

Tax Newsletter | Lithuania

2026 | March

The most important tax changes in Lithuania | 2026

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Personal Income Tax

New PIT rate and changed progressive taxation order

From 1 January 2026, amendments to the Law on Personal Income Tax of the Republic of Lithuania (hereinafter – PIT Law) entered into force, establishing new progressive personal income tax (hereinafter – PIT) rates:

- annual income up to 36 average monthly wages (hereinafter – AMW) is taxed at a 20 percent rate;
- annual income from 36 to 60 AMW is taxed at a 25 percent rate;
- annual income exceeding 60 AMW is taxed at a 32 percent rate.

Based on the 2026 AMW, which amounts to EUR 2,312.15, the following income tax thresholds apply:

- 20 percent rate: annual income up to EUR 83,237.40 (monthly income – up to approximately EUR 6,936.45);
- 25 percent rate: annual income from EUR 83,237.40 to EUR 138,729.00 (monthly income – from EUR 6,936.45,00 to EUR 11,560.75);
- 32 percent rate: annual income exceeding EUR 138,729.00 (monthly income – more than EUR 11,560.75).

More information can be found [here](#).

Income subject to progressive taxation

From 1 January 2026, following the amendments to the PIT Law, income received from individual activities and under business certificates is taxed in the manner indicated below, and the portion of income exceeding this procedure falls under progressive taxation.

- Income from individual activities, after deducting justified expenses (30 percent) from income, up to EUR 20,000.00 is taxed at a 5 percent income tax rate.
- Income from individual activities from EUR 20,000.00 to EUR 42,500.00 is taxed by applying an income tax credit, under which the income tax rate gradually increases from 5 percent to 20 percent.
- Income from individual activities exceeding EUR 42,500.00 is taxed at the main PIT rates.
- Income received under a business certificate up to EUR 50,000.00 is taxed with a fixed PIT amount (in 2025 this limit was EUR 45,000.00).
- The portion of income exceeding EUR 50,000.00 is subject to progressive PIT rates – 20, 25 and 32 percent.

Other taxable income:

- Income from employment or relationships equivalent in nature to employment (e.g., activity on a supervisory board, honoraria, income of members of small partnerships);
- Income received from the sale of waste, not exceeding the amount of 12 AMW, is taxed at a 5% rate;
- Income from the sale of real estate, where 5 years have not passed from its acquisition to its sale, is taxed at progressive rates.

More information can be found [here](#).

Income not subject to progressive taxation

The types of income specified in Article 6(6) of the PIT Law are subject to exceptions; therefore, the newly effective progressive personal income tax rates will not apply to them. These types of income will be taxed at a uniform 15 percent personal income tax rate:

- Income from distributed profits;
- Sickness, maternity, paternity, childcare and long-term employment benefits;
- Not through an investment account;
- Income from the sale of acquired shares (units, stakes) within 5 years;
- Life insurance benefits;
- Benefits received from a pension fund;
- Income received through an investment account;
- Income from shares acquired under stock option agreements from an employer.

More information can be found [here](#).

Special tax regime for income from agricultural activities

The portion of annual income received from agricultural activities and/or from the lease, sale or other transfer of ownership of property used in such activities, up to 60 AMW (EUR 138,729.00), is taxed at a 15 percent personal income tax rate.

The portion of annual income received from agricultural activities and/or from the lease, sale or other transfer of ownership of property used in such activities exceeding 60 AMW (EUR 138,729.00) is taxed at a 20 percent personal income tax rate.

More information can be found [here](#).

Shortened immovable property holding period

From 1 January 2026, a change in the taxation of real estate sales comes into force. Upon the sale of real estate, PIT will no longer be applied if the property has been held in ownership for at least 5 years.

The previously applicable regulation provided for a longer – 10-year – holding period; therefore, this change grants more flexibility to real estate owners and allows them to make decisions regarding the sale of property more quickly.

More information can be found [here](#).

Changes in Personal income tax and State social insurance contribution rates, the minimum monthly wage and the non-taxable income amount

The main 2026 amounts affecting the calculation of PIT and state social insurance (hereinafter – Sodra) contributions:

	2025	2026
MMS	1 038 EUR	1 153 EUR
MHS	6,35 EUR	7,05 EUR
AMS	2108,88 EUR	2312,15 EUR
Sodra ceiling for self-employed persons	43 VDU – 90 681,84 EUR	43 VDU – 99 422,45 EUR
Employment-related income		
The PIT 20 % rate applies until:	60 VDU – 126 532,8 EUR	36 VDU – 83 237,40 EUR
The PIT 25 % rate applies from – until:	N/A	From 36 VDU – 83 237,40 EUR until 60 VDU – 138 729,00 EUR
The PIT 32 % rate from:	60 VDU – 126 532,8 EUR	60 VDU – 138 729,00 EUR

Sodra ceiling	60 VDU – 126 532,8 EUR	60 VDU – 138 729,00 EUR
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Below we provide an explanation of this table.

