explicit requirements, it remains uncertain how the liability will be imposed on a company that is no longer in Lithuania. Moreover, once the company is no longer a Lithuanian company,

the applicable legislation will be the legislation of the jurisdiction of re-domiciliation and Lithuania cannot guarantee that such legislation will require the company to retain documents related to operations performed before the re-domiciliation. Since 2020, 15 companies have undergone cross-border restructuring procedures and hence, have been de-registered from the RLE.

265. No explicit record retention requirements are stipulated for situations when European companies (SEs), European Economic Interest Groupings (EEIGs) and European Co-operative Societies re-domicile outside Lithuania.

266. Therefore, **Lithuania is recommended to ensure the accounting information, including underlying documentation is available in a timely manner and in line with the standard, including when companies re-domicile out of Lithuania.**

Foreign trusts

267. The 2015 Report identified a gap in respect of the availability of accounting information of foreign trusts with Lithuania resident professional trustees or administrators, but no recommendation was issued because it was considered that the situation would be rare and not affect effective exchange of information. Amendments have been made in the tax law, but these may still not ensure the availability of accounting information of foreign trusts with Lithuania resident trustees or administrators in all cases.

268. Under the accounting law, Lithuania-resident professional trustees or administrators of foreign trusts would be covered by the accounting record-keeping obligations for the economic activities performed by them as professionals, but no such obligations apply on non-professional trustees. In either case, these accounting records would relate to the professional activities conducted as a service provider, and would not qualify as the accounting records of the trust itself.

269. Under the tax law, trustees would be required to submit substantiated explanations concerning the sources of acquisition of property and receipt of income upon request by the STI but this documentation may not be sufficient to qualify as complete accounting records of the trust.

270. The 2019 amendment in the LTA requires non-AML-obliged persons that act as representatives of a foreign person to keep the accounting documents and contract documentation of the beneficiary of the foreign person. First, it is not established that this provision would be applicable to representatives (trustees) of foreign trusts (see paragraph 220). Second, the accounting records required to be kept are those of the beneficiary of the foreign person and not of the foreign person, i.e. the foreign trust. Hence, this provision does not ensure the availability of accounting information of the foreign trust either.

271. The industry representatives interviewed during this review process informed that they had helped Lithuanian clients in setting up trusts in foreign jurisdictions. Although this may still not necessarily equate with the trustees or administrator of the foreign trust being resident in Lithuania, it is also not entirely ruled out. Therefore, **Lithuania is recommended to ensure the availability of accounting information of foreign trusts with resident trustees or administrators in line with the standard.**

A.2.2. Underlying documentation

272. As noted in paragraph 249, economic operations must be supported by underlying accounting documents.

273. Accounting documents must indicate the name of the person carrying out the economic operation (and registration code, where it is a legal person), date/period and content of the economic operation, result of the economic operation in monetary and/or quantitative terms, name and date of the accounting document and name (and code) of the recipient (Article 7, LFA). The accounting documents must be kept for a period of 10 years (see paragraphs 262 et seq.). At the time of liquidation, any documents whose retention period has not expired must be transferred to the territorial municipality by the liquidator.

274. During a tax inspection, taxpayers must submit all documents and accounting data necessary to verify the correctness of the calculation, declaration, and payment of tax (Article 126(2), LTA). Specifically, accounting documents are required for justifying expenses claimed (Article 11(4), Law on Corporate Income Tax and Article 18(5), Law on Personal Income Tax).

275. VAT invoices would be stored in the territory of Lithuania only if they are maintained in physical form. Electronic invoices or waybills may be available to the STI if Lithuanian VAT payers use the electronic invoicing platform (of the i.SAF subsystem) or the e-waybill platform (of the i.VAZ subsystem) of the Smart Tax Administration System (i.MAS) developed by the STI, but such use is not mandatory.⁴⁵

276. However, all other accounting documents/underlying documentation are not required to be kept in Lithuania.

277. Lithuania allows Lithuanian companies to have heads of companies that are domiciled outside Lithuania. Lithuanian authorities advised that regardless of where the accounting records are kept, taxpayers must

45. i.SAF is the electronic invoicing subsystem of i.MAS for the provision of registry data and electronic services. i.VAZ is the subsystem of i.MAS for submitting waybill data and providing electronic services for issuing, transmitting and receiving waybills.

provide them to the tax authorities when requested. However, in situations where the head of the company, and the accounting documentation are outside Lithuania, the timely availability of accounting documentation will depend on the co-operation of and communication with the head of the legal entity. While the accountant of the legal entity (notified to the STI) may be available in Lithuania, she/he/it will only be available to provide the required information if they are in possession of the information.

278. It also occurred during the review period that the head of an active Lithuanian company was not available in Lithuania, Lithuania could not provide the relevant accounting documentation requested as part of the EOI request. (also see paragraph 344). This was a single such instance as there were no other cases which dealt with situations where the head of a Lithuanian company and the accounting records were located outside Lithuania. No information is available on whether this issue was encountered in domestic law practice. Therefore, it is not possible to determine if this is a one-off or a systemic issue. Nevertheless, the situation warrants monitoring.

279. Lithuania should monitor that accounting records are available in a timely manner, including when the heads of relevant legal entities and accounting records are located outside Lithuania (Annex 1).

Oversight and enforcement of requirements to maintain accounting records

State Enterprise Centre of Registers

280. Compliance with the requirement to file annual financial statements is supervised by the State Enterprise Centre of Registers. The supervisory activity has included awareness raising programmes and enforcement measures against non-compliant entities.

281. Each year, the State Enterprise Centre of Registers sends communication to legal entities at their registered email address about the obligation to submit financial statements in an active and responsible way. Notifications and information about the obligation of legal entities to submit financial statements are also published on the State Enterprise Centre of Registers' website and on news portals. The State Enterprise Centre of Registers has also been holding target group meetings in this regard.

282. In case of delays in filing financial statements, administrative instructions are issued to the managers of the legal entities asking them to pay half of the minimum specified penalty i.e. EUR 300, within 30 days (see paragraph 260). If the penalty is paid, the administrative offence proceedings are terminated. Otherwise, an average penalty of EUR 620 is imposed.

283. Since 2021, the State Enterprise Centre of Registers publishes lists of legal entities that are late in submitting financial statements for the previous financial year, legal entities that have not submitted financial statements for several years, as well as those entities that have not submitted an auditor's report when the audit of statements is required by laws. Legal entities that have not submitted annual financial statements for more than 12 months are also highlighted in red in the individual searches for legal entities.

284. Where a legal entity does not file annual financial statements within 12 months from the end of the deadline, it may be considered as "inactive", and the Registrar may initiate liquidation proceedings in such cases (see paragraphs 122 et seq.).

285. During the review period, the compliance rate of legal entities with this requirement is tabulated below.

Compliance with the requirement to file annual financial statements

Year	2020			2021			2022		
	Total number of entities	Number of entities that filed	Compliance rate	Total number of entities	Number of entities that filed	Compliance rate	Total number of entities	Number of entities that filed	Compliance rate
Abs	339	255	75%	299	248	83%	281	247	88%
UABs	137 044	82 379	60%	141 093	84 890	60%	139 747	81 970	59%
MBs	26 661	20 154	76%	33 935	25 933	76%	41 183	29 254	71%
ZUBs	997	436	44%	894	446	50%	8181	428	52%
Branches or representative offices of foreign companies	721	114	16%	732	117	16%	744	127	17%
KÜB	181	45	25%	190	57	30%	210	71	34%
TÜB	212	14	7%	210	13	6%	207	8	4%
Co-operative societies	632	360	57%	632	368	58%	615	351	57%

286. While ABs, UABs and MBs generally had a reasonably high level of compliance rate, the rate of compliance of other legal entities, particularly TÜBs and branches/representative offices of foreign companies is extremely low. During 2020 to 2022, the State Enterprise Centre of Registers initiated administrative proceedings in 3 578 cases and applied fines against 1 786 managers of legal entities, which amounted to EUR 370 000, for failure to submit financial statements. Although these sanctions only covered

about 2.7% of the non-compliant cases, in 2022 and 2023, liquidation proceedings were initiated in respect of 28 875 legal entities for failure to file annual financial statements. A substantial number of legal entities were also de-registered subsequent to the conclusion of similar liquidation proceedings which had commenced earlier (see paragraph 127).

Tax controls

287. Where a tax control is initiated against a taxpayer, accounting records and documents are verified as necessary. Taxpayers are selected for tax controls through an automated risk analysis, using the STI Audit Information System, which assesses the information available to determine the extent of possible violations and the revenue impact. Lithuanian authorities informed that non-compliant taxpayers are invariably selected for control actions. Where violations relating to bookkeeping/accounting rules for business transactions, *inter alia* misrepresentation of data or negligent bookkeeping, are detected during control procedures, the tax administrator issues the taxpayer with an administrative offence report under Article 205 of the CAO against the manager of the entity (see paragraph 258).

288. Tax control actions may include tax investigations, operational inspections and tax inspections.⁴⁶ About 2% of the taxpayers are selected for tax controls each year.

Number of tax controls conducted by STI

	2020	2021	2022
Tax inspections (comprehensive/topical)	261	158	184
Operational inspections	2 817	2 570	3 348
Tax investigations	756	593	487
Total	3 834	3 321	4 019

289. The Lithuanian authorities advised that between 2020-22, the STI issued a total of 743 administrative offence reports (majority of which related to violations of financial accounting requirements). These resulted in warnings and in some cases monetary fines, for a total of EUR 14 020. The number of cases which resulted in the monetary fines is not known.

46. Tax investigations are desk audits aimed to identify and eliminate shortcomings and/or contradictions in tax calculations. These can also be aimed at gathering information. No penalties are applied during tax investigations. Operational inspections are aimed at gathering information through onsite visits. Tax inspections are audits aimed at determining the additional tax, interest or penalties payable by the taxpayer.

290. Where the STI identifies criminal activity concerning fraudulent accounting, it forwards the case to relevant law enforcement agencies for further investigation and prosecution under Articles 222 and 223 of the Criminal Code (see paragraph 259). During the review period, the STI forwarded 133 cases to law enforcement agencies, of which 64 cases were completed (either through an acquittal or through a conviction), 30 are ongoing, 3 were suspended and 36 were terminated.

291. In conclusion, the supervisory activity undertaken by the State Enterprise Centre of Registers and the STI has been sufficiently comprehensive and targeted towards ensuring compliance with the accounting obligations.

Availability of accounting information in EOIR practice

292. During the period under review, Lithuania received 947 EOI requests for accounting information of both individuals and corporations. The requested information included information related to business transactions, assets and employees, along with other tax related information.

293. Lithuania successfully responded to all requests for accounting information to the satisfaction of the peers except in two cases.

294. In the first case, the Lithuanian entity did not provide all the requested supporting documentation (bank statements of the Lithuanian entity insofar as they reflected the relationship between the Lithuanian entity – a law firm – and the taxpayer under investigation), hence, Lithuania did not exchange the same with the requesting jurisdiction (see paragraph 356).

295. In the second case, the head (the director and sole shareholder) of the Lithuanian company being a resident and citizen of another EU Member State was not available in Lithuania and could not be contacted. The accountant of the company who was in Lithuania was contacted but no information was submitted since its mandate to represent the Lithuanian company had expired (see paragraph 357). As a result, Lithuania did not provide the requested underlying documentation.

A.3. Banking information

Banking information and beneficial ownership information should be available for all account holders.

296. In the 2015 Report, Lithuania was rated Compliant with the requirement of the standard to ensure availability of banking information as the legal and regulatory framework was in place, the supervision conducted had

established that the required identity and transactional information of bank accounts was available in practice and Lithuania was able to exchange it upon request.

297. This report notes that the record-keeping requirements remain unchanged and continue to ensure that identity and transactional information of bank account holders is available, even after the bank account is closed or the bank ceases its operations.

298. The standard now also requires the availability of beneficial ownership information of bank accounts. Lithuania’s anti-money laundering framework generally satisfies this requirement by obliging banks to maintain the required information. However, in the absence of specified risk-aligned threshold frequencies for updating beneficial ownership information, there may be instances where the information held by banks is not up to date. Guidance is also required to ensure accurate identification of beneficial owners of legal entities, particularly on the basis of control through means other than ownership.

299. During the current review period, Lithuania received 745 EOI requests for banking information which were all answered to the satisfaction of peers in a timely manner.

300. The conclusions are as follows:

Legal and Regulatory Framework: in place, but certain aspects of the legal implementation of the element need improvement

Deficiencies identified/Underlying factor	Recommendations
<p>There are no specified frequencies in the legal and regulatory framework to update beneficial ownership information for each risk category of account holders, in the absence of other triggers for updating such information. The frequencies adopted by banks as part of their internal policies are also not consistent. Hence, there may be instances where the information held by banks is not up to date.</p>	<p>Lithuania is recommended to ensure that up-to-date beneficial ownership information of bank accounts is available in all cases.</p>

Deficiencies identified/Underlying factor	Recommendations
<p>The Bank of Lithuania has published frequently asked questions, but these are not fully accurate. They conflate the identification of beneficial owners on the basis of control through other means with the back stop option of identifying a senior managing official. This lack of clarity also raises concerns about the accurate identification of beneficial owners of partnerships in line with their form and structure where general partners exercise control over the entity by virtue of their status instead of shareholding. Lack of clarity regarding identification of beneficial owners on the basis of control through other means and insufficient understanding of nominee arrangements was also noticed during the on-site interactions, which may affect the accurate identification of beneficial owners of bank accounts in practice.</p> <p>There is also no guidance identification of beneficial owners of trusts, particularly on adopting a look through approach.</p>	<p>Lithuania is recommended to ensure that clear and comprehensive guidance is available to enable identification of beneficial owners of bank accounts in line with the standard.</p>

Practical Implementation of the Standard: Largely Compliant

No issues have been identified in the implementation of the existing legal framework on the availability of banking information. However, once the recommendations on the legal framework are addressed, Lithuania should ensure that they are applied and enforced in practice.

