



ATLAS
BY BNP PARIBAS

CASH MANAGEMENT

www.cashmanagement.bnpparibas.com/cg



BNP PARIBAS

The bank
for a changing
world

Disclaimer

This document has been prepared by BNP PARIBAS for informational purposes only. Although the information in this document has been obtained from sources which BNP PARIBAS believes to be reliable, we do not represent or warrant its accuracy, and such information may be incomplete or condensed. This document does not constitute a prospectus or solicitation.

All estimates and opinions included in this document constitute our judgement as of the date of the document and may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

This document is confidential and is being submitted to selected recipients only. It may not be reproduced (in whole or in part) to any other person without the prior written permission of BNP PARIBAS.

Make sure to always check the latest updates on the [Atlas website](#)

Lithuania has a population of 2.8 million and total GDP of €49bn in 2020. It belongs to the group of high-income countries. It has been a NATO member and an EU member since 2004. Lithuania joined the Eurozone in 2015.

Eurozone membership has provided a cushion against former capital flow reversals. It helped to stabilise growth and favoured convergence towards EU average income. Lithuania has run small fiscal surpluses during the years before the COVID-19 crisis. Along with nominal GDP growth, it has helped to lower public debt (35.9% of GDP in 2019). It gave the leeway to run a sizeable fiscal stimulus. ECB's monetary policy was also expansionary. As a result, Lithuania has experienced the lower output loss in the Eurozone (-1.3% in 2020).

However, as the economy is running at full capacity, inflation has accelerated. Any inflation differential may erode competitiveness compared to Central European peers with their own currency.

Currency

Currency

- Euro (EUR).

Exchange rates

	2016	2017	2018	2019	2020
Exchange rate: EUR per USD	0.9040	0.8873	0.847	0.893	0.88

Source: IMF, International Financial Statistics, July 2021

Central Bank

- The Lithuanian central bank is the Bank of Lithuania (LB – www.lb.lt).
- The LB is a member of the European System of Central Banks (ESCB) and operates certain activities, such as issuing currency, under the authority of the European Central Bank (ECB – www.ecb.europa.eu).

Bank supervision

- In November 2014, the ECB, via the Single Supervisory Mechanism (SSM), assumed responsibility for supervising the financial stability of banks operating within the euro zone. However, while the ECB has final supervisory authority over all banks operating within the euro zone, it will only directly supervise those banks classified as 'significant' under the terms of the SSM (115 significant banking groups have been recognized to date). 'Less significant' banks will continue to be supervised by the national supervisory authority, i.e. the Bank of Lithuania's Financial Market Supervision Service.

Bank accounts

Resident / non-resident status

- A company is generally considered resident in Lithuania if it is registered in Lithuania's company registry.

Bank accounts for resident entities

	Within LITHUANIA	Outside LITHUANIA
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible

Bank accounts for non-resident entities

	Within LITHUANIA	Outside LITHUANIA
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Not applicable

Lifting fees

- Lifting fees are not applied on payments between resident and non-resident accounts.

BNP Paribas Cash Management Capabilities

Collections

Cash collections	●
Cheque collections	●
Direct debit collections	●
Domestic incoming transfers	●
Virtual IBAN	●
Virtual accounts	●
International incoming transfers	●
Card acquiring	●

Payments

Cash withdrawals	●
Cheque payments	●
Direct debit payments	●
Domestic outgoing transfers	●
Commercial cards	●

Virtual cards	●
International outgoing transfers	●
SWIFT gpi	●
Real-time international payments through BNP Paribas' network	●
Card issuing	●

Channels

Local e-Banking	●
Global e-Banking - Connexis	●
SWIFT/ host to host	●

Payments & collections

Market overview

Electronic credit transfers are the most commonly used payment instruments by companies to make supplier, payroll and tax payments. Card payments, especially debit card payments, are the most popular retail payment instrument, aided by the increasing adoption of contactless payments. In 2019, card payments accounted for 60% of all non-cash payments. However, cards are still more often used for withdrawing cash rather than making payments and despite the convenience of electronic payments, cash remains an important payment method. A significant percentage of Lithuanians still receive their income in cash.

