

CASE STUDY 1

LITHUANIA

Case submitter

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Proposed solution

- Do you agree with the segmentation of transactions proposed by the tax administrator?
- What is the most appropriate allocation key for indirect costs?

As the investigation is still ongoing, the tax administrator is considering not changing the segmentation of controlled transactions. The tax administrator is thoroughly reviewing the allocation of direct costs, identifying some discrepancies, and recalculating certain direct costs, for example, premises rent costs. Regarding indirect costs, from the tax administrator's perspective, a part of them can be recalculated using the allocation key proposed by Company LT.

- Should maintenance service activities be treated as separate activity, unrelated to truck and passenger car distribution?
- If maintenance services are excluded, would benchmarking studies that include maintenance service activities still be acceptable, given that, no adjustments can be made due to the absence of both sufficient data and alternative comparables?

The tax administrator maintains the position that revenue and costs related to maintenance services, as activities closely linked to the truck and passenger car distribution, must be included in the specified transactions and their EBIT margin calculations.

