

THE OECD TAX-BENEFIT MODEL FOR LITHUANIA

Description of policy rules for 2020



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Directorate for Employment, Labour and Social Affairs, Jobs and Income Division

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Table of contents

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <i>Preface</i> | 5 |
| <i>The OECD tax-benefit model for Lithuania: Policy rules in 2020</i> | 6 |
| 1. Reference wages and other reference amounts | 6 |
| 2. Unemployment benefits | 6 |
| 2.1. Unemployment social insurance benefit (Nedarbo socialinio draudimo išmoka) | 6 |
| 2.2. Temporary jobseeker's benefit (Darbo paieškos išmoka) | 10 |
| 3. Social assistance and housing benefits | 12 |
| 3.1. Social benefit (Socialinė pašalpa) | 12 |
| 3.2. Reimbursement of part of housing rental (Būsto nuomos mokesčio dalies kompensacija) | 18 |
| 4. Family benefits | 22 |
| 4.1. Child benefit (Išmoka vaikui) | 22 |
| 4.2. Children's maintenance benefit (Vaikų išlaikymo išmokos) | 23 |
| 4.3. Lump-sum children's benefit to reduce the effect of Covid-19 (Vienkartinė išmoka vaikams, skirta COVID-19 pandemijos padariniams mažinti) | 24 |
| 5. Net costs of Early Childhood Education and Care | 26 |
| 5.1. Gross childcare fees | 26 |
| 5.2. Fee discounts and free provision | 27 |
| 5.3. Child-care benefits for formal centre-based care | 28 |
| 5.4. Child care allowance for children not using child care centers | 28 |
| 5.5. Tax concessions for childcare expenditures | 28 |
| 6. In-work benefits | 30 |
| 7. Social security contributions and payroll taxes | 31 |
| 7.1. Social security contributions paid by employees (Darbuotojų mokamos socialinio draudimo įmokos) | 31 |
| 7.2. Social security contributions paid by employers (Darbdavių mokamos socialinio draudimo įmokos) | 31 |
| 8. Taxes | 33 |
| 8.1. Personal income tax (Gyventojų pajamų mokestis) | 33 |
| 9. Sickness benefits | 37 |
| 9.1. Sickness benefit (Ligos išmoka) | 37 |
| 9.2. Employer sickness benefit (Ligos išmoka mokama darbdavio) | 39 |
| 10. Short-time work schemes | 41 |
| 10.1. Subsidies for wages during idle time (Subsidija darbo užmokesčiui už prastovą) | 41 |
| 11. Selected output from the OECD tax-benefit model (TaxBEN) | 44 |
| <i>Annex: Other benefits and direct taxes</i> | 46 |
| Compensations for heating costs, drinking water costs and hot water costs (Būsto šildymo, geriamojo ir karšto vandens išlaidų kompensacijos) | 46 |

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Birth grant (Vienkartinė išmoka gimus vaikui) | 46 |
| Benefit for multiple births (Išmoka gimus vienu metu daugiau kaip vienam vaikui) | 46 |
| Maternity benefit (Motinystės išmoka) | 47 |
| Child care benefit (Vaiko priežiūros išmoka) | 47 |
| Paternity benefit (Tėvystės išmoka) | 48 |
| Pregnancy grant (Vienkartinė išmoka nėščiai moteriai) | 48 |
| Child care benefit for persons in training or education (Išmoka besimokančio ar studijuojančio asmens vaiko priežiūrai) | 49 |
| Child adoption allowance (Išmoka įvaikinus vaiką) | 49 |
| Benefit for self-employed (Išmoka savarankiškai dirbantiems asmenims) | 49 |
| Sickness benefit for carers of persons with disabilities (Ligos išmoka prižiūrint asmenį su negalia) | 50 |
| Sickness benefit for those caring for an elderly person (Ligos išmoka prižiūrint pensinio amžiaus sukačiusius asmenis) | 50 |
| Sickness benefit for patients with serious chronic diseases (Ligos išmoka asmeniui, sergančiam sunkia lėtine liga) | 50 |
| Sickness benefit for compulsory self-isolation of an adult (Ligos išmoka asmeniui, kai yra privaloma saviizoliacija) | 51 |
| Sickness benefit when isolation is compulsory for a small child or a child with a disability (Ligos išmoka, kai mažamečiam vaikui ar neįgaliam vaikui privaloma saviizoliacija) | 51 |
| Sickness benefit when an educational institution announces a regime limiting the spread of infections (Ligos išmoka, kai švietimo įstaiga paskelbia infekcijų plitimą ribojantį režimą) | 51 |
| Benefit for child of a Serviceman in Mandatory Primary Military Service (Išmoka privalomosios pradinės karo tarnybos kario vaikui) | 51 |
| Guardianship (curatorship) benefit (Globos (rūpybos) išmoka) | 52 |
| A targeted guardianship (curatorship) benefit supplement (Globos (rūpybos) išmokos tikslinis priedas) | 52 |
| A settlement grant (Vienkartinė išmoka įsikurti) | 52 |
| Child temporary care benefit (Vaiko laikinosios priežiūros išmoka) | 52 |
| One-off allowance for elderly and disabled (Vienkartinė išmoka senyvo amžiaus ir neįgaliesiems asmenims) | 52 |
| Long-term work benefit (ilgalaikio darbo išmoka) | 52 |

Preface

The [OECD Tax-Benefit model \(TaxBEN\)](#) incorporates detailed policy rules for tax liabilities and benefit entitlements as they apply to individual families across OECD member countries. Its main use is to calculate the amount of taxes that people are liable to pay, and the government transfers they are likely to receive, in different family and labour-market situations. The model includes legal policy rules that are relevant for people of **working age** (from 18 years old until the statutory retirement age) and their dependent children. Income tax liabilities and benefit entitlements are calculated for a broad set of *stylised* families (“vignettes”, e.g. a married couple of 40 years old adults with two children aged 4 and 6 respectively). Model users are free to change many of these characteristics, including the age and number of children, activity status of adult members, hours of work, current and past earnings levels, unemployment duration, social contribution records, and housing-related costs. The model has been updated annually since the early 2000s for most OECD countries.

TaxBEN’s policy scope includes the main taxes on employment income (earnings), social contributions paid by individuals and by employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits and support for non-parental childcare are included for a sub-set of countries and years. The most important policy areas that are outside the scope of the model include taxes on wealth (e.g. taxes on immovable and unmovable properties, including local taxes), indirect taxes (e.g. VAT), early-retirement benefits, sickness benefits and in-kind transfers (e.g. free school meals, subsidised transport and free health care).

This report describes the taxes and benefits that are included in the model and focuses on the rules that are relevant for family, individual and labour-market circumstances that are within its scope. The **Annex** provides information on other cash benefits and taxes on employment incomes that can be relevant for some members of the working-age population, but which are not included in the TaxBEN model.

Reading notes and further details on the scope and content of this report

- The **reference date** for policy rules described in this report is **1 January 2020**.
- **Guidelines for completing and updating this report** are provided [here](#).
- Further information on the model, model results, and references to reports and analytical uses is available on the [project website](#). A [methodology](#) document provides a full description of the assumptions underlying the model as well as the model choices that users can make. The symbol  in the text provides a link to a glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- In order to facilitate transparency between the policy descriptions and the associated code in the model, the variable names are indicated in the text in square brackets using the following format: **[variable name]**, for instance: **[AW]** for the average wage.
- COVID-related measures are provided in **blue font**. These measures have been introduced after the reference policy date, 1 January 2020, and are not included in the model.
- Sickness benefits and Short-time work schemes described in Sections 9 and 10 are not included in the model.

The OECD tax-benefit model for Lithuania: Policy rules in 2020

1. Reference wages and other reference amounts

Average wage [**AW**]: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available [here](#))¹. If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth² to the latest available wage estimate.

The minimum wage [**MIN**] in 2020 is EUR 607 per month. The annual minimum wage is computed by multiplying the minimum monthly wage (as of 1 January 2020) by 12, i.e. EUR 607 * 12 = EUR 7284.

Several other reference amounts are frequently used for calculation of benefits and income thresholds in Lithuania:

- State supported income (SSI) is EUR 125 per month.
- Basic social benefit (BSB) is EUR 39 per month.
- Amount of minimum consumption needs (AMCN) is EUR 257 per month. This is a new reference indicator approved in 2017. Since 2019, BSB and SSI are anchored to it. The AMCN is calculated on an annual basis, and the above-mentioned indicators will increase depending on the growing annual inflation and prices of food and non-food products and services.

2. Unemployment benefits

2.1. Unemployment social insurance benefit (*Nedarbo socialinio draudimo išmoka*)

Code in the OECD tax-benefit model:³ [**UI_p**; **UI_s**]

This is an unemployment insurance benefit. It is contributory, not means-tested and not taxable. ⓘ

¹ Average Wages are estimated by the [Centre for Tax Policy and Administration](#) at the OECD. For more information on methodology see the latest [Taxing Wages publication](#).

² Wage growth projections are based on [OECD Economic Outlook](#) and [EU economic forecasts](#) (for non-OECD countries).

³ Each section lists the variable names (in TaxBEN outputs) which correspond to the benefits/taxes described in the section. Variable names ending with “_p” refer to the first adult (so-called “principal” adult) whereas those ending with “_s” refer to the spouse.

2.1.1. Eligibility conditions

Age: The right to unemployment insurance benefit is granted to a person aged 16 and over who has not reached the retirement age (63 years for women and 64 years for men on 1 January 2020).

Contribution / employment history: Social insurance contributions must have been made for at least 12 months in the last 30 months.

Behavioural requirements and related eligibility conditions:  A person must be registered in the Employment Service under the Ministry of Social Security and Labour of the Republic of Lithuania) as unemployed; be fully unemployed; be able to work and be available for work; be ready to participate in the measures of active labour market policy. The eligibility does not depend on whether the job loss is “voluntary” or not. TaxBEN assumes that these compulsory conditions are satisfied when simulating unemployment benefits.⁴

2.1.2. Benefit amount

The unemployment social insurance benefit comprises a fixed and a variable component.

The **fixed component** equals to 23.27% of the established minimum monthly wage valid in the month for which the unemployment insurance benefit is paid.

The **variable component** is linked to the former insured income of the unemployed.

Insured income includes all incomes of an individual from which the unemployment insurance contributions were paid or had to be paid (including unemployment insurance and part-time work benefits, sickness, maternity, paternity, and child care benefits).

The average monthly insured income is calculated taking into account the amount of the actual insured income of an unemployed for every month during the previous 30 months (including months with zero income) starting from the end of the penultimate calendar month to the date of the unemployed registration at the Employment Service.

The variable component is calculated as follows:

- from the 1st to the 3rd months of payment it equals 38.79% of the average monthly insured income
- from the 4th to the 6th months – 31.03%;
- from the 7th to the 9th months – 23.27 %.

Minimum and maximum:

The minimum unemployment social insurance benefit consists of the fixed component, i.e. $\text{EUR } 607 * 23.27\% = \text{EUR } 141.25$ in 2020.

The unemployment insurance benefit paid in each of the periods cannot exceed 58.18% of the average monthly wage in the national economy (which is published every quarter by the Department of Statistics). In the third quarter of 2019, the average gross monthly earnings in the whole economy (individual enterprises included) totalled EUR 1306.30,

⁴ Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see [Immervoll and Knotz \(2018\)](#), [Langenbacher \(2015\)](#) and [Venn \(2011\)](#).

i.e. unemployment insurance benefit on 1 January 2020 cannot exceed EUR 760.01. In the second quarter, the unemployment insurance benefit cannot exceed EUR 783.51.

2.1.3. *Benefit duration*

The duration of unemployment benefit is 9 months.

For the unemployed person who is not more than 5 years below the retirement age the duration of unemployment benefit shall be extended by 2 additional months if early retirement pension is not allocated to him (*not simulated*).

Unemployed person can re-apply for unemployment benefit after 12 months after the date of termination of payment of the previous unemployment insurance benefit.

Payment of the unemployment insurance benefit to the unemployed persons who have been dismissed from work due to the fault of the employee shall be started upon expiry of 3 calendar months from the date of registration with the Employment Service (*not covered by the model*).

The unemployed persons, who have been dismissed from work and received a severance pay by agreement between the parties, shall be granted the unemployment insurance benefit not earlier than after such number of calendar months for which a severance pay (in the amount of an average monthly wage) was paid after the termination of the employment contract. This provision has been repealed from 12 June 2020. (*not covered by the model*)

2.1.4. *Means test*

The benefit is not means-tested.

2.1.5. *Tax treatment*

The benefit is not taxable.

2.1.6. *Interactions with other components of the tax-benefit system*

The unemployed persons who receive certain benefits (for example, social insurance, assistance or state pensions, periodic compensations for lost capacity for work due to accidents at work and occupational diseases as well as occupational rehabilitation, maternity, paternity or childcare benefits), shall be paid only the part of the unemployment insurance benefit that exceeds the sum of these benefits (*not covered by the model*).

