

REPUBLIC OF LITHUANIA
LAW
ON
TAX ADMINISTRATION
June 28, 1995. No. 1 - 974
(As amended by June 5, 2001. No. IX-353)

Chapter I
GENERAL PROVISIONS

Article 1. Purpose of the Law

This Law shall establish the basic principles and regulations which must be observed in implementing the tax laws of the Republic of Lithuania, furnish a list of taxes applied in the Republic of Lithuania, establish the rights and duties of the tax administrator, rights and duties of the taxpayer, the procedure of tax computation and payment, collection of taxes and amounts thereof, as well as the dispute settlement procedure.

Article 2. Basic Concepts

Concepts employed within the tax law, if the tax law does not stipulate otherwise:

tax denotes monetary obligation owed by the taxpayer to the state, established within the tax law in order that funds may be obtained to fulfil state (municipal) functions;

charge and fee indicate a monetary duty established by law, exacted from a taxpayer for certain services provided for him by state institutions. Charges and fees shall constitute an additional source of income for fulfilment of state (municipal) functions;

tax law is a law of the Republic of Lithuania which establishes the tax, charge or fee, or other payment into the state (municipal) budget and funds (amended 24 June 1997) and also this Law and the agreement mentioned in Article 4 of this Law;

person is a natural person (individual), a legal person, or an entity which does not possess the rights of a legal person;

taxpayer is a person, for whom an obligation to pay taxes is established under the tax law;

charge and fee payer indicates a person, who is obliged to pay a charge or fee, established by laws, for services rendered by state institutions;

tax administrator is an institution which is responsible for tax administration;

tax administration comprises the implementation of the rights and obligations of the tax administrator, as well as rights and obligations of the taxpayer, calculation of taxes, payment and collection, application of liability for improper calculation and payment of taxes, distribution of taxes and supplying of information for taxpayers;

tax return indicates a document of tax calculation, which must be completed and filed with the tax administrator by the taxpayer or tax withholder according to the procedure established by the tax law;

tax arrears indicates amount of tax not paid on time according to the procedure prescribed by the Tax Law, by the taxpayer or the tax withholder;

arrears in payments indicates amount of taxes, penalties, percent, interest including also, the interest sums accrued on tax loans not paid according to the procedure established by Tax Law, by the taxpayer or tax withholder;

tax difference denotes the sum to be refunded (taken from the budget) to the taxpayer, which may arise in filing the tax declaration in accordance with the procedure established by the Law on Tax. (Amended Apr 6, 1999)

bad arrears in payments indicates amount of taxes, penalties, percent and also interest sums added according to taxed loan agreements, which are impossible to exact due to objective reasons or the collection whereof is non feasible economically and socially speaking. Bad arrears in payments shall be determined based upon the provisions of Article 29 of this Law.

tax overpayment indicates amount of tax paid by the taxpayer or withholder in excess of the tax amount prescribed by tax law procedure; a tax amount, which in the course of an audit is adjudged as too high by the tax administrator, is also considered an overpayment;

tax calculation is the filling out of a tax return or another document by indicating, in monetary terms, the tax amount required to be paid into the state (municipal) budget and funds (amended 24 June 1997);

tax base is an object, which is appraised to be subject to taxation according to the procedure established by tax law, to which an established amount of tax (rate) is applied;

tax withholder is a person, for whom an obligation has been assigned, according to tax law, to withhold tax from the taxpayer and pay it into the state (municipal) budget and funds (amended 24 June 1997);

tax law violation is the result of action which contradicts the tax law;

tax procedure includes the taxpayer, tax base, tax amounts (rates), tax reliefs, penalties and interest, and tax payment as well as withholding regulations, established by the tax law;

tax relief denotes special taxation conditions established for the taxpayer, requiring the payment of a lesser tax, or deferral of tax payment deadline, or permitting tax payment to be paid in several instalments;

activity denotes all activity of a person, as a result of which a person could have received, or has received some income.

Article 3. Taxpayer Equality

In applying tax laws, all taxpayers shall be held equal on the basis of the conditions established by these laws.

Article 4. International Agreements

If taxation regulations established by international agreements differ from those in tax laws and these agreements have been ratified in the Republic of Lithuania, international agreement regulations shall apply.

Chapter II

TAXES

Article 5. Taxes, State Levies and Other Payments

1. The taxes, State levies and rentals (fees) for the rent of State land and water bodies from the State Water Fund shall be administered in accordance with this Law shall be as follows:

- 1) value added tax;
- 2) excise duty;

- 3) natural persons' income tax;
- 4) legal persons' profit tax;
- 5) enterprise and organisation immovable property tax; 6) land tax;
- 7) state natural resources tax;
- 8) oil and gas resources tax;
- 9) pollution tax;
- 10) consular duty;
- 11) stamp duty;
- 12) market place duty;
- 13) deductions from sales revenue under the Law on Road Stock of the Republic of Lithuania;
- 14) inheritance or gift tax;
- 15) compulsory health insurance contributions (Amended 6 June 1996).
- 16) lease tax on state land stock and water bodies belonging to the state water stock.
(Amended 2 July 1996)
- 17) contributions to the Guarantee Fund.
- 18) State levies;
- 19) gaming tax;
- 20) tax on registration of industrial property.

5. The State Levy indicated in item 18 (1) of this Article, shall be administered only insofar as this has been stipulated in the Republic of Lithuania Law on Levies (control of the collection of the State levies, exaction of an insufficient amount or totally skipped State levy, collected from an institution, due to the fault whereof an insufficient levy or no levy at all has been collected, term of submitting a request regarding refund of a State levy).

6. The taxes indicated in Paragraph 1 (20) of this Article, for the registration of the objects of industrial property, shall be administered, according to this Law, insofar as this has been stipulated in the Republic of Lithuania Law on Registration of the Objects of Industrial Property (control of the collection of the State levies, tax refunds, and exaction of an insufficient amount, or of a totally skipped tax payment from an institution due to the fault whereof an insufficient or no levy at all has been paid).

2. Only an appropriate tax law, or a decree by the Government of Lithuania based on such, or another legal act passed on the basis of such shall determine the procedure for imposition of certain taxes.

3. Should the investor assume the obligation in an investment contract formed according to the procedure established by the Lithuanian Republic Law on Investment, with the Government of the Republic of Lithuania or its authorised institution, of investing at least 200 mil litas over a three-year period (36 calendar months), from the day of forming the contract, in an economic entity registered in the Republic of Lithuania Enterprise Register, it may be established complying with the wishes of the investor (investors), draw up an agreement of investment, with the investor (investors), which would stipulate that tariffs of direct taxes payable, which had been established by corresponding tax laws in existence at the moment of investment, shall not be increased for this enterprise (the taxes listed in part 1 of this Article, except the value added tax and excise tax), for 5 years from the moment of investment, when the investment amount established in the investment contract, shall reach 200 mil litas. The Government of the Republic of Lithuania shall have the right to extend the term of non-increase of taxes for strategic investors, for up to 10 years.

4. In administering customs and social insurance taxes, only the standards of this Law, which regulate the procedure of placing under attachment the taxpayer's property, shall be applied. (amended 4 Nov 1999)

6. The taxes on the registration of industrial property, indicated in subparagraph 20 (par.1) of this Article, shall be administered according to this Law insofar as this has been stipulated in the Republic of Lithuania Law on Taxes of Registration of Industrial Property (control of tax payment, tax refunds, exaction of insufficient or totally unpaid taxes from an institution, due to the fault whereof taxes were underpaid or totally unpaid).

Article 6. Implementation of Tax Law

1. The Government of the Republic of Lithuania and, if an authorisation is given, the Ministry of Finance shall implement the tax laws passed by the Seimas of the Republic of

Lithuania as well as this Law. No other state institution may be assigned implementation of tax laws, except the Ministry of Finance, if this is not provided for in the tax law.

2. In the course of implementing tax laws, the Government of the Republic of Lithuania shall establish appropriate methods and regulations, ensuring tax administration, or shall task the Ministry of Finance to carry this out.

3. No subordinate legislation regarding questions of tax procedure establishment, listed in part one of Article 5 of this Law, may be adopted without the consent of the Minister of Finance.

Article 7. Tax Administrators

1. The State Tax Inspectorate shall administer taxes listed in part one of Article 5 of this Law.

2. The Customs of the Republic of Lithuania shall also administer the taxes listed in part one and two of Article 5 of this Law, however only insofar as it is authorised under the Value Added Tax and Excise Tax Laws of the Republic of Lithuania.

3. The Environmental Protection Ministry shall also administer the taxes listed in Paragraphs 7, 8, and 9 of part one of Article 5 of this Law, however only insofar as it is authorised according to Tax on State Natural Resources, Tax on Pollution and Tax on Oil and Gas Resources Laws.

Chapter III

STATE TAX INSPECTORATE

Article 8. State Tax Inspectorate

1. The State Tax Inspectorate is a state institution founded at the Ministry of Finance which is financed from the state budget and other funds and is accountable to the Minister of Finance. The State Tax Inspectorate is a state institution, established by the Ministry of Finance, funded by the state budget and other funds and accountable to the Ministry of Finance. it is comprised of the State Tax Inspectorates, who shall be legal persons having their own bank accounts, seals and common symbols. (Amended 2 July 1996)

2. In order to reinforce the material base of the State Tax Inspectorate and provide material incentives for staff, an additional sum of 30 percent shall be allotted from funds exacted in the course of an audit. 75 percent of the amount shall be allotted for reinforcement

of the material base of the State Tax Inspectorate, while the remaining funds shall be utilised for incentives and social guarantees of the tax inspectorate staff.

3. The State Tax Inspectorate is guided by The Constitution of the Republic of Lithuania, this and other laws, subordinate legal acts and regulations and its own regulations. Regulations of the State Tax Inspectorate at the Ministry of Finance shall be approved by the Ministry of Finance while the model regulations shall be approved by the Chief of the State Inspectorate at the Ministry of Finance. (Amended 2 July 1996)

4. The State Tax Inspectorate shall work in co-operation and exchange information with all tax administrators, state institutions and foreign state institutions, which administer the payment of taxes.

Article 9. Structure of State Tax Inspectorate

1. The State Tax Inspectorate is comprised of:

1) State Tax Inspectorate at the Ministry of Finance - the central tax administrator;
2) State Tax Inspectorates at the Ministry of Finance territorial state tax inspectorates - local tax administrators.

2. The local tax administrator shall be held subordinate and accountable to the central tax administrator.

Article 10. Central Tax Administrator's Work Organisation

1. The State Tax Inspectorate at the Ministry of Finance shall be headed by a chief who shall be appointed and relieved of his duties by the Prime Minister of the Republic of Lithuania upon recommendation of the Minister of Finance. The chief of the State

Tax Inspectorate at the Ministry of Finance shall be accountable to the Minister of Finance.

2. The structure of the State Tax Inspectorate at the Ministry of Finance shall be approved by the chief of the Inspectorate on coordination with the Minister of Finance.

Article 11. Local Tax Administrator's Work Organisation

1. Upon recommendation of the chief of State Tax Inspectorate at the Ministry of Finance, the Minister of Finance shall

establish the number of local state tax inspectorates, as well as their zones of territorial activity.