A.3.1. Record-keeping requirements

Availability of banking information

301. The availability of banking information is ensured through the cumulative operation of the Law on Banks, the Law on Financial Accounting and the Anti-Money Laundering law (AML Law). Banks must also regularly submit data on bank accounts to the State Tax Inspectorate (STI).

302. Banking is a regulated activity in Lithuania for which a licence must be obtained from the Bank of Lithuania. Banks must also register with the Register of Legal entities. As of October 2023, there were six banks, seven

specialised banks and five branches of foreign banks operating in Lithuania (see paragraph 32).

303. The Law on Banks obliges banks to keep accounts which include financial statements that reflect the financial situation and the results of the bank's activity (Article 60). The manner in which accounts must be maintained is set out in the Law on Financial Accounting, which states that all economic transactions must be recorded in accounting registers and supported by accounting documents (Article 12).

304. The retention periods for documents corresponding to the various AML related obligations are set out in the AML Law, and are in line with the expectations of the standard. Banks must apply customer due diligence (CDD) measures to, *inter alia*, identify and verify the identity of the customer and its beneficial owner. All identification data, documents and information on the customer and its beneficial owner gathered during the CDD processes must be kept for a period of eight years and business correspondence for a period of five years from the date of termination of transactions or business relationships with the customer (see paragraph 170). Documents relating to transactions or monetary operations must be stored for eight years from the date of transaction/monetary operation.

305. In case of liquidation or bankruptcy, the liquidator or the bankruptcy administrator, as the case may be, must transfer documents whose retention period has not expired to the municipality in whose territory its registered office is located (Article 17, Law on Documents and Archives). Similar requirements do not apply for branches of foreign banks which cease operations in Lithuania. Lithuania should ensure that banking information is retained in line with the standard even after branches of foreign banks cease operations in Lithuania (Annex 1). In practice, there was no situation where documents of banks that had ceased to exist were needed.

306. In addition, banks must provide to the STI information on all types of accounts (opened and closed) and safe deposit boxes (Article 55, LTA). This includes:

- information on the account holders, identity of the authorised representatives and beneficial owners of the holders, which must be provided within three days of the occurrence or change.
- information on annual turnover of accounts, interest received, debts, securities (paid to residents), and insurance premiums and pension contributions (paid by residents) during the year, which must be provided by 1 June of the following calendar year.

307. This information facilitates the STI in swiftly responding to requests for banking information (see paragraphs 346 et seq.).

Beneficial ownership information on account holders

308. The standard was strengthened in 2016 to specifically require that beneficial ownership information be available in respect of all bank accounts.

309. This requirement of the standard is met through CDD obligations on all banks. As mentioned above, banks must apply CDD measures prior to establishing a business relationship or carrying out one-off or linked transactions, foreign exchange operations, money remittance services or money transfers exceeding specified thresholds (see paragraph 157). They are also undertaken when there are doubts or some new information is received from correspondent banks or other state agencies.

310. CDD measures are undertaken to, *inter alia*, identify and verify the identity of the customer and its beneficial owner. For this purpose, they rely on the definition and methods for identification of beneficial owner provided in the AML Law (see paragraphs 132 et seq.).

311. As noted in paragraph 139, the FAQs available on the Bank of Lithuania website conflate the identification of beneficial owners on the basis of control through other means with the back stop option of identifying a senior managing official. Lack of clarity regarding identification of beneficial owners on the basis of control through other means was also noticed during the on-site interactions, particularly on aspects relating to when it is to be applied, what it comprises and its distinction from control on the basis of indirect ownership and the back stop option of identifying a senior managing official (see paragraph 140). This lack of clarity also raises concerns about the accurate identification of beneficial owners of partnerships in line with their form and structure where general partners exercise control over the entity by virtue of their status instead of shareholding (see paragraph 208). The insufficient understanding of nominee arrangements noted during the on-site interactions may pose a risk to accurate identification of beneficial owner(s) of clients during the CDD process (see paragraph 166). There is also no guidance on identification of beneficial owners of trusts, particularly on adopting a look through approach. Therefore, **Lithuania is recommended to ensure that clear and comprehensive guidance is available to enable identification of beneficial owners of bank accounts in line with the standard.**

312. For identification and verification of beneficial owners, banks must use the information held in JANGIS. The industry representatives indicated that they do not rely solely on the information in JANGIS as it is not authenticated (see paragraph 154). They also confirmed that where information held in JANGIS does not correspond with the information obtained by them, they would not establish a business relationship with new/prospective customers. On the other hand, existing customers would be requested to rectify the information held in JANGIS.

313. Banks must apply enhanced CDD measures in high-risk cases. The determination of high-risk is made by the banks themselves based on an evaluation of the customer risk; product or service risk and/or operational risk and geographical risks. The industry representatives explained that they assess, *inter alia*, the presence of politically exposed persons, complex structures (which is understood to be more than two layers), nature of the customer's business and residency status.

314. While banks can apply simplified due diligence measures in certain low risk cases, the bank representatives understand it to be only applicable for state owned institutions and conduct regular CDD measures in all other cases.

315. Reliance on information gathered by third parties as part of their CDD obligations is permitted under certain conditions, but the industry representatives advised that they do not rely on third parties' due diligence and conduct independent CDD measures.

316. Information must be updated when there is a change, there are doubts on the accuracy of the information already gathered, or suspicion regarding money laundering or terrorism financing. Additionally, banks must regularly review and update documents, data or information submitted during the due diligence process to ensure they remain appropriate and relevant. There is no guidance available on the maximum acceptable frequency for each risk category for such review/update of information. While representatives from the Bank of Lithuania advised that the frequencies normally applied in practice are at least every six months for very high-risk cases, at least every year for high-risk cases, at least every two years for normal risk cases and at least every three years for low-risk cases, the industry representatives interviewed during the review process advised different frequencies (at least every year for high-risk cases, at least every three years for normal risk cases and at least every five years for low-risk cases). The representatives from the Bank of Lithuania advised that as part of supervision, the bank's internal policies are checked which would also include an assessment of the frequencies laid down for updating information and for instance, a frequency of updating information every five years in high-risk cases would not be acceptable. Although inspections include an evaluation of the CDD measures, these are more focused on the risk analysis, completeness of measures and availability of verified identification information instead of frequency of updating information. Therefore, **Lithuania is recommended to ensure that up-to-date beneficial ownership information of bank accounts is available in all cases.**

Oversight and enforcement

317. The BoL is responsible for the supervision of banks that are licensed by it, whether they be domestic banks or foreign banks operating through Lithuanian subsidiaries. For branches of foreign banks, the BoL co-ordinates with the AML supervisor of the jurisdiction of incorporation of the foreign bank, while foreign banks operating under the EU passporting scheme remain solely under the supervisory purview of the jurisdiction of incorporation.

318. The BoL adopts a comprehensive strategy for its AML supervision of banks. Supervisory actions include: i) advisories and instructions, ii) trainings and consultations, and iii) inspections (including off-site and on-site inspections).

319. The BoL issues advisories and letters to create awareness about emerging sectoral risks and provides recommendations on how to tackle them. In 2021, the BoL issued letters asking banks to assess the information that had emerged from certain data leaks to detect potentially risky customers and transactions and report on measures taken to manage these risks. Horizontal analyses on specific topics such as customer due diligence or transaction monitoring, are also used to determine the level of controls applied to manage risks. These are followed by individual feedback sessions to advise on deficiencies identified and actions required.

320. Regular trainings and compliance meetings are conducted to provide an overview of potential risks and regulatory updates. The trainings are broadcasted on-line and remain available on the BoL's website for future reference. A Centre of Excellence in AML, with BoL as one of its founders, was established in 2021, and has since conducted trainings on topics such as application of international financial sanctions, monitoring of business relationship and operations, fraud prevention and risk assessment.⁴⁷

321. BoL carries out both planned and ad hoc inspections based on the data gathered from banks and from third parties. Banks are obliged to provide reports quarterly (statistical data on the customers) and annually (AML measures). These reports are used for an entity-based automated risk scoring system to identify the high-risk entities. The riskiest banks and the riskiest areas are taken up for more frequent inspections. On-site inspections include a review of internal procedures and testing of customer samples (which are representative of the bank's customer portfolio) to verify if all required documentation is collected, necessary information obtained and required individuals (client, beneficial owners and representatives) are

47. [Centre of Excellence for the Prevention of Money Laundering | Bank of Lithuania \(lb.lt\)](#).

identified and verified, and if information is retained in accordance with the AML Law. In case of non-compliance, the BoL can apply all the sanctions available under the AML Law (see paragraph 171). Off-site inspections are generally undertaken to get a horizontal view on market practices. In case of broad-based deficiencies, public recommendations may be issued. Breaches identified within a specific bank may result in recommendations to eliminate deficiencies or even lead to an on-site inspection.

322. The BoL representatives interviewed during the review process explained that individual supervisors are assigned to each bank. Verification of beneficial ownership information of bank accounts mainly includes checks on whether all required data is collected, the information matches that available in public sources and sufficient information is available.

323. The number of off-site and on-site inspections conducted on both banks and specialised banks during the review period is tabulated below.

Inspections conducted by BoL

	2020	2021	2022
On-site inspections	3	3	1
Off-site inspections	2	2	9

324. Sanctions, including warnings, monetary fines and restriction of services (in one case) were applied on four banks for infringement of AML obligations. The infringements included inadequate risk assessment, insufficient CDD, enhanced CDD measures as well as ongoing monitoring of the business relationship, and no updating of customer information. The banks were expected to co-ordinate with BoL on a remediation plan, followed by submission of evidence on the elimination of identified deficiencies. Two banks were also asked to submit independent audit reports on the elimination of deficiencies. For the other two banks, supervisory inspections are planned in 2024.

325. The off-site inspections revealed deficiencies in implementation of international sanctions in three banks. The banks were asked to eliminate deficiencies, but no sanctions were applied.

326. On-site inspections were also carried out on branches of foreign banks operating in Lithuania. In 2020, a branch of a foreign bank was inspected, and deficiencies were identified with respect to the verification of identity of the beneficial owners and enhanced due diligence procedures, though these did not lead to any sanctions being applied. In 2022, a branch of another foreign bank was inspected and identified deficiencies related to application of internal approval procedures for high-risk cases and ongoing monitoring of customers. In this case, a public warning was issued. As in

the case of domestic banks, the branch submitted a remediation plan and subsequent updates on the status of its implementation. Lithuania informed that off-site supervisory measures have continued in respect of the first mentioned branch, but the rectification of deficiencies identified in the on-site inspection will be confirmed during the next on-site inspection, which is yet to be planned.

327. The BoL's supervisory activity is found to be sufficient in identifying deficiencies and in ensuring that these are rectified in a timely manner.

Availability of banking information in EOI practice

328. Out of the 1 017 EOI requests received during the period under review, banking information was requested in 745 EOI requests (73%). The EOI requests sought banking information of individuals and companies. All EOI requests for banking information were responded to in a timely manner.

329. As part of the input received for this review, the peers expressed satisfaction with the responses received from Lithuania.

Part B: Access to information

330. Sections B.1 and B.2 evaluate whether competent authorities have the power to obtain and provide information that is the subject of a request under an EOI arrangement from any person within their territorial jurisdiction who is in possession or control of such information, and whether rights and safeguards are compatible with effective EOI.

B.1. Competent authority's ability to obtain and provide information

Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information (irrespective of any legal obligation on such person to maintain the secrecy of the information).

331. The 2015 Report noted that the Lithuanian tax authorities could use all their domestic powers to access information for EOI purposes and adequate enforcement measures were available to compel information. The Lithuanian competent authority had direct access to a wide range of information collected as part of the registration and filing requirements applicable in Lithuania and stored in the State Tax Inspectorate's (STI) database, which was utilised to reply to EOI requests. Moreover, sufficient provisions were available to override secrecy provisions for EOI purposes. As a result, Lithuania was rated as Compliant with Element B.1 of the standard.

332. The legal and regulatory framework remains the same, and Lithuania was able to successfully access information required for exchange purposes in all but two cases. These two failures have given rise to concerns regarding the use of access powers, including in respect of all available sources of information and exercising compulsory powers and enforcement measures, where necessary.

333. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the legislation of Lithuania in relation to access powers of the competent authority.