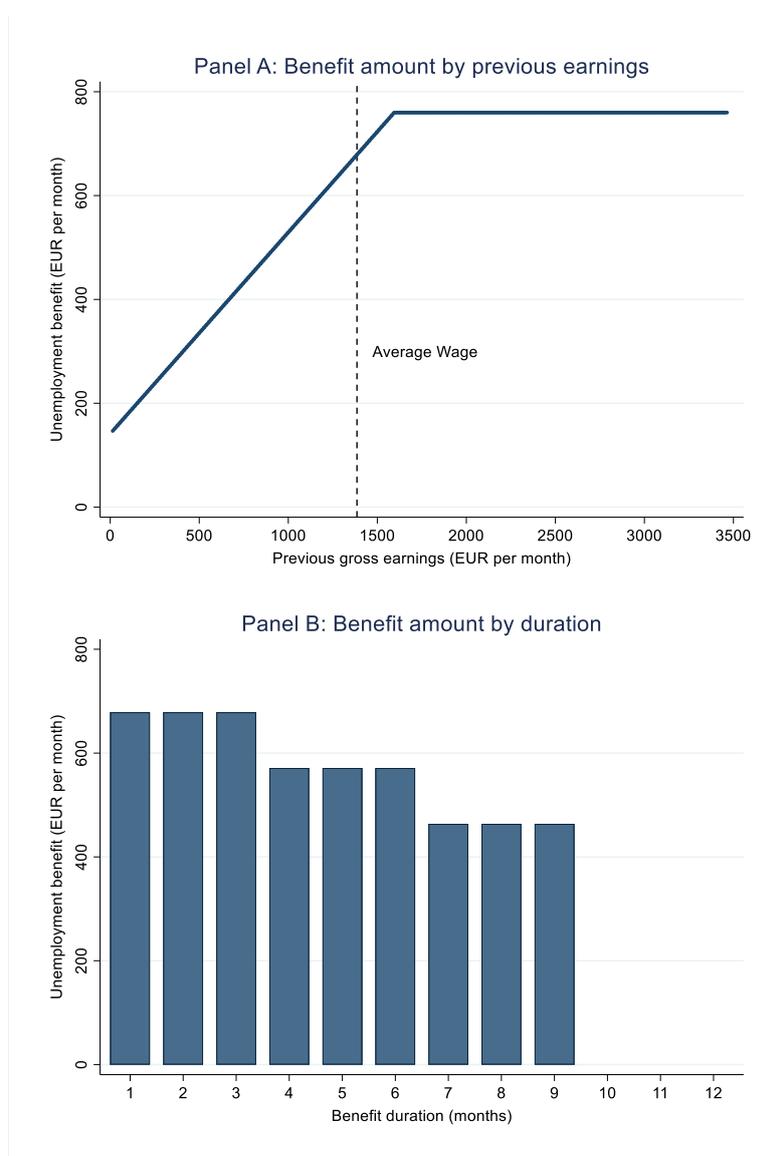
Unemployment social insurance benefit is included in means tests for social benefit, compensations for heating costs, drinking water costs and hot water costs, housing benefit, child benefit, social support for pupils. [However, income disregards of 20-40% \(depending on the household type\) apply since 1 June 2020 \(see Section 3.1.4\).](#)

2.1.7. *Combining benefit receipt and employment / starting a new job*

The payment of the benefit is terminated if a person becomes an employee or self-employed.

Figure 1. Unemployment social insurance benefit

40-year old single person without children



Note: Benefit rules do not depend on family structure. Long and continuous employment record (22 years) is assumed. Panel A shows benefit amount in the 2nd month of benefit receipt. Panel C shows benefit amount for a person with previous earnings at the average wage. The results refer to the policy rules as of 1 January 2020.

Source: OECD Tax-Benefit Model.

2.2. *Temporary jobseeker's benefit (Darbo paieškos išmoka)*

This is a temporary unemployment benefit introduced due to Covid-19 emergency on 15 May 2020. It is non-contributory, not means-tested and not taxable.

Currently unemployed residents who register as unemployed can receive unemployment social insurance benefit (see Section 2.1. , but only if they have accumulated at least 12 months of social insurance contributions in the last 30 months. However, only about a third of the unemployed registered with the Employment Services are entitled to unemployment social security benefit, and those who are entitled to this benefit, but at the end of its payment period, have difficulty finding a job due to the pandemic. In order to protect those, who have lost their jobs from a sudden drop or loss of income, a temporary jobseeker's benefit was approved in the Law on Employment No XII-2470.

2.2.1. *Eligibility conditions*

Temporary jobseeker's benefit can be received if a person is not currently or no longer entitled to unemployment social insurance benefit. Those persons, who are entitled to receive the unemployment social insurance benefit, can receive a smaller temporary jobseeker's benefit.

A person should be registered with the Employment Service and meet all of the following conditions:

- 1) the person has been given the status of an unemployed person;
- 2) the unemployed person does not participate in active labour market policy measures at the time of applying for a job search benefit.

2.2.2. *Benefit amount*

The amount of jobseeker's allowances is:

- EUR 200 per month – if the unemployed does not receive unemployment social insurance benefit;
- EUR 42 per month – if the unemployed receives unemployment social insurance benefit (paid on the top of the unemployment social insurance benefit).

2.2.3. *Benefit duration*

The new benefit is paid starting from 12 June 2020, but for a maximum of 6 months, and no longer than until 31 December 2020. There are plans to continue to pay this benefit in 2021 under revised conditions.

2.2.4. *Means test*

The benefit is not means-tested.

2.2.5. *Tax treatment*

The benefit is not taxable.

2.2.6. *Interactions with other components of the tax-benefit system*

The benefit is included in means tests for social benefit, compensations for heating costs, drinking water costs and hot water costs, housing benefit, child benefit, social support for pupils. However, income disregards of 20-40% (depending on the household type) apply since 1 June 2020 (see Section 3.1.4).

2.2.7. *Combining benefit receipt and employment / starting a new job*

The payment of the benefit is terminated if a person becomes an employee or self-employed.

3. Social assistance and housing benefits

3.1. Social benefit (*Socialinė pašalpa*)

Code in the OECD tax-benefit model: **[SA]**

This is a non-contributory benefit, means-tested and not taxable.

3.1.1. Eligibility conditions

Families (or single residents) are entitled to social benefit if they satisfy the means test (see Section 3.1.4.) and comply with these conditions (*assumed to hold in the model*):

- family members over 18 years of age are in one of these situations:
 - **employed** and during the assessment period of three months worked no less than two thirds of the statutory working time or worked part-time (in special cases), and the amount of pay was not less than a minimum monthly pay or minimum hourly pay;
 - in full-time formal **education** and are under 24 years of age;
 - reached the retirement age or receive **pensions** (except the state social insurance disability pension granted to a person with capacity to work reduced by 45-55%), pension benefits or social assistance benefits;
 - persons with **reduced work capacity** (by more than 60%);
 - registered as **unemployed** with the Employment Service;
 - taking **care** a family member or a child;
 - are undergoing **treatment** in a in-patient health care institution for at least a month;
 - **pregnant** women with less than 70 calendar days left before a baby is due (28 or more weeks of pregnancy);
 - a mother or a father who **raises a child** (children) under 3 years old who does not attend a pre-school educational establishment (under 8 years old in certain circumstances);
- children between 16 and 18 years of age are in one of the following situations:
 - working (requirements for people older than 18 do not apply);
 - attend institutions of formal education;
 - are invalids or disabled in the manner prescribed by the law;
 - have registered with the Employment Service;
 - are pregnant women;
 - raising a child (children).

3.1.2. Benefit amount

Regular amount:

As of 1 January 2020:

- The amount of the social benefit for a single person who is entitled to it shall make 100% of the difference between the amount of SSI per single person and the average monthly income per single person.
- The amount of the social benefit for persons living together who are entitled to it shall make up:
 - for the first person – 100% of the difference between the amount of SSI per person and the average monthly income of the persons living together per person;
 - for the second person – 80%;
 - for the third and subsequent persons –70%.

Since 1 June 2020:

From 1 June 2020, the eligibility conditions for social benefit have been temporary eased and the amount of social benefit has been increased and differentiated depending on the duration of payment.

Since 1 June 2020, social benefits are paid if average household's monthly income does not exceed 1.1 of SSI.

- The amount of the social benefit **for a single person** is:
 - the difference between the amount of 1.4 SSI per person per month and the actual income of a single person when social benefit is paid for up to 6 months;
 - the difference between the amount of 1.2 SSI per person per month and the actual income of a single person when social benefit is paid for 6–12 months;
 - the difference between the amount of 1.1 SSI per person per month and the actual income of a single person when social benefit is paid for more than 12 months.
- The amount of the social benefit **for family** (persons living together) is:
 - for the first family member: the difference between the amount of 1.1 SSI per person per month and the actual income of the family member;
 - for the second family member: 90 % of the difference between the amount of 1.1 SSI per person per month and the actual income of the family member;
 - for the third and subsequent family member: 70 % of the difference between the amount of 1.1 SSI per person per month and the actual income of the family member.

Supplement for pupils:

Pupils who study according to general education curriculum (*in the model assumed to be children from 7 to 18 years old*) or pre-primary (*6 years old*) curriculum are entitled to provision of school supplies and free lunches if the average monthly income per family member is lower than the amount of 1.5 * SSI. The amount of the benefit for school supplies is 2 * BSB per year (paid in cash and in some cases in kind).

Since 1 January 2019, the same applies to families with the average per capita income below 2 * SSI if the following conditions hold for one of the family members:

- disease, disability, accident, or loss of breadwinner (*not considered in the model*)
- a parent is raising a child alone
- a family raising three or more children.

Since 1 January 2020, pupils who study according to pre-primary curriculum (*6 years old*) in municipal general education schools, where meals are organized on a self-service basis, have the right to free lunch at school without regard to a family's income. [Since 1 September 2020, the same applies to all pupils studying according to the pre-primary curriculum \(*6 years old*\) and to the primary curriculum in the 1st grade \(*7 years old*\).](#)

Reduced amount:

Reduction of social benefit is applied only with regard to unemployed persons of working age, who are capable of work (as well as to persons who are not self-employed) and are entitled to social benefit for a long time:

- for the person receiving the social benefit from 12 to 24 months the amount of the social benefit is reduced by 20%
- from 24 to 36 months – by 30%
- from 36 to 48 months – by 40%;
- from 48 to 60 months – by 50%;
- for more than 60 months – the reduced social benefit is paid in non-monetary form (since 30 September 2016).

Since 30 September 2016, the list of circumstances under which cash social assistance cannot be reduced was expanded. The scheme of proportionate reduction of social benefit is not applied if at least one of the following conditions holds:

- the Employment Service did not offer a job or an opportunity to participate in active labour market policy measures;
- a working-age unemployed person (who is employable and not in education) participated in useful social activity organized by the municipal administration.

In the model, it is assumed that one of the above conditions are satisfied, thus the reduction in social benefits is not modelled.

3.1.3. *Benefit duration*

The benefit is granted for three months. The social benefit may be renewed unlimited number of times if the circumstances have not changed.

3.1.4. *Means test*

In order to be eligible for social benefit:

- the value of the property should not exceed the threshold (*not covered by the model*);

[Due to Covid-19 pandemic, the owned property temporary is not evaluated granting cash social assistance \(i.e. social benefit and compensations for heating costs, drinking water costs and hot water costs\) for poor residents. This provision came into force on 21 May 2020 and will be valid for 6 months after the emergency state and quarantine is lifted. Only income-test is applied.⁵](#)

⁵ In 2021, a permanent provision will enter into force according to which the property will not be valued for 3 months for those people who apply for the social benefit for the first time or 2 years after receiving the last support.

- the average income of a family during the period of three months preceding the month when the family acquired the right to social benefit should be lower than the SSI per family (since 1 June 2020 - lower than 1.1*SSI per family).

All income (i.e. net income including pensions, unemployment benefit, alimony, periodical state benefits, etc.) is taken into account with the exception of the social benefit itself, extraordinary grants, and special social allowances.

Since 1 January 2018, the child benefit is not included in the means test. In addition, a part of the net work income of working person should not be included in a family income establishing person's (family's) right to assistance:

- 15 % – for persons who do not have children (adopted child) or for single person;
- 20 % – for persons raising one or two children (adopted child);
- 25 % – for persons raising three or more children (adoptive child);
- 30 % – for individuals raising one or two children (adopted child);
- 35 % – for individuals raising three or more children (adopted child).

Since 1 June 2020, these percentages increase by 5 percentage points. From the same date, the unemployment social insurance benefit and the new temporary jobseeker's benefit are temporary included in the disregarded income (along with income from work).

3.1.5. *Tax treatment*

The benefit is not taxable.

3.1.6. *Interaction with other components of the tax-benefit system*

None

3.1.7. *Combining benefit receipt and employment / starting a new job*

Special eligibility conditions are applied in case a person starts new employment. In this case persons living together (or a single resident) shall be granted an additional social benefit (called in-work social benefit) if the following conditions are met:

- at least one of the persons living together gets employed and his remuneration for work is not less than the minimum monthly wage or the minimum hourly pay but not more than two minimum monthly wages or two minimum hourly pays (this condition is abolished since 1 June 2020);
- before employment the persons were registered with the Employment Service no less than 6 consecutive months;
- persons living together were the recipients of the social benefit at least one month during the last three months before the employment;
- application for allocation of the in-work social benefit when employed is submitted no later than during 12 months since the employment.

On 1 January 2020, the amount of the in-work social benefit equals 50% of the average amount of the social benefit paid during the last 6 months prior to employment. It is paid for each month in employment but no longer than for 12 months.