2. Chief of the territorial state tax inspectorate shall approve the structure of the territorial state tax inspectorate, taking into account the methodical instructions and recommendations of the central tax administrator.

3. Upon the recommendation of the Head of the State Tax Inspectorate at the Ministry of Finance, the Minister of Finance shall appoint and relieve of his duties the chief of the territorial state inspectorate. (Amended 2 July 1996) The chief of the territorial state tax inspectorate shall be held accountable to the chief of the State Tax Inspectorate at the Ministry of Finance.

Article 12. State Tax Inspectorate Employees

1. State Tax Inspectorate employees shall be engaged and dismissed from work by the chief of the tax inspectorate, which employs them.

2. The central tax administrator shall set requirements, according to which State Tax Inspectorate employees shall be selected and also the procedures according to which employees may be appointed to higher level positions and their salaries may be increased. These requirements must be connected only with the tax inspectorate employees' ability to complete work in accordance with approved job instructions and position occupied.

Article 13. Work Compensation and Social Guarantees of State Tax Inspectorate

Laws of the Republic of Lithuania and subordinate legislation shall establish the State Tax Inspectorate employee work and salary conditions and social guarantees.

Article 14. Organisation of Information Supply to Taxpayers

1. The central tax administrator shall organise supply of information for taxpayers on tax laws and other legislation relevant to tax questions and create programs to educate taxpayers. The purpose of this work is to assist taxpayers in the observance of tax laws and subordinate legislation.

2. The central tax administrator shall organise taxpayer education regarding tax law issues and other legislation which regulates tax payment procedure.

Article 15. Tax Administrator's Organisation of Employee Training

The central tax administrator shall organise training (qualification improvement) of State Tax Inspectorate employees in accordance with training programs prepared for that purpose.

Chapter IV

RIGHTS AND OBLIGATIONS OF TAX ADMINISTRATOR

Article 16. Duties of Tax Administrator

1. The tax administrator shall:

1) keep records of taxpayers' and other payments into the state (municipal) budget and funds (amended 24 June 1997);

2) control computation of payments into the state (municipal) budget and funds, (amended 24 June 1997) exact interest for late payment and penalties imposed in accordance with tax laws, and also refund overpayments and wrongly exacted taxes, interest and penalties;

3) implement municipal decisions regarding provision of reliefs of taxes, collections and deductions into the budget and funds (amended 24 June 1997);

4) apportion taxes and other payments into state and municipal budgets and funds (amended 24 June 1997);

5) organise accounting, valuation and sales of confiscated, ownerless, state-inherited property and wealth, as well as property, wealth and treasures transferred and included into the state's revenues;

6) publish legislation or prepare its drafts for implementation of tax laws with the authorisation of the Seimas, the Government and the Ministry of Finance of the Republic of Lithuania;

7) give explanations to taxpayers regarding tax payment issues;

8) prepare and provide for the Minister of Finance drafts of tax laws and decrees of the Government of the Republic of Lithuania, and other proposals concerning taxation procedure improvement;

9) conduct inquiry according to his competence;

10) control the giving, receiving and use of charity and support, insofar as this is related to tax break application.

11) perform duties specified in other laws. The local tax administrator shall carry out the duties prescribed in paragraphs 3 and 4 of part one of this Article, while the central tax administrator shall carry out those contained in paragraphs 6 and 8. Both the local and central tax administrators shall carry out the duties prescribed in all the other paragraphs.

Article 17. Rights of Tax Administrator

1. Tax administrator's officers shall have the right to:

1) obtain from enterprises, institutions and organisations as well as other persons, including banks and other credit and finance institutions, information required in the performance of their duties and copies of documents concerning property and income of legal, natural persons, or persons without the rights of a legal person. (Amended 2 July 1996)

2) enter without prior notice, upon presentation of official certificate, a person's production premises (including rental premises) or territory, in order to establish how the person is fulfilling his tax liabilities and to verify the material and technical resources used for activity and the finished products. The tax administrator's officer shall also have this right in instances when residential premises and other facilities are employed for the purpose of activity and income acquisition. Chiefs of enterprises, institutions and organisations as well as natural persons, interfering with the right of the tax administrator's officer to avail himself of this right shall be held liable in accordance with the procedure established by law. To enter, without prior notice, a taxpayer's territory, buildings and facilities (including rental premises) shall be permitted only during the taxpayer's work hours. A taxpayer's consent shall be required in other instances;

3) take temporarily from the taxpayer and keep for a period of up to 30 days, documents necessary to establish the veracity of tax computation having left a document receipt statement, to seal the areas for safekeeping of documents, securities, money and material valuables, to make document copies or excerpts, to mark the taxpayer's documents in order to prevent their falsification;

4) furnish the taxpayer with instructions the fulfilment of which is mandatory regarding issues of tax computation and payment, and other payments to the state (municipal) budget and funds (amended 24 June 1997) and also on issues of record keeping;

5) recover without suit from individual accounts in banking institutions taxes, penalties and other sums belonging to state (municipal) as well as other sums belonging to the state and municipal budgets and funds; (Amended 2 July 1998, 24 June 1997)

6) issue instructions to banking institutions to cease money disbursement and transfers from enterprise accounts, excepting required payments to state (municipal) budgets and funds (amended 24 June 1997) if they do not allow an audit of their payment computations and payments (fail to submit all of the data or documents required for tax payment audit) or if in the course of investigation, facts of income concealment and incorrect tax computation are uncovered and it is not possible to temporarily limit the taxpayer's right to dispose of the property belonging to him; (Amended 2 July 1998)

7) furnish the taxpayer with mandatory instructions on issues of tax computation and payment;

8) compile protocols of administrative violations of law in cases which according to law are attributed to the administrator's competence;

9) perform personally or to require other competent institutions to perform check measurements, stock taking of material valuables and other audit of facts measures, and require that the books be kept properly;

10) install meters and measuring devices within taxpayer storage facilities, production storage areas and other installations used for work; seal and stamp the taxpayer storage facilities, premises and equipment; close off the area or sections thereof;

11) temporarily suspend the work of individuals, if they avoid to furnish the tax administrator with the documents required in connection with tax computation and payment, or if some violations of tax laws outlined in Articles 47, 48 and 49 of this Law occur;

12) obtain from the taxpayer returns and explanations relevant to sources of property acquisition;

13) assign, in accordance with the procedure established by laws, administrative sanctions and penalties provided for by tax laws and also calculate the amount of interest;

14) address the heads of a lot types of enterprises, institutions and organisations concerning the circumstances and conditions interfering with the tax administrator's proper performance of duties. Enterprise heads and other officers must investigate the tax administrator's directives and inform without delay (no later than on the day following receipt of the directive) the administrator of the measures adopted;

15) attach the property of the taxpayer in accordance with the procedure and grounds established in this Law. (amended 4 November 1999)

16) possess, carry and use a service firearm, in accordance with the procedure established by the Government of the Republic of Lithuania.

17) (repealed 4 November 1999)

18) establish indirectly a tax basis, by choosing the methods approved by the Government or its authorised institution. (Supplemented 2 July 1998)

19) postpone credit requirements resultant of taxation, failure to meet payments of fines and interest, terms of fulfilment or the relinquishment thereof, or exchanging of monetary obligation by another obligation (payment in property, shares and securities), in the event a bankrupting enterprise shall be supported or an agreement of accord be drawn up. (amended 10 December 1998)

20) By the procedure established by the Government or its authorised institution to suspend refund (of tax overpayment (in full or in part) or tax difference (in full or in part) or tax refund (in full or in part), if there is cause to believe that incorrect documents, falsified documents have been submitted, and therefore it will be necessary to perform an additional examination in order to appraise the documents and verify the validity of the submitted documents and to obtain additional information from other State institutions and foreign countries on the veracity of the information supplied by the taxpayer.

(Amended 6 Apr 1999)

2. The tax administrator shall possess the rights specified in this Article also with respect to the person withholding the tax.

3. The tax administrator's officer may avail himself of the rights provided by other laws and legislation as well as the rights provided by decrees of the Government of the Republic of Lithuania to an officer of the tax administrator.

Article 18. Recording of Tax Administrator and his Officer's Actions

In implementing the rights accorded him by law and in performance of his duties, the tax administrator or his officer shall register performed actions through decisions, whose forms (act, certificate, directive, recommendation, explanation, decision, warning, etc.) and filling procedure shall be established by the central tax administrator.

Chapter V

TAXPAYER AND TAX WITHHOLDER'S RIGHTS AND OBLIGATIONS

Article 19. Payment of Taxes

1. The taxpayer shall pay only the taxes prescribed by tax laws, observing the tax laws and also the tax computation and payment procedure established by this Law.

2. The tax withholder shall withhold the tax and transfer it in accordance with the procedure established by laws and other standard acts.

Article 20. Accumulation and Furnishing of Information

1. The taxpayer, tax withholder must keep books according to the procedure established by law, issue the required documents and furnish other information, needed by the tax administrator, to fill in and file a tax return or through some other means inform the tax administrator regarding tax computation and payment.

2. If the taxpayer, the tax withholder does not have the documents (or has lost them), required for the computation of tax, they must prepare them within the period prescribed by the tax administrator.

3. The taxpayer, tax withholder must, according to the established procedure, furnish their address (action location) and work hours to the tax administrator, and in the event of changes in the data inform the tax administrator within a period comprising no more than 5 work days.

Article 21. Right To Information

The taxpayer, tax withholder, having submitted a request to the tax administrator, shall have the right to obtain standard documents, as well as other information required to implement the tax law.

Article 22. Confidentiality of Information Concerning the Taxpayer

1. Information concerning the taxpayer which is supplied to the tax administrator or his officer must be held in confidence and used solely for the purposes established by the tax law.

2. The tax administrator's officer maintains confidentiality of information concerning the taxpayer also after terminating his work contract with his employer, with the exception of instances provided for by this Law.

3. Information concerning the taxpayer may be disseminated:

1) to another tax administrator or his officer, if that is required in the administration of the same or other tax;

2) to courts, law enforcement and other institutions in instances provided for by law;

3) to an institution, authorised by the Government of the Republic of Lithuania in order to perform an analysis of enterprise activity according to the procedure established by the Government (amended 15 Oct 1998);

4) on the basis of international agreements to tax administrator of a foreign country based on a written request;

5) when guilt of the taxpayer for violations of the tax law has been proven or when the taxpayer has not registered a complaint against the actions of the tax administrator within the established period of time and in accordance with the established procedure. In this instance information concerning the taxpayer may be released insofar as this concerns the violation of tax law;

6) information concerning a taxpayer may also be disseminated based on the presence of the taxpayer's written consent or request.

4. The recipient of the information in accordance with paragraphs 1, 2, 3 and 4 (amended 15 Oct 1998) of part three of this Article must keep it confidential.

5. If the tax administrator has disseminated false information about the taxpayer in instances specified in part three of this Article, he must correct the error as soon as he becomes aware of this fact.

6. If the tax administrator disseminated information to the tax administrator of a foreign country, according to paragraph 4 (amended 15 Oct 1998) part three of this Article, the taxpayer must be advised of this.

7. The tax administrator and also any person who was privileged to confidential information concerning a taxpayer shall be held responsible for the dissemination of this information in accordance with the procedure established by laws, except in instances when the laws permit dissemination of such information.