Practical Implementation of the Standard: Largely Compliant

Deficiencies identified/ Underlying factor	Recommendations
During the review period, Lithuania did not use its access powers in relation to all available sources of information and did not exercise compulsory powers and enforcement measures, when this was needed, to gather the requested information. This affected effective exchange of information in two cases.	Lithuania is recommended to use its access powers in relation to all available sources of information and to exercise its compulsory powers and enforcement measures, when needed, to ensure effective exchange of information.

***B.1.1. Ownership, identity and banking information and
B.1.2. Accounting records***

334. The Minister of Finance of Lithuania is the designated Competent Authority. The Competent Authority power and functions have been delegated to the State Tax Inspectorate (STI) for co-operation with tax administrations of foreign states by the Law on Tax Administration (LTA) (Article 25(17)). Within the STI, the International Information Exchange Division (IIED) under the International Co-operation Department is responsible for EOIR. The IIED co-ordinates with tax administrators in the five County State Tax Inspectorates (County STIs) for gathering information for exchange purposes.

Accessing information generally

335. Wide ranging access powers are set out in the LTA and no special rulings or procedures are required to use these powers for EOI purposes.

336. The LTA permits tax administrators to use information held in registers and databases administered and managed by the STI or by other authorities or issue a notice to obtain it from any person, including credit institutions, information/documents concerning income, expenses, assets and activities of itself or of another person (Article 33). The notice is sent

to the taxpayer's representative(s) (director, manager, accountant and any other natural person) through the STI's electronic service system (MySTI), if the taxpayer uses it and has listed representatives therein, or through email. On receipt of a notice, the taxpayer/information holder (including banks) must provide the information within 10 days, unless otherwise specified (Article 49). The option of launching a tax inspection for gathering information for EOI purposes is also available, but so far there has been no case which warranted their use. Tax administrators also have other, more stringent powers under Article 33 and enforcement provisions to compel the production of information (see B.1.4).

337. The IIED has access to registers and databases administered by the STI and by some other authorities. For EOI requests dealing solely with identity information or vehicle registration, the IIED directly accesses the information from the STI database or centralised registers. Information on business licences and business certificates, and from the Real Property Register and Cadastre is automatically updated in the STI database on a daily and weekly basis, respectively and often used for EOI purposes. Notaries also routinely provide information to the STI on real estate or on transactions of moveable assets, gifts and donations and transfer of securities for which they act (Article 50, LTA).

338. For EOI requests dealing solely with banking information, the IIED directly accesses the information from banks. Where the requested information also includes other elements (for e.g. accounting information), all information is gathered by the tax administrators in the County STIs using the access powers available under the LTA.

339. During the period under review, Lithuania gathered information for EOI purposes from third-party information holders (mainly banks) (60%), from the STI database and other centralised registers (25%) and from the taxpayers (15%).

Accessing ownership information

340. Legal and beneficial ownership information can be accessed through the STI database, which includes information imported from the State Enterprise Centre of Registers (JADIS/JANGIS) and the information filed by taxpayers on their controllers (see paragraph 95), and directly from the taxpayers. Beneficial ownership information can be obtained from AML-obliged persons as well.

341. JADIS and JANGIS are generally the first source of ownership information and were used to respond to all EOI requests for ownership information during the review period.

Accessing accounting information

342. The STI database contains information relating to the tax record of the taxpayer and financial statements filed with the Register of Legal Entities managed by the State Enterprise Centre of Registers. Data from the electronic invoicing system used by VAT payers is also available to the STI. Where small businesses/natural persons doing business voluntarily use a sub-system of the electronic invoicing system, this information is also available to the STI. Documents obtained from the taxpayer during the audit process are available in the taxpayer's file at the relevant County STI office.

343. If further accounting information is required, the tax administrators from the County STIs obtain it directly from the taxpayer/information holder using the access powers available under the LTA.

344. During the review period, accounting information required to respond to EOI requests was obtained from all the aforementioned sources. Lithuania accessed the required accounting information successfully in all but two cases (see paragraphs 294 and 295).

- In the first case, the Lithuanian entity (a law firm) refused to provide supporting documentation (bank statements) reflecting the transactions between the Lithuanian entity and the taxpayer under investigation, claiming that the tax administrator's access powers were not absolute.
- In the second case, the director and sole shareholder of the Lithuanian company, a foreign national not residing in Lithuania, could not be contacted, therefore, the Lithuanian representative of the company was contacted. The representative advised that its mandate to represent the Lithuanian entity had expired, hence, it did not provide any information related to the Lithuanian company.

345. No further action was taken by the tax administrator to obtain the requested information in either case. The failure to obtain information in these cases resulted from not utilising access powers, including in respect of all available sources of information and non-application of available compulsory powers, when needed (see paragraphs 355 et seq.).

Accessing banking information

346. For banking information, the IIED officer or the tax administrator at the County STI (as the case may be) first consults the banking information available in the STI database.

347. As mentioned under Element A.3, banks regularly provide the identity and beneficial ownership information of account holders as well as certain transactional information of all types of accounts (opened and closed) and safe deposit boxes (see paragraph 306).

348. This information is populated in the tax profile of each taxpayer and is searchable using the bank account number (or a part thereof), or the name of the account holder/beneficial owner of the account (along with another identifier). This information enables the Lithuanian Competent Authority to handle requests for banking information that do not identify the relevant bank(s) or do not contain the name of the account holder (for instance if only a bank account number is provided).

349. If any further information is required for responding to the EOI request, it is obtained directly from the bank, using the powers available under Article 33, LTA. No separate authorisation is required for accessing information from banks. The normal timeline of 10 days for providing information also applies to banks, which may be adjusted if the information requested is very voluminous. In practice, the banks complied with the timelines indicated by the IIED/tax administrators.

B.1.3. Use of information gathering measures absent domestic tax interest

350. There are no limitations on using domestic access powers for EOI purposes related to domestic tax interest, *de minimis* threshold, or limited to taxpayers currently under examination.

351. During the period under review, no difficulties were encountered in accessing information for EOI purposes in the absence of a domestic tax interest. While consolidated statistics are not available, Lithuania informed that all (745) requests for banking information related to foreign persons which were not under any tax examination in Lithuania at the time of the requests.

B.1.4. Effective enforcement provisions to compel the production of information

352. If a taxpayer/information holder disregards a request for information sent under Article 33, LTA, an instruction from the tax administrator (order) followed by an administrative offence report is drafted.⁴⁸ The failure to comply with an administrative offence report may be subject to a penalty

48. Under the LTA, a tax administrator's instruction (order) may be issued to taxpayers and other natural and legal persons so that they perform mandatory actions specified by the tax administrator and/or eliminate circumstances that prevent the tax administrator from performing its duties. In case of failure to comply with the tax administrator's instruction (order), an administrative offence protocol (under the CAO) may be issued to a person who has committed the administrative offence and an administrative penalty may be levied.

for non-compliance between EUR 80 and EUR 780 for natural persons, and between EUR 390 and EUR 1 950 for heads of legal persons or other responsible persons (Article 505, CAO).

353. The LTA does not provide tax administrators with overarching search and seizure powers (which can only be exercised by pre-trial investigators in criminal proceedings), nevertheless, tax administrators have the authority to access the taxpayer's land, buildings and premises; temporarily take away the taxpayer's accounting documents necessary to verify the correctness of calculations made in respect of taxes and transactions; stamp and/or seal areas, premises and installations used for the safekeeping of documents, securities, money and material valuables; close the premises or parts thereof; to take samples or specimens of products (goods), to make control purchases; or instruct the taxpayers or information holders to visit the tax administrator, among other things. Lithuania advised that these powers can be used for EOI purposes, but there has been no need to use them so far.

354. During the period under review, nine instructions from the tax administrator were issued in EOIR cases. Upon receiving these instructions, the requested information was received from the information holders.

355. The peer input revealed that there were two cases (from the same peer) where the information holders refused to provide information required for EOI purposes (see paragraph 344).

356. In one case, the information holder refused to provide a part of the requested information (bank statements), arguing that the tax administrator's powers were not absolute, without any further explanation regarding this claim. Compulsory powers or enforcement measures were not used to compel the production of information, nor were any sanctions applied for non-submission of information. Moreover, alternative sources for obtaining the requested bank statements, such as the Lithuanian bank, were not explored. The Lithuanian authorities have acknowledged that the response to the peer communicating the failure to obtain the information was rushed. They also advised that no further action was taken to gather the information since the peer did not provide any feedback on the response received.

357. In the other case, the director and sole shareholder of the Lithuanian company (and the taxpayer under investigation in the peer jurisdiction), was a foreign national not residing in Lithuania, who could not be contacted, therefore, information was requested from the accountant who was indicated as a representative of the company in the tax database. The accountant refused to provide the information, claiming that the mandate for representing the client had expired. The non-production of the information on the basis of the expiry of contract was accepted without any evaluation of whether this was a valid reason to refuse to provide information. Furthermore, no action was taken to determine whether the accountant

continued to be in possession of the required information/documents or to compel the production of such information. The Lithuanian authorities advised that since no feedback was received from the peer, it was assumed that the information could be obtained by the peer from the director who was resident there, even though the request would have expectedly satisfied the requirement for exhaustion of domestic measures.

358. During the review process, Lithuania contacted the peer, and the peer confirmed its satisfaction with the clarifications provided.

359. Nonetheless, it remains that Lithuania did not use its access powers in relation to all available sources of information and did not exercise its compulsory powers and enforcement measures, when this was needed, to gather and exchange information requested in these two cases. Therefore, **Lithuania is recommended to use its access powers in relation to all available sources of information and to exercise compulsory powers and enforcement measures, when needed, to ensure effective exchange of information.**

B.1.5. Secrecy provisions

360. Lithuanian law imposes secrecy obligations on banks and certain professionals, but the STI has sufficient powers to override these obligations when information is required for EOI purposes.

Bank secrecy

361. The Civil Code and the Law on Banks require banks to maintain the confidentiality of the bank account, the deposit, all related operations and the client but this secrecy obligation is overridden where the bank is legally required to provide such information (Article 6.925, Civil Code and Article 55, Law on Banks).

362. The LTA expressly prohibits bank secrecy to be used as a basis for refusing to provide information to the STI (Article 49(2), LTA). The bank representatives interviewed during the on-site visit confirmed this understanding. Banks are required to regularly provide information on accounts and safe deposit boxes to the STI (see Element A.3) and they routinely respond to notices for information received from the STI (see paragraphs 346 et seq.). During the period under review, banks always responded to requests for information from the IIED and the County STIs.

Professional secrecy

363. The Lithuanian Civil Code obliges *inter alia*, advocates, auditors and notaries to safeguard information that is received by them in performance of their duties provided for by laws or contracts (Article 1.116(5)).

364. Under the LTA, professional secrecy may be used as a basis for refusing to provide information to the STI but only if it is expressly provided for by law and if tax law does not require the provision of such information (Article 49(2), LTA). That is, if information is required by the tax administration for its official purposes, which include exchange of information, professional secrecy cannot be used as a basis to refuse to provide information.

Notaries

365. Notaries are deemed to be government officials and are within the regulatory ambit of the Ministry of Justice. As such, they cannot use professional secrecy as a basis to refuse to provide information to tax authorities, rather they regularly provide information to the tax authorities (see paragraph 337 and the 2015 Report).

Advocates, Accountants and Auditors

366. The Law on the Bar prohibits access to information covered by legal professional secrecy and its use as evidence (Article 46).

367. The scope of information covered by legal professional secrecy under the Law on the Bar goes beyond the standard and includes the existence of a relationship between a lawyer and a client, the terms of the contract with the client, the information and data provided by the client, the nature of the consultation and the data collected by the lawyer in accordance with the client's order, as well as other content of communication between the lawyer and the client. Moreover, any information that is collected by the lawyer from third parties upon the client's instructions would also fall within the scope of Lithuanian legal professional secrecy, by virtue of being "information collected by the advocate by order of the client".

368. The Law on Audit of Financial Statements states that the auditor must keep the information entrusted by the client and/or the audited entity secret and not provide it to third parties, with the exception of the cases established by this Law and other laws regulating mandatory provision of information (Article 3(2)).

369. The Code of Ethics for Professional Accountants states that an accountant must respect the confidentiality of information acquired as a result of professional and business relationships (R. 114.1).

370. The exceptions to professional secrecy set out in the Law on the Bar, Law on Audit of Financial Statements and the Code of Ethics for Professional Accountants do not expressly include providing information to the STI, although the last does envisage disclosure of confidential information when the production of documents or other evidence is required in the course of legal proceedings.

371. However, there are concerns regarding the positions conveyed by the professionals interviewed during the on-site visit on

- the scope of information covered by professional secrecy and
- the circumstances under which they would provide information to the tax authorities.

372. Representatives from the Bar Association and the private sector (including auditors and tax lawyers) interviewed during the review process maintained that all information provided by the client and any information obtained on behalf of the client is covered by legal professional privilege.

373. They explained that they would share information with the STI only on behalf of the client, under a contractual obligation or a power of attorney and with the consent/directions of the client. In case the power of attorney or the contractual arrangement with the client expires or is discontinued, they would only provide the information if they can obtain confirmation from the (former) client.