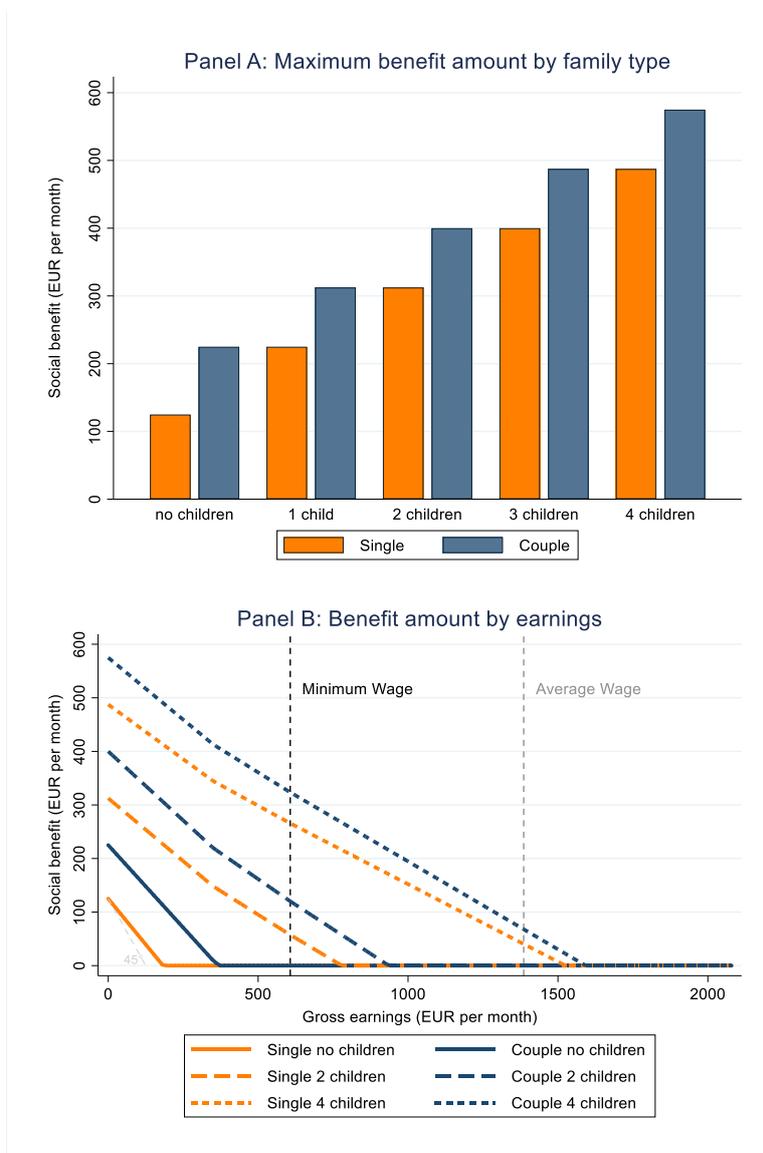
From 1 June 2020 the amount of the in-work social benefit after employment has been increased and differentiated depending on the duration of payment:

- for 1–3 months of payment – the amount of the in-work social benefit is equal 100% of the average amount of the social benefit paid during the last 6 months prior to employment;
- for 4–6 months of payment – 80% of the average amount of the social benefit paid during the last 6 months prior to employment;
- for 7–12 months of payment – 50% of the average amount of the social benefit paid during the last 6 months prior to employment.

If after finding employment persons living together (or a single resident) are still eligible for social benefit, they can receive social benefit and the in-work social benefit at the same time.

Figure 2. Social benefit

40-year old single or couple with or without children



Note: Results assume no receipt of children's maintenance benefit, unemployment benefits or other benefits, which are usually included in the means test for social benefit. The figure shows regular amount of social benefit and does not include supplement for pupils. Panel A shows the maximum benefit amount for a jobless family with no income. Panel B shows the reduction in benefit amount if the first adult has earnings from work. 45° line shows how the benefit for a single person without children would decrease if the benefit would have been reduced by one euro for every gross euro earned. The results refer to the policy rules as of 1 January 2020.

Source: OECD Tax-Benefit Model.

3.2. *Reimbursement of part of housing rental (Būsto nuomos mokesčio dalies kompensacija)*

Code in the OECD tax-benefit model: [\[HB\]](#)

The benefit for reimbursement of part of housing rental was introduced under the Law on Support for the Acquisition or Rental of Housing on 1 January 2015. This is a non-contributory benefit, means-tested and not taxable.

3.2.1. *Eligibility conditions*

Individuals and families have the right to reimbursement of part of housing rental if:

- their assets and income do not exceed determined limits (see Section 3.2.4.);
- they do not own a dwelling or if they do, it is more than 60% worn-out or the floor space per person is too small;
- the housing lease agreement is concluded for at least one year and registered in the State Enterprise Centre of Registers.

3.2.2. *Benefit amount*

Reimbursement of part of housing rental is calculated in accordance with the Law of the Republic of Lithuania on Support for the Acquisition or Rental of Housing and methodology approved by the Government.

The amount of reimbursement may vary according to the composition of the family and the location where the dwelling is rented. The amount of compensation depends on the value of real estate in the area.

From the 1 July 2020, the coefficient, which is used for calculation of the amount of compensation, is determined on the basis of average housing rental market prices and is differentiated according to the number of family members.

Moreover, under the Law on Support for the Acquisition or Rental of Housing amendments compensation will be paid for the housing rent of larger floor area (from 10 sq. m to 14 sq. m per person / family member instead of 8 sq. m).

On 1 July 2020, the amount of compensation paid for 14 sq. m of floor area per month in Vilnius city is:

- EUR 202.16 to a person without a family;
- EUR 283.02 to a family of two persons;
- EUR 363.89 to a family of three persons;
- EUR 444.75 to a family of four persons;
- EUR 555.94 to a family of five persons;
- EUR 667.13 to a family of six persons.

In previous years, the amount of compensation paid to a person for 8 sq. m of floor area per month in Vilnius city was the following:

| 2015 | 2016 | 2017 | 2018 | 2019 | From 1 January 2020 to 1 July 2020 |
|-----------|-----------|-----------|-----------|-----------|------------------------------------|
| EUR 69.63 | EUR 73.60 | EUR 78.34 | EUR 78.85 | EUR 79.87 | EUR 92.42 |

Until 1 July 2020 the conversion factor (coefficient), which was used for calculation of the amount of compensation, did not differ according to a family size. The amount of compensation for family equals the amount of compensation per person multiplied by the number of family members.

The amount of the benefit may not exceed actual rental payments.

3.2.3. *Benefit duration*

Reimbursement of part of housing rental is paid as long as individuals and families meet the statutory requirements.

3.2.4. *Means test*

Assets and income limits vary depending on family composition and location where the dwelling is rented. Since 1 September 2019, the income and assets should not exceed these limits:

- 1) net annual income⁶ of a person **without a family** living in Vilnius city or district, Kaunas city or district, Klaipėda city or district, Palanga city or Neringa municipality – 62 SSI amounts and property – 93 SSI amounts; net annual income of a person without a family living in another municipality – 51 SSI amounts and property – 56 SSI amounts;
- 2) net annual income of a **family of two or three persons** living in Vilnius city or district, Kaunas city or district, Klaipėda city or district, Palanga city or Neringa municipality – 122 SSI amounts and property – 168 SSI amounts; net annual income of a family of two or three persons living in another municipality – 106 SSI amounts and property – 112 SSI amounts;
- 3) net annual income per person of a **family of four or more persons** living in Vilnius city or district, Kaunas city or district, Klaipėda city or district, Palanga city or Neringa municipality – 35 SSI amounts and property – 75 SSI amounts; net annual income per person of a family of four or more persons living in another municipality – 31 SSI amounts and property – 56 SSI amounts.

In the period from 1 January 2015 to 1 September 2019, assessed income eligibility limits were about 60% lower.⁷

⁶ In the model, net annual income includes earnings, unemployment benefits, children's maintenance benefit less income taxes, and state social security contribution paid by employees, including compulsory health insurance contributions (see Section 7.1. . In years 2015 and 2016, the housing benefit itself was also included in the means test. In 2015-2017, the child benefit was also included in the means test. The income test refers to the income in the previous year. However, the model assumes that current income is tested.

⁷ In particular, in Vilnius city or district: 1) 38 SSI for a single person, 2) 76 SSI for a family of two or three persons, and 3) 22 SSI per person for a family of four or more persons.

If the limits are exceeded, the benefit is not granted. However, income below the limits does not affect the amount of the benefit, i.e. the benefit amount is not reduced for the amount of income.

In the model, Vilnius city is assumed as location.

3.2.5. *Tax treatment*

Not taxable.

3.2.6. *Interaction with other components of the tax-benefit system*

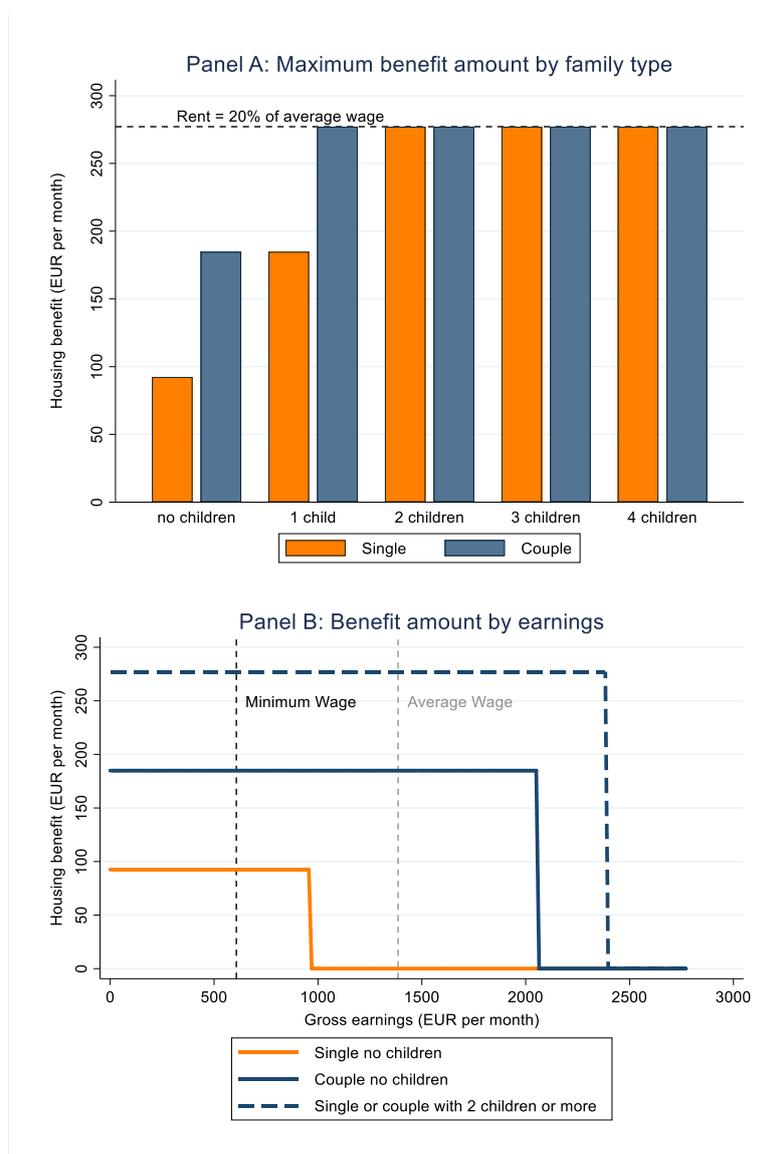
None.

3.2.7. *Combining benefit receipt and employment / starting a new job*

Possible, as long as income does not exceed determined limits.

Figure 3. Reimbursement of part of housing rental

40-year old single or couple with or without children



Note: Results assume no receipt of family benefits, unemployment benefits or other benefits, which are usually included in the means test for this housing benefit. The family lives in Vilnius. Rent for all family types is assumed to be equal to 20% of the average wage. Benefit amount cannot exceed the rent. Panel A shows the maximum benefit amount for a jobless family with no income. Panel B shows the reduction in benefit amount if the first adult has earnings from work. The results refer to the policy rules as of 1 January 2020.

Source: OECD Tax-Benefit Model.

4. Family benefits

4.1. *Child benefit (Išmoka vaikui)*

Code in the OECD tax-benefit model: `[FB_curr]`

This is a non-contributory benefit and not taxable. Universal child benefit is not means-tested, whereas additional child benefit for low-income families raising one or two children is means-tested. For families raising three or more children or disabled children, the income-test for additional child benefit is not applied.

The rules apply in the same way to families raising or fostering children. The model does not cover foster families.

4.1.1. *Eligibility conditions*

Since 2018, the eligibility to child benefit is universal: for every child from birth to the age of 18 years and over, if he / she is studying under the general curriculum, but no longer then until he reaches the age of 21. The same rules apply for additional child benefit.

4.1.2. *Benefit amount*

Since 2020, the **universal child benefit** amounting to 1.54 BSB shall be paid to all children without regard to family income from birth to 18 years of age (to 21 years if person studies according to general education curricula).

For low-income families raising one or two children, families raising three or more children and families raising disabled children there is a **additional child benefit** amounting to 1.03 * BSB. Additional child benefit should be paid to children from birth to 18 years of age (to 21 years if person studies according to general education curricula). If the family is raising one or two children, then the average family's income per person per month in the previous calendar year should not exceed 2 * SSI; if the family is raising three or more children or disabled children – regardless family income.

Family's income is gross earnings after deductions of taxes and social contributions, social benefits, alimony, etc. The income of dependent children under the age of 24, who are in full-time education is not included in family's income.

It is important to mention, that benefits cannot duplicate, i.e. if family raises a disabled child who is also from a low-income family, family is eligible to receive only one additional child benefit per child per month.