Electronic banking services are available from all banks. There is no national electronic banking standard in Lithuania, so companies use banks' proprietary services. Transaction and balance reporting,

automated end-of-day sweeping, and transaction initiation services are available on a domestic and cross-border basis.

Mobile and internet banking services are available and increasingly used. There are a number of digital banks operating in the country such as N26 and Revolut.

Payment Systems

TARGET2-LT	Type	<ul style="list-style-type: none">• Real-time gross settlement.• Lithuanian component of the pan-European TARGET2 system.
	Participants	<ul style="list-style-type: none">• 16 direct.
	Transaction types processed	<ul style="list-style-type: none">• High-value and urgent EUR-denominated domestic and cross-border credit transfers.• Net obligations from CENTROlink
	Operating hours	<ul style="list-style-type: none">• 07:00–18:00 CET, Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none">• Payments are cleared and settled in real time.• Customer payment cut-off time = 17:00 CET.• Interbank payment cut-off time = 18:00 CET.
	System holidays	<ul style="list-style-type: none">• TARGET2 is closed at weekends and on 1 January, Good Friday, Easter Monday, 1 May, and 25 and 26 December.
CENTROlink	Type	<ul style="list-style-type: none">• Multilateral net settlement system.
	Participants	<ul style="list-style-type: none">• 136 payment service providers.
	Transaction types processed	<ul style="list-style-type: none">• SEPA payments (credit transfers and direct debits).• SCT Instant payments.
	Operating hours	<ul style="list-style-type: none">• 07:00–18:00 CET, Monday to Friday.
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none">• SCT payment orders: 6:45, 8:50, 9:30, 12:00, 14:30, 16:30, and 16:45.• SDD payment orders: 8:40, 9:40, 10:20, 11:15, 11:40, 12:40, 13:40, 14:40, 17:40, 18:40 and 19:40.• SCT Insts are executed 24/7/365.

	System holidays	<ul style="list-style-type: none"> • CENTROLink is closed at weekends and on 1 January, Good Friday, Easter Monday, 1 May, and 25 and 26 December.
--	-----------------	---

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers, and to make tax and treasury payments. Electronic and paper-based credit transfers are available, although the majority of transactions are initiated electronically.
- In 2019, the volume and value of credit transfers increased 8.5% and 6.4% respectively on 2018 figures, to 199.4 million, with a value of EUR 273.4 billion.
- SEPA credit transfers can be settled via CENTROLink, STEP2 or via correspondent banking networks.
- Approximately 88 banks in Lithuania participate in the SEPA credit transfer scheme.
- In 2019, the Bank of Lithuania launched a proxy lookup service via its CENTROLink payment system that enabled instant payments to be made using only the payee's mobile phone number. As of the end of April 2020, this service was available to customers of Swedbank and SEB banks. The service is planned to be launched for customers of other banks in 2021.
- High-value and urgent EUR-denominated domestic and cross-border (within the euro zone) credit transfers can be settled in real time via TARGET2.
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.
- The European Payment Council's SCT Inst scheme (a pan-European 24/7 instant payment scheme for SEPA credit transfers) enables the transfer of funds (the maximum threshold value is EUR 100,000) to another account in less than ten seconds. There are 34 participants. The number of SEPA instant transfers surged to 17.1 million in 2020, from 3.6 million in 2019. Total value increased to EUR 12.4 billion, from EUR 3 billion.
- EBA Clearing and Italy's SIA Group have developed and implemented a pan-European platform for instant EUR payments called RT1. It is fully compliant with the SCT Insts scheme and is in line with the ISO 20022 global messaging standards for instant payments.
- EBA Clearing has launched a pan-European request to pay (R2P) infrastructure solution with the support of 27 payment service providers from 11 countries. The new 24/7 service is compatible with the SCT and SCT Inst schemes and allows payees to take the initiative to request a specific payment from the payer.
- TIPS is a pan-European service for the settlement of instant payments in central bank money. The service enables payment service providers and ACHs with access to TARGET2 to offer fund transfers 24/7, 365 days a year. TIPS is aligned with SCT Insts. It is primarily focused on EUR payments but is technically capable of settling payments denominated in other currencies.

