#Walless Tax Cookies

Baltic Tax Cookies Awards 2026

A quick look at the 2026 tax changes in Estonia, Latvia and Lithuania that bring the sweetest cookies – and the ones that are harder to swallow for businesses

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"Steadiest cookie in the jar"

Estonia

Income tax rate stays at 22%

While many countries are changing tax rates and bases, Estonia keeps its income tax rate at 22% for 2026.

For businesses and investors this means a more predictable environment when planning profit distributions, investments and long-term structures in Estonia.

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“Most structured cookie for transfer pricing“

Latvia

New controlled transaction report

From 1 January 2026, a new type of transfer pricing documentation is introduced — the “controlled transaction report.” If a company’s controlled transactions with related parties exceed EUR 250,000, the first report (for FY2025) must be submitted in a structured format via the SRS EDS within 12 months after year-end, i.e., by 31 December 2026.

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“Sweetest cookie for employee incentives“

Lithuania

Employee stock option boost from 2026

From 2026, gains from selling shares received under qualifying employee stock option plans will be taxed at a single 15% rate.

Together with the existing 3-year exemption rules, this makes equity-based incentives much more attractive for startups and growing companies that want to keep key people on board.

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“Strictest bite for construction work“

Estonia

Even one day on a site needs paperwork

In Estonia, even short-term work on a construction site requires proper registration with the Tax and Customs Board and a personal entry card for each worker – including workers of foreign companies. Entries and exits are recorded, and construction sites are often inspected by several authorities together. Skipping the formalities can quickly turn a small project into a serious compliance issue.

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"Most flexible cookie for group financing"

Latvia

New CIT thin-cap exemptions from 2026

From 1 January 2026, Latvia expands thin-cap relief: the 4:1 debt-to-equity adjustment on "increased interest payments" will not apply to interest on certain EU/EEA-sourced financing, and PPP SPVs also fall outside the rule. Qualifying external financing can be on-lent within the group at market terms without triggering the 4:1 adjustment.

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“Crunchiest new bite for business budgets“

Lithuania

New insurance premium tax

A new 10% tax will apply to many non-life insurance premiums where the insured risk is in Lithuania. Life insurance and some MTPL and agricultural risks stay outside the scope, but for many policies the cost of protection will increase. Contracts signed before 31 December remain exempt. Continuity of an ‘old’ insurance policy might be either an opportunity or a trap.

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“Sweetest deal for foreign individual investors“

Latvia

Alternative dividend taxation regime from 2026

From 1 January 2026, companies with only natural-person shareholders may opt for an alternative dividend tax regime: 15% CIT (15/85) instead of 20% (20/80), plus 6% PIT for the shareholder (instead of 0% today). It is intended to benefit foreign individuals, as the 6% PIT can typically be credited in the residence country, unlike the 20% CIT.

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“Spiciest wake-up call for property owners“

Lithuania

New taxable values for real estate from 2026

The Centre of Registers has published new taxable values for real estate tax, effective from 2026 for at least three years. In many cases values have risen sharply, sometimes nearly doubling. Higher residential values for individuals will largely be offset by higher allowances and lower rates, but commercial owners and companies should expect higher annual tax unless municipalities cut rates or introduce new reliefs.

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What to do with these cookies?

Behind every “award” there are real deadlines, numbers and contracts.

If you are planning investments, financing or restructurings in the Baltics in 2025–2026, now is a good time to review:

- your insurance coverage and real estate portfolio,
- employee incentive plans,
- platform activities and cross-border work,
- and how these changes interact in Lithuania, Latvia and Estonia.