

Latest Obligations for Platform Operators in Lithuania

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Following the emergence of Council Directive (EU) 2021/514, the Parliament of the Republic of Lithuania has added a new article to the Law on Tax Administration of the Republic of Lithuania (the LTA), which will oblige operators of digital platforms to provide data related to the income, fees, or commissions received by sellers on those platforms to the State Tax Inspectorate (the VMI) on an annual basis.

As of January 1, 2023, platform operators subject to the law must collect data on the revenue generated by the platform's reportable sellers and on any fees or commissions withheld or accrued. Data for the calendar year in which the seller was identified as a reportable seller must be submitted to the VMI in an XML (Extensible Markup Language) format through the VMI's TIES portal by January 31 of the subsequent year, with the first submission of data due on or before January 31, 2024.

Who is the platform operator?

A platform operator is an entity that enters into a contract with sellers to allow them to use all or part of a platform.

A platform is any software, including a website or part of a website, and applications, including mobile applications, which enable residents or businesses to communicate with consumers, thereby carrying out commercial activities such as services and accommodation, transportation, food delivery, ordering of beauty services, sale of goods, and rental of vehicles, and obtaining remuneration in connection with them. In other words, Council Directive (EU) 2021/514 and the new Article 61-3 of the Law on Tax Administration of the Republic of Lithuania are relevant for platforms whose activities include one or more of the following:

- the rental of any immovable property and parking spaces;
- personal services
- the sale of goods
- the rental of vehicles of any kind

Which platform operators have to provide data?

A platform operator that meets any of the following criteria must provide data to the VMI:

- If it is a Lithuanian taxable entity
- If it is established under the laws of the Republic of Lithuania
- If it has its permanent management body in Lithuania
- If it has a permanent establishment in Lithuania
- If it is a third-country (non-EU) platform operator which allows reportable sellers to operate in the EU and chooses to provide data to the Lithuanian tax administration.

In addition, data must be provided if the following additional criteria are met:

- The income of the vendors using the platforms is derived from certain activities (including rental of immovable property, personal services, sale of goods, and rental of vehicles) which have been made possible by the operator of the platforms (Article 61-3(1) of the LTA).
- The platform operator has concluded a contract(s) for the use of the platform or part thereof with the seller(s) (Article 61-3(2(1)) of the LTA).
- The platform has to be made available to the users of the platform and the sellers can contact other users of the platform to carry out certain activities (including rental of immovable property, personal services, sale of goods, and rental of vehicles) (Article 61-3(2(3)) of the LTA);
- The seller is registered on the platform and carries out certain activities or is paid or credited with remuneration related to certain activities (Article 61-3(2(4)) of the LTA).
- The amount of the remuneration of any kind paid or to be credited to the vendor must be known, or may reasonably be presumed to be known, to the operator of the platform (Article 61-3(2(5)) of the LTA).



When and what information is not required?

Platform operators should not have to provide information to the VAT authorities about a seller who:

- is a public-sector entity (including a government, a political subdivision, or a public entity).
- is an entity whose shares are regularly traded on a recognised securities market or is related to an entity whose shares are regularly traded on a recognised securities market.
- is an entity to which the platform operator has facilitated real estate rental more than 2000 times per year.
- has entered into fewer than 30 transactions for the sale of goods and the amount of remuneration paid or credited for the goods during the reporting period did not exceed EUR 2000.

This Article of the Law does not cover the activity carried out by the seller as an employee of the platform operator or an entity related to the platform operator. For instance, if the platform operator is also a seller, the relevant activities defined in this Law do not apply to them. However, if other sellers use the platform, the platform operator is considered a facilitator for the relevant activities of those other sellers.

Penalties for infringements

Operators failing to provide the required information will be warned twice. Subsequently, the VMI could instruct Internet-access providers to withdraw access to the operator's website. Platform operators would face fines for infringements of between €1,800-6,000 for company managers and responsible persons.