4.1.3. *Benefit duration*

As long as the eligibility conditions hold.

4.1.4. *Means test*

The eligibility to the benefit is universal, however, the additional benefit for low income families raising one or two children is paid as described in Section 4.1.2.

Due to Covid-19 pandemic, it was decided to adjust the means test for low-income families raising one or two children. Since the financial situation of some families deteriorated rapidly during the quarantine period, it has been decided that from 22 May 2020 until 1 July 2020, only the income received from 1 April 2020 will be assessed and from 1 July 2020 the reference period for the income test will be shortened to the last 3 months (before

the income of the previous calendar year was assessed). This provision came into force from 22 May 2020 and will be valid for 6 months after the emergency state and quarantine is lifted.

4.1.5. *Tax treatment*

The benefit is not taxable.

4.1.6. *Interaction with other components of the tax-benefit system*

None.

4.1.7. *Combining benefit receipt and employment / starting a new job*

Possible with no restriction.

4.2. *Children's maintenance benefit (Vaikų išlaikymo išmokos)*

Code in the OECD tax-benefit model: [\[alim\]](#)

This is a non-contributory benefit, not means-tested and not taxable. Since 1 January 2018, State Social Insurance Fund administers children's maintenance benefit payment.

4.2.1. *Eligibility conditions*

The support can be paid to a child who does not receive all or part of the support awarded by the child's father / mother. Child should be under the age of 18 years (over 18 years of with disability).

4.2.2. *Benefit amount*

The benefit is paid once a month and is no more than 1.8 * BSB.

4.2.3. *Benefit duration*

As long as eligibility conditions hold.

4.2.4. *Means test*

Not means-tested.

4.2.5. *Tax treatment*

Non-taxable.

4.2.6. *Interaction with other components of the tax-benefit system*

Included in the means-test for child benefit, social benefit, and housing benefit (reimbursement of part of housing rental).

4.2.7. *Combining benefit receipt and employment / starting a new job*

No restrictions.

4.3. Lump-sum children's benefit to reduce the effect of Covid-19 (*Vienkartinė išmoka vaikams, skirta COVID-19 pandemijos padariniams mažinti*)

The Law on a lump-sum children's benefit to reduce the effects of the COVID-19 pandemic was adopted on 9 June 2020 (came into force on 12 June 2020).

4.3.1. Eligibility conditions

The eligibility to a lump-sum children's benefit is universal: for every child who according to the Law on Benefits for Children is entitled to one-off child benefit during the period from 16 May 2020 to 31 December 2020.

4.3.2. Benefit amount

- For every child who according to the Law on Benefits for Children is granted **universal child benefit** without regard to a family income: a lump-sum children's benefit amounting to EUR 120 should be paid.
- For low-income families raising one or two children, families raising three or more children and disabled children who according to the Law on Benefits for Children are granted **additional child benefit**: a lump-sum children's benefit amounting to EUR 80 per child should be paid additionally.

4.3.3. Benefit duration

It is a lump-sum benefit (for every child who is entitled to child benefit during the period from 16 May 2020 to 31 December 2020) paid only once within the time period from 12 June 2020 to 25 February 2022.

4.3.4. Means test

The eligibility to the benefit is universal, however, the additional benefit for low-income families raising one or two children is means tested.

4.3.5. Tax treatment

The benefit is not taxable.

4.3.6. Interaction with other components of the tax-benefit system

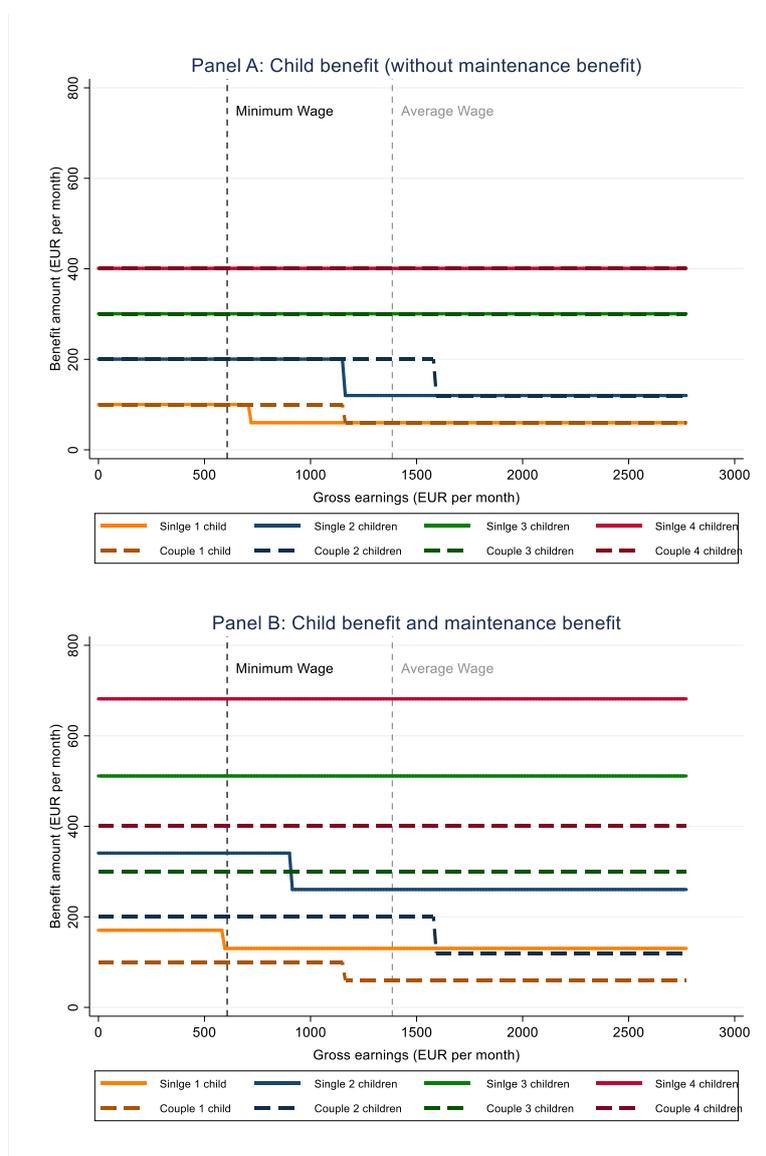
None.

4.3.7. Combining benefit receipt and employment / starting a new job

Possible with no restrictions.

Figure 4. Family benefits

40-year old single or couple with children



Note: Children are below 18 and in good health. Figures show reduction in benefit amount if one adult starts working. For families with 3 or more children, there is no mean test, so the benefit amount does not depend on earnings. The second adult in a couple is assumed to be out of work. Adults do not receive unemployment benefits. In Panel A, single parents receive child benefit but do not receive children’s maintenance benefit. In Panel B, they receive both and the total is shown. Maintenance benefit is included in the means test for child benefit. Couples in both panels receive only child benefit; the amounts are identical in both panels. The results refer to the policy rules as of 1 January 2020.

Source: OECD Tax-Benefit Model.

5. Net costs of Early Childhood Education and Care

The **reference date** for the policy rules described in this section is **1 January 2020**.

The **pre-school** education takes place in the family or is provided according to a pre-school curriculum. The pre-school education is provided to children from the age of 0 to 5 (or 6). **Pre-primary** education is compulsory at age 6 (or 5 if parents chooses to get earlier pre-primary education). The pre-school and pre-primary curriculum is implemented by nursery-kindergartens, kindergartens, kindergarten-schools and other schools, freelance teachers or other education providers.

Families raising pre-school children at home may receive educational assistance according to a procedure established by the Government or its authorized institution. Pre-primary children can get home-based teacher education if doctors' commission recommends. On 1 June 2020, new Amendments to the Law on Education enter into force, legalizing the possibilities of pre-primary education in families (home education) from 1 September 2020.

Children must start attending **primary** schools when they turn 7 years of age during the calendar year.

The model covers childcare costs for children from age of 1 to 5 (including).

5.1. Gross childcare fees

Code in the OECD tax-benefit model: [\[LTcc_cost\]](#)

The founder of the pre-school determines the fees for children attending pre-school curriculum groups. The founder of the pre-schools can be private and public. In case of public pre-schools, the founder is municipality (*savivaldybė*) or the Ministry of Education, Science and Sport.

In **Vilnius city** municipality, parents pay a fee for a child's maintenance in municipal schools that are implementing pre-school and pre-primary education programs. The fee consists of the meal fee and the fee for child's education and other purposes.

The meal fees (EUR per child per day) are:

| Group type | 10.5 -12 hours | 14 - 24 hours | maximum of 4 hours |
|--------------------------------------------------------------------|----------------|---------------|--------------------|
| Nursery groups (<i>from 1 up to 3 years old</i>) | 2.20 | 2.20 | 1.70 |
| Kindergarten groups (<i>from 3 up to 5/6 years old</i>) | 2.50 | 2.80 | 1.90 |
| Pre-primary education groups (<i>from 5/6 up to 7 years old</i>) | 2.50 | 2.80 | 1.90 |

In 10.5-12 hours groups, the meal fee includes breakfast, lunch and dinner (*in the model, this option is assumed for full-time childcare attendance*). In 14-24 hours groups, there is one additional meal. In short-stay groups (up to 4 hours), two meals a day are offered (*in the model, this option is assumed for part-time childcare attendance*) or no meals upon parents' request.

Child education and other fees are EUR 1.00 per child per day for all families and EUR 0.50 per child per day for socially disadvantaged families (i.e. families that receive social benefit).

Any other parental support for kindergartens is voluntary.

Private institutions fees are more expensive: EUR 130-500. It includes meals and teaching aids, sometimes also non-formal education of pre-school children. Public institutions are considered in the model.

5.1.1. *Discounts for part-time usage*

For children who attend a short time group (up to 4 hours) in the pre-school institutions eating and paying for meals is not compulsory. In the model, the fee for short time groups includes the fee for meals as indicated in the table above.

5.2. *Fee discounts and free provision*

Discounts at the municipal level (Vilnius city)

Municipalities determine discounts and free provision of childcare services in public pre-schools.

In Vilnius City municipality a fee for a child's meals in pre-school is reduced by 50% (at a request of parents) if:

- a child has only one parent (i.e. if one of a child's parents is dead, not listed in a child's birth certificate, court recognized as missing or incapable);
- a family raises three or more children under 18 (or older if in general education);
- child's parents study (*not considered in the model*);
- child has special education needs (*not considered in the model*);
- child is suffering from a certain disease (*not considered in the model*);
- the both child's parents have work capacity of up to 40% (*not considered in the model*).

In Vilnius City municipality, child meal is free if:

- the family receives a social benefit;
- child did not attend institution because of certain reasons (*not considered in the model*).

Discounts at the national level

In addition, according to the Lithuania Law on Social Assistance for Pupils, if monthly income per family member is lower than 1.5 * SSI, pupils have the right to:

- free lunch (this is modelled as a full reduction of meal fees because separate fee estimates for breakfast and dinner are not available);
- provision with pupil's supplies provided at the beginning of a school year (this is modelled as part of Social benefit, see Section 3.1.).

The same applies to families with the average per capita income below 2 * SSI if the following conditions hold for one of the family members:

- disease, disability, accident, or loss of breadwinner (*not considered in the model*)
- a parent is raising a child alone
- a family raising three or more children.

Since 1 January 2020, pupils who attend the pre-primary education *program* (6 year old) in municipal general education schools, where meals are organized on a self-service basis, are entitled to free lunches without assessing family income. Since 1 September 2020, the same will apply to all pre-primary pupils (6-year-olds in other general education schools, where meals are not organized on a self-service basis and in the kindergartens) and first-graders (7 years old).

Other municipal discounts (not modelled)

Municipal administrations have the right to establish meal fee reductions in additional cases if monthly income per family member is lower than 2.5 * SSI. In view of this provision, the Vilnius City Municipality offers other reductions in some special cases if monthly income per family member is lower than 1.2 * SSI.

Since 2015 some municipalities, which have a lack of free places in their childcare institutions give compensations EUR 70-100 for childcare services in private institutions (this is about 14-60 % of monthly payment in private institutions).

5.3. Child-care benefits for formal centre-based care

Code in the OECD tax-benefit model: [\[cc_benefit\]](#)

There are no special childcare benefits to parents of children in pre-schools.

Due to Covid-19 emergency, long-term sickness benefit for persons taking care of sick children is granted also for taking care of healthy children, who, due to the quarantine, were not able to attend nurseries, childcare centres, etc. In the event of an emergency and quarantine closing of schools and kindergartens, sickness benefit is paid for a care of healthy child less than 8 years of age, elementary schooler or disabled person less than 21 years of age attending educational institution. Working parents, guardians or one of the grandparents will be eligible for sickness benefit. The benefit is 65.94% of the compensatory wage of the beneficiary. Sickness benefit is paid until the end of the quarantine or emergency. See also information on the “Sickness benefit when an educational institution announces a regime limiting the spread of infections” in the Annex.