Direct debits

- Direct debits are used for regular payments, such as utility bills.
- SEPA direct debits can be settled on a same-day basis via CENTROlink or STEP2.
- There are 11 Core SDD participants and three B2B SDD participants.

Cheques

- Cheques are not used in Lithuania.

Card payments

- Card payments, particularly debit cards, are increasingly popular, especially for retail transactions.
- There were 16,170,417 cards in circulation at the end of Q1 2021.
- In 2019, the volume and value of card payments increased 19.8% and 17.2% respectively on 2018 figures, to 393.2 million, with a value of EUR 7.8 billion.
- Visa and Maestro/MasterCard-branded payment cards are the most widely issued.
- American Express and Diners Club credit cards are also available.
- All card payments are cleared through their respective international card schemes and settled bilaterally between banks on a same-day basis.
- Contactless card technology is available and widely used in Lithuania. In a survey conducted by the central bank in 2020, 79% of respondents had a contactless payment card.
- All cards issued are SEPA-compliant with EMV chips.

ATM/POS

- There were 887 ATMs in Lithuania at the end of Q1 2021.
- There were 60,634 EFTPOS terminals in Lithuania at the end of Q1 2021.
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- Electronic wallet schemes are available via reloadable pre-paid cards.
- Mobile wallet schemes, such as Google Pay and Apple Pay, are available.
- At the end of 2020, there were 132 electronic money and payment institutions operating in Lithuania.

Market overview

Interest payable on credit balances

- Interest-bearing current accounts are permitted for residents and non-residents denominated in EUR or foreign currency.

Demand deposits

- Demand deposits denominated in EUR or major foreign currencies are available to both residents and non-residents.

Time deposits

- Time deposits are available in EUR or major foreign currencies for terms of one night to more than five years.

Certificates of deposit

- Domestic commercial banks issue certificates of deposit.

Treasury (government) bills

- Treasury bills (T-bills) are issued directly by the Ministry of Finance or via auctions held by the Bank of Lithuania, with maturities of one, three, six and 12 months.

Commercial paper

- The EBRD and the central banks of Estonia ([Eesti Pank](#)), Latvia ([Latvijas Banka](#)) and Lithuania ([Lietuvos Bankas](#)) have joined forces to develop a regional market for commercial papers. [A Memorandum of Understanding](#), signed on 5 March 2021, sets out the principles of cooperation to develop a deeper and more efficient regional CP market in line with the best practices outlined in the Short-Term European Paper by the European Central Bank (ECB). It states that the papers must be freely transferable and capable of being traded over-the-counter.

Money market funds

- Domestic money market funds are available.

Repurchase agreements

- Repurchase agreements are available.

Banker's acceptances

- Banker's acceptances are not used.

BNP Paribas Trade Finance Capabilities


Trade payments

Documentary credits	
Documentary collections	

Guarantees

Bank guarantees	
Standby letters of credit	

Supply chain management

Receivables	
Payables	
Inventory	

Trade channels

Connexis Trade	●
Connexis Supply Chain	●
SWIFTNet Trade for Corporates	●
Connexis Connect	●

International trade

General trade rules

- As a member of the EU, Lithuania follows the EU customs code and applies all associated regulations and commercial policies.
- Trade with other countries in the European Economic Area (EEA) and Switzerland is exempt from tariffs and other controls.