374. The understanding of the representatives with respect to the scope of information covered by professional secrecy is beyond what is envisaged under the standard. Next, the expiry of a contract between a professional and a client does indeed mean that the professional can no longer act as a proxy for the client or provide information on behalf of the client. Nevertheless, if the professional remains in possession of the information even after the expiry of the contract, information may still be sought from the professional as a third-party information holder. While the duty of secrecy may continue even after the expiry of a contract between a professional and the client, the scope of the client information which is covered by secrecy and thus can be refused to be submitted to the tax authorities, during the contractual period and after its expiry, must be in line with the standard.

375. Lithuanian courts have dismissed claims of professional secrecy raised by lawyers to refuse to provide information to tax administrators when the information (reflecting transactions with third parties) was sought during tax proceedings against them.⁴⁹ Similar jurisprudence does not exist for cases where professionals are approached as third-party information holders.

49. Courts decisions (in Lithuanian) are available at:

<https://litemko.teismai.lt/viesasprendimupaieska/tekstas.aspx?id=21c004a0-68b0-4877-9ed4-85ac3bfb465d>

<https://litemko.teismai.lt/viesasprendimupaieska/tekstas.aspx?id=f3c26158-7235-4974-bd5f-b43283a7ad81>.

376. It occurred during the review period that when information was sought, the information holder informed the tax administrator that the mandate for representing the client had expired (paragraphs 344 and 357). The non-production of the information on the basis of the expiry of contract was accepted without any evaluation of whether this was a valid reason to refuse to provide information and no action was taken to determine whether the accountant continued to be in possession of the required information/documents, whose production could be compelled. Consequently, Lithuania did not provide the information required for exchange purposes.

377. There were no other EOI requests where the same situation arose, i.e. an expired mandate. There is no information available on whether there were any cases in domestic tax practice where information was accessed even when the mandate of the information holder had expired.

378. As noted under Part A, professionals are often listed as representatives of Lithuanian entities and may potentially be the only information holders (for instance, in the case of Lithuanian entities with non-resident founders or directors) but a too wide interpretation of professional secrecy may affect Lithuania's ability to access information required for exchange purposes. Therefore, Lithuania should monitor the access to information held by professionals who can claim professional secrecy to ensure that requested information is obtained in line with the standard (Annex 1).

B.2. Notification requirements, rights and safeguards

The rights and safeguards (e.g. notification, appeal rights) that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.

379. The legal and regulatory framework in Lithuania does not provide any rights or safeguards that would unduly prevent or delay effective exchange of information.

380. There are no notification requirements in Lithuania. The notice for seeking information does not indicate the reasons(s) for the request for the information. Where the information is obtained from an information holder or from the databases maintained by the STI or other authorities, the tax administrators do not notify the taxpayer of the gathering or the exchange of information, either prior to or after the exchange.

381. There is no express anti-tipping off provision in Lithuania. Bank representatives interviewed during the review process indicated that they do not inform the account holders of any notice from the tax administration as there is no obligation to inform them in such cases. Other representatives

from the private sector (law and accounting professionals) advised that when they receive a request from the tax authorities for information relating to their clients, they inform the clients and seek their consent before providing any information. However, as the notice issued by the tax authorities does not indicate that information is requested for EOI purposes, the risk of the taxpayer being tipped off about an EOI request is low.

382. When a requesting jurisdiction specifically requests that the taxpayer may not be notified, Lithuania provides information available in the aforementioned databases or gathered from the financial institutions (if banking information or even transactional information expected to be reflected in the bank statement is requested). The requesting jurisdiction is informed about the inability to gather information that is only available with the taxpayer, and consent is sought to gather information directly from the taxpayer. Lithuania advised that there were a few cases during the review period where this situation transpired but no statistics are available. The peer input did not reflect any issues in this regard.

383. Taxpayers have the right “not to comply with unlawful instructions of the tax administrator, including the right to refuse to provide information” if they are not legally obliged to keep or maintain such information (Article 36(8), LTA). Nevertheless, in such circumstances, the tax administrator may request the information based on voluntary co-operation.

384. Taxpayers have a general right to appeal against any action of the tax administration within stipulated timelines under the LTA (Articles 36, 144 and 146), however, any such appeal would not entail the suspension of the EOI procedure.

385. There have been no cases during the review period where the exchange of information of a taxpayer was a subject matter of appeal. The peer input also did not reflect any issues in this regard.

386. The conclusions are as follows:

Legal and Regulatory Framework: in place

The rights and safeguards that apply to persons in Lithuania are compatible with effective exchange of information.

Practical Implementation of the Standard: Compliant

The application of the rights and safeguards in Lithuania is compatible with effective exchange of information.

Part C: Exchange of information

387. Sections C.1 to C.5 evaluate the effectiveness of Lithuania's network of EOI mechanisms – whether these EOI mechanisms provide for exchange of the right scope of information, cover all Lithuania's relevant partners, whether there were adequate provisions to ensure the confidentiality of information received, whether Lithuania's network of EOI mechanisms respects the rights and safeguards of taxpayers and whether Lithuania can provide the information requested in an effective manner.

C.1. Exchange of information mechanisms

Exchange of information mechanisms should provide for effective exchange of information.

388. The 2015 Report rated Lithuania as Compliant with the requirements of Element C.1. Lithuania had a network of 92 EOI partners through the multilateral Convention on Mutual Administrative Assistance in Tax Matters (Multilateral Convention), the EU Council Directive 2011/16/EU on administrative co-operation in the field of taxation (EU Directive) and bilateral instruments. Since then, Lithuania has signed Double Tax Conventions (DTCs) with Japan, Kosovo,⁵⁰ and Liechtenstein.⁵¹ Lithuania's EOI network has further expanded with the increased participation to the Multilateral Convention and now covers 151 jurisdictions (see Annex 2).

389. In the 2015 Report, Lithuania was recommended to update its DTCs with certain jurisdictions to allow for EOI in line with the standard,⁵² to remove restrictions in accessing banking information in the absence of a provision corresponding to Article 26(5) of the Model Tax Convention and

50. This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.

51. Lithuania already had EOI relationships with Japan and Liechtenstein through the Multilateral Convention.

52. DTC with Switzerland.

to align requirements for a domestic tax interest requirement in the absence of a provision corresponding to Article 26(4) of the Model Tax Convention.⁵³ The EOI relationships with all but three of these nine jurisdictions are now supplemented by the Multilateral Convention, hence those are considered in line with the standard.⁵⁴

390. EOI relationships with three other jurisdictions are not supplemented by the Multilateral Convention (DTCs with Kosovo, Turkmenistan and United States) but these are fully in line with the standard.

391. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms of Lithuania.

Practical Implementation of the Standard: Compliant

No issues have been identified that would affect EOIR in practice.

C.1.1. Standard of foreseeable relevance

392. Exchange of information mechanisms should allow for EOIR where it is foreseeably relevant to the administration and enforcement of the domestic tax laws of the requesting jurisdiction. As discussed in the 2015 Report (paragraphs 311 to 313), the majority of Lithuania’s DTCs use the term “necessary” and in some cases “relevant” in lieu of “foreseeable relevant”. Lithuanian authorities continue to interpret these as equivalent to “foreseeably relevant”.

393. The EOI Articles in the three DTCs signed since the last review are aligned with Article 26 of the OECD Model Tax Convention and “foreseeably relevant” information is expected to be exchanged.

394. The Law on Tax Administration (LTA) does not refer to the concept of foreseeable relevance. It more generally provides that co-operation with foreign tax authorities is premised on reciprocity for requests for necessary assistance after the exhaustion of all domestic measures to obtain information, the information requested does not constitute a state, official, professional, commercial or other secret, and the information supplied will be kept confidential and used exclusively for tax purposes.

53. DTCs with Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Serbia, Singapore and Uzbekistan.

54. The remaining three relationships are with Belarus, Kyrgyzstan and Uzbekistan.

395. The law is complemented by “Rules on Mutual Assistance and Exchange of Information with Tax Administration of Foreign States” (EOI Rules).⁵⁵ The section on outgoing requests stipulates that “information expected to be necessary” according to the legislation and for the purposes of the investigation should be requested (Section 81.3). Where an EOI request is insufficiently substantiated, the EOI Authorities are expected to seek additional explanatory information (Section 86).

396. Although the expectation for foreseeable relevance is set out in the context of outgoing EOI requests, it is also relied upon for incoming EOI requests. Lithuanian authorities explained that “information expected to be necessary” is understood to not allow fishing expeditions.

Clarifications and foreseeable relevance in practice

397. In practice, Lithuania expects an explanation on the investigation underway, how the requested information would be useful for the enforcement of domestic laws of the requesting jurisdiction, a substantiation on the nexus with Lithuania and a confirmation on the exhaustion of domestic measures for gathering information along with sufficient information to adequately identify the taxpayer/information holder.

398. Where an EOI request is considered to be deficient in any way, the requesting jurisdiction is requested to provide necessary clarifications within 10 days. In the absence of a response, a reminder is issued to provide the clarifications within five days. If the clarifications are still not forthcoming, a closure notice is sent to the requesting jurisdiction. After closure, if the requesting jurisdiction still requires the information, it would be requested to provide a fresh EOI request incorporating the necessary clarifications.

399. During the review period, clarifications were sought in 18 out of 1 017 incoming EOI requests (less than 1%), which mainly related to the lack of sufficient identification information on the taxpayer subject of the EOI request, missing or incomplete banking information, mismatch in the number of attachments, incomplete request forms and lack of an English translation of the request. In all cases, responses were provided once the requested clarifications were received.

400. Three requests were declined, of which one request was declined since it would have led to the disclosure of confidential business information and the foreseeable relevance of the requested information to the domestic tax laws of the requesting jurisdiction was not established though Lithuania does not consider it as a declined request but as fully responded.

55. Lithuania confirmed that the rules would equally apply to EOI with foreign tax administrations which are not States.

The peer confirmed its agreement with Lithuania's response. The other two EOI requests were declined due to the requests being made under incorrect legal bases. In these two cases, Lithuania responded to the fresh requests sent by the requesting jurisdictions with the correct legal bases. No concerns regarding Lithuania's interpretation of the principle of foreseeable relevance emerged from the peer input.

Group requests

401. Lithuania's EOI mechanisms do not preclude the possibility of group requests. The EOI Rules recognise that, in accordance with the Multilateral Convention and the Council Directive 2011/16/EU on administrative co-operation in the field of taxation, EOI requests may concern a group of taxpayers, which cannot be identified individually (Section 83). In such cases, the EOI Rules mirror the guidelines on establishing foreseeable relevance of group requests laid down in the Commentary to Article 26 of the OECD Model Tax Convention. Lithuania confirmed that in this respect, the EOI Rules would also apply, on a reciprocal basis, to bilateral EOI instruments with non-EU jurisdictions, which are not supplemented by the Multilateral Convention.

402. Lithuania has so far not received or sent any group request. Lithuanian authorities advised that if a group request is received, it would be processed in a manner similar to other EOI requests and they would rely on the EOI Rules and the Commentary to Article 26 of the OECD Model Tax Convention to determine the foreseeable relevance of the information requested in the group request.

C.1.2. Provide for exchange of information in respect of all persons

403. The standard requires that the EOI mechanisms should allow for exchange of information in respect of all persons, i.e. not be restricted to persons who are resident in one of the contracting parties for purposes of a treaty or a national of one of the contracting states.

404. Out of Lithuania's 151 EOI relationships, 145 EOI relationships are covered by the Multilateral Convention, which allows for exchange of information in respect of all persons. The remaining 6 EOI relationships are based on DTCs that allow for EOI for the purposes of the DTC and for application of domestic laws (which can apply to residents and non-residents) relating to taxes covered by the DTC. EOI is not restricted by Article 1 (Persons) in any of these DTCs.

405. While no statistics are available, Lithuania confirmed that it successfully responded to requests for banking information in respect of persons who were not resident in Lithuania or in the requesting jurisdiction. The peer input did not raise issues in this regard.

**C.1.3. Obligation to exchange all types of information and
C.1.4. Absence of domestic tax interest**

406. An EOI mechanism is considered to enable effective exchange of information when it does not permit the requested jurisdiction to decline to supply information solely because the information is held by a financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person. It must also allow exchange of information without regard to whether the requested jurisdiction needs the information for its own tax purposes.

407. Lithuania's 145 EOI relationships covered by the Multilateral Convention and 3 bilateral EOI relationships not covered by any multilateral agreement in force,⁵⁶ are in line with the standard as they contain provisions corresponding to Article 26(4) and 26(5) of the OECD Model Tax Convention which enable exchange of all types of information and allow exchange of information even in the absence of a domestic tax interest.

408. The 2015 Report had identified eight DTCs which did not contain provisions corresponding to Article 26(4) and 26(5) of the OECD Model Tax Convention and with which no other EOIR instrument applied that was in line with the standard (EU Directive or Multilateral Convention).⁵⁷ Lithuania was therefore recommended to update its DTCs to remove these limitations. The Multilateral Convention now covers five of these partners.

409. The position of the remaining three jurisdictions – Belarus, Kyrgyzstan and Uzbekistan – is not known (as they are yet to be reviewed) or cannot be ascertained (as they are not members of the Global Forum). Lithuanian law does not contain any restrictions on exchange of the type of information, particularly banking information, or in the absence of a domestic interest. Lithuania authorities explained that no requests have been received from either Kyrgyzstan or Uzbekistan, and according to their interpretation of reciprocity, they would not expect to receive requests for banking information from these jurisdictions if there are restrictions in their domestic law to accessing and exchanging such information. Lithuania should continue its

56. DTCs with Kosovo, Turkmenistan and United States.

57. DTCs with Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Serbia, Singapore and Uzbekistan.

efforts to ensure that its EOI relationships with Kyrgyzstan and Uzbekistan are fully aligned with the standard (Annex 1).