5.4. Child care allowance for children not using child care centers

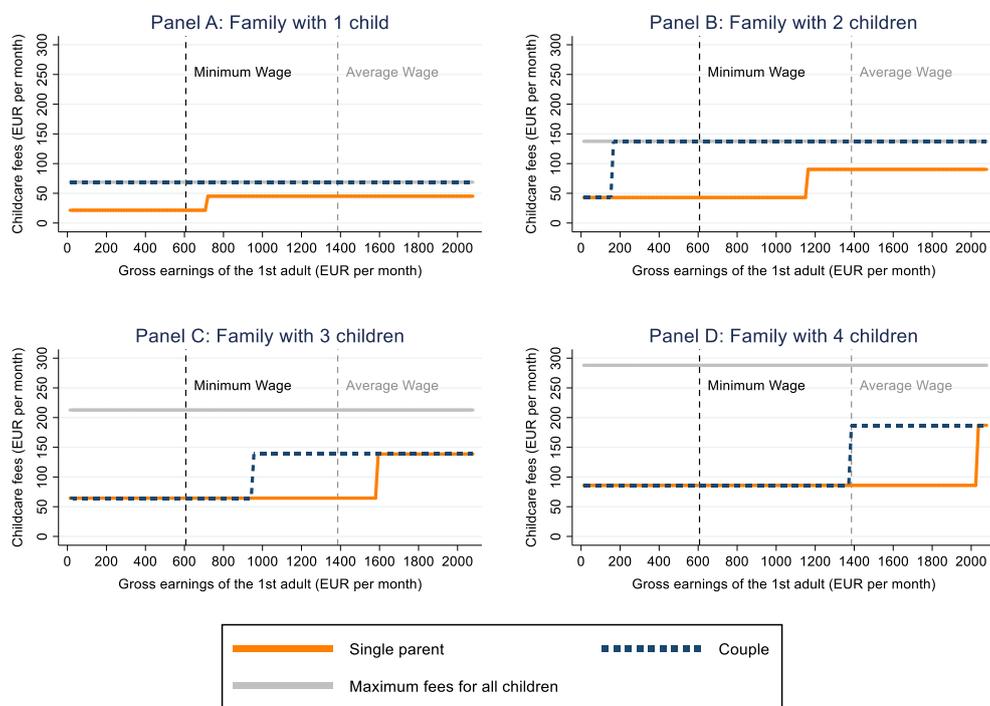
None.

5.5. Tax concessions for childcare expenditures

An individual will be able to deduct the expenses incurred for one's own or spouse's benefit for childcare services for children until 18 years, provided that the service provider is registered as the Lithuanian taxpayer. Deduction is not available for fees or any other expenses paid to pre-schools or school educational institutions. However, parents can deduct wages of babysitters or nannies.

Figure 5. Childcare fees paid by parents (no receipt of other benefits)

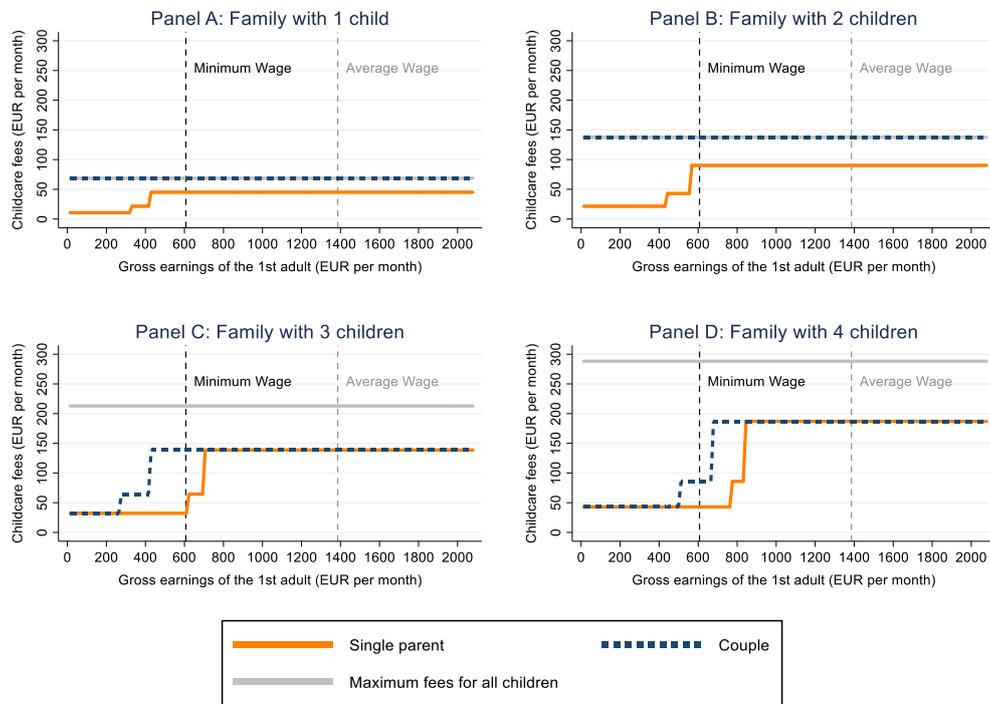
40-year old single person or couple with children



Note: Results assume no receipt of social assistance (which provides access to additional childcare fee discounts) and of child benefit, maintenance benefits and other benefits (which are usually included in the means test for childcare fee reductions). Both parents are working full time and use childcare for all children for the full day. In a couple, the second adult earns 67% of the average wage. Horizontal axis shows gross earnings of the first adult only. Children are 1, 2, 3, and 4 years old. Gross fees for 3-4 year olds (Panels C and D) are slightly higher than for 1-2 year olds (all panels). Family lives in the Vilnius city municipality. *Source:* OECD Tax-Benefit Model.

Figure 6. Childcare fees paid by parents (with receipt of other benefits)

40-year old single person or couple with children



Note: Results assume receipt of social assistance (which provides access to additional childcare fee discounts) and of child benefit and maintenance benefits (which are included in the means test for childcare fee reductions). Both parents are working full time and use childcare for all children for the full day. In a couple, the second adult earns 67% of the average wage. Horizontal axis shows gross earnings of the first adult only. Children are 1, 2, 3, and 4 years old. Gross fees for 3-4 year olds (Panels C and D) are slightly higher than for 1-2 year olds (all panels). Family lives in the Vilnius city municipality.

Source: OECD Tax-Benefit Model.

6. In-work benefits

A social benefit recipient can be granted additional social benefit in case he or she starts new employment (under certain conditions). This is a transitional “into-work” social benefit. In the model it is included in the variable for social assistance [SA]. For more details on the rules see Section 3.1.7.

7. Social security contributions and payroll taxes

State social insurance contributions for each insured person shall be calculated on the basis of wages calculated for each such person.

Lithuania has social contribution „**floors**” requiring employers to pay social security contributions not lower than from the minimum monthly wage for those employees whose monthly salaries are below the minimum monthly salary. Thus, employers are required to pay on behalf of their employees (both employer’s and employee’s contributions) from the difference between the calculated wage and the set minimum wage. Exceptions apply for below-24 year-olds, pensioners, persons working for two employers and persons insured by the state, e.g. during the second and third year of childcare leave.

There are also “**ceilings**” on state social insurance contributions. A part of the wage above the “ceiling” is not subject to social insurance contributions (except health contributions, which are paid from the full amount). Since 1 January 2020, the ceiling is 84 monthly average wages (AW)⁸ per year, i.e. $84 * \text{EUR } 1\,241.4 = \text{EUR } 104\,277.6$ per year. In case the person has at least two insurers employers during one calendar year, the ceiling of social security contributions is calculated separately.

7.1. Social security contributions paid by employees (*Darbuotojų mokamos socialinio draudimo įmokos*)

Variable names: **[SC_p; SC_s]**

In 2020 the rate of the state social insurance contributions payable by insured persons is 19.5%, divided between different types of social insurance in the following way:

- for pension – 8.72%;
- for sickness – 2.09%;
- for maternity – 1.71%;
- for health – 6.98%.

7.2. Social security contributions paid by employers (*Darbdavių mokamos socialinio draudimo įmokos*)

Variable names: **[SSCR]**

In 2020, the overall rate that the employer is liable to pay on employee wages is 1.79% (including compulsory payments to the long-term work and guarantee fund).

The total rate of the state social insurance contributions of the insurer is 1.47%, divided between different types of social insurance in the following way:

- for unemployment – 1.31% (for fixed-term employment contracts - 2.03%, *not considered in the model*);
- for accidents at work and occupational diseases – 0.16%.

⁸ The AW applied to calculate the state social insurance contribution base is approved by the law of Approval on Budget Indicators of the State Social Insurance Fund for the relevant year. It is the average gross monthly earnings (including salary data for the sole proprietorships) published by the Statistics of Lithuania of Q3 and Q4 for the year before the previous year and Q1 and Q2 for the previous year.

The latter is the weighted average of the four categories of social insurance contributions for accidents at work and occupational diseases:

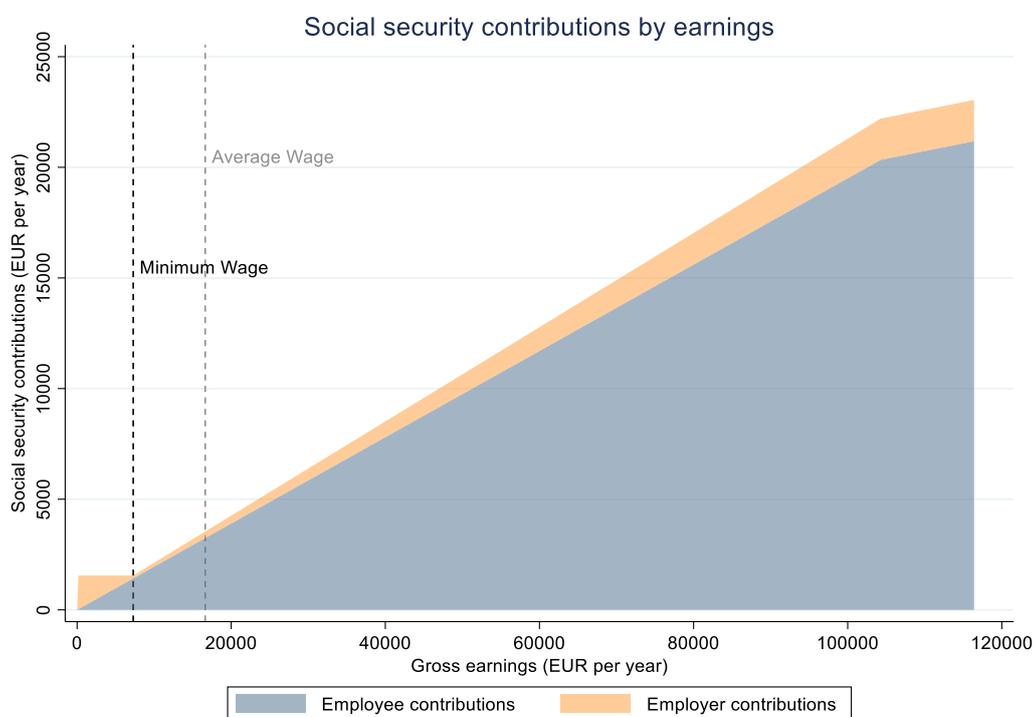
- Category I – 0.14%;
- Category II – 0.4%;
- Category III – 0.7%;
- Category IV – 1.4%.

In addition, the employer pays:

- The contributions to long-term work benefit fund – 0.16%;
- The contributions to the Guarantee fund – 0.16%.

Figure 7. Social security contributions

40-year old single person without children



Note: Social security contributions do not depend on family structure. Employer contributions include compulsory payments to long-term work benefit fund and the guarantee fund.

Source: OECD Tax-Benefit Model.

8. Taxes

The income of spouses is taxed separately. However, there are some provisions according to which the right to deduct certain items can be shared or transferred between spouses (e.g., life insurance and pension contributions, etc.).

8.1. *Personal income tax (Gyventojų pajamų mokestis)*

Code in the OECD tax-benefit model: `[IT_p; IT_s]`

8.1.1. *Tax allowances*

Basic tax-exempt amount (BTEA):

The full BTEA consisted of EUR 350 per month in 2020. The actual BTEA depends on the amount of person's income and is calculated as follows:

- the full BTEA (EUR 350) is applied to persons whose income related to labour relations was EUR 607 or less per month (minimum monthly wage effective on 1 January of a respective calendar year);
- for a person whose income was more than EUR 607 per month BTEA is calculated according to the formula: $BTEA = 350 - 0.17 * (\text{income} - 607)$;
- If the BTEA calculated according to this formula is negative, it is assumed to be equal to 0.

Due to Covid-19 emergency, the increase in tax-exempt amount has been enforced from 1 July 2020. The full BTEA has been increased from EUR 350 to EUR 400 per month. Furthermore, the withdraw rate was increased from 0.17 to 0.19. It has also been established that the annual tax-exempt amount of EUR 4 800 (i.e. EUR 400 * 12) will apply from 1 January 2020 if a person submits income tax declaration for the tax period of 2020. This situation is assumed in the model.

Additional tax exempt amount (ATEA) is abolished since 2018.

Other allowances: *(not covered by the model)*

- a) life insurance contributions paid for his own benefit or for the benefit of his spouse or minor children;
- b) voluntary pension contributions paid for his own benefit or for the benefit of his spouse or disabled children;
- c) payments for vocational training or studies made by studying persons.
- d) pension contributions paid as additional accumulative pension contributions to pension funds, provided that such contributions exceed 3% of individual's income on which social security contributions are calculated.
- e) expenses incurred for one's own or spouse's benefit on decoration and repair of buildings (except for apartment building renovation), car repair, childcare services for children until 18 years, provided that the service provider is registered as the Lithuanian taxpayer.

The total deductible for (a), (b), and (d) should not exceed EUR 1 500 per year.