8. The requirements of this Article shall also be applied to the tax withholder.

Chapter VI

TAX COMPUTATION, PAYMENT, EXACTION, AND REFUND

Article 23. Tax Return Requirements

1. Every tax return filed by the taxpayer with the tax administrator must conform to the established form. The tax return shall be filed at the prescribed time and only with the tax administrator for whom it is designated.

2. The requirements specified in part one of this Article shall also apply to the tax return which the person withholding the tax must file with the tax administrator.

3. The forms and filling in procedure of the tax return or other documents, indicating tax liability, shall be established by the central tax administrator on the basis of tax laws.

Article 24. Computation (Recomputation)Period

1. Unless otherwise prescribed by the tax law, tax may be computed or recomputed to cover a period not to exceed the preceding five calendar years for which a tax return had to be filed with the tax administrator.

2. If, according to the tax law, there is no requirement to file a tax return with the tax administrator the tax may be computed or recomputed no later than during the course of the fifth year following the calendar year, during which the tax should have been, or has been paid.

3. If the taxpayer fails to file a tax return or files a faulty tax return or otherwise avoids payment of tax and unless the tax law provides otherwise, the tax may be computed or recomputed for the period not exceeding the past ten calendar years, for which a tax return should have been filed with the tax administrator. This regulation shall also apply to the person withholding the tax.

Article 25. Tax Reliefs

1. Only an appropriate tax law regulating the procedure of tax computation shall determine tax relief/s. This Law may establish tax, penalty or interest payment reliefs, not linked to the procedure of tax computation or tax rates. Temporary tax reliefs may also be established by special laws passed by the Seimas of the Republic of Lithuania. Tax reliefs established by corresponding tax laws, for free economic zone companies and zone enterprises shall apply insofar as this does not contradict the provisions of the Law on Monitoring of State Aid to Economic Undertakings.

2. A law which shall establish exceptions to taxation procedure, not provided for among the tax laws listed in part one of Article 5 of this Law, shall be considered a special tax law. (Amended 2 July 1996)

3. according to the procedure and instances when the bankrupting enterprise shall be supported or a peaceable agreement is reached, the monetary obligations, may be accounted for not only by money also by another established form (property, shares and securities), the term of their implementation may be postponed or the requirements arising from these monetary obligations.

1. In instances where the taxpayer fails to agree with the tax sum computed by the tax administrator, he must prove that the calculated sum is incorrect.

2. If the taxpayer fails to have the accounting documents in his possession, totally fails to keep accounting or if it is established that the documents have been falsified, and also if he fails to submit to the tax administrator the required information, the tax administrator shall have the right to impose taxes on the taxpayer by applying indirect methods. In this

eventuality the taxpayer shall be required to prove that the tax has been incorrectly calculated.
(repealed 2 July 1998)

3. An indirect method of taxation involves regulations which are established by the Government of the Republic of Lithuania and ways of establishing a tax base in the eventuality when the taxpayer and the tax withholder do not have accounting documents, do not keep the documents, has not all of the documents needed by the tax administrator, and also when accounting documents are not genuine or are falsified, or when due to other causes efforts to establish a tax base in accordance with the procedure established by law prove unsuccessful. (repealed 2 July 1998)

4. If a great disparity or inconsistency with the established norms exists between the taxed income, or the income declared by the taxpayer, or the income proven through other means on the one hand and the property acquired by the taxpayer or other expenses incurred by him which are indicated by a large amount of consumption elements on the other, the tax administrator shall have the right to tax the taxpayer with such an established sum of income which according to his computations is required to acquire such property or consumption elements. In this case it is the taxpayer who must prove that the tax is determined incorrectly. (repealed 2 July 1998)

5. The consumption element signifies the sum total of material and non-material goods suitable for short or long-term consumption. (repealed 2 July 1998)

6. In cases when a taxpayer fails to file a tax return with the tax administrator in accordance with the procedure established by law, the tax administrator himself shall assess the amount of tax owed by the taxpayer. This amount of tax liability shall be determined (assessed) in accordance with one of the methods cited below:

1) based on information concerning the taxpayer that the administrator possesses from earlier returns filed with him by the taxpayer or other documents, or based on other information obtained from individuals involved in the same or similar activity;

2) based on every other piece of information which the tax administrator possesses concerning the taxpayer (repealed 2 July 1998).

Article 26¹. Filing of Data and Information with the Tax Administrator

1. While settling mutual accounts and making cash payments for goods and services to foreign entities (except natural persons), enterprises, institutions and

organisations of all types which have been registered in the Republic of Lithuania must file with the local tax administrator, in accordance with the procedure established by the Ministry of Finance, data on the amount in excess of 10,000 Lt paid out per day to one economic entity. If the amount is paid out to a foreign economic entity in foreign currency it shall be calculated according to the official litas rate of the day and the litas exchange rate announced by the Bank of Lithuania.

2. The data specified in Par. 1 hereof shall be filed with the tax administrator in whose territory of activities the economic entity that has received income is registered, within 10 days after the close of the month when the amounts have been paid out. Data on the amounts paid out to foreign entities shall be filed with the central tax administrator.

3. Persons, who have failed to submit or have been late in submitting the information stipulated in part 1 of this Article, shall be held administratively liable. (Amended 2 July 1998).

4. Commercial banks must by the 5th day of every month furnish the central tax administrator with information on all types of accounts opened and closed by economic entities in the previous month.

5. Furnishing of incorrect information concerning the opened accounts or failure to furnish information shall make the managers of commercial banks liable in accordance with the procedure established by the Code of Administrative Violations of Law (Amended 13 June 1996).

Article 27. Audit of Tax Computation and Payment

1. Having completed an audit, the tax administrator's officer/s shall draw up an act signed by the officer/s who have conducted the tax audit as well as by the head of the verified enterprise, institution, organisation and the chief finance officer (accountant) or natural person.

2. Refusal to sign an audit document (act) shall not exempt the taxpayer from the payment of taxes, interest or penalties.

3. Officers of the tax administrator shall independently select taxpayers subject to an audit and determine the scope and time of an audit.

4. The taxpayer and the person withholding the tax shall be obliged to provide suitable working conditions for tax administrator's officers, to furnish all documents required to carry out tax computation and correct payment audit.

5. In the event it should become established in the course of an audit, that the registration document submitted by a taxpayer, has no legal value, because it lacks one or several obligatory requisites stipulated in the normative acts, an officer of the tax administrator shall allow the document to be supplemented in accordance with the procedure established by the Minister of Finance. A document which over the stipulated period of time has been supplemented with the lacking requisites shall be considered as having legal power and no economic sanctions will be applied. (Amended 2 July 1998)

Article 27¹. Indirect Determination of Tax Base

Should it prove impossible to determine a tax base in accordance with the procedure established by the Tax Law, the tax administrator, taking into consideration the facts, circumstances and other information on hand, shall have the right to indirectly determine the tax base and to select the methods of tax base determination. The Government or an institution authorised by it shall approve the methods of indirect determination of the tax base (Supplemented 2 July 1998)

Article 27². Tax Estimation According to Documents of State Institutions

The tax administrator shall have the right to estimate the tax on the basis of the acts of state institutions or other documents in those instances, when the aforementioned institutions shall, in keeping with their competence, conduct audits or revisions of the commercial, economic or financial activities of taxpayers and identify violations of the Tax Law, however are not authorised to conduct the activities of tax administration in accordance with the procedure established by this Law. Copies of documents confirming violations, calculation data or other supplements shall be submitted to the tax administrator along with the acts. Under such circumstances, the tax administrator is not obliged to conduct an additional audit of the taxpayer's commercial, economic or financial activity. Having estimated the tax in this fashion, the tax administrator's officer shall draw up an act in accordance with the

procedure stipulated in Article 27 of this Law. Under these circumstances, when doubts shall arise concerning the soundness and accuracy of the estimates of the aforementioned institutions, the tax administrator shall have the right to request that they conduct a repeat investigation, indicating specifically, the sources of his objections, or must himself conduct a repeat investigation according to the procedure established by this Law, whether the taxes have been correctly estimated and paid. (Supplemented 2 July 1998)

Article 28. Tax Distribution

1. Taxes and other payments into the state (municipal) budget and funds (amended 24 June 1997) shall be distributed as prescribed in the Law on Budgeting of the Republic of Lithuania and tax laws. In the absence of indication as to where taxes or other sums belonging to the budget are to be accumulated they shall be included in the state budget.

2. Income from interest and penalties for late payment, underpayment or total non payment of taxes shall be accumulated in like fashion as taxes for the improper payment of which interest or penalties had been computed.

Article 29. Tax Payment And Exaction

1. The Tax Law shall establish the term of tax payment.

2. The unpaid amounts of money, brought to light during an audit by the tax administrator and the computed interest must be paid no later than within a period of 20 days, while penalties should be paid within the time limits established in Article 52 of this Law, counting from the day when the taxpayer received the audit act. (Amended 2 July 1998)

3. The statute of limitations shall not be applied to the payment and exaction of computed tax, excluding exceptions stipulated by this Law, when the arrears in payments is acknowledged as bad. The above regulation shall also apply with respect to imposed interest, penalties and interest received according to loan agreement payments. (Amended 2 July 1998)

4. Should the payments paid by the taxpayer fail to suffice to include all of the monetary obligations, these payments shall be included correspondingly to the same order sequence procedure, as shall be indicated by the taxpayer in the documents relevant to payment of these payments. Should the taxpayer fail to indicate the order sequence of

accounting of the monetary obligations, the taxes shall be included first, after that, the penalties followed by interest, followed by interest on finance charge interest according to the loan payment agreement. The paid sums shall be included according to the procedure established by the Central Tax Administrator.

1) all of the taxes payable shall be included proportionately, i.e., payments paid by the taxpayer, should they be insufficient to cover all of the taxes payable, they shall be proportionately distributed for all of the payable taxes, taking into consideration the amount of the sum of each of them;

2) payments remaining following inclusion of all taxes payable, if they do not suffice to include all of the penalties, shall be proportionately distributed among all of the penalties, taking into consideration the amount of the sum;

3) payments remaining following the inclusion of all payable taxes and penalties, if they will not suffice to include the interest on all taxes payable, shall be proportionately distributed among all of the interest, taking into consideration the amount of interest sum on every tax.

4) payments remaining following the inclusion of all taxes payable, all penalties, all interest on taxes, if they will not suffice to cover all of the interest on penalties, shall be proportionately distributed among all of the interest on penalties, taking into consideration the amount of each sum of penalty interest;

5) payments outstanding after all of the taxes payable, all of the tax interest, all of the interest on penalties, if these do not suffice to cover the interest of all of the loan payment agreements, shall be distributed proportionately among all the interest of loan payment agreements, taking into consideration the amount of the sum of interest of each loan agreement;

6) payments outstanding after all of the taxes payable, all penalties, all interest on taxes, all interest on penalties, all of the interest on the payment of loans according to agreement, if they will not suffice to include all of the interest from the interest returns according to loan payment agreements, shall be proportionately distributed among all interest

on returns according to loan payment agreements, taking into consideration the amount of the sum of interest on each loan payment agreement;

5. The sums paid in accordance with loan payment agreements shall be included according to the procedure established by the Minister of Finance.

6. In an instance of exaction, if property does do not suffice to include all of the monetary obligations, they shall be included according to the procedure established by the central tax administrator.