On 9 December 2025, the Seimas of the Republic of Lithuania adopted the Law on the Approval of the Indicators of the State Social Funds Budgets for 2026, by which the 2026 AMW was approved – EUR 2,312.15.

Also, from 1 January 2026, the minimum monthly wage (hereinafter – MMW) increases to EUR 1,153 and the minimum hourly wage (hereinafter – MHW) increases to EUR 7.05.

Due to the increased MMW, compulsory health insurance (hereinafter – CHI) contributions are increasing; the monthly contribution in 2026 will amount to EUR 80.48.

Also, due to the increased MMW and MHW amounts, the procedure for calculating daily allowances for business trips abroad has been adjusted. From 1 January, the full amount established in the rules for deducting business trip expenses from income for business trips abroad will be non-taxable for PIT purposes, if:

- the employee's salary (hereinafter – salary) is equal to or higher than EUR 1,902.45 (MMW EUR 1,153 multiplied by coefficient 1.65; before the amendment it was EUR 1,712.70) or
- the employee is subject to an hourly tariff rate (hereinafter – HTR) equal to or higher than EUR 11.6325 (MHW (EUR 7.05) multiplied by coefficient 1.65; before the amendment it was EUR 10.4775).

When the employee's established salary or HTR is lower than these amounts, the daily allowances established in the rules for business trips abroad are non-taxable for PIT purposes where their total amount per month is equal to or less than 50% of the employee's established salary. The portion of daily allowances exceeding 50% of the salary is taxed as income related to employment or relationships equivalent in nature to employment.

More information can be found [here](#) and [here](#).

New non-taxable income amount (NPD) for parents and guardians

From 1 January 2027, permanent residents of Lithuania – parents, adoptive parents or permanent guardians raising children (including adopted children) under 18 years of age – will be entitled to an additional non-taxable income amount (hereinafter – NPD). This relief will also apply to older children who are studying under a general education program, but not longer than until they reach 23 years of age.

The additional NPD will amount to EUR 87 per month per child, i.e. EUR 1,044 per year. The additional NPD will be calculated when filing the annual personal income tax return; therefore, taxpayers will not need to apply it on a monthly basis.

There is also the possibility to divide this additional NPD in equal parts between parents or guardians or to allocate it by mutual agreement, except in cases where the child is raised by one parent.

More information can be found [here](#).

Corporate Income Tax

Increased Corporate income tax rates

From 1 January 2026, amendments to the Law on Corporate Income Tax (hereinafter – CIT Law) entered into force, establishing new corporate income tax (hereinafter – CIT) rates.

The standard 17% rate (2025 – 16%) will apply to:

- the taxable profit of Lithuanian entities (except where the 7 percent or 0 percent rate applies) and permanent establishments of foreign entities;
- income of foreign entities the source of which is in Lithuania and which is received not through permanent establishments (e.g., income from the transfer of real estate, performers' and sports activities, activities of supervisory board members);
- dividends and other income from distributed profits;
- support received and used not in accordance with its designated purpose, as well as support received in cash exceeding the amount of 250 MGL.

The reduced 7% rate (2025 – 6%) will apply to:

- Entities whose income during the tax period does not exceed EUR 300,000.00 applying the 7 percent tax rate.

More information can be found [here](#).

New immediate depreciation incentive for long-term assets

Additionally, a new corporate income tax incentive is introduced, allowing the acquisition costs of certain long-term assets to be deducted immediately. This means that eligible assets may be fully recognised as expenses in the same tax year in which they are put into use, thereby enabling companies to recover investments more quickly and reduce taxable profit. The incentive applies to the following asset groups:

- Machinery and equipment;
- Installations (including buildings, wells, etc.);
- Computer equipment and communication devices (computers, networks and related technical equipment);
- Software;
- Cargo vehicles, trailers, semi-trailers and buses not older than 5 years.

It is important to note that this incentive applies only if the asset is used in the company's activities for no less than three years. If the asset ceases to be used or is transferred before the end of the three-year period (except in cases related to force majeure, legal requirements or company reorganization), corporate income tax must be recalculated applying standard depreciation rates.

More information can be found [here](#).

Revised conditions for the carry-forward of tax losses

Under the new wording of Article 561 of the CIT Law, the second condition governing the transfer of tax losses between entities within a group of entities has been updated, relating to the minimum two-year period of membership in the group.