The total annual amount of (e) should not exceed EUR 2 000 per year. The relief is temporary and will be applied to 2019, 2020, and 2021 calendar years.

The total amount of all above-mentioned deductions shall not exceed 25% of the amount of taxable income.

8.1.2. Tax base

As concern social benefits, only insurance maternity benefit and sickness benefit are taxable (*not covered by the model*). The taxable income shall be calculated by deducting from all income earned during the taxable period:

- tax-exempt income enlisted in the Law;
- income, derived from activity performed with a business certificate (*not covered by the model*);
- allowable deductions, related to an income derived from individual activity (*not covered by the model*);
- an acquisition price of property (*not covered by the model*);
- basic personal allowance and additional personal allowance;
- deductible expenses (*not covered by the model*);
- voluntary pension contributions to the 2nd pillar (exceeding 3%) and 3rd pillar (*not covered by the model*).

8.1.3. Income tax schedule

In 2020, the individual income tax is levied at 20%. When an individual's annual income from wages exceeds 84 average wages (AW)⁹, EUR 104 277.60 per year in 2020 (60 AW – in 2021 and subsequent years), the tax rate for the part exceeding the limit is 32%.

8.1.4. Tax credits

There are no tax credits for employees.

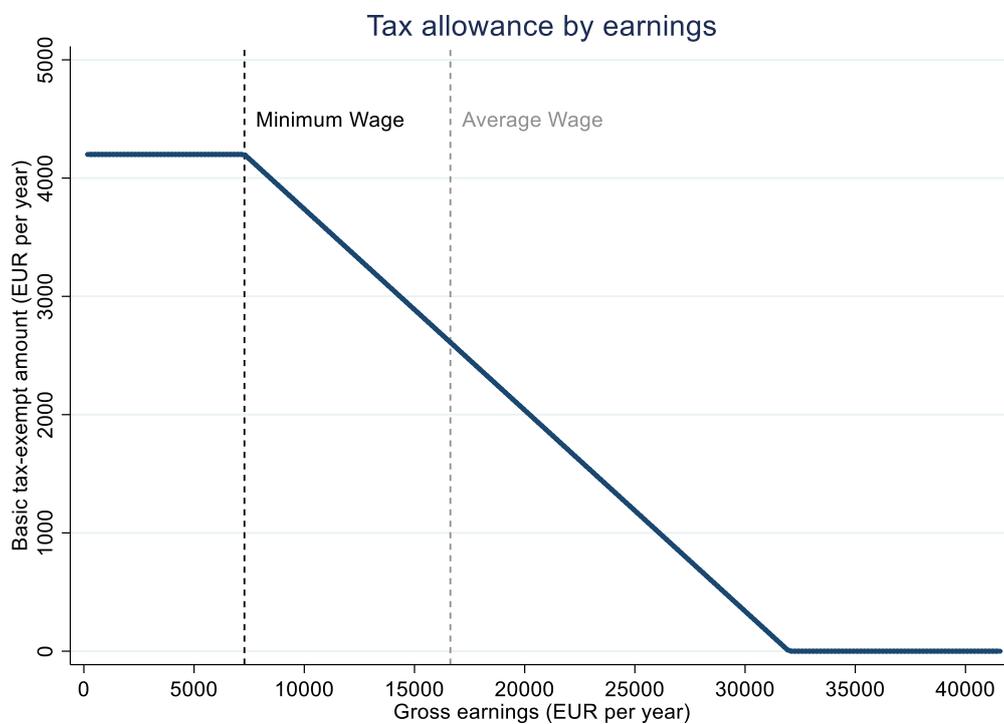
However, since 1 January 2018, there is an income tax credit for the self-employed (*not covered by the model*). For those, whose income from self-employment does not exceed EUR 20 000 per year, the tax credit is equal to 10% of the tax base. For others, the tax credit is estimated based on the following formula:

Income tax credit for income from individual activity = annual taxable income x (0.1 – 2/300 000 x (annual taxable income – 20 000)).

⁹ The AW applied to calculate the state social insurance contribution base is approved by the law of Approval on Budget Indicators of the State Social Insurance Fund for the relevant year. It is the average gross monthly earnings (including salary data for the sole proprietorships) published by the Statistics of Lithuania of Q3 and Q4 for the year before the previous year and Q1 and Q2 for the previous year.

Figure 8. Basic tax-exempt amount

40-year old single person without children

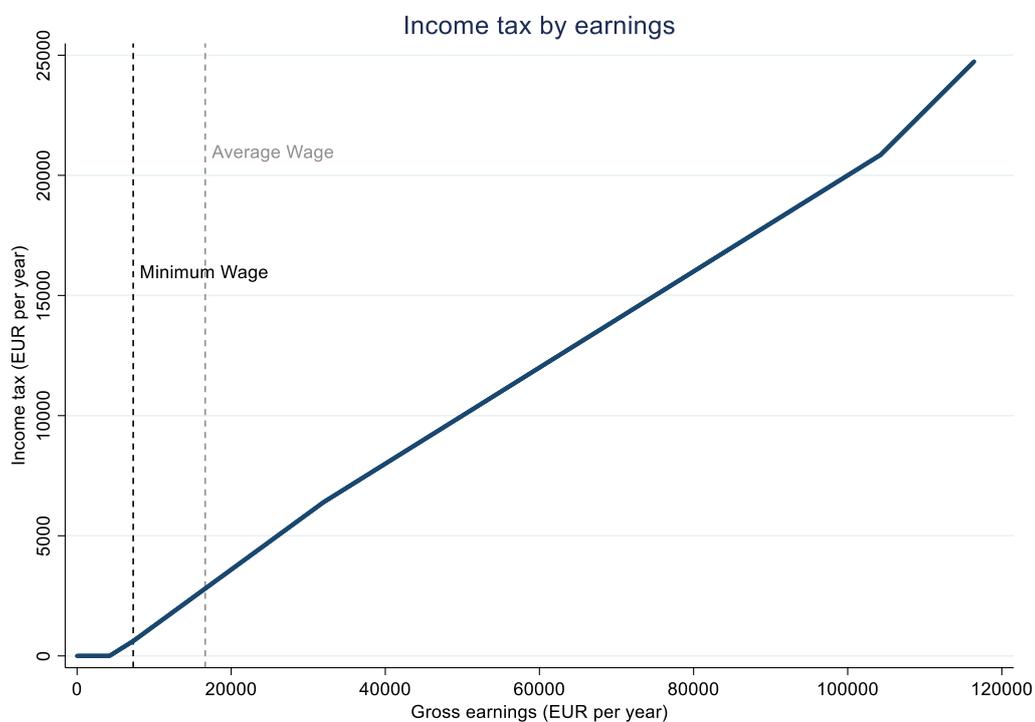


Note: Basic tax-exempt amount does not depend on family structure.

Source: OECD Tax-Benefit Model.

Figure 9. Income tax

40-year old single person without children



Note: A person has no other sources of income but earnings from work. Income tax is calculated at the individual level and does not depend on family structure.

Source: OECD Tax-Benefit Model.

9. Sickness benefits

9.1. Sickness benefit (*Ligos išmoka*)

This is a contributory benefit paid from the State Social Insurance Fund, non-means-tested and taxable. The benefit is paid to insured employees and self-employed (*not covered in the model*). The employer sickness benefit (*Ligos išmoka mokama darbdavio*), paid by the employer in the beginning of sickness, is described in Section 9.2.

Sickness benefits are not included in the model.

9.1.1. Eligibility conditions

Individuals are entitled to receive the sickness benefit if:

- they are covered with the sickness social insurance;
- they become temporarily incapacitated for work and due to this lose their income from work;
- they had the sickness social insurance record of not less than 3 months during the last 12 months or not less than 6 months during the last 24 months before the day of establishment of temporary incapacity for work.

Sickness benefits shall be granted to the persons entitled to this type of benefits (i.e. if all the conditions above hold) in the following cases:

- persons who have become temporarily unable to work due to illness or injury and have therefore lost employment income, with the exception of the cases for allocating and paying sickness benefits provided for by the Law on Social Insurance for Accidents at Work and Occupational Diseases;
- needing to nurse sick family members;
- suspended from work due to an infectious disease outbreak or epidemic;
- undergoing treatment at a health care facility providing orthopaedic and / or prosthetic services;
- needing to care for children enrolled in pre-school or pre-primary or primary education programmes if a regimen to contain the spread of infection has been established at the educational institution (see also Section 5.3. ;
- other.

9.1.2. Benefit amount

When the insured person becomes temporarily incapacitated for work due to illness or trauma or in the cases of outbreaks and epidemics of infectious diseases or in the cases of undergoing treatment at the health care institutions providing orthopaedic and / or prosthetic services, a sickness benefit is paid from the third day of incapacity for work from the State Social Insurance Fund. The amount is 62.06% of the compensatory wage of the beneficiary.

When nursing a sick family member or looking after a child, the sickness benefit is paid from the first day of temporary incapacity for work by the State Social Insurance Fund. The amount of a sickness benefit is 65.94% of the compensatory wage of the beneficiary.

The monthly compensatory wage is based on the average wage earned in the three consecutive months before the last month preceding the one in which the temporary

incapacity occurred. If a person has not received any wages in that period, the minimum benefit will be paid.

Sickness benefit cannot be lower than 11.64% of the national average monthly wage in the two quarters prior to the temporary incapacity, and it cannot exceed twice the national average monthly wage in the quarter concerned. This means that, for an incapacity that occurred on 1 January 2020, sickness benefit cannot be lower than EUR 7.21 per day and cannot be higher than EUR 76.84 per day; for an incapacity that occurred on 1 July 2020, the benefit cannot be lower than EUR 7.56 per day, and the maximum cannot be lower than EUR 80.60 per day.

During the Covid-19 emergency, an increased sickness benefit is introduced for employees who became infected during the performance of their duties. If health care professionals, officials or other employees are infected with the illness for which the emergency is declared, they are offered a maximum sickness benefit of 77.58% of the compensatory wage of the beneficiary (this equals 100% of net pay). This also applies to those who became infected before the amendment of the law came into force on 19 March 2020. Before that, these specialists received a standard sickness benefit of 62.06% of gross salary. To be eligible to the benefit one should provide documents justifying the connection between the duties performed and the illness. The benefit is paid from the 3rd day of sickness. The benefit provided in the first two days by the employer remained unchanged.

9.1.3. *Benefit duration*

There is a two days waiting period during which a person receives a benefit paid by employer (see Section 9.2.). The payment from the State Social Insurance Fund starts from the 3rd day of sickness. The benefit can be paid until the incapacity for work has been restored, or the level of incapacity for work has been defined, or until the first day of the participation in the appropriate vocational rehabilitation program. However there are some limitations of issuing incapacity for work certificates if the person is sick for a long time. In this case, the doctors' advisory committee decides on the further course.

9.1.4. *Means test*

The benefit is not means-tested.

9.1.5. *Tax treatment*

The benefits is subject to taxation. The rules are slightly different from the general taxation rules. The benefit is subject to lower income tax (15%) and health insurance contributions (6%). There are no other contributions.

9.1.6. *Interaction with other components of the tax-benefit system*

Sickness benefit is not granted for unemployed, but the unemployment benefit can be prolonged up to a maximum of 30 days, if the person is sick during the time of her / his unemployment benefit payment.

Sickness benefit is included in means tests for social benefit, compensations for heating costs, drinking water costs and hot water costs, housing benefit, child benefit, and social support for pupils.

9.1.7. *Combining benefit receipt and employment / starting a new job*

No special benefit for reduced working time because of sickness.

9.2. *Employer sickness benefit (Ligos išmoka mokama darbdavio)*

The employer sickness benefit is paid by the employer to the employee in the beginning of sickness. Employers pay from their own account and they are not refunded by the State Social Insurance Fund. The sickness benefit paid from the 3rd day of sickness by the State Social Insurance Fund is described in Section 9.1.

9.2.1. *Eligibility conditions*

Individuals are entitled to receive the employer sickness benefit if:

- they are covered with the sickness social insurance;
- they become temporarily incapacitated for work and due to this lose their income from work;
- they had the sickness social insurance record of not less than 3 months during the last 12 months or not less than 6 months during the last 24 months before the day of establishment of temporary incapacity for work.

When insured persons become temporarily incapacitated for work due to illness or trauma or in the cases of outbreaks and epidemics of infectious diseases or in the cases of undergoing treatment at the health care institutions providing orthopaedic and / or prosthetic services, a sickness benefit for the first 2 calendar days of incapacity for work shall be paid by the employer with the exception of the insured persons who do not have an employment or service relationship for whom sickness benefit shall not be paid for the first two days of temporary sickness.

9.2.2. *Benefit amount*

The amount of a sickness benefit for the first 2 calendar days that is paid by the employer shall not be less than 62.06% and not more than 100% of the average salary of the beneficiary, calculated in accordance with procedure established by the Government. The precise percentage rate paid by the employer is defined in the collective agreements.

9.2.3. *Benefit duration*

There is no waiting period. The benefit is paid for the first two calendar days of sickness.

9.2.4. *Means test*

The payment is not means-tested.

9.2.5. *Tax treatment*

The payment is subject to taxation. The benefit is subject to a lower income tax (15%). Social security contributions are not paid.

9.2.6. *Interaction with other components of the tax-benefit system*

Employee compensatory wage is included in means tests for social benefit, compensations for heating costs, drinking water costs and hot water costs, housing benefit, child benefit, and social support for pupils.

9.2.7. *Combining benefit receipt and employment / starting a new job*

Not compatible with employment.