7. A taxpayer's payment debt shall be acknowledged as bad if it can not be exacted for objective reasons or which it would not be expedient to exact from the social and (or) economic point of view, i.e. , the debts in payments shall be adjudged as bad, if the following factors are present:

1) taxpayer (natural person) has died, and it is not possible to exact the arrears from the inheritance; the taxpayer (legal person) has been liquidated;

2) the Government re-organises an enterprise which is going bankrupt, and a certain portion of property of the enterprise's are being transferred to it and thus, the enterprise is relieved from the arrears or a portion thereof, or a release agreement is drawn up with the enterprise which under bankruptcy and it is relieved from a portion of the arrears;

3) it would be inexpedient to exact the debts in taxes and penalties, which have accumulated by December 31, 1998., and the per cent linked with these tax and penalty debts, since a taxpayer has in accordance with the procedure established by the Government, has settled these debts in taxes and penalties, which have accumulated by December 31, 1998, in shares and assets and also, has paid all of the payable taxes which have accumulated since December 31, 2000, prior to the decision to acknowledge these tax debts as bad;

4) it shall be inexpedient to exact the debt, which has accumulated since December 31, 1999, in those instances and such amounts, when it shall terminate by including contrary demands of taxpayer and state (municipality), This provision shall apply including the unpaid declared value added tax; which has accumulated for work completed prior to December 31, 1999, which art designated to be funded in 2000 from the money in the Privatisation Fund, as

well as the taxpayer's demands set before the Privatisation Fund for the work completed prior to December 31, 19979, but not paid for.

5) it shall be inexpedient to exact arrears, since one entity of the monetary obligation (debt) and the other entity of the monetary obligation (creditor) shall be one and the same person;

6) after more than 1 year has elapsed from the day, when exaction efforts were to be initiated (a notice of demand has been sent to voluntarily fulfil monetary obligations), the property have not been found or the property is not liquid (it is impossible to sell it), also if the property which have been found, only sufficed to cover the monetary obligation, the outstanding portion of the arrears shall be acknowledged as bad;

7) expenses involved in exaction shall be larger than the arrears;

8) it shall be inexpedient to exact arrears in payments, since the economic (social) condition of natural person is difficult: natural person shall require (it is being provided for him already) state support (natural person has reached pension age, is handicapped, requires medical treatment, medical prophylactics and rehabilitation, person is unemployed, receives social assistance). Circumstances attesting to a difficult (social)situation must be confirmed with documents issued by competent institutions. This principle of acknowledging the arrears as bad shall only be applied to taxpayers who are natural persons or enterprises not having the rights of legal persons, when the (social) circumstances of owners or members of these enterprises, are difficult.

8. Payment arrears of taxpayer, which have been acknowledged as bad for reasons indicated in Item 1 of Part 7 of this Article, shall terminate and be written off from the revenue accounting documents of the budget, when the chief of the regional tax Inspectorate recognises by his decision these arrears as terminated.

9. The arrears in payments of a taxpayer, which have been acknowledged as bad for reasons indicated in Items 2,3,4, and 5 of Part 7 of this Article, shall terminate and be written off from budgetary accounting documents, when the chief of the State Tax Inspectorate at the Ministry of Finance adopts a decision to exempt a taxpayer for these arrears in payments.

10. The arrears in payments of a taxpayer, which have been acknowledged as bad for reasons indicated in Items 6,7 and 8 of Part 7 of this Article, shall be placed with the arrears, which are not exacted on a priority basis and which are not taken into account in planning

budgetary revenues, when the chief of the regional state tax inspectorate, makes the decision to place them among such arrears. These arrears will be revised according to the procedure established by the Minister of Finance, in seeking to explain exaction possibilities and expediency. Having established that there exists such a possibility and that it shall be expedient to exact the arrears, these shall be exacted.

11. Once the arrears in payment shall be acknowledged as bad, based upon the reasons in Part 7 of this Article, the bad arrears in payments, as well as interest linked to non payment of taxes or late payment thereof with the interest linked with the unpaid or a penalty paid late, taxes postponed according to the loan payment agreement, interest linked to interest and penalty sums, increased interest and interest charges.

12. The Minister of Finance shall determine the procedure of acknowledging the arrears in payments of a taxpayer as bad, conclusion and inclusion thereof with arrears in payments in the local budgetary income accounting documents of the local tax administrator, which shall not be accorded priority exaction and which are not taken into account in planning budgetary income, the writing off of these arrears from the accounting documents of the local tax administrator and the procedure of accounting and methods of calculating exaction expenses. (Supplemented 2 July 1998)

Article 30. Notice of Demand to Fulfil Tax Obligations Voluntarily

1. The tax administrator, prior to availing himself of his right to exact the unpaid tax, interest, penalties and other payments (except for the declared tax and interest on this tax) by compulsory means, shall send the taxpayer an notice of demand to pay the tax, interest, penalties and other payments voluntarily. The notice of demand shall be sent when:

1. the taxpayer has failed to pay (transfer) within a 20-day period, the computed taxes, interest, penalties and other payments resultant from the audit on whether the tax had been estimated and paid correctly on the taxes, interest, penalties (according to the time limit set in Article 52 of this Law) and other payments stipulated by the act, (if the taxpayer does not appeal, in accordance with the procedure stipulated in the Tax Law, regarding the sums or

penalties assigned in the audit act and does not ask for postponement of the payment of these sums);

2) the decision regarding the taxpayer's appeal comes into effect and the right is present to exact tax according to Article 57 of this Law, or on the day following, the taxpayer's receipt of a negative decision concerning his request to postpone the time limit for payment of the sums calculated and the penalties imposed in the course of the audit;

3) agreement of loan payment is terminated.

2. Upon establishing the arrears of declared tax and interest on this tax, the notice of demand shall not be sent. The taxpayer shall have the right to voluntarily pay the declared tax and the interest on this tax within a period of 20 days from the expiration of the time limit established by the Tax Law, for payment of declared tax.. (Amended 2 July 1998)

3. The notice of demand to voluntarily pay the tax, interest, penalties and other payments must indicate:

- 1) name of tax administrator;
- 2) name of taxpayer;
- 3) date of issuance of notice of demand;
- 4) taxpayer's identification number;
- 5) payable amount of tax and amounts in connection with it (interest, penalties);
- 6) period during which the taxpayer must voluntarily pay the amounts indicated in the notice of demand;
- 7) account into which the stated amounts must be paid;
- 8) notice of demand indicating that, in the event the amount specified in the warning is not paid voluntarily, these sums will be forcibly exacted.

4. The tax administrator shall set a 20-day time-limit, from the day of issuance of notice of demand in which the taxpayer is allowed to pay the sums indicated in the notice of demand. (Amended 2 July 1998)

5. In the event that the taxpayer refuses to accept the notice of demand, or if it is not possible to locate him at his registered office, the person delivering the notice of demand indicates this on the notice of demand and returns it to the tax administrator. The person delivering the notice of demand shall write the notation concerning the taxpayer's refusal to accept the notice of demand and confirmation of the motives for refusal, shall be made by the

person delivering the notice of demand. The taxpayer's refusal to accept the notice of demand shall be held tantamount to the notice of demand having been given to him. The notice of demand shall also be considered delivered in the event that the taxpayer is not located at his residence at the address indicated by him and during his working hours, on two separate occasions. (Amended 2 July 1998)

Article 31. Tax Administrator's Right To Exact Taxes, Interest, Penalties and Other Payments from Taxpayer's Property

1. The tax administrator shall acquire the right to exact taxes, interest, penalties and other payments from the property of the taxpayer, against which an exaction may be applied in accordance with the Republic of Lithuania Civil Process Code if:

1) the taxpayer fails to pay taxes, interest, penalties and other payments, specified in the tax administrator's notice of demand;

2) the taxpayer fails to pay the sum indicated in the submitted tax declaration and the interest thereof, within 20 days of the time limit termination for payment of declared taxes, as established by the Tax Law.

2. The right of exaction of taxes, interest, penalties and other payments, shall be acquired on the day following the expiration of the time limit specified in the notice of demand of voluntary payment of taxes, interest, penalties and other payments, and if a notice of demand is not being sent, on the day following, the expiration of the time limit established in Paragraph 2 of Part 1 of this Article.

3. The right to exact taxes, interest, penalties and other payments from the taxpayer's property, shall disappear on the day the taxpayer pays the tax arrears (interest, penalties and other payments). (Amended 2 July 1998)

Article 32. Grounds for and Ways of Attachment of Taxpayer's Property and the Amount of Attached Property

1. Attachment of a taxpayer's property shall be applied in accordance with the procedure established by this or other laws, shall be applied to a taxpayer's rights of ownership of property or managing, use and disposal of individual compound sections of this right constitute a compulsory, temporary restriction in striving to ensure collection of tax arrears.

2. The amount of a taxpayer's attached property shall equal that which would actually be required to fully assure arrears collection and covering of expenses resulting from collection. While property is being attached, the taxpayer shall have the right of declaration before the tax administrator, as to what items should first be targeted for collection, however the tax administrator shall not be bound to satisfy the request, should this interfere with properly assuring the collection of tax arrears and expenses linked to impounding of property.

3. A taxpayer's property may be attached, if the taxpayer failed to pay (transfer) taxes, interest, penalties, or other payments in accordance with the procedure established by laws or if, upon completion by the tax administrator's officers of a verification act relevant to payment and correct calculation of the tax, which specifies the assigned taxes, interest and other payments and (or) designated penalties, a danger is present that the taxpayer may conceal, sell or otherwise lose the property belonging to him and it may become impossible to exact taxes, interest, penalties and other payments.

4. The taxpayer's property may be attached also, if in the course of verification (when in the course of verification a presence of Tax Law violations is established) on whether or not the tax has been calculated and paid correctly, the danger exists that the taxpayer may conceal, sell or otherwise lose the property belonging to him and thus, it may prove to be difficult or impossible to exact the calculated taxes, interest and (or) designated penalties. In this instance, only such property of taxpayer may be attached, which shall be entered in the register of property. The attachment of property shall be lifted in the event a tax arrears has not been established during verification.

5. A taxpayer's right of ownership to the property may be limited in full, prohibiting the taxpayer to dispose, use and administer the property. In this instance, the property of the taxpayer shall be transferred for safekeeping or transferred to be administered by the tax administrator. A taxpayer's right of ownership may also be limited in part, with only certain integral parts of ownership being limited. Upon attachment of property, certain non-ownership rights, which are afforded to the taxpayer by the attached property, may be limited as well and it may be prohibited for other persons to transfer property to the taxpayer, whose right of ownership to this property has been limited, and also to fulfil other obligations of the

taxpayer, whose right of ownership has been limited. The actual manner of attachment (limitation of the right of ownership or separate integral parts of this right) of a taxpayer's property and extent of the attached property shall be indicated in the property attachment act.

