



KPMG – Newsletter
Tax & Legal Department

The Revision of Tax Prescription in Libya

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I/ The New Tax Prescription Deadlines

Pursuant to Article 25 of Law No. 7 of 2010, the prescription period for tax debts related to income tax in Libya was initially set to seven years, until March 7, 2017. However, this period was extended to fifteen years following the amendment of Law No. 2 of 2017.

More recently, following the enactment of Law No. 1 of 2025 on January 23, 2025, the prescription period has now been abolished in the area of income tax, and the tax administration's audit authority has been extended indefinitely for any period of taxable income-generating activity, without a time limit.

The tax prescription system introduced by the new provision is as follows:

- The state's right to claim what is owed in terms of income tax does not expire over time.
- This rule applies to any prescription period that had not been completed as of January 23, 2025.

The prescription period for income tax debts has been aligned with the prescription period applicable to stamp duties ("Damgha") governed by Law No. 11 of 2004.

However, in the case of jihad tax governed by Law No. 44 of 1970, as well as production tax governed by Law No. 19 of 1992, the laws regulating them do not address prescription periods. In other areas, the laws simply state that this right expires after a certain period without specifying the start or end of the prescription period.

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II/ Clarification of the Tax Prescription System

According to a recent official note (Fatwa from the Legislation Administration regarding the implementation of the suspension of the interruption of the tax prescription period, published on March 20, 2024), the provisions related to the prescription, its validity, and its interruption as provided in the Civil Code should be applied if the tax legislation lacks texts regulating these issues.

- If the prescription period is not explicitly mentioned, the prescription period stipulated in the Civil Code, specifically in Article 364, paragraph 1, should be applied (the three-year limitation rule).

As for the commencement of the prescription period and its interruption, reference should be made to the rule mentioned, which consists of following the text governing this issue.

- In the absence of specific text in the tax legislation governing this issue, the general rules provided by the Civil Code should be followed, as its provisions are clear and do not require further explanation.



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