10. Short-time work schemes

Section 10.1. describes a new short-time work scheme introduced in Lithuania during the Covid-19 crisis to support employers in retaining employees. There is also a short-time scheme for self-employed, described in the Annex, which is outside the scope of the model.

Short-time work schemes are not included in the model.

10.1. Subsidies for wages during idle time (Subsidija darbo užmokesčiui už prastovą)

The subsidy for wages is paid according to the Law on Employment No XII-2470. The changes in the Law, that introduced the subsidy for wages during idle time, came into force on 19 March 2020 due to Covid-19 emergency. When the idle time is declared in a company due to quarantine and (or) extreme situation declared by the Government of the Republic of Lithuania, wage subsidies during idle time can be paid. The subsidies for wages can be paid for idle time from 16 March 2020.

It may not always be possible to work remotely in the state of emergency or quarantine. Therefore, in complex cases employers may declare idle time (full or partial) and the state contributes to payroll workers.

Employer is entitled to declare a partial idle time when the number of working days per week (for at least two working days) or the number of working hours per day (for at least three working hours) is reduced for a certain period. In such case, the wage is paid for the working hours and the state partially contributes for declared partial idle time.

10.1.1. Eligibility conditions

Employers shall meet these conditions:

- 1) legal form is not a budgetary institution;
- 2) no bankruptcy proceedings and not under liquidation process;
- 3) no violations of the Law related to illegal work, occupational safety and health regulations, payroll calculations, etc.

The employer undertakes a responsibility to keep at least 50% of job places for a further 3 months after the subsidy has ended. Employers who, within 3 months from the end of the payment of the wage subsidy, have dismissed more than 50% of the employed persons for whom the wage subsidy has been paid, may participate in the measures of supported employment, job creation (adjustment) subsidy, implementation of local employment initiative projects no earlier than 12 months after the end of the payment of the wage subsidy.

The subsidy covers all sectors of the economy and all workers (except budgetary institutions).

10.1.2. Benefit amount

When the idle time is declared in a company, the employee must receive at least the minimum monthly salary (if the employment contract stipulates a full working time of 40 hours) and cannot be required to come to work. If before Covid-19 the employee agreed to work part time, the wage should be reduced proportionately, i.e. if the employment

contract embeds the 20-hour working week, the employee must receive at least half the minimum monthly wage, i.e. EUR 303.5 per month.

The Employment Service partially reimburses the expenses incurred by employers with a subsidy. In case of part-time, the subsidy shall be paid proportionately.

The subsidy for wages is calculated as a percentage of the pay estimated for the employed person, which cannot exceed the wage set in the employment contract of the employed person before the day of declaration of the state of emergency and quarantine. If the employee's idle time is declared as part time, the amount of the subsidy shall be calculated in proportion to the employee's idle time declared by the employer.

During the emergency situation and quarantine period, if idle time is declared, the subsidy can constitute (at the choice of the employer):

- 90% from the gross salary of the employee, but not more than the minimum monthly salary (i.e. EUR 607 gross).
- 70% from the gross salary of the employee, but not more than 1.5 of the minimum monthly salary (i.e. EUR 910.5 gross).

When the employee is aged 60 and older, the subsidy can constitute:

- 100% of the gross salary of the employee, but no more than the minimum monthly pay (i.e. EUR 607 gross).
- 70% of the gross salary, but no more than 1.5 of the minimum monthly (i.e. EUR 910.5 gross).

Wage subsidies after idle time can be paid to employers who have not dismissed employees during the extreme situation and (or) quarantine, but announced idle time for them and **applied for wage subsidies during idle time**. This support is offered in order to continue support for employers, who declared idle time.

10.1.3. *Benefit duration*

The subsidy can be claimed for idle time that occurred from 16 March 2020 and until the end of the emergency situation.

Amendments to Article 47 of the Labour Code came into force on 19 March 2020. Employers have been entitled to declare an idle time due to emergency situation *and* quarantine.

The emergency situation in Lithuania was declared from 26 February 2020. The quarantine in Lithuania was declared from 16 March 2020. On 10 June 2020 the Government took a decision to revoke the quarantine as of 17 June 2020. However, the national state of emergency has been kept in force.

On 12 June 2020 the new amendment to Article 47 of the Labour Code entered into force. It is allowed to declare an idle time due to emergency situation *and (or)* quarantine. This amendment allows employers to declare an idle time due to emergency situation and to apply for subsidy.

The fact that on 16 March when the state of emergency and quarantine declared by the Government the Labour Code has not established a specific ground for declaring idle time, there should not be a reason to prevent employers from claiming subsidy for wages as of 16 March 2020, if other conditions are met.

10.1.4. *Means test*

Not means-tested.

10.1.5. *Tax treatment*

The subsidy is not subject to taxation.

10.1.6. *Interaction with other components of the tax-benefit system*

This payment is not included in means tests for other benefits.

10.1.7. *Combining benefit receipt and employment/starting a new job*

During idle time an employee is allowed to conclude an employment contract with another employer. However, it may not exceed the maximum working time requirements laid down in Article 114 of the Labour Code.

If the provisions of this Code do not establish otherwise, the working-time arrangements may not violate the following maximum working time requirements:

- 1) the average working time, including overtime but excluding work done according to an agreement on additional work, may not exceed 48 hours over each period of seven days;
- 2) working time, including overtime and work done according to an agreement on additional work, may not exceed 12 hours, excluding lunch breaks, per workday/shift and 60 hours over each period of seven days.

Employer is also entitled to declare a partial idle time when the number of working days per week (for at least two working days) or the number of working hours per day (for at least three working hours) is reduced for a certain period. In such case, the wage is paid for the working hours and the state partially contributes for declared partial idle time.

11. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Lithuania 2020. TaxBEN by default produces the following output: net household incomes (**black line**) and its subcomponents (**coloured stacked areas**) for selected family and individual circumstances.

The model and the related web calculator is accessible from the [project website](#). The figure shows outputs for four scenarios:

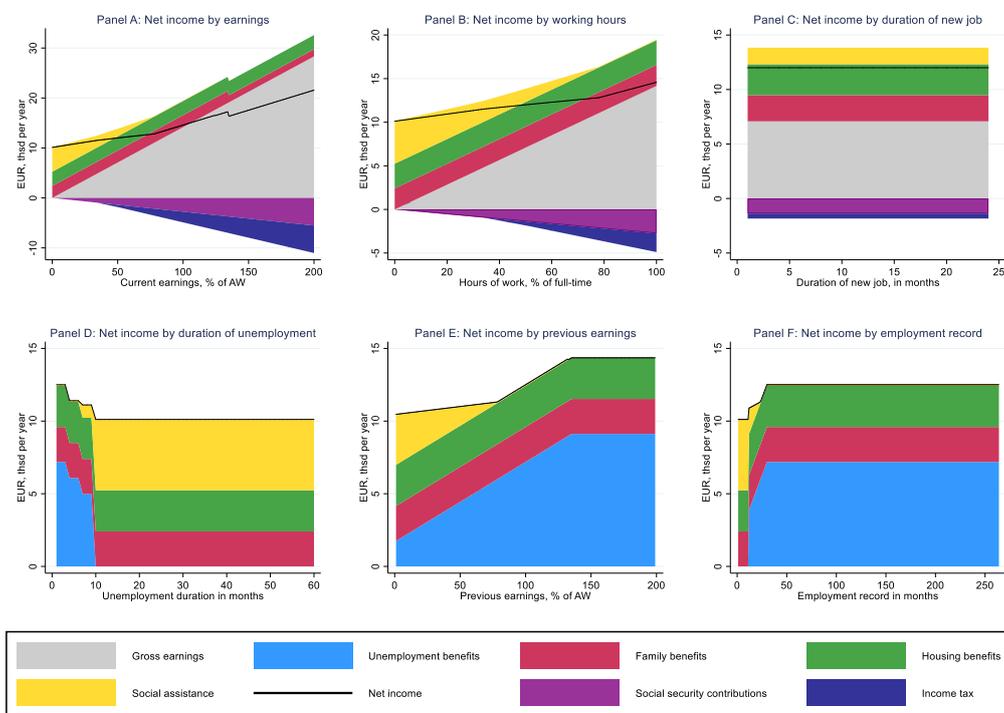
- By percentage of the average wage (**Panel A**);
- By working hours (**Panel B**);
- By duration of a new job (in months) for a person claiming social assistance who started a new employment (**Panel C**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel D**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel E**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel F**).

The stacked areas shows the following household income components: **GROSS** = gross earnings; **SSC** = social security contributions; **IT** = income tax; **FB** = family benefits; **HB** = housing benefits; **SA** = social assistance; **IW** = in-work benefits. Note that each component may contain more than one benefit or tax.

The results refer to a two-adult family with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefit supplements are assumed to be available in all the six scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Figure 10. Selected output from the OECD tax-benefit model

40-year old one-earner couple with two children



Note: In Panel A, B, and C the first adult is employed, whereas the second adult is out of work and not eligible for unemployment benefits, e.g. because they have expired (the same is assumed for the first adult when earnings are zero). In Panel A, the first adult works full time at different wage levels. In Panel B, the first adult earns average (hourly) wage at variable working hours. In Panel C, the first adult has just started a new full-time employment at 50% of the average wage after claiming social assistance. In Panels D, E, and F the first adult is out of work and claiming unemployment benefits, whereas the second adult is out of work and not eligible to unemployment benefits. In Panel D and F, previous earnings of the first adult equal to the average wage. In Panels D and E, the first adult is assumed to have a 'long' employment record of 264 consecutive months before the job loss. Panels E and F refer to the 2nd month of unemployment benefit receipt
Source: OECD tax-benefit model.

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Lithuania that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Compensations for heating costs, drinking water costs and hot water costs (Būsto šildymo, geriamojo ir karšto vandens išlaidų kompensacijos)

This is a means-tested support to cover expenses for heating, drinking and hot water. Eligibility conditions are the same as for Social Benefit (see Section 3.1.1.). Families or single residents shall be entitled to the following compensations:

- during the heating season (on 1 January 2020):
 - part of the expenses for heating (below the limit) exceeding 10% of the difference between the income of a family or single resident and the SSI per family or single resident;
- during the heating season (since 1 June 2020):
 - families – part of the expenses for heating (below the limit) exceeding 10% of the difference between the income of a family and the SSI per family;
 - single residents - part of the expenses for heating (below the limit) exceeding 10% of the difference between the income of a person and the amount of 1.5 SSI.
- part of the costs of cold water and sewage (below the limit) exceeding 2% of the income of a family;
- part of the costs for hot water (below the limit) exceeding 5% of the income of the family.

Compensations are not subject to taxation.

Due to Covid-19 pandemic, the owned property temporary is not evaluated granting cash social assistance (i.e. social benefit and compensations for heating costs, drinking water costs and hot water costs) for poor residents. This provision came into force on 21 May 2020 and will be valid for 6 months after the emergency state and quarantine is lifted.¹⁰

Birth grant (Vienkartinė išmoka gimus vaikui)

Each born child is entitled to a lump-sum birth grant equal to 11*BSB. On the birth of twins (or triplets) the birth grant is doubled (or tripled). Birth grant is paid to one of the parents raising a child.

Benefit for multiple births (Išmoka gimus vienu metu daugiau kaip vienam vaikui)

When two or more children are born, one of the parents shall be granted a benefit for multiple births. If two children are born at a time, a monthly benefit amounts to 4*BSB. If more than two children are born at a time, the amount of benefit is increased by 4*BSB

¹⁰ In 2021, a permanent provision will enter into force according to which the property will not be valued for 3 months for those people who apply for the social benefit for the first time or 2 years after receiving the last support.

respectively. This benefit is paid from the moment of birth of children until they reach the age of two years.

Since May 2018, in Vilnius, an additional one-time benefit in the amount of 40*BSB (in total EUR 1 560) is granted for the birth of triplets or more children.¹¹

Maternity benefit (*Motinystės išmoka*)

Women are entitled to receive maternity benefit for the period of pregnancy and delivery if:

- they are covered by maternity social insurance;
- they were granted pregnancy and delivery leave;
- before the first day of pregnancy and delivery leave they have the social insurance period of not less than 12 months during the last 24 months.

The maternity benefit for a woman, who gave birth after 30 weeks of pregnancy and later, is paid for 126 calendar days. In cases of complicated childbirth and if more than one child was born, the benefit is paid for additional 14 calendar days. Woman who has not used the right to a maternity leave before the date of childbirth shall be paid a maternity benefit for 56 calendar days after the childbirth. Woman who has not used the right to a maternity leave before the date of childbirth (30 or more weeks of pregnancy), in case of complicated childbirth and if more than one child was born the maternity benefit shall be paid for 70 calendar days after the childbirth.

The amount of maternity benefit during the maternity leave period shall make 77.58% of the average monthly insured income (calculated on the basis of the person's insured income during twelve calendar months before the calendar month preceding the month in which a maternity leave began). Monthly maternity benefits cannot be less than the size of 6 BSB.

If during the period of payment of the maternity benefit the insured person has income and the amount of this income is less than the maternity benefit, the person shall be paid the difference between this benefit and the income received. If the amount of the income is higher than the maternity benefit or equal to this benefit, maternity benefit is not payable.

Child care benefit (*Vaiko priežiūros išmoka*)

One of the parents (adoptive parents) or a foster parent, or one of the child grandparents is entitled to the child care benefit if:

- she / he is covered by maternity social insurance;
- she / he was granted the child care leave until the child is one-year old or two-years old;
- before the first day of the childcare leave she / he has the maternity social insurance record of not less than 12 months during the last 24 months.