6. The attachment of a taxpayer's property shall be lifted when it becomes no longer necessary.

ARTICLE 32¹. Decision to Place Property Under Attachment

1. The decision to place property under attachment shall be made official by an act of attachment of property.

2. The act of attachment of property must indicate the reasons for limitation of the right of ownership and:

1) date and place of adoption of the decision;

2) grounds for attachment of property;

3) taxpayer, whose property is being attached including, the natural person's name, surname, personal number, address; legal person's or enterprise's, not having the rights of legal person, name, address of residence, code;

4) type of attached property, identification code (if the property is registered in the register of attached property), location, other property identification information;

5) owner (co-owners) of attached property including, natural person's name, surname, personal number, address; legal person's or firm's name, not having the rights of legal person, name, location, code;

6) ways of property attachment (limitation of entire right of ownership or individual integral parts thereof) and the extent of attached property, also the established calendar date term of the attachment of property, if such a limit is established;

7) other limitations of rights, linked with the attachment of property, if they are applied;

8) property keeper or property administrator including, natural person's name, surname, personal code, address; legal person's or firm's not having the rights of legal person, name, location, code;

9) procedure of appeal of the attachment of property;

10) liability for violation of limitations set forth in the act of attachment of property.

3. If on the day of official registration of the attachment of property, the structure and location of the taxpayer whose property is placed under attachment are not known, the actual property may be left unspecified on the act of attachment of property. In this instance the tax administrator must employ measures to clarify the structure and location of property of the taxpayer whose property is being attached and having clarified this, to officially register an additional act of attachment of property and to change the previous act of attachment of property. The additional act of attachment of property shall be officially registered according to the requirements set forth in paragraphs 1 and 2 of this Article.

4. The act of attachment of property shall be presented to the taxpayer whose property is being placed under attachment. Should the taxpayer refuse to accept the act of attachment of property or should the taxpayer or his representatives fail to be located at the taxpayer's location, the person delivering the act of attachment of property shall indicate this on the act of attachment of property and it shall be regarded as the act having been delivered. The tax administrator must submit the act of attachment of the taxpayer's property to the register of acts of attachment of property. The act of attachment of property shall not be submitted to the register of acts of attachment of property, if the real property placed under attachment (products, other quickly perishable items, animals) have been taken without delay and in accordance with the procedure established by laws handed over to be sold.

5. The attachment of property shall come into effect from the presentation of the act of attachment of property, and if there exists no opportunity to present this act, from the moment of registration of the attachment of property in the register of the acts of attachment of property. In the instances, when real property (product, other quickly perishable items, animals) is being placed under attachment, and is taken in accordance with the procedure

established by laws and is handed over without delay to be sold, the attachment of property comes into effect from the moment of description of the property.

6. The tax administrator may alter the means of the act of attachment and the extent of the property being attached by officially registering a new act of attachment of property.

7. Having changed the act of attachment of property or having lifted the attachment of property, must inform the register of acts of property under attachment immediately.

8. Taxpayer attachment of property acts and descriptions of property under attachment shall be registered in the register of the acts of attachment of property and are lifted from this register in accordance with the Law on the Register of Deeds of Attachment

9. The taxpayer, whose property have been placed under attachment, shall have the right to appeal the act of attachment of property in accordance with the procedure established in Chapter X of this Law. Filing an appeal shall not halt implementation of the act of attachment of property. Other persons, who think, that the attachment of property shall violate their rights or law-protected interests, may appeal to court in accordance with the procedure established by laws.

Article 33. Inventory of Taxpayer's Property

1. In instances where property is placed under attachment limiting all of the rights of ownership to property and the property is transferred to other persons for safekeeping or administering, also in instances where real property not registered on the register of property under attachment shall be placed under attachment, an inventory of this property must be compiled.

2. In describing property the tax administrator may perform some additional actions: stamping, sealing, control weighing, measuring, calculating, reference marking, etc.

3. The taxpayer's property shall be inventoried in the presence of the taxpayer himself, and in instances when the taxpayer is not a natural person, in the presence of the taxpayer's employees, responsible for the accuracy of filling out the tax declaration. Upon refusal by the

taxpayer or his employee to participate in the property inventory, this shall be indicated on the property inventory and the property may be described without the aforementioned persons being present.

Article 34. Contents of Act of Inventory of Property

1. An act of inventory of property must indicate:
 - 1) date and place of the drawing up of the act;
 - 2) names, surnames, personal numbers and official positions of the persons tax administrator's officer and also of persons who were present during the inventory of property;
 - 3) the first and last names and position of the tax administrator's officer who is compiling the inventory;
 - 4) type of property placed under attachment, identification of every object, ID code (if the property is being registered in the Register of Property), location, brief description, and other information identifying the property;
 - 5) owner of property including, natural person's name, surname, personal number, address, name of legal person or firm not having the rights of a legal person, location, code;
 - 6) value of property;
 - 7) rights and obligations (if such are known) regarding the property;
 - 8) keeper (administrator) of property including the natural person's name, surname, code, address; legal person's or firm's not having the rights of a legal person, name, location, code;
 - 9) liability of property keeper (administrator) for loss, damage of property.
2. The property inventory shall be signed by the officer who has compiled it and persons who participated in the inventory of the property.
3. Property inventory shall be presented with signed receipt to the taxpayer whose property is inventoried. If the property is not transferred for safekeeping to the taxpayer, or are transferred to be administered, the property inventory shall be presented with signed receipt to the property keeper (administrator). Should the taxpayer whose property is being placed under attachment, refuse to accept the property inventory or there shall exist no

opportunity to hand him the property inventory, this shall be included in the property inventory

Article 35. Assessment of Property under Attachment

The officer of the tax administrator shall assess the property under attachment according the type of prices in that location and, taking into consideration depreciation of the property. In the event that assessment of some of the articles is difficult to make and also, if the taxpayer is challenging the assessment carried out by the tax administrator's officer, the tax administrator shall call in an expert to decide the value of the property. Should the property evaluator establish a different value of the property, the tax administrator shall record another inventory of the property. Should the property evaluator be invited on the taxpayer's initiative, the taxpayer shall pay the expenses.

Article 36. Protection and Administration of Property Under Attachment

1. Property under attachment shall be transferred for protection or administration in accordance with the procedure established by this Law and the Civil Code.
2. The Civil Code shall establish the right of protector and administrator of property under attachment.
3. Embezzlement, transfer or concealment of property under attachment and criminal destruction or damage of this property shall result in criminal liability for both the protector and the administrator.

Article 37. Enforcement of the Payment of Tax and Related Amounts

(repealed 4 Nov 1999)

1. The decision concerning exactions for the budget shall be handed over to court bailiffs in accordance with the procedure established by the Code of Civil Procedure of the Republic of Lithuania. The decision concerning exactions for the state (municipal) budget and funds (amended 24 June 1997) shall be handed over to the court bailiffs only following termination of the process of appealing the tax administrator's actions as provided for by

Chapter X of this Law, or in instances when the time limit for submittal of complaint has been exceeded.

2. Every individual in whose possession the impounded property of the taxpayer is held may not perform any actions with regard to the taxpayer's property (neither issue payments from this property, nor transfer such to anyone else), with the exception of carrying out directives of the tax administrator.

(Repealed 2 July 1998)

Article 38. Tax Refund and Recording

1. The amounts of tax which are returned by the tax administrator to the taxpayer shall be taken from that state (municipal) budget or budgets and funds, into which they had been paid.

2. Other amounts related to the tax refund shall be refunded according to the same procedure as the tax.

3. A request for refund of an overpayment in tax may be submitted within five calendar years following the year in which the tax was paid, unless an appropriate tax law provides otherwise.

4. The request must be submitted in writing to the tax administrator in accordance with the taxpayer's registration area. The request shall state the amount of overpayment and basis for refund.

5. The tax administrator shall:

1) refund (record) the overpaid tax amount (in full or in part) to the taxpayer within 30 days following the receipt of a written request concerning the tax refund (or record thereof);

2) refund (record) to the taxpayer the tax difference (in full or in part) within a period of 15 days) following receipt of a written request and documents required for refund (record) of tax difference, and when an audit is conducted of the taxpayer, that is, within 10 days following the receipt of written decisions from an officer of the Tax Administrator;

3) having failed to refund (record) the tax overpayment (in full or in part) within the specified period of time, shall add interest to the taxpayer's account until such time as the overpaid tax amount (in full or in part), or the tax difference (in full or in part) shall be refunded (recorded). The interest amount shall be equivalent to the amount of the penalty set

for late tax payment. Upon reaching the decision to interrupt refunding (recording) of tax overpayment (in full or in part) or tax difference (in full or in part), interest shall not be counted for the taxpayer's benefit, but discontinuing this decision according to the procedure established by the Government or its authorised institution, the interest shall be computed for the entire period of refund (recording) interruption.

6. The tax administrator may, within the period stated in paragraph 5 of this Article, credit an overpayment of tax (in full or in part) or difference in tax (in full or in part) credit it towards the budget and funds of tax underpayment including underpayments, the payment whereof shall be postponed according to a tax deferral agreement and the term of payment whereof has already expired according to the deferral agreement), to cover according to the procedure established by the Central Tax Administrator, even if that is not indicated in the written application of the taxpayer. Upon the written application by the tax payer, a tax overpayment or difference shall be credited to the taxes being declared and estimated undeclared taxes, the payment time limit whereof has not expired. A tax overpayment (in full or in part) or the tax difference (in full or in part) may be refunded only following the crediting indicted in this paragraph. The tax administrator, having not credited a tax overpayment or difference, shall assess interest in favour of the taxpayer according to the same procedure as that applied for untimely refund of overpayment or tax differences.

7. If the individual withholding the tax shall transfers an excessive tax amount into the state (municipal) budget and funds, the overpaid tax amount shall not bear interest, but the overpayment shall be refunded within a 30-day period from the receipt of request.

Article 38¹

1. Should there be a basis for thinking, that based upon the Government or its authorised institution's established procedure regarding tax overpayment (in full or in part), or tax difference (in full or in part) refund (counting) interruption, that the information supplied by the taxpayer are erroneous, the documents are falsified and thus in order to appraise the documents and verify the authenticity of the information it is necessary to perform an additional examination, and to obtain additional information from foreign states and foreign State institutions regarding the authenticity of the documents submitted by the taxpayer, the local chief tax administrator shall have the right to interrupt the refund (counting) of tax

overpayment (in full or in part), or the tax difference (in full or in part) within an up to three-month period. This time limit may be extended for up to six months per decision of the Central Tax Administrator and based upon a justified conclusion of the local tax administrator. The time limit extended per decision of the Chief Central Tax Administrator may be extended for up to one year, per decision of the minister of finance and a justified conclusion by the Central Tax Administrator.

2. Upon adopting a decision on interruption of refunding (counting) tax overpayment (in full or in part) or tax difference (in full or in part), the provisions of Article 38 of this Law and Article 17, of the Law on Added Value Tax shall not apply.

3. If it should come to light, in having performed an additional investigation, and also basing itself on the additional information received from foreign states and foreign state institutions, that the information supplied had been incorrect, the documents falsified the tax overpayment (in full or in part) or the difference in tax (in full or in part) shall not be refunded (counted), and as far as the value added tax is concerned, the provisions of item one, paragraph one of Article 17, of the Law On Added Value Tax , on taxation of goods (services) shall also apply.

