

November 16, 2016

**From January 1, 2017**, in Lithuania more companies based in Free economic zones (**FEZ**) will be able to benefit from corporate income tax relieves as capital investments in such zones might be 10 times smaller.

The zone company which average number of employees in the tax year **shall not be lower than 20** and capital investments into which shall reach not less than **100'000 euros**:

1. shall not pay any corporate income tax for **6 taxable periods; and**
2. shall be applied the corporate income tax tariff reduced by **50 per cent (7,5%)** for the next **10 taxable periods**.

The tax exemption shall be applicable in the following circumstances:

1. the company shall provide auditor's report, confirming *capital investments of 100'000 euros; and;*
2. *not less than 75% of the income of the FEZ company* shall be received from the following activities:
  - i. Accounting, bookkeeping, consulting activities;
  - ii. office administrative and support activities,
  - iii. HR activities, architectural and engineering activities.

### **Legislative requirements in force today**

According to the currently applicable legal requirements the zone companies willing to benefit from the above mentioned corporate income tax relieves must ensure that **capital investments** are reaching **not less than 1 million euros and not less than 75% of the income of the zone company is received** from *production, processing recycling of goods, warehousing activities, manufacture of air and spacecraft and related machinery, repair and maintenance of aircraft and spacecraft, activities related to maintenance and repair of aircraft and spacecraft (repair of electronic and optical equipment, technical testing and analysis), computer programming activities, computer consultancy, computer facilities management activities, other information technology and computer service activities, data processing, hosting and related activities, activities of call centres, wholesale of goods warehoused and/or services provided in the zone related to the above-mentioned activity types carried out in the zone (goods produced, processed, recycled or warehoused in the zone, as well as transportation, of the goods necessary for the production, processing or recycling carried out in the zone, servicing thereof, services for constructions in the zone territory and other services related with the above-mentioned activity types).*

**Currently applicable legal requirements shall continue to be valid after January 1, 2017.**