



Writing-off of taxes according to the statute of limitations

The statute of the limitations is the expiry of the limitation period, terminating the ability of the state to take enforced collection of taxes. After the expiry of the limitation period for the debtor arises right to object to the collection of public receivables.

Tax limitation is regulated in art. 171 of the DOPK. The total limitation period of 5 years pursuant to the first paragraph of Art. 171 of DOPK. Public debts are extinguished by the end of the 5-year limitation period from January 1 of the year following the year in which it was necessary to pay the public debt. Interest on public debts are extinguished with the expiration of 3 years (Art. 111 ZZD). The general limitation period may be interrupted or stopped under certain circumstances.

There is no Interest on interest and interest on fines. (Art. 175 of DOPK). Write-off of public debts such as taxes is regulated in art. 173 of DOPK. The receivables are derecognized when they are time-barred, and in the cases stipulated by law.

Derecognition of tax is factual action of a member of the tax administration as a result of which tax and "social security account "of the person noted that the decision is not active.

The new provision of paragraph 2 of art. 173 of DOPK provide that public debts are written off automatically upon expiry of the term of art. 171, paragraph 2 of DOPK. Officially will be written off receivables repaid with 10 years of absolute statute of the limitations. With the expiry of the 10-year limitation period from January 1 of the year following the year in which it was necessary to pay public debt is paid off all public debts regardless of the suspension or interruption of limitation except where the liability is deferred or deferred or has been suspended at the request of the debtor.



With the change of Art. 173 DOPK there are two modes for derecognition of extinguished by statute of limitations taxes:

The first mode is for taxes shall be extinguished upon the expiry of the five-year limitation period from January 1 of the year following the year in which it was necessary to pay public debt, however, if the limitation was not suspended or terminated according to rt.172a of DOPK. To write off the total extinguished with after five years tax debtor is required to make a written objection. The reason for objection is because the statute of limitations does not apply automatically. For derecognition is drawn up a protocol according to the rules in Art. 50 of DOPK.

The second mode is to write off the extinguished with absolute ten-year statute of limitations taxes. In these cases it is not necessary to make a written objection according the law (Article 173, paragraph 2) stated that extinguished of ten years and more obligations are written off automatically.

State public debts are written off by the NAP (Bulgarian tax authority) and municipal by the Municipal Revenue Service. Municipalities are required to send by electronical way on daily basis information to the NAP about debts, payments and extinguished debts of local taxes for each person according to his identification number or EIK (Art. 5 of the Law of local taxes and fees).

The Administration of NAP will not write off debts that didn't paid within five years after becomes required.

The above does not constitute legal advice and the author is not responsible for its implementation.

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