Before the amendment, it was established that tax losses could be transferred between entities within a group if those entities had been members of the group continuously for at least two years, calculated up to the date of transfer of the tax losses.

Under the new wording, this condition has been clarified – it is required that the entities of the group have been members of the group continuously for at least two years, calculated up to the last day of the tax period for which the transferred tax losses were calculated.

Under the amendment, the decisive factor becomes not the moment of the transfer of losses itself, but the actual composition of the group of entities and its continuity during the tax period in which the tax losses were incurred.

More information can be found [here](#).

Value Added Tax

Changes to reduced VAT rates

As of 1 January 2026, a new version of the Law on Value Added Tax (hereinafter – the VAT Law) entered into force, amending the reduced VAT rates.

The VAT rate is increased from 9% to 12% for the following services:

- accommodation services related to tourism activities;
- passenger transport and passenger baggage transport services;
- admission to all types of art and cultural institutions as well as art and cultural events.

The VAT rate is reduced from 9% to 5% for the following services:

- printed and electronic books;
- printed and informational publications.

More information can be found [here](#).

The reduced VAT rate is abolished

The reduced 9% VAT rate is abolished and replaced by the standard 21% VAT rate for the following goods and services:

- thermal energy (heating);
- hot water supplied to residential premises;
- supplied firewood and wood products.

More information can be found [here](#).

New STI measure for monitoring VAT fraud cases – the APSIS system

The State Tax Inspectorate (hereinafter – STI) in 2026 introduced a new automated analysis tool, APSIS, designed to improve VAT control and combat tax fraud. This system uses modern technologies to automatically collect and analyze data on companies’ relationships, transactions and behavior, thereby helping to identify complex fraud schemes, high-risk taxpayers and potential networks of fraudulent activities.

With the implementation of APSIS, the STI aims to respond more effectively to real-time information, more quickly detect illegal activities and ensure more targeted tax risk assessments. This measure is part of broader STI efforts to modernize tax administration and apply advanced technological solutions in order to keep pace with fraud methods and improve VAT collection in Lithuania.

Excise duty

Increased Excise duty rates enter into force

As of 1 January 2026, excise duty rates are changing (increasing) for all types of alcoholic beverages (beer, wine made from fresh grapes and other fermented beverages, intermediate products) and ethyl alcohol, as well as for tobacco products and smoking products (cigarettes, cigars and cigarillos, smoking tobacco, heated tobacco, unprocessed tobacco) and electronic cigarette liquid.

The table presents a comparative table of the 2026 excise duty rates with the 2025 excise duty rates.

Product subject to excise duty	Excise duty rate in 2025	Excise duty rate from 1 January 2025
Beer 1%	10,97 EUR / hL	12,74 EUR / hL
Wine and other fermented beverages of an alcohol exceeding 8,5% percentage	127 EUR / hL	148 EUR / hL

Wine and other fermented beverages of alcohol exceeding 8,5% percentage	254 EUR / hL	296 EUR / hL
Intermediate products up to 15% percentage	292 EUR / hL	365 EUR / hL
Intermediate products above 15% percentage	370 EUR / hL	411 EUR / hL
Ethyl alcohol 100%	2778 EUR / hL	3130 EUR / hL
Cigarettes:		
Minimum excise duty rate	149,7 EUR / 1 000 units	162,4 EUR / 1 000 units
Specific element of the excise duty	92,6 EUR / 1 000 units	100,5 EUR / 1 000 units
Cigars and cigarillos	109,7 EUR/ kg	126,7 EUR / kg
Smoking tobacco, unmanufactured tobacco	123,5 EUR / kg	135,2 EUR / kg
Heating tobacco products	89,4 EUR / 1000 units	100,6 EUR / 1000 units
Electronic cigarette liquid	0,63 EUR / mL	1,56 EUR / mL

More information can be found [here](#).

Carbon dioxide component

As of 1 January 2026, the carbon dioxide component for energy products (petrol, kerosene, natural gas and gaseous hydrocarbons, coal, coke and lignite, peat for heating, and liquid fuel) will increase.

The table presents a comparison of the carbon dioxide component rates for 2026 with the rates applied in 2025.

Energy products	2025	2026
Petrol, EUR / 1000 L	47 EUR	96 EUR
Kerosene, EUR / 1000 L	53,6 EUR	108,4 EUR
Gas oil (combined nomenclature codes 2710 19 91 – 2710 19 99 energy products, Liquid fuel as specified in Article 38(2) of the Excise Duty Law: EUR / 1 000 L	53.6 EUR	104,8 EUR
Liquid fuel (mazut, etc.) EUR / t	68,6 EUR	124,8 EUR
Petroleum gases and gaseous hydrocarbons (excluding natural gas): EUR / t	66,8 EUR	66,8 EUR
Coal, EUR / t	40,4 EUR	87,2 EUR
Coke and Lignite, EUR / t	71 EUR	128 EUR
Peat for heating purposes, EUR / t	24,8 EUR	66,4 EUR

More information can be found [here](#).