4. Following a decision adopted according with the established procedure by the Government or its authorised institution, to annul interruption of the refund (recording) of tax overpayment (in full or in part) or the tax difference (in full or in part), this overpayment or difference and the interest indicated in item 3, paragraph 5, of Article 38 of this Law, shall be refunded (recorded) at least within three work days. (Supplemented 6 Apr 1999)

Article 39. Interest

1. Interest shall be imposed for late payment or transfer of declared tax (advance tax payment) to state or (municipal) budget and funds (Amended 24 June 1997), or tax, (advance tax payment) computed by the taxpayer and paid or transferred late non declarable tax, or an overpayment in the amount of tax refund (except in those instances when the overpayment in the amount of tax refund is the result of the administrator's error. (Amended 2 July 1998) The reasons due to which the tax had not been paid or remitted to the state (municipal) budget and

funds (Amended 24 June 1997) in a timely manner, shall not be considered, with the exception of the exclusions indicated in Article 39¹. (Amended 13 February 1997)

2. Interest on declared (estimated) (Amended 2 July 1998), or an undeclarable tax estimated by the taxpayer, shall be calculated from the day following the date when the tax was due to be paid or transferred to the budget (Amended 2 July 1998) or when an overpayment in the tax refund had occurred there (with the exception of those instances when the overpayment resulted due to an error on the part of the tax administrator), and shall be calculated every day and the calculation thereof shall be terminated on the day of payment (transfer) of tax inclusive, or the day of refunding to the budget or on that day when the arrears in payment recognised as bad, shall terminate however, the interest sum may not exceed 100 percent of the tax amount. (Amended 2 July 1998)

3. The Minister of Finance shall establish the amount of interest and an increase in the amount of interest on late payment of tax and the procedure according to which the interest shall be paid and calculated, taking into account the average interest rate of the last calendar quarter, paid for government bonds issued for a term not to exceed one year, in litas. The amount of interest shall be determined by increasing the average interest rate by up to 10 points and the amount of increased interest, by up to 15 points. (Amended 2 July 1998)

4. From the taxpayer or individual withholding the tax who fails to pay the interest according to the established procedure interest shall be exacted according to the same procedure as unpaid taxes.

5. Payment of interest shall not exempt a person from the payment of tax.

6. Higher interest rates shall be calculated on undeclared (unestimated) tax amounts established by an officer (officers) of the tax administrator, in the course of an audit, shall commence from the day following the day when the tax should have been paid (transferred) into the state (municipal) budgets or funds, prior to the day of writing of the act of audit, and following non-payment of the tax within the time limit established in Part 2 of Article 29, the increased interest shall be calculated uninterruptedly and counting shall be terminated on the day of payment (transfer), or on the day when the arrears in payment that have been termed bad, shall terminate. The increased interest amount may not exceed 150 per cent of the interest amount. (Amended 2 July 1998)

7. For the penalties imposed by an officer (officers) for violations of tax laws, which have not been paid within the time limit established in Part 1 of Article 52, the interest shall be calculated from the day following the day when the decision was submitted to the taxpayer (the person withholding out the amount). The interest amount may not exceed 100 percent of the penalty amount. (Amended 2 July 1998)

8. The interest stipulated in this Article shall not be calculated for budgetary institutions. The heads of budgetary institutions and chief finance officers (accountants), having violated the requirements of tax laws, shall be liable in accordance with the procedure established by Republic of Lithuania. (Supplemented 6 Apr 1999)

Article 39¹. The Procedure of Exemption from Economic Sanctions, in the Absence of Fault

1. The taxpayer shall be relieved of the payment of interest and penalties if in the course of the process of tax disputes, it is proven, that he was in violation of the Tax Law, (Amended 2 July 98), due to circumstances beyond his control and which he could not and did not foresee. The actions or failure to act by the taxpayer or his staff (owner, administration staff, etc.) and the taxpayer's insolvency shall not be considered such circumstances. Exemption from interest and (or) penalties, must be officially registered by decision of the institution examining the tax dispute. The reliefs of this Article shall not be applied, if the taxpayer has committed some wilful violations of tax laws, provided for in Article 49 of This Law. (Amended 2 July 1998)

2. The tax payer himself must prove the absence of fault. (Supplemented 13 February 1997)

Article 40. Exception to Chapter VI

1. Provisions of this Chapter shall not apply to those taxpayers from whom the tax is withheld and paid into the state (municipal) budget and funds (amended 24 June 1997) by a tax withholder.

2. If the tax withholder has incorrectly withheld and made a tax payment to the state (municipal) budget and funds (Amended 24 June 1997), including interest and penalties,

these due amounts shall be withheld from the person withholding the tax according to the procedure prescribed in this Chapter.

Chapter VII RECORDING OF TAXPAYERS

Article 41. Register of Taxpayers

1. A general register of taxpayers shall be compiled for the purpose of keeping a record of taxpayers.
2. The tax administrator shall register all persons whose registration is mandatory under Article 43 of this Law.

Article 42. Registrars of Taxpayer Register

- 0 1. The Minister of Finance shall be the founder of the taxpayer register and the tax administrator shall be the registrar thereof.
2. The central tax administrator shall keep the general tax register.
3. The local tax administrator shall register taxpayers and keep the registration documents of the territory.
- 0 4. The taxpayer register must be managed in such a way as to be co-ordinated with other state registers and classifiers. Therefore the tax administrator shall cooperate with the keepers of state registers and classifiers.

Article 43. Registration of Taxpayers and Tax Withholders

1. A person who, according to the law on tax, is liable to taxes, must register with the corresponding local tax administrator as a taxpayer.
2. Every natural person working under an employment contract shall register with the local tax administrator through his employer.

3. Every tax-withholding person must register with the local tax administrator and submit a list of taxpayers from whom he withholds a tax, in accordance with the established form and procedure.

Article 44. Time Period for Registration of Taxpayers

A person who is made liable to a tax under a law on tax must register with the corresponding tax administrator no later than within a period of 5 days from the imposition of the liability. Legal registration of a person shall constitute the moment of inception of liability and in the event that legal registration is not provided for by law, by the commencement of activities.

Article 45. Tax Payer Identification Number

1. Every taxpayer or tax withholder must possess a permanent identification number making it possible to identify the taxpayer or the tax withholder, regardless of who shall administer the tax.

2. The Legal Unit Register Identification Code shall apply to enterprises and organisations, while the Population Register Personal Code shall apply to natural persons.

3. A temporary taxpayer identification number shall be allocated for taxpayers who for some reason may not use the Legal Unit Register Identification Code or the Population Register Personal Code, the procedure of application whereof shall be established by registrar of the taxpayer register.

Article 46. Regulations of Taxpayer Registration and Register Keeping Procedure

The Minister of Finance shall establish taxpayer registration regulations and procedure of register keeping, upon recommendation of the central tax administrator.

Chapter VIII TAX LAW VIOLATIONS

Article 47.

Failure to meet a tax liability by reason of negligence shall be deemed present in instances when a taxpayer or a tax withholder pays (transfers) into the state (municipal) budget and funds (Amended 24 June 1997) less than 100%, but more than 85% of the tax imposed by law. (Repealed 2 July 1998)

Article 48. Failure to Meet a Tax Liability by Reason of Gross Negligence

Failure to meet a tax liability by reason of gross negligence shall be deemed present in instances when a taxpayer or tax withholder pays (transfers) into the state (municipal) budgets and funds (Amended 24 June 1997) less than 85% of the tax which he had to pay (transfer) in accordance with the laws. (Repealed 2 July 1998)

Article 49. Persistent Tax Law Violations

1. Repeated, systematic or deliberate violation of tax laws shall be considered as a persistent tax law violation. (Repealed 13 February 1997)

2. A persistent tax law violation shall be deemed as such if :

1) a person is negligent in keeping the accounting records of an enterprise, institution or organisation or fail to keep the record documents thus, making it impossible to establish totally or in part, the results of the activities of an enterprise, institution, organisation, and the commercial, economic and financial condition or to estimate the value of the property.; (Amended 13 February 1997)

2) the person keeps books of an enterprise, institution or organisation in a fraudulent manner, conceals or destroys accounting documents, if this has made it totally or partly impossible to determine results of the enterprise, institution, organisation's commercial, economic and financial condition or to evaluate its property. (Amended 13 February 1997)

3) the person knowingly records false information concerning his own income, profit, or that of an enterprise, institution or organisation, or the use thereof, in the tax return, accounting records or another document, filed with the tax administrator.(Amended 13 February 1997)

4) the person fails to file a tax return or another document with the tax administrator on time or having filed it, fails to pay the taxes, after the tax administrator had sent him a written reminder of his obligation to file a tax return, accounting records or another document and to pay taxes; (Amended 13 February 1997)

5) the person uses an unregistered cash register which duplicates the registered cash register, a cash register whose structure or programme have been modified or falsifies or destroys its data; (Amended 13 February 1997)

6) the person keeps, sells or acquires goods without the required documents, packaging and other special marks. stipulated in normative acts; (Amended 13 March 1997)

7) the person fails to keep a record in accounting documents of payments to employees and those linked to labour relations; (Amended 13 February 1997)

8) the person refuses an officer of the tax administrator access to accounting documents;

9) the person fails to appear without serious cause, before the tax administrator at the appointed time, following receipt of a repeated notice of demand from the tax administrator; (Amended 13 February 1997)

10) the person knowingly falsifies documents or submits falsified documents to the tax administrator; (Amended 13 February 1997)

11) the person avoids payment of taxes or attempts to obstruct the process of tax determination or collection; (Amended 13 February 1997)

12) the person violates accounting regulations; (Repealed 2 July 1998)

13) the person transports the goods without the acquisition or transporting documents specified by normative acts. (Amended 2 July 1998)

Chapter IX

LIABILITY FOR TAX LAW VIOLATIONS

Article 50. Application of Sanctions

1. The tax administrator shall impose a penalty on a bank (credit) institution which fails to observe the administrator's instruction to write off the sums of money without suit from the account of taxpayer or tax withholder, or one which is implementing (having implemented) such an instruction while failing to adhere to the procedure established by normative acts. The amount of this penalty shall be equivalent to the amount of money which could have been a write-off, but had not been written off the account of the taxpayer or the tax withholder, however it may not exceed the total amount of the sum indicated in the instruction on amounts

to be written off without suit. Payment of the penalty shall not relieve the bank (credit) institution of complying with the implementation of the tax administrator's order. (Amended 2 July 1998)

2. In the event that it shall be established in the course of an investigation, that the declaration and accounting records submitted by the taxpayer fail to indicate all of the income (receipts) or if the income is not declared and not accounted for in the accounting records at all, the total tax (taxes) on the taxpayer's undeclared income receipts shall be added on, without considering expenses and a penalty shall be imposed of 100 percent of the tax (taxes) total. (Amended 2 July 1998)

3. In those cases where the violations of tax laws indicated in Article 49, have been perpetrated by an economic entity-a legal person or a person not having any legal person's rights, the employees or owners who are responsible for accurate estimation and payment of tax to the state (municipal) budget and funds. Penalties shall be imposed to economic entities namely, enterprises, institutions and organisations for violations listed in paragraphs 2,5,6,7, and 13, as follows:

1) a penalty of 10 per cent, calculated on the income (receipts) of the past 12 months or a tenfold penalty on income concealed in falsified accounting, value of goods, and unaccounted for pay to employees. This penalty must amount to no less than 20,000 litas:

a) for violations listed in paragraphs 2, 5 and 7, committed for the first time;

b) for the violation indicated in paragraph 6 of Article 49, when the value of goods held, sold or acquired by a person (except ethyl alcohol, alcohol, tobacco and petroleum products) without the required documents stipulated in normative acts, exceeds the total rate equivalent of 3 minimum standard of living allowances (MSL);

c) for violation stipulated in paragraph 13 of Article 49, by an enterprise engaged in goods transportation, when the value of goods (excepting ethyl alcohol, alcohol, tobacco and petroleum products) exceeds a total sum of 50 MSL;

2) a penalty of 10 percent shall be calculated on the income (receipts of the past 12 months, or a tenfold penalty for concealed income in a falsified account, value of goods, and unaccounted for pay to employees, but no less than 50,000 litas;

a) for violations indicated in paragraphs 2, 5 and 7 committed repeatedly;

b) for a violation stipulated in paragraph 6 of Article 49, committed repeatedly, without considering the value of goods (excepting ethyl alcohol, alcohol, tobacco and petroleum products);

c) for a violation stipulated in paragraph 6 of Article 49, when economic entities hold, sell or acquire ethyl alcohol, alcohol, tobacco and petroleum products without the required documents, labels or other specific marks, stipulated in normative acts ;

d) for a violation stipulated in paragraph 13 of Article 49, committed repeatedly, regardless of the value of the goods (excepting ethyl alcohol, alcohol, tobacco and petroleum products);

e) for a violation stipulated in paragraph 13 of Article 49, when an economic entity transports ethyl alcohol, alcohol, tobacco and petroleum products without the required documents, labels, special marks or transportation documents stipulated by normative acts.
(Amended 2 July 1998)

4. Should the total amount of the tenfold penalty (on concealed income, value of goods, unaccounted for employee salaries) estimated in accordance with part 3 of this Article, prove to be less than 10 percent of the penalty, estimated on the income (receipts) from the past 12 month-period, a tenfold penalty shall be applied, but should the estimated tenfold penalty (on concealed income, value of goods, unaccounted for employee salaries) prove to be greater, an estimated penalty of 10 per cent of income (receipts) of the past 12-month period shall be imposed, however in either case the amount of penalty must not be any less than the minimum penalty established in part 3 of this Article. Should the person commit a violation stipulated in paragraph 5 of Article 49, a 10 percent penalty based upon income (receipts) of the past 12-month period, shall be imposed, but no less than the one stipulated in part 3 of this Article. (Amended 2 July 1998)

5. Should it be established during the course of an audit that a person is holding, selling, acquiring or transporting goods without the required documents as stipulated by normative acts, the value of the goods shall be established by one of the following means:

1) if the price of goods is determined at the enterprise, the value of goods shall be established according to their sales price (including VAT);

2) if the sales price of goods is not determined at the enterprise, the value of the goods held, acquired, sold or transported without documents, shall be determined according to the average sales price (including VAT) of analogical goods, established by no fewer than three enterprises located within the area (district) of the city where the violation was committed. If fewer than three enterprises selling analogical goods are located within the area (district) of the city, the average sales price of the goods shall be determined according to the average price (including VAT) of analogical goods sold by enterprises of the Republic of Lithuania. (Amended 2 July 1998)

6. Imposition of a penalty shall not absolve from the payment of taxes and interest. If a violation of the Tax Law shall correspond to the actions established by part 2 of Article 50 and paragraphs 2, 5, 6, 7 or 13 of Article 49, the penalty for economic entities shall be imposed in accordance with that Article of the Law on Tax Administration (Article part), according to which the greater penalty is calculated. If in the course of the audit, it shall be established that the economic entity shall commit two or more violations as stipulated in Article 49 of this Law, the final penalty shall be imposed for the violation, in accordance with which, the total sum of calculated penalty is the largest. (Amended 2 July 1998)

7. Interest shall be calculated and increased and penalties meted out in accordance with the legal acts in force at the time the violation was committed. The interest and increased interest shall be calculated in accordance with the increased interest tariff amounts established by the Law on Tax or Directive of the Finance Minister in effect on any specific day in accordance with the non payment or non transfer of tax or penalty into the State (municipal) budgets or funds in effect on the specific date. Legal acts by which penalties applied for violations of tax laws, committed prior to the coming into force of these acts, shall be diminished or annulled shall also be applied for violations in tax laws, if a legal act that diminishes or erases the liability shall come into force no later than on the day of adopting the resolution to apply the penalty, and if the taxpayer shall appeal the actions of the tax administrator no later than the local tax administrator's decision, Central Tax Administrator's decision, Tax Disputes Commission's decision, Higher Administrative Court decision, on the day of adoption of decision by the Section For Administrative Cases Section of the Court of Appeals of Lithuania. (Amended 6 Apr 1999)

8. In a case, when after filing declaration (accounting) with the tax administrator, the taxpayer has noticed that he had declared an insufficient amount of tax, but has voluntarily corrected this prior to the order to check the enterprise (if no such order exists, prior to the beginning of the audit) and has paid the delinquent amount and submitted corrected tax declarations (accounting documents) for the tax (payable) period of time in which the error had been made, a penalty shall not be imposed. Under these circumstances a penalty shall not be imposed. In this instance the interest shall be calculated from the day following the day when the tax must be paid according to law., up to the day of payment of tax according to the corrected declaration. (Amended 2 July 1998)

9. Legal acts, by which penalties are eliminated for failure to inform the tax administrator on time of the paid sums, shall be applied also for violations of the law committed prior to the coming into force of these acts, however only in those instances if these penalties had not been collected or paid. The decision to count penalties for failure to provide information on time, may be eliminated by the decision of the tax administrator or an institution, investigating the tax dispute. (Amended 6 April 1999)

10. The penalties stipulated in this Article shall not apply to budgetary institutions. The head of budgetary institutions and chief finance officer (accountants), who have violated the requirements of laws, shall be liable according to the procedure established by legal acts. (Amended 6 April 1999)

Article 51. Responsibility of Tax Administrator

1. A disciplinary or criminal action shall be brought, in accordance with the procedure established by law, against the tax administrator's officers who have violated the laws or they shall be held materially responsible.

2. Damages incurred by taxpayers resulting from illegal actions of the tax administrator or his officers shall be compensated according to the procedure established by laws of the Republic of Lithuania.

Article 52. Payment and Exaction of Penalties

1. Penalties imposed by the tax administrator for violations of tax laws shall be paid no later than within 90 days from the day on which the person was handed the decision on penalty imposition. However, should the penalty fail to be paid within 20 days or be paid not

in the full amount required, the interest counted for the rest of the time limit given for payments of penalty, should be of an amount equal to the amount of interest on loan payment.
(Amended July 2, 1998)

2. A penalty which is not paid within the term indicated in part one of this Article shall be exacted using the same procedure as that for unpaid tax.

3, 4. (Repealed July 2, 1998)

Article 52¹. Arrears in Payment into Budget and Postponement of Payment into Funds

1. According to the procedure established by the Minister of Finance, the local tax administrator may permit a payment of declared, but unpaid tax and interest thereof or the arrears in payment estimated by the tax administrator in the course of audit, to be made in parts over a 6-month period, the central tax administrator over a one-year period and the Minister of Finance, over a two-year period. Payment of arrears in payment shall be postponed based upon the decision of the chief of an area state tax inspectorate, or Chief of the State Inspectorate at the Ministry of Finance, or the Minister of Finance. An agreement on a loan in payments between a taxpayer and an area state inspectorate shall be based on this decision.

2. It may be permitted to pay the declared tax and interest thereof in parts, only upon the expiration of the term established according to the procedure approved by the Minister of Finance and only in an instance where a taxpayer has no possibility of paying this arrears in payment. Under these circumstances, the term of payment in parts shall be counted from the day of submission of request by the taxpayer.

3. The time limit for payment of estimated during the period of audit arrears in payments in parts shall commence to be counted from the day of the receipt of an act of audit.

4. Interest shall be paid on the accorded loan in payments, the accounting procedure and amount whereof shall be established by the Minister of Finance.

5. In this case, when it is permitted to pay the arrears in payment in parts, it may be required of the taxpayer to ensure payment of the arrears in payment by means of pledge, mortgage, warranty or guarantee.

6. Should the arrears in payment, which has been permitted to be paid in parts, remain unpaid during the established term or be paid only in part, the interest sum paid on the arrears in payment, shall be recalculated taking into consideration the factually utilised sum of arrears in payment, while the interest shall be calculated uninterruptedly on the unpaid sums in taxes and penalties according to the procedure established by Article 39 of this Law.

7. The Provisions of this Article shall not apply to the tax withholder.

Article 53. Revocation of Permit (License) to Engage in Activities and Cancellation of Export and Import Operations

1. Officers of the tax administrator may revoke the validity of a permit (license) to engage in corresponding activity and also may adopt a decision to suspend export and import operations of an individual, who has failed to register as a taxpayer in accordance with the established procedure, has failed to file a tax return according to the procedure established by tax law and during the established time limits or is any other way avoiding to pay taxes, interfering with the tax administrator's proper performance of duties and implementation of rights conferred by law.

2. Having received the tax administrator's instruction in accordance with the procedure established in part one hereof, an institution must carry it out without delay, immediately upon receipt of the instruction.

Chapter X

TAX DISPUTES AND LITIGATION

Article 54. Tax Disputes

1. The taxpayer may dispute every action of the tax administrator or his officer regarding him and the consequences of this action.

2. The local tax administrator, the central administrator, Commission on Tax Disputes and the court shall investigate tax disputes. A Commission on Tax Disputes shall be

established and its composition and regulations approved by the Government or its authorised institution. (Amended 2 July 1998).

3. The taxpayer shall have the right of hearing at every stage during a tax dispute investigation.

4. During every stage of a tax dispute investigation the tax administrator must endeavour to reach a mutual understanding with the taxpayer concerning identical application of the tax law.

5. Tax disputes between the tax administrator and the tax withholding person shall be investigated in accordance with the same procedure as tax disputes between the tax administrator and the taxpayer.

6. The taxpayer or his representative must inform the tax administrator who is investigating the tax dispute, of his change of address, during the process of this dispute. In the absence of such information, the tax administrator's decision as well as other information, shall be sent to the last known address by the tax administrator, and considered furnished, even if the taxpayer's address has changed. (Amended 13 February 1997)

7. The time limit may be renewed per decision by the tax administrator, for a taxpayer, who has missed the time limit established by law for submitting a complaint, due to reasons which are acknowledged as important, by the tax administrator. The application for renewal of the missed time limit shall be submitted to the tax administrator, whose competence includes the decision regarding acceptance of the complaint and shall be examined in accordance with the same procedure as the complaint..

8. The application for renewal of a missed time limit shall be submitted to the central tax administrator through the local tax administrator or directly.

9. In submitting an application for renewal of time limit the complaint the time limit whereof has been missed, should also be included, The decision of the tax administrator, on the basis of which the application for time limit renewal is being refused, may be appealed in accordance with the general procedure established by this Law.

10. The tax administrator who must adopt a decision concerning the complaint, may resolve to interrupt the investigation of the complaint , if the decision being adopted is dependent, completely or in part, on the presence of a certain legal act or the absence thereof and the presence of such a legal fact or the absence thereof, must yet be established by a court or another state institution The investigation of a complaint or a part thereof, shall be interrupted until such time as the tax administrator shall learn of the establishment of the presence of such a legal act or the absence thereof by a court or another state institution.