When an insured person who receives a childcare benefit, becomes entitled to a maternity or childcare benefit because of the birth of another child, she / he shall be paid both benefits, however the total sum of the benefits may not exceed 77.58% of the compensatory wage of the beneficiary.

¹¹ The description of the procedure for granting and paying one-time targeted conditional and periodic benefits approved by the decision of Vilnius City Municipal Council No. 1-1555 on 23 May 2018.

A childcare benefit shall be paid for the period of a childcare leave from the end of pregnancy and childbirth leave until the child is one or two years old.

If the mother did not receive maternity benefit for the period of a pregnancy and childbirth leave, a childcare benefit shall be granted to other person entitled to it from the day that the child is born or the first day after the end of paternity leave.

If the mother who received a maternity benefit during the pregnancy and childbirth leave dies, a childcare benefit shall be granted to other person entitled to it from the day of the mother's death.

The amount of childcare benefit depends on the chosen benefit duration:

- if the insured person chooses to receive the benefit until the child turns 1 year old, the amount of the benefit is 77.58% of the beneficiary's compensatory wage;
- if the person chooses to receive the benefit until the child turns 2 years old – the benefit until the child turns 1 year old is 54.31% and 31.03% thereafter.

Monthly childcare benefits cannot be less than the size of 6 BSB.

When two or more children are born to the insured person and the person is on the childcare leave, the childcare benefits shall be increased taking into account the number of children born simultaneously, however, the sum total of the paid benefits may not exceed 77.58% of the beneficiary's compensatory wage.

If the insured person who is on childcare leave in the first year of the child's life has income and the amount of this income is less than the childcare benefit, the person shall be paid the difference between the benefit and the income received. If the amount of income is higher than the childcare benefit or equal to it, the childcare benefit is not paid. Childcare benefit is not decreased if during the second year of child care leave.

Paternity benefit (Tėvystės išmoka)

A father or adoptive father is entitled to the paternity benefit if:

- he is covered with the maternity social insurance;
- he was granted the paternity leave at any time from the day the child is born until the child reaches one year of age (this amendment to the Labour Code entered into force on 1 January 2020);
- in the last 24 months before the first day of parental leave he has the social insurance period for maternity of at least 12 months.

A paternity benefit shall be paid for the period of a paternity leave. 30 days paternity leave can be taken at any time from the day the child is born until the child reaches one year of age. The amount of a paternity benefit shall make 77.58% of the beneficiary's compensatory wage. Monthly paternity benefits cannot be less than the size of 6 BSB.

Pregnancy grant (Vienkartinė išmoka nėščiai moteriai)

A pregnant unemployed woman, who is not eligible for a maternity allowance, shall be granted a lump-sum pay in the amount of 6.43 BSB for 70 days before a baby is due. This benefit is paid irrespective of whether the person is covered by state social insurance or not.

Child care benefit for persons in training or education (Išmoka besimokančio ar studijuojančio asmens vaiko priežiūrai)

Introduced since 1 January 2017. One of the child's parents shall be entitled to a monthly benefit of 6 BSB during the period of training or studies and for 12 months after completion of training or studies if the person studies according to the formal vocational training programme or is a full-time student at a higher education institution until the age of 26 (or a doctoral student until the age of 30) and if the person is not entitled to a child care benefit. This benefit is paid during the period of child care from the date of birth of the child until 2 years of age. The child care benefit shall not be granted to persons in training or education if the other parent has been granted a child care benefit for the same child.

Child adoption allowance (Išmoka įvaikinus vaiką)

Introduced since 1 January 2018. In case of the adoption of a child, one of the adoptive parents, following 24 months from the day of the court's final decision on adoption (or, in urgent cases, from the execution date of the court decision), is entitled to a monthly allowance equal to 8 BSB which is paid until the child turns 18 years of age, except in cases when under the Law on Sickness and Maternity Social Insurance of the Republic of Lithuania the adoptive parents are entitled to a child care benefit the amount of which is no less than a child adoption allowance.

If the amount of a child care benefit paid in accordance with the Law on Sickness and Maternity Social Insurance of the Republic of Lithuania is less than a child adoption allowance, the amount of the child adoption allowance is calculated as the difference between the child adoption allowance and the child care benefit.

A child adoption allowance is not paid when one of the child's adoptive parents is entitled to a child care benefit paid to the same adopted child under the Law on Sickness and Maternity Social Insurance of the Republic of Lithuania.

If 24 months did not elapse from the date on which an individual is entitled to a child care benefit under the Law on Sickness and Maternity Social Insurance of the Republic of Lithuania, a child adoption allowance is paid from the date on which the care benefit is terminated until the end of the period of 24 months from the court's final decision on adoption.

A child adoption allowance is not paid if a child is adopted by a new spouse or partner of the child's parent. A child adoption allowance is granted and paid from the day on which an individual is entitled to the allowance but no more than for 12 previous months following the submission of all documents for entitlement to the allowance to the municipality's administration.

Benefit for self-employed (Išmoka savarankiškai dirbantiems asmenims)

During the state of emergency and quarantine, the state provides support to the self-employed who stopped activity due to COVID-19 through a new short-time work scheme. The benefit for the self-employed is approved by the Law on Employment No XII-2470 due to Covid-19 emergency on 19 March 2020. The benefit is granted when the Government declares the state of extreme situation and quarantine and 2 months after cancellation of extreme situation or quarantine.

Self-employment status must be registered for at least 3 months in the last 12 months and has not been deregistered until the date the Government declared the emergency or quarantine on 16 March 2020. If a person works under an employment contract, the remuneration under this contract shall not exceed the minimum monthly salary. Self-employed must have paid social security contributions for at least 3 months in the last 12 months. In case of a legal person, it can not have a status of company under liquidation or bankruptcy.

A benefit is paid to a self-employed person on a monthly basis for the previous calendar month. If the period of the state of emergency and quarantine is less than a calendar month, the amount of benefit paid to a self-employed person for the respective month is reduced proportionately. Benefits for self-employed persons are granted by the Employment services. One benefit is granted and paid to one self-employed person, regardless of the number of self-employed activities.

The full monthly benefit amounts to the minimum consumption requirement for the current year, which is EUR 257 per month.

The benefit is not subject to taxation and social security contributions.

A self-employed person, who has benefited from the benefit for the self-employed and is willing to change his economic activity, is also entitled to a subsidy for job creation. The amount of the subsidy is up to 11.5 monthly pay. A person needs to submit an application to the Employment service.

Sickness benefit for carers of persons with disabilities (Ligos išmoka prižiūrint asmenį su negalia)

Following the declaration of an emergency and quarantine and the suspension of a day care centre for people with disabilities, sickness benefit is provided to those employees (mother / father / guardian) needing to care for a disabled person if that disabled person has previously attended a day care centre. Sickness benefit is granted until the end of the emergency and quarantine.

If a disabled child under the age of 21 attended school and enrolled in a general or special education program, one of his or her parents, guardians or one of the grandparents will be eligible for sickness benefit. The sickness benefit for care is 65.94% of the beneficiary's compensatory wage.

Sickness benefit for those caring for an elderly person (Ligos išmoka prižiūrint pensinio amžiaus sukačiusius asmenis)

When day care centres are shut down because of an emergency and quarantine, and day care centres were providing short-term social care to a retired person, his or her spouse / daughter / son / guardian will be able to obtain a certificate of incapacity for work and sickness benefit. It stands at 65.94% of the amount of the beneficiary's compensatory wage.

Sickness benefit for patients with serious chronic diseases (Ligos išmoka asmeniui, sergančiam sunkia lėtine liga)

If a worker suffers from a serious chronic illness listed on a list approved by the Minister of Health and has no access to remote work or idle time, he or she would be able to receive

sickness benefit during an emergency and quarantine. The benefit will be 62.06% of the beneficiary's compensatory wage.

Sickness benefit for compulsory self-isolation of an adult (Ligos išmoka asmeniui, kai yra privaloma saviizoliacija)

If an adult worker has visited a COVID-19 affected country or has been in contact with a COVID-19-infected person, he or she may be subject to compulsory isolation, a certificate of incapacity for work and sickness benefit. Sickness benefit is payable if he or she does not have the opportunity to work remotely during the period of compulsory isolation and has not been declared idle. The benefit is paid during the period of compulsory isolation, but not longer than 14 calendar days, counting from the day of his / her arrival in Lithuania or from the last contact with a sick person. Sickness benefit from the State Social Insurance Fund is paid from the third day of incapacity for work. The benefit will be 62.06% of the beneficiary's compensatory wage. During first two days a person receives a benefit paid by employer (see Section 9.2.).

Sickness benefit when isolation is compulsory for a small child or a child with a disability (Ligos išmoka, kai mažamečiam vaikui ar neįgaliam vaikui privaloma saviizoliacija)

If a child under 8 years of age, elementary schooler or disabled person under 21 years of age attending in a special education or general education program has visited a COVID-19 affected country without parents or guardians or has been in contact with a COVID-19 infected person, then he or she may be placed in compulsory isolation and supervised. Sickness benefit for the care of a healthy child is paid during the period of child's compulsory isolation, but not longer than 14 calendar days, counting from the day of arrival in Lithuania or from the last contact with a sick person. The amount of sickness benefit will be 65.94% of the beneficiary's compensatory wage.

Sickness benefit when an educational institution announces a regime limiting the spread of infections (Ligos išmoka, kai švietimo įstaiga paskelbia infekcijų plitimą ribojantį režimą)

If, due to the risk of the spread of COVID-19, an educational institution declares a regime restricting the spread of infections and this requires the supervision of a child under 8 years of age, elementary schooler or disabled person under 21 years of age attending in a special education or general education program, then parents, guardians or grandparents may receive sickness benefit for childcare. Sickness benefit is paid until the mode of limiting the spread of infections is revoked. The amount of sickness benefit will be 65.94% of the beneficiary's compensatory wage.

Benefit for child of a Serviceman in Mandatory Primary Military Service (Išmoka privalomosios pradinės karo tarnybos kario vaikui)

Each child of a Serviceman in Mandatory Primary Military Service shall be paid a monthly benefit in the amount of 1.5 * BSB) during the service of his / her father or mother.

Guardianship (curatorship) benefit (Globos (rūpybos) išmoka)

A guardianship (curatorship) benefit should be paid to a **child** placed under guardianship in the family, social family, child care institution or guardian center in the amount of 4 * BSB per month during the period of stay in the foster care.

A targeted guardianship (curatorship) benefit supplement (Globos (rūpybos) išmokos tikslinis priedas)

A targeted guardianship (curatorship) benefit supplement should be paid to a **guardian** for each child placed under guardianship (curatorship) in a family, a social family or a guardian center in the amount of 4 * BSB per month.

A settlement grant (Vienkartinė išmoka įsikurti)

Upon the expiration of the foster care due to attaining the majority, emancipation or contracting a marriage the person is granted a settlement grant amounting to 75 * BSB. The grant may be used to acquire a dwelling or to redeem part of the loan for the acquisition, or building of a dwelling (dwelling-house, apartment), to pay utility charges for a rented or owned dwelling, to repair or renovate a dwelling, to purchase furniture and domestic appliances, or to acquire a PC, to pay tuition charges or to purchase a plot of land.

Child temporary care benefit (Vaiko laikinosios priežiūros išmoka)

Since 2020, in accordance with the procedure established by the Law on the Fundamentals of Protection of the Rights of the Child, a child temporary care benefit is paid (amounting to 6 * BSB) to the temporary carer during the period of temporary guardianship.

One-off allowance for elderly and disabled (Vienkartinė išmoka senyvo amžiaus ir neįgaliems asmenims)

This measure is introduced in response to Covid-19 emergency. This is a one-off allowance of EUR 200 for the elderly, disabled, widows and orphans, receiving one of the following pensions: old-age pension, lost working capacity (invalidity) pension, survivor's or orphan's pension, retirement pensions, compensations for special working conditions, assistance pension base and compensation and pensions, designated under international agreements or European regulations. The one-off allowance has been paid without an individual application in August 2020.

Long-term work benefit (ilgalaikio darbo išmoka)

Since 1 July 2017, the long-term employment benefit has been introduced for employees who have worked for one employer for more than 5 years and who is dismissed at the initiative of the employer without the employee's own fault. The long-term employment benefit depends on the length of time the employee has worked continuously for the

employer. The benefit is paid to all employees who have worked under employment contracts who have been fired not earlier than 1 July 2017. Employees from budgetary institutions and the Central Bank are not entitled to receive the benefit.

An employee is not eligible for the benefit if he or she started working for the same employer during 3 months after being made redundant. The application for the benefit has to be submitted not later than 6 months from becoming redundant.

The benefit amount depends on the employment history with the same employer and the average remuneration in the last 12 months before the employee has lost his job:

- 5-10 years of working history - benefit equal to 77.58% of one average remuneration;
- 10-20 years – 77.58% of two average remunerations;
- 20 years or more – 77.58% of three average remunerations.

Since 1 January 2020, the long-term employment benefit is calculated based on the administrative data and employee's average insured income.

The Long-term benefit fund has been operating since 1 July 2017. This Fund is formed from the contributions paid by the employers / insurers. The employers / insurers pay 0.16% contribution from the employment-related income calculated for the employees, from whom the contributions to the National Social Insurance Fund are paid (e.g. the budgetary institutions and the Bank of Lithuania are not paying these contributions).