Trade agreements

- The EU has trade agreements in place with over 30 countries.
- The EU is currently in free trade negotiations with a number of countries, including the Association of Southeast Asian Nations (ASEAN), Australia, Indonesia, Mercosur (the Southern Common Market), Uruguay, and the USA.
- The EU-UK Trade and Cooperation Agreement came into force on 1 May 2021.

Imports / exports

Imports	Crude petroleum	Refined petroleum	Packaged medicines	Electricity	Cars
---------	-----------------	-------------------	--------------------	-------------	------

Primary Import sources	Poland (12.0%)	Russia (12.0%)	Germany (12.0%)	Latvia (7.0%)	Netherlands (5.0%)
Exports	Refined petroleum	Furniture	Cigarettes	Wheat	Polyethylene
Export markets	Russia (13.0%)	Latvia (9.0%)	Poland (8.0%)	Germany (7.0%)	Estonia (5.0%)

Import / export volumes

		2016	2017	2018	2019	2020
Exports	- goods USD m	21,537	25,762	28,956	29,049	29,165
	- services USD m	7,543	9,464	11,406	13,247	12,310
Imports	- goods USD m	23,638	28,069	32,245	31,683	29,470
	- services USD m	5,138	6,024	7,139	7,775	6,587
Current account as % GDP		- 1.2	+ 0.8	+ 0.3	+ 4.1	+ 10.7

Source: IMF, International Financial Statistics, July 2021.

Trade finance - Imports

Documentation

- Documentation is not required for imports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to import goods into Lithuania from outside the EU:

- customs declaration
- commercial invoice
- bill of lading
- packing list
- certificate of origin (in certain cases).

Import licences

- Licences are required for importing items with quantitative restrictions that originate from outside the EU and for items from another EU country that are deemed to be of national interest or a strategic nature.
- Licences are required for strategic goods and technology, certain oil products and for certain fish, poultry and semi-processed meat products.
- Alcohol and tobacco can only be imported by government-registered traders.

Import taxes and tariffs

- Tariffs are set according to the EU customs code for all imports from outside the EU, with higher tariffs for agricultural imports.
- Imports into Lithuania are subject to VAT of 21%.

Financing requirements

- None.

Risk mitigation

- None.

Prohibited imports

- Lithuania prohibits the import of certain items in line with EU regulations and UN Security Council resolutions.
- Specific imports are prohibited in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

Documentation

- Documentation is not required for exports from within the EU, although a commercial invoice should be supplied.
- The following documentation is usually required in order to export goods from Lithuania outside the EU:
 - customs declaration
 - commercial invoice
 - bill of lading
 - packing list
 - certificate of origin (in certain cases).

Export licences

- Licences are required for exporting certain strategic and oil products.

Export taxes and tariffs

- None.

Financing requirements

- None.

Risk mitigation

- Lithuania has implemented the EU directive on export credit insurance.
- INVEGA, Lithuania's national export credit agency, provides state-supported export credit insurance.
- Export credit insurance is also available from private insurance companies.
- Export financing is available from commercial banks.

Prohibited exports

- Lithuania prohibits the exports of certain items in line with EU regulations and UN Security Council resolutions.

Regulatory requirements

Reporting regulations

- All transactions between residents and non-residents must be reported to the Bank of Lithuania and Statistics Lithuania for balance of payment purposes.
- All cross-border/direct investment transactions data must be reported to Statistics Lithuania on a quarterly basis.
- The Bank of Lithuania directly compiles data from companies participating in sample surveys on a monthly basis. Approximately 5,000 companies provide quarterly data to Statistics Lithuania, and of these 200 submit month reports to the central banks. Data from commercial banks is reported on a monthly and quarterly basis.

Reporting method

- Banks are responsible for submitting transactions data to the central bank on behalf of their corporate clients. Data is reported electronically.

Exchange controls

- Lithuania does not apply exchange controls.

Taxation

Resident / non-resident

- A company is considered resident if it is registered in Lithuania.