410. During the review period, Lithuania accessed and exchanged information without having a domestic tax interest in that information.

C.1.5 and C.1.6. Civil and criminal tax matters

411. The standard requires that exchange of information mechanisms should provide for exchange of information in both civil and criminal tax matters and not apply dual criminality principles to restrict exchange of information.

412. Lithuania's EOI instruments satisfy both conditions – they provide for exchanges in both civil and criminal tax matters, and they do not contain any dual criminality requirements. Lithuanian authorities advised that EOI requests dealing with criminal tax matters are processed in a manner similar to other requests. The one EOI request relating to a criminal tax matter was successfully responded to.

C.1.7. Provide information in specific form requested

413. According to the standard, EOI mechanisms should allow for the provision of information in the specific form requested (including depositions of witnesses and production of authenticated copies of original documents), to the extent possible under the jurisdiction's domestic laws and practices.

414. A few of Lithuania's bilateral EOI instruments explicitly provide that information can be depositions of witnesses and copies of unedited original documents (including books, papers, statements, records, accounts, or writings). For the rest, there are no restrictions in Lithuania's EOI instruments or laws that would prevent Lithuania from providing information in a specific form, as long as this is consistent with its own administrative practices.

415. No requests were received during the review period which sought information in a specific form. The peer input also did not indicate any issues in this regard.

C.1.8 and C.1.9. Signed agreements should be in force and be given effect through domestic law

416. For information exchange to be effective, the parties to an EOI arrangement need to enact any legislation necessary to comply with the terms of the arrangement.

417. In accordance with the requirements of the Lithuanian Constitution, DTCs and Tax Information Exchange Agreements (TIEAs) must be ratified by the Lithuanian Parliament (Seimas). For ratification, the draft legislation on the ratification of the treaty, prepared by the Ministry of Finance in consultation with the relevant Ministries, is approved by the Government and adopted by the Parliament. Thereafter, upon being signed by the President, it is published in the Register of Legal Acts and enters into force as law from the next day. The entire process generally takes about four months.

418. Since the last review, the DTCs with Kuwait and Morocco have entered into force. Lithuania has also signed DTCs with Japan, Kosovo and Liechtenstein, which have all entered into force. As a result, Lithuania now has 58 DTCs and 1 TIEA in force (see Annex 2 for details).

EOI mechanisms

Total EOI relationships, including bilateral and multilateral or regional mechanisms	151
In force	146
In line with the standard	143
Not in line with the standard	3 ^a
Signed but not in force	5 ^b
In line with the standard	5
Not in line with the standard	0
Total bilateral EOI relationships not supplemented with multilateral or regional mechanisms	6
In force	6
In line with the standard	3 ^c
Not in line with the standard	3 ^a

Notes: a. DTCs with Belarus, Kyrgyzstan and Uzbekistan.

b. The Multilateral Convention is not in force in Gabon, Honduras, Madagascar, Philippines and Togo.

c. DTCs with Kosovo, Turkmenistan and the United States.

C.2. Exchange of information mechanisms with all relevant partners

The jurisdiction's network of information exchange should cover all relevant partners, meaning those jurisdictions who are interested in entering into an information exchange arrangement.

419. Lithuania has a wide EOI network comprising 151 jurisdictions.

420. No Global Forum members indicated, in the preparation of this report, that Lithuania refused to negotiate or sign an EOI instrument with it. As the standard ultimately requires that jurisdictions establish an EOI

relationship up to the standard with all partners who are interested in entering into such relationship, Lithuania should continue to conclude EOI agreements with any new relevant partner who would so require (see Annex 1).

421. The conclusions are as follows:

Legal and Regulatory Framework: in place

The network of information exchange mechanisms of Lithuania covers all relevant partners.

Practical Implementation of the Standard: Compliant

The network of information exchange mechanisms of Lithuania covers all relevant partners.

C.3. Confidentiality

The jurisdiction's information exchange mechanisms should have adequate provisions to ensure the confidentiality of information received.

422. The 2015 Report rated Lithuania as Compliant with Element C.3 of the standard as all of Lithuania's EOI instruments and the domestic legislation contain confidentiality provisions that meet the standard, and these provisions apply equally to all information in the requests received as well as to responses received from counterparts.

423. The new EOI instruments adopted since then also contain provisions that require the confidentiality of information exchanged and limit the disclosure and use of information received.

424. The legal obligations for confidentiality continue to be applied and enforced in practice in compliance with the standard.

425. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the EOI mechanisms and legislation of Lithuania concerning confidentiality.

Practical Implementation of the Standard: Compliant

No material deficiencies have been identified and the confidentiality of information exchanged is effective.

C.3.1. Information received: disclosure, use and safeguards

Exchange of Information mechanisms

426. The 2015 Report noted that all of Lithuania's exchange of information mechanisms have confidentiality provisions modelled on Article 26(2) of the Model Tax Convention. The three new DTCs signed by Lithuania since then (with Japan, Kosovo and Liechtenstein) also contain equivalent provisions. Moreover, as elements of international treaties ratified by the Parliament, the confidentiality provisions of Lithuania's EOI mechanisms are a part of the Lithuanian legal system.

Domestic law

427. The LTA enjoins tax administrators to keep all taxpayer information confidential and use it solely for legitimate purposes connected to their functions (Article 38(1)). This confidentiality duty continues even after the tax administrators leave their post (Article 39(7)). Lithuanian authorities interpret this confidentiality duty to be a lifetime obligation for all employees, including contractual employees.

428. For the purposes of ensuring compliance with tax obligations, ensuring the protection of legitimate interests of third parties and preventing infringements of tax law, the LTA permits the STI to publish certain taxpayer information on its website, viz. taxpayer identification number (except for a natural person's code), date of registration and deregistration from the taxpayer register, amount of tax paid by a taxpayer that is a legal person, amount of arrears owed by the taxpayer, information concerning the taxpayer's guilt of a crime where this has been proven (Article 38(2)).

429. Lithuanian tax administrators are also bound by Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation). Lithuanian authorities understand "personal data" as comprising the full name, date of birth and contact information of a natural person. The Lithuanian authorities pointed out that article 6(1)(e) of the Regulation provides that the processing of personal data is lawful if "processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller". The authorities explained that EOI is captured by this provision, thus as far as the foreseeable relevance of the requested information is established, no additional information is expected to satisfy the requirements of this Regulation. Data protection has never been an obstacle to EOIR in practice.

430. Under the LTA, disclosure of taxpayer information is permitted to courts, law enforcement authorities and any other state institutions and agencies where necessary for the performance of their functions; any institution authorised by the Lithuanian government to conduct analysis of enterprise activities; and other persons (where so requested by the taxpayer). This does not apply to information received from foreign authorities based on EOIR.

431. Disclosure of information is also permitted to foreign Competent Authorities (for EOI purposes). Foreign administrations are also permitted, with prior consent of the Lithuanian Competent Authority, to pass on information supplied by Lithuania to tax administrations of third countries, where this is necessary for the purpose of taxation or investigation of violations of tax laws.

432. The Terms of Reference, as amended in 2016, clarified that although it remains the rule that information exchanged cannot be used for purposes other than tax purposes, an exception applies where the EOI mechanism (such as the Multilateral Convention) provides that the information may be used for such other purposes under the laws of both contracting parties and the competent authority supplying the information authorises such use of exchanged information. The Law on Tax Administration (LTA) allows the Competent Authority to grant permission for using exchanged information for non-tax purposes where a request is received from a foreign jurisdiction (Article 39(3)). In the period under review, Lithuania reported that there were 24 cases where the requesting partner sought and received Lithuania's consent to utilise the information for non-tax purposes. Lithuania also requested its partners to use information received for non-tax purposes in 16 cases and received necessary consent in 12 cases, no response in 3 cases and a denial in one case.

433. Lithuanian taxpayers are generally not provided access to the tax file (including the EOI file). Nevertheless, if any such case arises, Lithuanian authorities would refer to available OECD guidelines on providing taxpayers access to certain portions of information exchanged about them.⁵⁸ During the review period, there were no cases where taxpayers were allowed access to the tax file.

434. Illegal dissemination of taxpayer information is subject to a fine between EUR 390 to EUR 1 800 (Article 190, CAO). Additionally, STI employees may be obliged to compensate for the damage caused (according to the Civil Code), or may be liable to a fine or imprisonment for up to two

58. [Guidance on the application of the confidentiality provisions of the Convention and Article 26 to taxpayers and to reflective non-taxpayer specific information \[CTPA/CFA\(2020\)14\]](#).

years (according to the Criminal Code). These sanctions can be applied even after an employee has resigned and/or terminated employment. Lithuanian authorities informed that no circumstances have arisen so far which would necessitate the application of sanctions.

C.3.2. Confidentiality of other information

435. The confidentiality provisions in Lithuania's EOI agreements do not draw a distinction between information received in response to EOI requests and information forming part of the requests themselves.

Confidentiality in practice

Human resources

436. Before appointment to the STI, for all applicants, the accuracy of identity information, and academic and professional qualifications is checked, and their risk profile is assessed for entrusting them with the management of confidential information.

437. Upon appointment, all civil servants and contractual employees of the STI (henceforth, collectively referred to as employees of STI) must sign a confidentiality commitment to comply with the information security requirements and other legal provisions regulating the safe handling of information, including its use and disclosure.

438. New employees must undergo an information security training within six months of appointment. This training contains elements on safe and legal data processing, data exchange, etc. In addition, the legal acts regulating information security are communicated to all employees to make them aware of data processing requirements and breach implications. Employees are expected to confirm that they have familiarised themselves with these legal acts.

439. Regular trainings are organised, after which the knowledge of the employee is checked, recommendations/reminders are made, and relevant information is shared with employees and consultations provided to them. During the period under review, quarterly trainings were conducted covering the following number of employees each year: 2020 – 134, 2021 – 125, 2022 – 110 and 2023 – 151.

440. The STI implements a strict access management policy – access rights are granted only to the extent that is necessary for the performance of the functions, and on approval of the supervisor.

441. At the time of departure, the employee must return all assigned information technology devices (computer, mobile phone). Access to confidential information is revoked at the time of departure as well as in case of a change in work functions.

442. External contractors may be involved in data processing, subject to appropriate technical and organisational measures being implemented. A Data Processing Agreement is signed with the external contractor, which lays down the obligation to ensure proper implementation of organisational and technical data security measures; not disclose or transmit information received/obtained; ensure that its employees carry out only such data processing activities as are necessary for the performance of the contract and are made aware of the data secrecy obligation and the obligation to protect it, and are trained to process the data in accordance with legal requirements. In addition, every employee of the external contractor to whom confidential information will be made available must sign a confidentiality commitment form. If an external contractor is required to be engaged for the maintenance of information technology applications used for EOIR purposes (see paragraph 446), the contractor is provided access only to the testing version (which contains no real data) in order to generate the appropriate changes package to be implemented in the working version of the application.

443. The STI has an Internal Security Division which is responsible to ensure that data is processed in accordance with the legal requirements. In accordance with the General Data Protection Regulation, the STI has appointed a data protection officer who monitors compliance with the provisions therein. An information systems security officer has also been appointed to carry out risk and compliance assessments to ensure effectiveness of data security measures and other processes. The cyber security incident management team and the information security incident investigation team are responsible for effective management of cybersecurity incidents and information security incidents. Data protection officers are also appointed at the level of County STIs, who periodically carry out checks and conduct trainings for other employees in the County STIs. Trainings conducted by the data protection officers covered the following number of employees – 245 in 2020, 533 in 2021, 412 in 2022 and 434 in 2023.

Handling of EOI information

444. Handling of EOI Information is regulated by General Data Protection Regulation and internal STI Regulations. Provisions on confidentiality and data protection are also set in the EOI Rules, whereby all EOI information is classified as confidential and used only as per the legal instrument governing the exchange.

445. Secure transmission of information is ensured through encryption and use of a secured network of electronic communications. Lithuania uses the Common Transmission System (CTS) for EOIR purposes with certain jurisdictions. EOI requests from EU Member States are received through the Common Communication Network (CCN), a digital platform used for EOI among EU Member States, and EOI requests from non-EU jurisdictions are generally received on designated email addresses. The IIED uses one mailbox address for reception and sending of encrypted zip files and another e-mail address for reception and transmission of passwords. In rare cases, EOI requests are received through post.

446. In accordance with Order No V-402 of the Head of the STI dated 17 September 2020 “On the creation of a systematic stamp for international information exchanges and its use in the Work organisation and document management system of the State Tax Inspectorate”, EOI-related correspondence received in paper format (through post) is registered and scanned by the Administration Department in the STI work organisation and document management system (DODVS) and automatically treaty e-stamped in DODVS with the confidentiality provisions in Lithuanian “(T) his information is received under the provisions of a tax treaty/ Convention on Mutual Administrative Assistance in Tax Matters and its use and disclosure are governed by the provisions of such tax treaty/ Convention”. It is received by the IIED on DODVS and then is registered for processing in the International Information Registration System, ITIS_EU TMIM. The original paper documents are archived in the STI’s Document Storage and Accounting Unit, to which the access is restricted.

