

Lithuania postpones MDR reporting deadlines for six months

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Executive summary

On 30 July 2020, the Lithuanian State Tax Inspectorate issued amendments to the Mandatory Disclosure Regime (MDR) rules to introduce a six-month deferral to the European Union (EU) Directive on the mandatory disclosure and exchange of cross-border tax arrangements (referred to as DAC6 or the Directive). The amendments follow the adoption of a Directive¹ on 24 June 2020 by the Council of the EU allowing EU Member States an option to defer, for up to six months, the time limits for the filing and exchange of information on cross-border arrangements under DAC6. The amendments to the Lithuanian MDR rules came into force on 31 July 2020.

The Lithuanian MDR legislation was adopted on 30 July 2019 and it is broadly aligned to the requirements of the Directive. The key highlights of the Lithuanian legislation were summarized in an earlier EY Global Tax Alert.²

Key highlights

According to the amendments, the reporting deadline of 30 days with respect to reportable cross-border arrangements that are made available for implementation, that are ready implementation or for which the first step of implementation has been made between 1 July 2020 and 31 December 2020 begins on 1 January 2021.

In the case of marketable arrangements, the periodic update report to be made by the intermediary every three months containing new reportable information shall be established for the first time by 30 April 2021 with respect to reportable arrangements that are made available for implementation, that are ready for implementation or for which the first step of implementation has been made between 1 July 2020 and 31 December 2020.

With respect to reports covering the transitional period, i.e., arrangements for which the first step was implemented between 25 June 2018 and 1 July 2020, the amendments postpone the initial reporting deadline of 31 August 2020 to 28 February 2021.

Finally, in line with Council Directive (EU) 2020/876 of 24 June 2020, for the purposes of the automatic exchange of information, the first information shall be communicated by 30 April 2021.

Next steps

Notwithstanding that the DAC6 reporting deadlines have now been officially deferred, determining if there is a reportable cross-border arrangement, as well as when and how to report, raises complex technical and procedural issues for both taxpayers and intermediaries. Taxpayers and intermediaries who have operations in Lithuania should review their policies and strategies for recording and reporting tax arrangements so that they are fully prepared for meeting these obligations.

Endnotes

1. [Council Directive \(EU\) 2020/876 of 24 June 2020 amending Directive 2011/16/EU to address the urgent need to defer certain time limits for the filing and exchange of information in the field of taxation because of the COVID-19 pandemic.](#)
2. See EY Global Tax Alert, [Lithuanian President signs primary legislation on implementation of Mandatory Disclosure Rules](#), dated 5 August 2019.

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