- Non-resident companies are also required to register in Lithuania as a permanent establishment (PE) if they undertake business in Lithuania. Such non-resident companies are subject to the same rates of taxation on their Lithuanian profits as residents.

Tax authority

- State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania.
- Customs Department of the Republic of Lithuania.
- State Social Insurance Fund Board under the Ministry of Social Security and Labour.

Tax year/filing

- The Lithuanian tax year generally corresponds to the calendar year. However, companies may seek permission to use a tax year that does not correspond to the calendar year.
- Companies are required to file an annual corporate income tax return and advance corporate income tax returns (if the income for the previous tax year exceeded EUR 300,000). The annual corporate income tax return must be submitted and the corporate income tax must be paid by the 15th day of the sixth month of the following tax period, i.e. by 15 June of the following tax year for calendar-year taxpayers.
- If the company's income for the previous tax period exceeded EUR 300,000, the company is required to make advance payments no later than the 15th day of the last month of each quarter of the tax period of at least 25% of the total annual corporate income tax calculated according to the rules specified in the corporate income tax law.
- Consolidated returns are not permitted; each company must file a separate return.

Advance tax ruling availability

- Taxpayers can submit an application to the tax authorities for a binding ruling or advance pricing agreements. These rulings can only apply to future transactions.
- Consolidated returns are not permitted.

Capital gains tax

- For resident companies, including PEs, capital gains are taxed as general taxable income at a rate of 15%.
- Capital gains realised on the transfer of shares of one company to another company or an individual are not taxable if the following conditions are met: The company whose shares are being transferred is registered or otherwise organised in the European Economic Area or in a state with which a double taxation treaty applies, and is an income tax or an equivalent tax payer.
- To qualify for the exemption, the company transferring the shares must hold more than 10% of the transferee's voting shares for not less than two years (or three years, where the shares are being transferred in the course of restructuring).
- This exemption does not apply to the transfer of shares to the company that issued the shares.

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	0%	0-15%	0%	None
Non-resident entities	0-10%	0-15%	0-10%	None

Tax treaties / tax information exchange agreements (TIEAs)

- Lithuania has 56 double tax treaties in force.
- The MLI entered into force for Lithuania on 1 January 2019.

Thin capitalisation

- Thin capitalisation restrictions apply to interest paid to controlling entities. A creditor qualifies as a controlling entity if it owns more than 50% of the shares in the company paying the interest (or more than 50% of the shares are owned together with associated persons and the creditor's 'own' holding is 10% or more). A group company also qualifies as a controlling entity. A debt-to-equity ratio of 4:1 applies, and any interest attributable to the debt in excess of this ration is non-deductible.
- As of 1 January 2019, an entity is permitted to deduct interest costs exceeding interest revenue up to 30% of taxable EBITDA or up to EUR 3 million. If an entity belongs to the group of entities, the above criteria shall be applied jointly for all Lithuanian entities and PEs of foreign entities in Lithuania that belong to the same group.
- Interest costs exceeding interest revenue can be carried forward without time limitation.

Transfer pricing

- Transfer pricing documentation rules apply to domestic and cross-border transactions with associated enterprises. Lithuania has adopted the OECD's three-tiered documentation structure.
- A master file is required by companies that belong to a MNE group whose revenue in the previous tax year exceeded EUR 15 million. Country-by-country (CbC) reporting requirements applies to a MNE group whose consolidated group revenues exceed EUR 750 million.
- A local file is no longer required for domestic transactions carried in tax year 2020 and subsequent years.
- Advance pricing agreements are available.

Stamp duty

- No stamp duty is levied on loan agreements.

Cash pooling

- Lithuania has no specific rules with respect to cash pooling arrangements.

Financial transactions / Banking services tax

- Lithuania has no specific tax rules with respect to financial transactions and/or banking services.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2021 (www.deloitte.com).



BNP PARIBAS

The bank
for a changing
world