New additional Excise duty on sugar-sweetened beverages

As of 1 January 2026, amendments to the Law on Excise Duties (hereinafter – the Excise Law) entered into force, supplementing the Excise Law with Chapter Nine, which establishes an additional excise duty on sugar-sweetened beverages.

Under this chapter, from 2026 sugar-sweetened beverages are subject to excise duty as follows:

- Sugar-sweetened beverages containing less than 8 g of added sugars per 100 ml are taxed at EUR 7.4 per hectoliter of product;
- Sugar-sweetened beverages containing 8 g or more of added sugars per 100 ml are taxed at EUR 21 per hectoliter of product;
- Beverage concentrates are taxed as follows: EUR 105 per hectoliter if in liquid form; EUR 4.3 per kilogram in other cases;
- Sugar-sweetened beverages containing both added sugars (up to 2.5 g / 100 ml) and sweeteners, or only sweeteners, are taxed at EUR 7.4 per hectoliter of product.

The excise duty on sugar-sweetened beverages will apply to registered excise taxpayers, importers of sugar-sweetened beverages, and natural and legal persons acquiring these products for commercial purposes. The tax period is one calendar month. The excise declaration must be submitted and the tax paid by the 15th day of the following month.

More information can be found [here](#).

Immovable property tax

Additional rate for immovable property

All commercial immovable property, regardless of whether it is owned by legal or natural persons, is subject to a immovable property tax rate established by the municipality ranging from 0.5% to 3%. In addition to this rate, an extra 0.2% tax rate is introduced for commercial immovable property.

Privately owned non-commercial immovable property (for example, residential premises) that is leased or otherwise made available for use to legal persons or business entities is considered commercial immovable property for tax purposes and is subject to the municipality-established rate of 0.5–3% as well as the additional 0.2% tax rate.

Changes to non-commercial real estate tax rates and taxation procedure

As of 1 January 2026, a new version of the Law on Immovable Property tax (hereinafter – the Immovable Property Law) entered into force, updating immovable property tax rates and their application procedure. For natural persons, the tax-exempt threshold for the principal residence has been changed – it has been increased to EUR 450,000. If the value of the registered principal residence exceeds this threshold, municipalities may apply a 0.1–1% tax to the excess value. In cases of joint ownership, the tax-exempt threshold will amount to EUR 900,000.

For other immovable property owned by natural people, except for the principal residence, progressive tax rates will apply:

- 0% – for property value up to EUR 50,000;
- 0.2% – up to EUR 200,000;
- 0.4% – up to EUR 400,000;
- 0.6% – up to EUR 600,000;
- 0.8% – up to EUR 1,000,000;
- 1% – for property value exceeding EUR 1,000,000.

The municipal council may also set higher tax rates – from 1% to 5% – for abandoned or neglected real estate, considering its taxable value.

More information can be found [here](#).

Other news

Order adopted on the amendment of Intrastat thresholds

By Order No. DJ-252, the Director General of the State Data Agency approved the new Intrastat thresholds applicable as of 1 January 2026:

Reporting thresholds:

- Arrivals – EUR 600,000 (previously EUR 570,000);
- Dispatches – EUR 400,000 (previously EUR 400,000).

Reporting thresholds are the amounts exceeding which VAT payers are obliged to submit reports on the acquisition or supply of goods from / to EU Member States.

The statistical value reporting thresholds remain the same as in 2025:

- Arrivals – EUR 7 million;
- Dispatches – EUR 10 million.

Statistical value reporting thresholds are the amounts exceeding which VAT payers must indicate the statistical value of goods brought in and / or dispatched in their reports.

Clarification of the procedure for advance pricing agreement decisions regarding transfer pricing

The updated legal basis (MAI 37(2)) allows for a broader scope of applications: not only to conclude a new APA, but also to amend, extend it, or initiate a bilateral or multilateral agreement. A “roll back” possibility has also been introduced, which in certain cases allows the APA to be applied to previous periods, not only to future ones.

Decision-making has become more flexible – in addition to approval or rejection, the STI may also adopt an amendment decision. The review period for unilateral APAs has been extended to 90 + 90 days, providing more time for detailed assessment.

From now on, during the validity period of an APA, companies must annually submit the PLN212 report, ensuring continuous monitoring of compliance with the agreed methodology. In addition, a new FR1163 form is used to formalize decisions, and the overall system has become more standardized and regulated.

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