11. Having adopted the decision to renew the missed time limit for submission of a complaint, the exaction of taxes, penalties and interest yet not exacted, to the day of the adoption of this decision, shall be interrupted in accordance with the decision by the tax administrator (his officer), however, this interruption shall not pose an obstacle to designation of any type of means of ensuring exaction of tax and other fees into the budget, established in items 6,11 and 15 of part 1 of Article 17 of this Law, or a basis for the destruction thereof..
(Amended February 13 1997)

Article 55. Filing of Complaints with the Tax Administrator

1. The local tax administrator shall examine the tax disputes which arise directly between the taxpayer and the tax administrator's officer conducting the inspection in keeping with tax laws and other laws as well as subordinate legislation based on such.

2. A taxpayer's complaint shall be accepted solely in instances when:

1) it is filed in writing within 20 days from receipt of a written decision from the tax administrator's officer;

2) it is filed with the tax administrator, whose officer's actions are the basis for the complaint;

3) it shall provide the taxpayer's name, surname, (title), address, date of filing appealed decision, action or the failure to act; the appealed circumstances, on which the illegality or groundlessness of the action or the failure to act, or of a part thereof; the request of the filer of the complaint is included; a list of written materials shall be included with the complaint and the complaint shall include the signature. (Amended 13 February 1997)

4) actions subject to complaint are indicated.(Repealed 13 February 1997)

3. Filing of complaint shall stop implementation of tax administrator's disputed instruction or a part thereof regarding the implementation of collecting taxes, percent, or other payments but shall not bar issuance or the basis of elimination of any means of ensuring exaction and implementation of any means of tax collection and other payments into the state (municipal) budgets and funds, established in items 6,11 and 15 of and 17 of part 1, Article 17 of this Law. (Amended 2 July 1998);

4. Upon receiving a complaint the local tax administrator must check whether the complaint is in keeping with legal requirements and whether the time limit for filing a complaint has not been missed. Having established the fact that the complaint does not meet legal requirements, the local tax administrator shall adopt a decision and set a 15-day time limit for the taxpayer who filed the complaint to eliminate shortcomings. This time limit shall be reckoned from the day the tax administrator's decision was received. If the taxpayer, who has filed the complaint, has fulfilled the indicated requirements within the 15-day time limit, the complaint shall be investigated and deemed as having been implemented on the day these requirements had been fulfilled. Otherwise, the complaint shall be deemed as not having been filed and returned to the taxpayer who filed it. In cases where the time limit for filing the complaint has been missed, the complaint shall also be deemed as not having been filed and returned to the taxpayer who submitted it. An erroneous or differing complaint title shall not constitute a shortcoming, because of which the complaint shall not be examined. (Supplemented 13 February 1997)

5. The tax administrator who is investigating the complaint must adopt a decision within 30 days of receipt of complaint. (Amended 13 February 1997)

6. The tax administrator who is investigating the complaint shall according to his competence:

- 1) confirm the decision of the tax administrator's officer;
- 2) annul the decision of the tax administrator's officer;
- 3) partly confirm or annul the decision of the tax administrator's officer;
- 4) assign to perform a repeated investigation. (Amended 13 February 1997)

Article 56. Investigation and Filing of Complaint before Central Tax Administrator

1. The central tax administrator shall investigate those tax complaints, which were investigated by the local tax administrator, or if the local tax administrator fails to adopt any decisions within the time limit specified in part four of Article 55.

2. The complaint addressed to the Central Tax Administrator regarding the decision, action or failure to act of the local tax administrator, or because the local tax administrator had not adopted any decision within the time limit indicated in part 5 of Article 55, is filed through that local administrator, whose decision, action or failure to act is subject to complaint or who failed to adopt any kind of decision over the time limit indicated in part 5 of Article 55, or directly. The part of the decision of the local tax administrator regarding the action or failure to act of the local tax administrator's officer, which had been subject to a complaint filed before a local tax administrator, may not be subject to a complaint filed before the Central Tax Inspector, and also, no demands must be raised which had not been raised with the local tax administrator. Upon receiving the complaint, the tax administrator must implement the actions indicated in part 4 of Article 55. If the complaint is being filed through the local tax administrator and meets the legal requirements and has been filed within the time limit established by law, or else, the subject of the appeal involves renewal of this time limit, the local tax administrator shall send within a period of 3 days, it to the Central Tax Administrator, along with the material necessary for investigation of the complaint, (Supplemented 13 February 1997)

3. If the complaint is lodged as a result of decisions adopted by the central tax administrator, the first part of this Article shall not be applied.

4. The complaint filed before the central tax administrator shall be investigated only if :

1) submitted within 20 days following receipt of local tax administrator's decision regarding complaint investigation results or because the time period during which such a decision should have been adopted, has expired;

2) submitted to Central Tax Administrator for decision by Central Tax Administrator (his officers), within 20 days following the day of receipt of decision subject to complaint; (Amended 13 February 1997)

3) it conforms to the requirements of item 3, part 2 of Article 55 of this Law.
(Amended 13 February 1997)

4) the name, surname (title), address, filing date and signature of taxpayer are stated in the complaint; (Repealed 13 February 1997)

5) actions subject to complaint are specified. (Repealed 13 February 1997)

5. Filing of a complaint before the central tax administrator shall suspend the implementation of local tax administrator's disputed decision, or portions thereof, concerning the implementation of tax, penalty interest exaction, however it shall not constitute an obstacle to designation, or a basis for cancellation, of any of the means of ensuring the recovery of taxes, or other payments into the state (municipal) budgets and funds (amended 24 June 1997) , as established in paragraphs 6,11, 15, 17, of part one of Article 17 of this Law. (Amended 2 July 1998)

6. The central tax administrator must adopt a decision regarding the complaint within 30 days from the day of filing of the complaint. This time limit may be extended to 60 days per central tax administrator's decision, if additional investigation is required for the examination of the complaint. The individual who filed the complaint must be informed of this in writing.

7. The central tax administrator shall in accordance with his competence:

1) approve the decision of officers of local tax administrator or central tax administrator which is subject to the taxpayer's complaint;

2) annul the decision of officers of local tax administrator or of central tax administrator which is subject to the taxpayer's complaint;

3) partly approve or annul the decision of officers of local tax administrator or central tax administrator which is subject to the taxpayer's complaint;

4) issue instruction for local tax administrator to discuss anew the decision subject to complaint and to adopt a new decision.

8. In investigating the local tax administrator's decision, or one directly approved by his own officer, the central tax administrator shall have the right to examine all questions in connection with taxation of the taxpayer and shall have the right to alter an already adopted decision. (Amended 13 February 1997)

Article 56¹ Appeal of Tax Administrator's Decision Before the Commission on
Tax Disputes

1. The Commission on Tax Disputes shall examine those appeals, which have been examined by the central tax administrator.
2. The appeal shall be filed before the Commission on Tax Disputes within 20 days from receiving the decision of the central tax administrator. The appeal shall be filed through the central tax administrator.
3. The Commission on Tax Disputes shall examine appeals only regarding the appeal (or a part thereof), which had been appealed before the local and (or) Central tax administrator.
4. The Commission on Tax Disputes shall examine the appeal only if the appeal has been filed in accordance with the requirements of items 1 and 3 of part 2, Article 55.
5. The decisions shall be adopted by a majority vote of the Commission on Tax Disputes. The Commission on Tax Disputes shall adopt one of the following decisions:
 - 1) confirm the decision of the tax administrator;
 - 2) annul the decision of the tax administrator;
 - 3) partly confirm or annul the decision of the tax administrator.
6. The Commission on Tax Disputes shall adopt a decision over a period of 60 days from receipt of an appeal. The decision must include an indication of the right of taxpayer to appeal the adopted decision. (Amended 2 July 1998)

Article 57. Formulation of Decision Regarding Complaint

1. The tax administrator, or the Commission on Tax Disputes, having examined the complaint, regarding the adopted decision shall without delay inform the taxpayer in writing concerning the adopted decision and indicating the reasons for the adoption of the decision., while the Commission on Tax Disputes shall also inform the central tax administrator. (Amended 2 July 1998)
2. The right of the taxpayer to file a complaint regarding the adopted decision shall be explained in the decision.
3. Following expiration of the time limit for an appeal established in this Law, the appealing sides and also persons linked with the appeal must implement the decision adopted by the tax administrator or the Commission on Tax Disputes.
4. While the taxpayer is filing a complaint before the Commission on Tax Disputes and subsequently before a court, regarding the decision adopted by the central tax

administrator, only the exaction procedures relevant to appealed penalties and interest in accordance with the decision adopted by the central tax administrator, shall be suspended.

(Amended 2 Jul 1998)

Article 58. Filing of Court Appeal

1. A taxpayer who shall not accept the decision of the Commission on Tax Disputes by means of which the decision of the central tax administrator shall be approved entirely or in part, shall have the right of appealing the decision of the central tax administrator a part thereof, in court.

2. A taxpayer must file an appeal in court no later than within 20 days from the day the decision of the Commission of Tax Disputes was received.

3 The appeals of a taxpayer shall be examined by a higher administrative court.
(Amended 2 July 1998)

4. The tax administrator and the taxpayer shall have the right to acquaint the public through use of the mass media with court decisions regarding tax cases.

Chapter XI

RECOGNITION OF DATES AND DOCUMENTS

Article 59. Setting of Time Limit

1. The date which the tax administrator marks as the date of receipt of documents, shall be recognised as the date on which the documents were submitted to the tax administrator.

2. The date which the taxpayer marks as the date of receipt of documents, shall be recognised as the date of presentation of documents to the taxpayer.

3. If the tax administrator or the taxpayer post the documents, the receipt of document date shall be determined by the official postmark, stamped by a post office, having that right.

4. Under circumstances where no evidence exists regarding receipt of document by post, the dates shall be determined based upon the date they were sent as confirmed by an official post office stamp.

5. The date establishment regulations enumerated in parts. one, two and three of this Article shall apply in investigating whether or not the terms established by tax laws have been violated.

6. If the last day for completing an action, according to law, is not a work day for the tax administrator, the action must be completed on the day following the non-work day.

Article 60. Recognition of the Document

Terms of the statutory limitations shall be established solely according to original documents which have all the mandatory requisites providing the document with legal power.

Final Provisions

1. The Government shall prepare the procedure of interrupting tax overpayment (in full or in part) or the tax difference (in full or in part) refund (crediting), by April 15, 1999.

2. This Law shall come into effect from May 1, 1999.

Coming into Effect of Law Provisions Concerning the Registration of Property Attachment in the Register of Property Attachment Acts

1. The provisions of this Law, concerning registration of property attachment acts in the Register of Property Attachment shall come into effect pursuant to the commencement of action by the Register of Property Attachment Acts

2. Up to the commencement of action by the Register of Property Attachment Acts, the decision to place under attachment the property which are being registered in the assets register, shall be forwarded to the corresponding property register, which must record the attachment of property immediately in the Register of Property. (4 Nov 1999)

This Law shall come into effect from January 1, 2001.

I promulgate this Law passed by the Seimas of the Republic of Lithuania.

PRESIDENT OF THE REPUBLIC

VALDAS ADAMKUS