



Brussels, 1 June 2026
(OR. en)

9626/26
ADD 4

LIMITE

FISC 192
ECOFIN 664

REPORT

From: General Secretariat of the Council
To: Delegations
Subject: Code of Conduct Group (Business Taxation)
- Report to the Council

I. BACKGROUND

1. The Group decided in November 2021 not to assess **measure LT009**¹, but to monitor its effects: “given the duration of the tax exemption, the measure should be closely monitored in the future, particularly in respect to highly mobile assets and the 25% threshold for the large investment project’s generating income from royalties”.
2. The measure grants a *CIT exemption for 20 years if the qualifying conditions are met*^{2 3} and was initially in place for investment projects approved between 1 January 2021 and 31 December 2025.

“Taxpayers investing in large investment projects in the fields of data processing, web server services (hosting) and related activities, and/or in manufacturing activities, can benefit from a CIT exemption for 20 years if the qualifying conditions above are met.

Concerning economic substance, it appears prima facie that the tax relief is granted for manufacturing or other production activities. However, highly mobile assets, such as software and other IP components, may be included as qualifying investment costs. The LT authorities confirmed that at most 25% income can arise from activities other than data processing, web server services (hosting) and related activities, or manufacturing. Those (capped) activities must however be carried out to implement the agreement on the large investment project.

¹ 14230/21 FISC 202

² The CIT exemption starts applying from the tax period in which the thresholds above are complied with, and the exemption is suspended for the tax period/s in which the amount of capital investment or the average number of employees have fallen below the thresholds set. The exemption is renewed for the tax period/s in which the required thresholds are reached again. Maximum duration of the CIT exemption (20 years) include all tax years during which the two thresholds are not reached.

³ The **original requirements**: employment and capital investments’ requirements, the taxpayer is obliged, within a period of five years from the date of entry into force of the investment agreement, to:

1) create at least 150 new jobs (full-time) in the Republic of Lithuania and, in the case of investment in the district of Vilnius, at least 200 new jobs (full-time), and maintain each job for at least five years from the date on which the employee was first recruited; and

2) invest at least EUR 20 million in the Republic of Lithuania or, in the case of investments in the district of Vilnius, at least EUR 30 million.

As for substantial economic presence, legal requirements and safeguards concerning new jobs (minimum number of newly created jobs and their minimum 5 years holding period from recruitment) and the other qualifying expenses (minimum capital investments required) relating to large projects are present.”

3. We also recall that **the job creation requirement was softened for projects approved on manufacturing activities as of 2025**, broadening the scope of qualifying investments. (see notification measure **LT010**⁴).
4. In 2024, the Group agreed that the monitoring of the original measure LT009 should continue and should also cover additional data on the number of investment projects approved within the context of the preferential measure, to allow anticipating whether any beneficiaries were to be expected.
5. In December 2025, Lithuania provided the requested data (number of taxpayers benefitting and the number of projects approved so far). Furthermore, Lithuania informed that by amendment to the Corporate Income Tax Law, which was adopted on 30 June 2025, the large-scale investment project incentive (**LT009**) **was extended** so that it applies to agreements concluded **up to 31 December 2035**. The provisions of this amendment will enter into force on 1 January 2026.

II. PRELIMINARY ASSESSMENT

6. The measure initially applied to investment projects approved in the period 2021-2025. Recently, its application **was extended to 2035**. The CIT exemption (20 years) starts applying from the tax period in which the required investment thresholds are met. Thus, as the measure only starts applying once the investment thresholds have been reached, the overall actual tax effects might become apparent only at a later point in time.
7. So far, Lithuania has provided the data for tax years 2021 to 2024.

⁴ **As per LT010:** As of 2025, the CIT relief would also apply if the number of full-time jobs, created following the investment, is from 20 to 149 (or from 20 to 199 when investing in Vilnius). Also, a requirement regarding the remuneration for these new jobs has been added, aiming that the new employees receive an appropriate amount of salary in relation to the average gross salary of the municipality where this legal entity is investing in.

8. Lithuania confirmed that no taxpayer benefited from the measure in the first three years, and **only one domestic taxpayer** who operates in the manufacturing sector made use **in 2024**. The **tax benefit amounted to EUR 983.000**.
9. Following the request from the Group in 2024 regarding the potential effect of the measure, Lithuania replied that it was difficult to accurately estimate the impact on state budget revenues in relation to the corporate tax, as investors could apply the corporate tax relief only if they completed investment projects that met all the criteria and generated a profit, taking also into account that the term of implementation of large-scale investment projects is 7.5 years on average.
10. Lithuania also informed that since its introduction (period 2021-2024) 18 investment projects were approved, with almost half of them (8) having been approved in 2024. Taxpayers with approved investments are thus entitled to benefit in the future from the tax relief as soon as the investment thresholds are met and become profit making. Moreover, it is reasonable to assume that further projects will be approved by the expiration date in 2035, and the effects would be apparent in the subsequent 20 years (**potential future effects**).

III. PRELIMINARY CONCLUSIONS

11. In view of the data provided for the 2021-2024 period and given that only one taxpayer has actually benefited from the measure, the Commission Services can reach the preliminary conclusion that the measure has not affected the business location in the EU in a significant way.
12. However, given the extension of the measure, the softening of the requirements and the average time of 7.5 years for the benefits to be granted (end of the investment period), the Commission Services suggest that the monitoring continue, in order to verify its effects in the coming years.

IV. FOLLOW-UP

13. The Group agreed to continue the monitoring.

Lithuania LT009 – Tax relief from CIT for investments in large projects [2021 CoCG decision]⁵

Lithuania – LT009	2021	2022	2023	2024 (data if available)
Total number of taxpayers benefitting from the measure (domestic companies, foreign and (directly or indirectly) foreign owned companies)	0	0	0	1
➤ Out of which directly or indirectly foreign owned companies:	0	0	0	0
Which sectors of activity they perform/ per type of sector the number of entities in each sector that benefitted from regime	-	-	-	Manufacturing
The declared taxable profit/ taxable income in euros per sector of activity and per category of companies (domestic versus foreign owned)	-	-	-	6 557 846
Budget revenue losses due to the tax relief/ The amount of tax benefits/ exempted tax/ budget revenue loss per sector of activity and per category of companies	0	0	0	983 677
Number of investment projects approved within the context of the preferential measure	5	4	1	8 Note: the total number of investment projects approved in the period 2021–2024 is 18.

⁵ “Taxpayers investing in large investment projects in the fields of data processing, web server services (hosting) and related activities, and/or in manufacturing activities, can benefit from a CIT exemption for 20 years if the qualifying conditions above are met. Those companies can benefit from a significantly lower level of taxation than that generally applied to others (15%), resulting actually in no CIT taxation for the long period in which the tax benefit is applicable. This can affect the location of business activities in the EU in a significant way. There is no de-jure ring-fencing, the exemption is available to domestic and foreign undertakings that make the qualifying investments in Lithuania “