



## Annual Statute of Limitation Guidelines

**Code of Virginia §58.1-3940** provides the Statute of Limitations for the collection of taxes which, except for real estate taxes, runs for 5 years from the end of the tax year for which the tax is assessed. Real Estate taxes are collectible for 20 years from the end of the tax year for which they are assessed.

Taxes which exceed the Statute of Limitations are to be written off by the locality, but the timing of that write-off can wreak havoc with outside collections. We want to take every step possible to ensure that our balances are in sync, that our balances are correct, and that any amounts that remain subject to collection do actually remain in collections. **Remember that you are the system of record for all collections.**

Failure to write off tax bills or delayed write-offs can have major negative impacts on how TACS properly serves you and your taxpayers. TACS will not be able to pursue any forced collection actions (liens, summons, court, distress, etc.) on the entire taxpayer's account until the SOL bills are written off from our system, excluding some exceptions as listed below.

### Statute of Limitations (SOL) Exceptions

- While the delinquent tax bills are no longer collectible after December 31, any collection actions that were taken prior to that date are within the SOL and can play out.
- Bankruptcy Status - extends the SOL by the specific length of time the taxpayer is in bankruptcy status. Localities gain that additional time to collect the debt before the required written off. Email [bankruptcy@taxva.com](mailto:bankruptcy@taxva.com) with any questions.
- Legal Action - if you, or TACS on your behalf, filed legal action on the SOL bills prior to the end of the year, the SOL years do not have to be written off. TACS will systematically exclude those write-offs in our system *if we know about the pending case*. Email [legal@taxva.com](mailto:legal@taxva.com) with this information and any questions.
- Judgment - creates a new, separate SOL for a tax bill providing 10 years to collect from the date of the judgment.
  - If TACS has obtained judgment for you, we have coded the accounts as such in our system. Even if you cannot keep those balances in your system, we will retain these balances in TACS's system. *You will, however, need to create an account note in your system so you can refer these judgment debtors back to TACS for payments.*

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In an effort to help you understand how we will treat accounts subject to the Statute of Limitations, here's a review of our process:

- If a delinquent bill is no longer collectible due to SOL it will be automatically cancelled on or around February 15 in our system. This will occur even if the jurisdiction keeps the tax bill on their system. We will NOT remove a bill; however, if there is pending real estate litigation to sell the property or TACS has filed suit or obtained a judgment. These outstanding bills will remain active in TACS' collections system and will remain subject to collection actions.
- If you obtain judgement in your jurisdiction and keep the delinquency on your system, you will need to notify TACS of these judgments and flag your system so we can bypass our cancellation processes and have the locality control the SOL process through full revision files (a file with all accounts assigned to TACS) we receive. If you do not flag the account or notify us at TACS, and the account is not on your system, we will automatically remove it from collections.
- Since we are working with a large number of accounts, we rely on your full revision files to make sure tax bills and account balances are correct. If you send a full revision file and the delinquent bill is not in that file, we will remove this bill from TACS's collections system, unless (TACS) has filed a judgment for the locality and the account is noted.

**Please be aware:**

- Except for the SOL exception cases, TACS will not be able to pursue any forced collection actions (liens, summons, court, distress, etc.) on taxpayers that still have these SOL delinquent tax bills on their account until those bills are written off in your system and a full revision file is loaded into TACS' s collection system.
- If you are utilizing a June 30 SOL date based on levying and assessing on a fiscal year, email [files@taxva.com](mailto:files@taxva.com) to notify TACS when to expect your SOL write-offs revision file.
- Failing to post remittance payments according to TACS's remittance report will cause issues for you, TACS, and the taxpayer. The issues are most prevalent in circumstances where tax bills are not written off in January, where payments are posted to tax bills or tax types that have not been turned over to us, or where accounts with judgment, etc., have not been flagged.
- Collection actions that were taken prior to December 31, such as a Treasurer's lien may result in payments received after December 31 that can still be applied to SOL bills. Additionally, if a taxpayer makes a voluntary payment after December 31 based on balance information provided to them prior to December 31, these funds can also be applied to SOL bills.
- Any payments remitted on SOL bills or bills with a judgment coded with an SOL year will be placed on a separate payment report called an exception report. The report will identify these special transactions, and they may need to be posted manually.
- It is imperative to have communication and coordination between our offices regarding timing of your SOL write-offs to prevent posting and balance discrepancies.
- For questions regarding the revision file process email [files@taxva.com](mailto:files@taxva.com).
- For legal questions on SOL write-offs, contact any of our attorneys.