EU's list of non-cooperative tax jurisdictions (Black-list)

EE LV LT

	EU blacklist	National blacklist	Russia as blacklisted territory	DTT with Russia
Estonia	Applicable directly	N/A	Yes	Not effective
Latvia	N/A	Based on EU	No	Suspended as of 16 May 2022
Lithuania	N/A	Separate	No	Applicable

Companies cannot redistribute the dividends received from an entity resident in such black-listed jurisdiction tax-free (participation exemption does not apply)

Consequences in Estonia

Acquisition of shares and other securities issued by such entity will, with some exceptions, be considered a taxable non-business expense

Consequences in Estonia

Different payments, such as contractual penalties, granting loans, making advance payments, etc to such entities will also be taxable as non-business expenses

Consequences in Estonia

Income tax will have to be withheld from the service fees payable to entities, established in black-listed countries

Consequences in Estonia

If such entity is controlled by Estonian resident individuals, then the income of such entity is allocated directly to the Estonian residents, regardless of whether the entity has distributed profits or not

Consequences in Estonia

Changes to the EU list have no immediate legal effect in Latvia, the added tax jurisdictions are not considered black list countries for tax purposes until changes in the national regulation are made

Consequences in Latvia

Last changes was done in December 2022 adding to the list Anguilla, The Bahamas and Turks and Caicos Islands

Consequences in Latvia

Consequences from suspending DTT with Russia:

- CIT on unrecovered doubtful debt from Russian residents for 36 months without exemptions
- Reduced DTT rates do not apply, e.g., Russian residents pay 20% PIT on interest received in Latvia instead of the previous 10%. No option for recalculation (applying 20% CIT for profits) for sale (3% WHT), rent or lease (5% WHT) of real estate
- DTT exemptions do not apply, resulting in full PIT on income in Latvia (incl. salaries) for Russians. Russian companies providing management and consultancy services to companies in Latvia are subject to a 20% WHT, with no option for recalculation (applying 20% CIT)
- Russian companies in Latvia face additional risk of being considered a permanent establishment
- Russians spending 183 days in any 12 months in Latvia and residence permit holders are considered tax residents and must pay PIT on all worldwide income in Latvia

Consequences in Latvia

Lithuania operates national list of list of non-cooperative tax jurisdictions (known as Target territories)

Consequences in Lithuania

This list already included British Virgin Islands and Marshall Islands, trigerring number of respective restrictions, limitations and exclusions from the tax incentives on the Lithuanian taxpayers, that are dealing with counterparties from those jurisdictions

Consequences in Lithuania

The fact that Marshall Islands and Russia where added to the EU's list has no immediate legal effect in Lithuania, but potential changes in the national regulations should be closely monitored

Consequences in Lithuania