447. EOI related correspondence received through the CCN or through email is e-stamped, registered in ITIS_EU TMIM and then assigned with a DODVS registration number. Outgoing correspondence is also registered in the DODVS and similarly e-stamped in English.

448. All correspondence with the heads of departments, contact persons and the tax administrators at the level of County STIs is made through ITIS_EU TMIM and no separate paper copies of the correspondence are maintained. The access to the ITIS_EU TMIM is only possible to accredited employees of the STI and all the actions made are stored in log files.

Physical security and access

449. Requirements regarding physical security of premises are defined in the STI’s security policy document. Security alarms, security guards, physical access control system, and a fire alarm system are deployed. Visitors can access premises only when accompanied by employees. Perimeter surveillance, real-time video surveillance and video data recording are also used.

450. The offices of the IIED are located in one of the STI buildings. They are separate and only used by IIED employees. They are also accessible by the Director, International Co-operation Department, being the supervisory authority.

451. All employees must follow a clean desk and clean screen policy. Originals and copies of documents and electronic data media containing confidential information must be kept in locked cabinets, drawers or safes. All employees must log out from the STI information systems and activate the password-protected screensaver when moving away from their computer. Unnecessary documents must be shredded, and electronic information media must be destroyed in accordance with the procedure laid down in the Rules for the destruction of documents.

Electronic security

452. The Lithuanian STI information security management system is LST ISO/IEC 27001:2017 (equivalent to ISO/IEC 27001:2017) certified. All STI information is maintained in a secure data centre, to which access is restricted to authorised persons. As a security measure, a backup data centre is set up in another city, so as to mitigate risks related to natural disasters.

453. Information access rights are granted and revoked according to defined procedures and are subject to necessary approvals. All user actions in the STI information systems are recorded to ensure accountability. Planned and unplanned checks are regularly carried out to verify that data is processed in line with the procedures. Data leakage prevention system to prevent attempts to leak data through e-mail or other external systems is used along with other security measures, including vulnerability management and firewalls. Furthermore, security relevant events (relating to authentication or firewall issues) are logged, collected into the security information and event management system, and analysed in order to detect any security breaches.

454. Cyber security exercises were conducted in October 2022 and October 2023. During the exercises, cyber and information security incidents were investigated and managed, the operation of the information system was restored, and co-operation with supervisory authorities responsible for investigating such incidents was ensured.

Information disposal

455. The documents held by the STI are kept in accordance with the general index of document retention periods approved by Order of the Chief Archivist of Lithuania No. V-100 of 9 March 2011 and the terms approved in the documentation plan of the STI. Personal documents are kept for

50 years, while operational documents of the STI are kept for 1 to 20 years. EOI related correspondence is maintained for five years. A commission of two to three STI employees formalises the destruction/deletion of electronic data in accordance with the Media Destruction Act.⁵⁹

Incident/Breach management

456. Data breaches must be recorded and dealt with in accordance with the procedure laid down in the Regulations and the internal policies of the STI. As per the STI policy, information security incidents must be examined by the information security incident investigation team. This team includes a security officer and a data protection officer. In the event of a breach of confidentiality/breach of security of personal data, an investigation must be carried out to determine the causes of the incident, and the resulting risks and consequences. In all cases, urgent measures must be taken to prevent further damage, and to mitigate or reverse the effects of the data security incident. If the data breach is large-scale, affects or is likely to affect the data security of many natural and/or legal persons, the information system must be suspended. The State Data Protection Inspectorate, the authority responsible for data protection in Lithuania, and persons whose data has been breached must be informed of the existence of the data security breaches, taking into account the risks involved.

457. Lithuanian authorities informed that, during the review period, there were no instances of a data breach or an improper disclosure of EOI related information.

C.4. Rights and safeguards of taxpayers and third parties

The information exchange mechanisms should respect the rights and safeguards of taxpayers and third parties.

458. The standard recognises that the requested jurisdictions should not be obliged to provide information which would disclose any trade, business, industrial, commercial or professional secret or information which is the subject of attorney-client privilege or information, the disclosure of which would be contrary to public policy.

459. Lithuania's EOI mechanisms and its Law on Tax Administration (LTA) mirror these limits to exchange of information. In practice, the rights

59. The Media Destruction Act is an ad hoc register/form/final report in which the fact of destruction is recorded. Each time when a destruction is scheduled a new Media Destruction Act is created and signed by the established commission.

and safeguards above were raised in one case during the review period, where the requested information was not provided by the Lithuanian competent authority as it would have led to the disclosure of confidential business information and the foreseeable relevance of the information had not been established in the EOI request. The requesting jurisdiction confirmed its satisfaction with this response to Lithuania.

460. Professional secret is not defined in the DTCs. The Lithuanian Civil Code stipulates that information received by persons of certain professions (lawyers, doctors, auditors, etc.) in performance of their duties will be considered a professional secret if, according to the laws or upon an agreement, it must be safeguarded (Article 1.116(5)).

461. As noted under Element B.1.5, the scope of information that is covered by professional secrecy is beyond the standard (see paragraphs 366 et seq.). Nevertheless, the LTA empowers tax authorities to access a wide range of information and professional secrecy may be used as a basis for refusing to provide information to the STI only if it is expressly provided for by law and if tax law does not require the provision of such information. However, some concerns remain regarding the position of the professionals and a recommendation has been issued in Element B.1.5.

462. In practice, Lithuania did not experience any practical difficulties in responding to EOI requests due to the enforcement of rights and safeguards of taxpayers and third parties. The peers did not raise any concerns in this regard either.

463. The conclusions are as follows:

Legal and Regulatory Framework: in place

No material deficiencies have been identified in the information exchange mechanisms of Lithuania in respect of the rights and safeguards of taxpayers and third parties.

Practical Implementation of the Standard: Compliant

No material deficiencies have been identified in respect of the rights and safeguards of taxpayers and third parties.

C.5. Requesting and providing information in an effective manner

The jurisdiction should request and provide information under its network of agreements in an effective manner.

464. The 2015 Report rated Lithuania Compliant on Element C.5 of the standard in view of Lithuania's organisational processes and the timeliness of responses which reflected effective exchange of information, however, provision of status updates was identified as an area for improvement.

465. During the current review period, the volume of EOI requests received by Lithuania increased substantially (1 017 EOI requests in 2020-22 as compared to 439 EOI requests from 1 July 2011 to 30 June 2014). Despite that increase, Lithuania improved the timeliness of its exchanges and responded to 97% of the EOI requests within 90 days (as compared to 63.5% in the previous review period). As a result, there were a limited number of cases where status updates were required to be provided. In such cases, a status update or the final response was provided within 90 days or shortly after.

466. Lithuania has well-delineated organisational processes for managing requests and ongoing feedback and periodic trainings are provided to all stakeholders on procedural and technical aspects for efficient handling of requests. Lessons learned from specific requests are disseminated through these trainings. Information technology (IT) systems have also been utilised for real-time tracking of requests and to send automated reminders for upcoming deadlines, which has contributed to the good performance on timeliness of exchanges.

467. The conclusions are as follows:

Legal and Regulatory Framework

This element involves issues of practice. Accordingly, no determination has been made.

Practical Implementation of the Standard: Compliant

No material deficiencies have been identified in exchange of information in practice.

C.5.1. Timeliness of responses to requests for information

468. Lithuania received 1 017 EOI requests during the period under review (1 January 2020 to 31 December 2022). The volume of requests increased in the last year of the review period due to exchanges of financial

account information under the Common Reporting Standard. The requests received related mainly to accounting information (947 cases) and banking information (745 cases).⁶⁰ In some cases, ownership information (20 cases) and other type of information (9 cases) was also sought. Information was sought in respect of both individuals (99 cases) and corporations (1 505 cases). Lithuania indicated that its most significant partners by volume of requests received include Latvia, France, Finland, Sweden and Denmark.

469. The following table relates to the requests received during the period under review and gives an overview of response times of Lithuania in providing a final response to these requests, together with a summary of other relevant factors affecting the effectiveness of Lithuania's practice during the period reviewed.

Statistics on response time and other relevant factors

	2020		2021		2022		Total	
	Num.	%	Num.	%	Num.	%	Num.	%
Total number of requests received [A+B+C+D+E]	268	100	245	100	504	100	1 017	100
Full response: ≤ 90 days	256	96	232	95	501	99	989	97
≤ 180 days (cumulative)	266	99	243	99	504	100	1 013	>99
≤ 1 year (cumulative)	[A] 268	100	243	99	504	100	1 015	>99
> 1 year	[B] 0	0	0	0	0	0	0	0
Declined for valid reasons	1	<1	1	<1	0	0	2	<1
Requests withdrawn by requesting jurisdiction [C]	0	0	0	0	0	0	0	0
Failure to obtain and provide information requested [D]	0	0	2	1	0	0	2	<1
Requests still pending at date of review [E]	0	0	0	0	0	0	0	0
Outstanding cases after 90 days	12		13		3		28	
Out of which, status update provided within 90 days	2	17	4	31	3	100	9	32

* Lithuania expects that one request should correspond to one information holder (particularly from EU Member States using the e-form).

** The time periods in this table are counted from the date of receipt of the request to the date on which the final and complete response was issued.

470. Lithuania was generally able to provide responses to incoming requests within 90 days. The inability to provide a response within this timeline to a small minority of cases (3%) did not correspond with any type of information but was mostly attributable to adjusted work procedures put in place due to pandemic-related restrictions, which led to short delays of a couple of weeks. Overall, the timeliness has improved since the last review period (1 July 2011 to 30 June 2014) during which the timeliness

60. Most requests involved multiple types of information and sometimes, multiple taxpayers.

was already considered as compatible with an effective EOI. The requested information was provided within 90 days, 180 days and 1 year in 97%, 99.6% and 100% of the cases, respectively (as compared to 64%, 90% and 99% of the time respectively in the previous review period).

471. In two cases, Lithuania failed to provide the requested accounting information. The issues involved related to availability of information and use of access of powers, therefore, they have been discussed in the relevant parts of this report (Element A.2 and Element B.1).

472. Two EOI requests were declined for valid reasons, due to the requests being made under incorrect legal bases. In these two cases, Lithuania responded to the fresh requests sent by the requesting jurisdictions with the correct legal bases. In a third case, the requested information was not provided as the foreseeable relevance of the requested information to the domestic tax laws of the requesting jurisdiction was not established and it would have led to the disclosure of confidential business information. Lithuania does not consider it as a declined request but as fully responded. The peer concerned was satisfied with Lithuania's response (see paragraph 400).

473. Apart from the above, clarifications were sought in 18 cases (less than 1%), but this did not lead to any delays in providing information. The clarifications sought mainly related to the lack of sufficient identification information on the taxpayer subject of the EOI request, missing or incomplete banking information, mismatch in the number of attachments, incomplete request forms and lack of an English translation of the request (see paragraph 399).

Status updates and communication with partners

474. In the 2015 Report, Lithuania was recommended to provide status updates to its EOI partners within 90 days, where relevant. Lithuania's internal procedures at the time required replies to be sent within 180 days after receipt.

475. The recommendation issued in 2015 has been addressed. The EOI Rules now set out that a status update must be sent where the reply to an incoming EOI request cannot be provided within 90 days.

476. Lithuania provided a response within 90 days in 97% of the requests. For the remaining requests, a status update was provided only in 35% of the cases. In the other cases, full replies were sent soon after the 90-day period (within 90 and 110 days). Moreover, status updates were always provided when requested by the requesting jurisdiction (in three cases), mostly due to the urgency of the requests and the final response was provided within 90 days in all these cases.

C.5.2. Organisational processes and resources

Organisation of the competent authority

477. By Order No. V-169 of 15 April 2019, the STI set up the International Information Exchange Division (IIED) under the International Co-operation Department for the proper implementation of international obligations relating to exchange of information with foreign tax administrations. The Head of IIED functions as the delegated Competent Authority.

478. The IIED manages EOI requests dealing with both direct taxes and VAT, as well as tax recovery claims. The IIED's functions involve receiving incoming EOI requests, verifying if the requests are complete and meet the standard of foreseeable relevance (see paragraph 489), co-ordinating with County STIs and other departments of the STI, ensuring the information gathered is complete and transmitting the responses to the requesting partners. Corresponding functions are performed by the IIED in respect of outgoing EOI requests.

479. As mentioned under Element B.1, EOI requests relating solely to banking information are directly responded to by the IIED. For banking information, Lithuania expects that one request should correspond to one bank (particularly, from EU Member States using the e-form).

480. EOI requests for other types of information in addition to banking information are forwarded to contact persons. Contact persons are employees designated by the County STIs and some departments under the STI (Taxpayer Compliance Department, Large Taxpayers' Consulting and Monitoring Department, and Control Department) to assist the IIED in EOIR matters and form the interface between the IIED and the tax administrators. Two tax administrators are appointed as contact persons by each County STI and Department (18 in total) and their details are communicated to the IIED.

481. The contact persons communicate with the tax administrators in their respective County STI or department for the gathering of information for incoming EOI requests and verify its completeness and transmit it to the head of the County STI or department, who after vetting forwards it to the IIED. Similarly, for outgoing requests, the contact persons verify the completeness and foreseeable relevance of EOI requests drafted by the tax administrators, and the head of the County STI or department validates them before forwarding them to the IIED for onward transmission to the foreign Competent Authority.

482. All communication with a foreign Competent Authority is undertaken by the IIED. The contact details of the IIED are readily available on the relevant platforms, including the Communication and Information Resource

Centre for Administrations, Businesses and Citizens for EU Member States and the Global Forum's Competent Authority secure database. It is also periodically shared via ordinary post and e-mails with non-EU EOI partners. When necessary, the IIED communicates with its partners through email and telephone. Physical meetings with EOI partners, which were put on hold due to the pandemic, are expected to be resumed soon as well.

Resources and training

483. Located in Vilnius, the IIED comprises 14 employees: 1 Head, 2 Advisors and 11 Specialists. Within the IIED, four full time employees handle EOI requests for direct taxes, which are assigned to them by the Head of IIED on a case-by-case basis, depending on the workload. The employees comprise a mix of civil servants and contractual employees, and all have university degrees (bachelors or masters) in fields including law, economics, sociology and public administration. Given the increase in the number of EOI requests since the last year of the period under review (see paragraph 468), a few more employees are planned to be inducted into the IIED.

484. The EOI Rules and the Taxpayer Control Procedures Manual govern all EOI related work and contain detailed instructions on the actions to be taken at each stage of the process. The Taxpayer Control Procedures Manual explains the practical steps for all controls that can be taken by tax administrators. The procedures for handling incoming and outgoing EOI requests contained therein (Procedures 04.05.03 and 04.05.04), reference the EOI Rules, and break down the handling of incoming and outgoing EOI requests into steps along with indications on the timelines and responsible persons for each step. These procedures are appended by separate checklists of important points that must be verified by the tax administrators and by the IIED employees. The aforementioned documents are available to all employees and have been used to design the functionalities of the IT tool used by Lithuania for handling EOI requests (see paragraph 486). The Global Forum's EOI Manual (translated in Lithuanian) is also available to all employees through the intranet.

485. All new employees of the IIED are allocated a mentor from within the Division for a period of one to three months, for familiarisation with internal procedures, confidentiality and other common matters. Legislation, procedures, guidelines and manuals are made available to all employees through the intranet.

486. Periodic trainings are also conducted by the IIED for contact persons, who further impart this training to the tax administrators in their County STI or Department. The trainings include general aspects on EOIR as well as updates on procedural changes, and lessons learnt from specific requests. IIED employees have also undertaken the relevant e-learning

courses developed by the European Commission and by the Global Forum. The IIED employees use two IT systems – the STI Document Management System (DODVS) and the International Information Exchange Registration System (ITIS_EU TMIM). DODVS is used by the IIED for registration of all communication with foreign competent authorities, and e-stamping of all incoming and outgoing documents. ITIS_EU TMIM, on the other hand, is used for internal communication among various stakeholders related to EOI (see paragraphs 446 et seq.). ITIS_EU TMIM records all steps in the lifetime of the EOI request and the time taken at each step. This data is used to monitor all EOI requests as well as for performance evaluation of IIED employees. ITIS_EU TMIM also allows the generation of various types of reports, including statistics on the EOI activity.

Competent authority's handling of the request and Verification of the information gathered

487. Lithuania receives EOI requests from both EU Member States and non-EU jurisdictions. EOI requests from EU Member States are received through the CCN email, while EOI requests from non-EU Member jurisdictions are received through email, CTS and in rare cases, by post. All incoming EOI requests are registered both in the DODVS and the ITIS_EU TMIM, and are confidentiality-stamped (see paragraphs 446 et seq.).

488. Post-registration, all actions on the request are undertaken on ITIS_EU TMIM. This allows the request to be tracked throughout its life cycle.

489. First, the Head of IIED assigns the request to one of the IIED employees. Upon assignment, the IIED employee verifies the credentials of the sender, the legal basis for the request, sufficiency of the background information, foreseeable relevance of the requested information and exhaustion of domestic measures. In case a clarification is required, the request is sent to the foreign jurisdiction and the status is updated in the system, which automatically notifies the IIED employee when the clarification is registered in the system.

490. Where the requested information relates solely to information accessible through the STI databases or to banking information, the IIED employee takes necessary steps to gather it (see paragraphs 337 and 338). Where any additional information is required, she/he translates the request into Lithuanian and forwards it to the relevant contact person, who further assigns the request to a tax administrator for gathering the information requested. Lithuania informed that the contact persons and the tax administrators, who are assigned the requests may also review the foreseeable relevance of the requests and in case of doubts, consult the IIED. If required, the IIED may seek additional information from the requesting jurisdiction.

491. At each stage of assignment, the assigned employee receives a system-generated email notification. The timeline for all steps is also included in the ITIS_EU TMIM, which results in auto-reminders being sent by the system for approaching deadlines. The IIED has 8 days to forward the request to the contact person and the tax administrator has 70 calendar days to provide the information.

492. The response prepared by the tax administrator is verified by the contact person as well as the IIED employee. If at any stage it is found to be incomplete, it is sent back to the tax administrator for completion within five days.

493. If the response is not sent by the tax administrator within 88 days (from the registration of the request), the contact person gets a notification. After taking an update from the tax administrator, the contact person notifies the same to the IIED through ITIS_EU TMIM. The IIED employee notifies the foreign jurisdiction and creates a task for the tax administrator, whereby the tax administrator is required to keep providing status updates until the final reply is submitted.

494. Feedback on the usefulness of the information provided is sought in cases which have an impact on tax proceedings in Lithuania. During the review period, feedback was received in 18 cases.

Practical difficulties experienced in obtaining the requested information

495. In two cases, Lithuania could not provide the requested accounting information. Both cases involved issues relating to the use of available access powers (see paragraphs 355 et seq.). As noted above, as per Lithuania's organisational processes for the handling of incoming requests and verification of information sent, responses prepared by the tax administrators undergo multiple levels of verification, including by the IIED (see paragraph 492). However, in these two cases, there is no evidence that at any stage directions were given to the tax administrator(s), either from the contact persons or from the IIED, to use the overriding access powers or explore alternative sources for obtaining the requested information.

496. Since then, in 2023, recommendations have been issued for tax administrators. Although the aforementioned specific instances are not covered, tax administrators have been advised on quality co-operation with taxpayers and actions that may be taken in case of non-co-operation of taxpayers. While these are positive steps, Lithuania should give necessary and timely guidance to tax administrators on the handling of incoming requests to ensure the quality of responses and an effective exchange of information (Annex 1).

497. Barring these cases, Lithuania did not face any practical difficulties in obtaining the requested information.

Outgoing requests

498. Procedure 04.05.03 on “Sending requests to Foreign States” of the Taxpayer Control Procedures Manual and the EOI Rules guide the preparation and handling of outgoing requests.

499. Outgoing requests are prepared by tax administrators using the e-form (based on the form used for EOI among EU Member States) and resources available on ITIS_EU TMIM, in consultation with the relevant contact persons. With the approval of the Manager of the tax administrator, the e-form is sent to the IIED, which again verifies the request for completeness and foreseeable relevance, translates the request into English and transmits it to the foreign jurisdiction.

500. Before sending an EOI request to a foreign jurisdiction for the first time, Lithuania contacts them through e-mail to confirm the preferred way of communication and the specific request form. The index on jurisdictions regarding the preferred way of communication and their specific request form are available on the intranet and regularly updated by the IIED employees when needed.

501. Where a request for clarification is received from the foreign jurisdiction, it is treated as an urgent task and forwarded by the IIED staff to the tax administrator and the contact person immediately upon receipt. The tax administrator is expected to provide the necessary clarifications within five working days.

502. Replies received to outgoing requests are confidentiality stamped, and registered in ITIS_EU TMIM and DODVS (see paragraphs 446 et seq.). After translation by the IIED, the replies are transmitted to the tax administrator who made the EOI request.

503. The table below provides an overview of the requests sent by Lithuania during the review period.

	2020	2021	2022	Total
Total requests sent	211	233	177	621
Clarifications sought	16	14	12	42 (6.8%)

504. Peers indicated that clarifications were sought regarding missing attachments, additional identification information, background information, period of investigation and the exhaustion of domestic measures for gathering the requested information. Lithuania was able to respond to all requests

for clarification in a timely manner and the peers were satisfied with the clarifications received.

505. Lithuania has an organisational mechanism in place to verify the quality of requests and for disseminating experience and feedback gained from EOI requests to the tax administrators. Nevertheless, given that about 7% of the requests required clarifications, Lithuania is encouraged to continue working on improving the quality of its outgoing EOI requests (Annex 1).

C.5.3. Unreasonable, disproportionate or unduly restrictive conditions for EOI

506. There are no factors or issues in Lithuania, that could unreasonably, disproportionately or unduly restrict effective EOI.

Annex 1. List of in-text recommendations

The Global Forum may identify issues that have not had and are unlikely in the current circumstances to have more than a negligible impact on EOIR in practice. Nevertheless, the circumstances may change, and the relevance of the issue may increase. In these cases, a recommendation may be made; however, it should not be placed in the same box as more substantive recommendations. Rather, these recommendations can be stated in the text of the report. A list of such recommendations is reproduced below for convenience.

- **Element A.1:** Lithuania should ensure that legal ownership information of SEs continues to be available when they are considered inactive and after they cease to exist or transfer their seat outside Lithuania. (Paragraphs 92 and 129)
- **Element A.1:** Lithuania should ensure the availability of identity and beneficial ownership information of foreign trusts with non-professional trustees resident in Lithuania. (Paragraph 220)
- **Element A.2:** Lithuania should monitor that accounting records are available in a timely manner, including when the heads of relevant legal entities and accounting records are located outside Lithuania. (Paragraph 279)
- **Element A.3:** Lithuania should ensure that banking information is retained in line with the standard even after branches of foreign banks cease operations in Lithuania. (Paragraph 305)
- **Element B.1:** Lithuania should monitor the access to information held by professionals who can claim professional secrecy to ensure that requested information is obtained in line with the standard. (Paragraph 378)
- **Element C.1:** Lithuania should continue its efforts to ensure that its EOI relationships with Kyrgyzstan and Uzbekistan are fully aligned with the standard. (Paragraph 409)

- **Element C.2:** Lithuania should continue to conclude EOI agreements with any new relevant partner who would so require. (Paragraph 420)
- **Element C.5:** Lithuania should give necessary and timely guidance to tax administrators on the handling of incoming requests to ensure quality of responses and an effective exchange of information. (Paragraph 496)
- **Element C.5:** Lithuania is encouraged to continue working on improving the quality of its outgoing EOI requests. (Paragraph 505)

Annex 2. List of Lithuania’s EOI mechanisms

Bilateral international agreements for the exchange of information

	EOI partner	Type of agreement	Signature	Entry into force
1.	Armenia	DTC	13-Mar-00	26-Feb-01
2.	Austria	DTC	06-Apr-05	17-Nov-05
3.	Azerbaijan	DTC	02-Apr-04	13-Nov-04
4.	Belarus	DTC	18-Jul-95	26-Jun-96
5.	Belgium	DTC	26-Nov-98	05-May-03
6.	Bulgaria	DTC	09-May-06	27-Dec-06
7.	Canada	DTC	26-Aug-96	12-Dec-97
8.	China (People’s Republic of)	DTC	03-Jun-96	18-Oct-96
9.	Croatia	DTC	04-May-00	30-Mar-01
10.	Cyprus	DTC	21-Jun-13	17-Apr-14
11.	Czech Republic (Czechia)	DTC	27-Oct-94	08-Aug-95
12.	Denmark	DTC	13-Oct-93	30-Dec-93
13.	Estonia	DTC	21-Oct-04	08-Feb-06
14.	Finland	DTC	30-Apr-93	30-Dec-93
15.	France	DTC	07-Jul-97	01-May-01
16.	Georgia	DTC	11-Sep-03	20-Jul-04
17.	Germany	DTC	22-Jul-97	11-Nov-98
18.	Greece	DTC	15-May-02	05-Dec-05
19.	Guernsey	TIEA	20-Jun-13	08-Mar-14
20.	Hungary	DTC	12-May-04	22-Dec-04
21.	Iceland	DTC	13-Jun-98	17-Jun-99
22.	India	DTC	26-Jul-11	10-Jul-12
23.	Ireland	DTC	18-Nov-97	05-Jun-98
24.	Israel	DTC	11-May-06	01-Dec-06

25.	Italy	DTC	04-Apr-06	03-Jun-99
26.	Japan	DTC	13-Jul-17	31-Aug-18
27.	Kazakhstan	DTC	07-Mar-97	11-Dec-97
28.	Korea	DTC	20-Apr-06	14-Jul-07
29.	Kosovo	DTC	25-Jan-21	30-Nov-21
30.	Kuwait	DTC	18-Apr-13	08-Sep-17
31.	Kyrgyzstan	DTC	15-May-08	20-Jun-13
32.	Latvia	DTC	17-Dec-93	30-Dec-94
33.	Liechtenstein	DTC	15-Feb-19	19-Feb-20
34.	Luxembourg	DTC	22-Nov-04	14-Apr-06
35.	Malta	DTC	17-May-01	02-Feb-04
36.	Mexico	DTC	23-Feb-12	29-Nov-12
37.	Moldova	DTC	18-Feb-98	07-Sep-98
38.	Morocco	DTC	19-Apr-13	04-Apr-22
39.	Netherlands	DTC	16-Jun-99	31-Aug-00
40.	North Macedonia	DTC	29-Aug-07	27-Aug-08
41.	Norway	DTC	27-Apr-93	30-Dec-93
42.	Poland	DTC	20-Jan-94	19-Jul-94
43.	Portugal	DTC	14-Feb-02	26-Feb-03
44.	Romania	DTC	26-Nov-01	15-Jul-02
45.	Russia	DTC	29-Jun-99	05-May-05
46.	Serbia	DTC	28-Aug-07	12-Jun-09
47.	Singapore	DTC	18-Nov-03	28-Jun-04
48.	Slovak Republic	DTC	15-Mar-01	16-Dec-02
49.	Slovenia	DTC	23-May-00	01-Feb-02
50.	Spain	DTC	22-Jul-03	26-Dec-03
51.	Sweden	DTC	27-Sep-93	31-Dec-93
52.	Switzerland	DTC	27-May-02	18-Dec-02
53.	Türkiye	DTC	24-Nov-98	17-May-00
54.	Turkmenistan	DTC	18-Jun-13	10-Dec-14
55.	Ukraine	DTC	23-Sep-96	25-Dec-97
56.	United Arab Emirates	DTC	30-Jun-13	19-Dec-14
57.	United Kingdom	DTC	19-Mar-01	29-Nov-02
58.	United States	DTC	15-Jan-98	30-Dec-99
59.	Uzbekistan	DTC	18-Feb-02	30-Oct-02

Convention on Mutual Administrative Assistance in Tax Matters (as amended)

The Convention on Mutual Administrative Assistance in Tax Matters was developed jointly by the OECD and the Council of Europe in 1988 and amended in 2010 (the Multilateral Convention).⁶¹ The Multilateral Convention is the most comprehensive multilateral instrument available for all forms of tax co-operation to tackle tax evasion and avoidance, a top priority for all jurisdictions.

The original 1988 Convention was amended to respond to the call of the G20 at its April 2009 London Summit to align it to the standard on exchange of information on request and to open it to all countries, in particular to ensure that developing countries could benefit from the new more transparent environment. The Multilateral Convention was opened for signature on 1 June 2011.

The Multilateral Convention was signed by Lithuania on 7 March 2013 and entered into force on 1 June 2014 in Lithuania. Lithuania can exchange information with all other Parties to the Multilateral Convention.

The Multilateral Convention is in force in respect of the following jurisdictions: Albania, Andorra, Anguilla (extension by the United Kingdom), Antigua and Barbuda, Argentina, Armenia, Aruba (extension by the Netherlands), Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belgium, Belize, Benin, Bermuda (extension by the United Kingdom), Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands (extension by the United Kingdom), Brunei Darussalam, Bulgaria, Burkina Faso, Cabo Verde, Cameroon, Canada, Cayman Islands (extension by the United Kingdom), Chile, China (People's Republic of), Colombia, Cook Islands, Costa Rica, Croatia, Curaçao (extension by the Netherlands), Cyprus,⁶² Czechia, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Eswatini, Faroe Islands (extension by Denmark),

61. The amendments to the 1988 Convention were embodied into two separate instruments achieving the same purpose: the amended Convention (the Multilateral Convention) which integrates the amendments into a consolidated text, and the Protocol amending the 1988 Convention which sets out the amendments separately.
62. Note by Türkiye: The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Türkiye shall preserve its position concerning the "Cyprus issue".

Note by all the European Union Member States of the OECD and the European Union: The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

Finland, France, Georgia, Germany, Ghana, Gibraltar (extension by the United Kingdom), Greece, Greenland (extension by Denmark), Grenada, Guatemala, Guernsey (extension by the United Kingdom), Hong Kong (China) (extension by China), Hungary, Iceland, India, Indonesia, Ireland, Isle of Man (extension by the United Kingdom), Israel, Italy, Jamaica, Japan, Jersey (extension by the United Kingdom), Jordan, Kazakhstan, Kenya, Korea, Kuwait, Latvia, Lebanon, Liberia, Liechtenstein, Lithuania, Luxembourg, Macau (China) (extension by China), North Macedonia, Malaysia, Maldives, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montenegro, Montserrat (extension by the United Kingdom), Morocco, Namibia, Nauru, Netherlands, New Zealand, Nigeria, Niue, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Poland, Portugal, Qatar, Romania, Russia, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Sint Maarten (extension by the Netherlands), Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Tunisia, Türkiye, Turks and Caicos Islands (extension by the United Kingdom), Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay, Vanuatu and Viet Nam.

In addition, the Multilateral Convention was signed by the following jurisdictions, where it is not yet in force: Gabon, Honduras, Madagascar, Philippines, Togo and United States (the original 1988 Convention is in force since 1 April 1995, the amending Protocol was signed on 27 April 2010).

EU Directive on Administrative Co-operation in the Field of Taxation

Lithuania can exchange information relevant for direct taxes upon request with EU member states under the EU Council Directive 2011/16/EU of 15 February 2011 on administrative co-operation in the field of taxation (as amended). The Directive came into force on 1 January 2013. All EU members were required to transpose it into their domestic legislation by 1 January 2013, i.e. Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, the Slovak Republic, Slovenia, Spain and Sweden. The United Kingdom left the EU on 31 January 2020 and hence this directive is no longer binding on the United Kingdom.

Annex 3. Methodology for the review

The reviews are based on the 2016 Terms of Reference and conducted in accordance with the 2016 Methodology for peer reviews and non-member reviews, as approved by the Global Forum in October 2015 and amended in 2020 and 2021, and the Schedule of Reviews.

The evaluation is based on information available to the assessment team including the exchange of information arrangements signed, laws and regulations in force or effective as at 26 April 2024, Lithuania's EOIR practice in respect of EOI requests made and received during the three year period from 1 January 2020 to 31 December 2022, Lithuania's responses to the EOIR questionnaire, inputs from partner jurisdictions, as well as information provided by Lithuania's authorities during the on-site visit that took place on 14 – 16 November 2023 in Vilnius, Lithuania.

List of laws, regulations and other materials received

Constitution

Civil Code

Code of Administrative Offences

Criminal Code

Code of Criminal Procedure

Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012

Law on Companies

Law on European Companies

Law amending the Law on Cross-Border Conversions, Mergers and Divisions of Limited Liability Companies

Law on European Economic Interest Groupings
Law on Agricultural Companies
Law on Markets in Financial Instruments
Law on Tax Administration
Law on the Prevention of money laundering and terrorist financing
Law on Partnerships
Law on Small Partnerships
Law on Charity and Sponsorship Foundations
Law on Co-operative Societies
Law on Bank of Lithuania
Law on Banks
Law on the Audit of Financial Statements
Law on the Bar
Law on the Notarial Profession
Law on Financial Accounting
Law on Reporting by Undertakings
Law on Documents and Archives
Law on Personal Income Tax
Law on Corporate Income Tax
Regulations of the Register of Legal Entities (RLE Regulations)
Regulations of the Information System of Legal Entities Participants
(JADIS Regulations)
Order No. VA-52 of 14 June 2005 on the Registration of a Foreign
Legal Person in the Register of Taxpayers/Deregistration from the
Register of Taxpayers
Order on the Approval of the Provisions of the Information System of
Legal Entities dated 11 October 2013
Order of the Chief Archivist of Lithuania No. V-100 of 9 March 2011
Order No V-402 of the Head of the STI dated 17 September 2020 “On
the creation of a systematic stamp for international information
exchanges and its use in the Work organisation and document man-
agement system of the State Tax Inspectorate

Decision on the Adoption of the Provisions of the Register of Legal Entities dated 12 November 2003

Code of Ethics for Professional Accountants

Taxpayer Control Procedures Manual, endorsed by the Head of the STI (Order No. V-91 of 6 March 2012)

Rules on Mutual Assistance and Exchange of Information with Tax Administration of Foreign States, approved by Order No. V-359 of the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania of 8 October 2013 and subsequently revised by Order No. V-3 of the Head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania of 5 January 2023

Description of the procedure for recognising the property of the State Tax Inspectorate as unnecessary or unsuitable (unable to use), write-off, disassembly and liquidation, approved by the head of the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania dated 10 January 2008 by order no. V-11 “Regarding the approval of the description of the procedure for declaring assets of the State Tax Inspectorate unnecessary or unfit (unable) for use, write-off, disassembly and liquidation” (new wording of 2013 No. V-81)

Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation).

Authorities interviewed during on-site visit

Ministry of Finance

Ministry of Justice

State Tax Inspectorate

- International Co-operation Department, including International Information Exchange Division
- Control Department
- Large Taxpayer Monitoring and Consulting Department
- Tax Administration and Legal Affairs Division
- Direct Taxes Division

- Selection and Audit Support Department
- Tax Obligation Department
- Internal Security Division
- Document Storage and Accounting Division
- Vilnius County State Tax Inspectorate

Bank of Lithuania

Financial Crime Investigation Service

State Enterprise Centre of Registers

Lithuanian Bar Association

Chamber of Notaries of Lithuania

Representatives from the private sector

Representatives from banks

Lithuanian Bar Association

Lithuanian Association of Accountants and Auditors

Industry representatives

Current and previous reviews

In Round 1, the Phase 1 review assessed Lithuania's legal and regulatory framework for exchange of information as of January 2013 and the Phase 2 review assessed the practical implementation of this framework during a three-year period (1 July 2011 to 30 June 2014) while taking into consideration any changes that took place in the legal framework since the Phase 1 report until 5 May 2015. The integrated Phase 1 and Phase 2 assessments resulted in Lithuania being rated as Compliant with the requirements of the standard on a global consideration of the ratings for individual elements.

Summary of reviews

Review	Assessment team	Period under review	Legal framework as on	Date of adoption by Global Forum
Round 1 Phase 1	Ms Ann-Sofi Johansson (Finland); Mr Andrew Cousins (Jersey); and Ms Doris King (Global Forum Secretariat).	n.a.	January 2013	31 July 2013
Round 1 Phase 2	Ms Ann-Sofi Johansson (Finland); Mr Andrew Cousins (Jersey) then Ms Niamh Moylan (Jersey); and Ms Doris King then Mr Boudewijn van Looij (Global Forum Secretariat)	1 July 2011 to 30 June 2014	5 May 2015	3 August 2015
Round 2 combined Phase 1 and Phase 2	Ms Maria Cláudia Pereira da Silveira (Brazil), Mr Duncan Nicol (Cayman Islands) and Ms Amrita Singh Ahuja (Global Forum Secretariat)	1 January 2020 to 31 December 2022	26 April 2024	18 July 2024

Annex 4. Lithuania's response to the review report⁶³

Tax transparency and its primary propose – to tackle tax evasion and ensure that everybody is on equal footing in paying their fair share of tax – remains among the highest priorities for Lithuania.

During this peer review we had the possibility to demonstrate that in exchanging information for tax purposes, Lithuania soundly contributes to the global tax transparency.

We remain committed to uphold the highest standards in the exchange of information area.

63. This Annex presents the Jurisdiction's response to the review report and shall not be deemed to represent the Global Forum's views.

GLOBAL FORUM ON TRANSPARENCY AND EXCHANGE
OF INFORMATION FOR TAX PURPOSES

**Peer Review Report on the Exchange of Information
on Request LITHUANIA 2024 (Second Round)**

The Global Forum on Transparency and Exchange of Information for Tax Purposes is a multilateral framework for tax transparency and information sharing, within which over 170 jurisdictions participate on an equal footing.

The Global Forum monitors and peer reviews the implementation of international standard of exchange of information on request (EOIR) and automatic exchange of information. The EOIR provides for international exchange on request of foreseeably relevant information for the administration or enforcement of the domestic tax laws of a requesting party. All Global Forum members have agreed to have their implementation of the EOIR standard be assessed by peer review. In addition, non-members that are relevant to the Global Forum's work are also subject to review. The legal and regulatory framework of each jurisdiction is assessed as is the implementation of the EOIR framework in practice. The final result is a rating for each of the essential elements and an overall rating.

The first round of reviews was conducted from 2010 to 2016. The Global Forum has agreed that all members and relevant non-members should be subject to a second round of review starting in 2016, to ensure continued compliance with and implementation of the EOIR standard. Whereas the first round of reviews was generally conducted as separate reviews for Phase 1 (review of the legal framework) and Phase 2 (review of EOIR in practice), the EOIR reviews commencing in 2016 combine both Phase 1 and Phase 2 aspects into one review. Final review reports are published and reviewed jurisdictions are expected to follow up on any recommendations made. The ultimate goal is to help jurisdictions to effectively implement the international standards of transparency and exchange of information for tax purposes.

This peer review report analyses the practical implementation of the standard of transparency and exchange of information on request (EOIR) in Lithuania, as part of the second round of reviews conducted by the Global Forum on Transparency and Exchange of Information for Tax Purposes since 2016.



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