The Moscow Times
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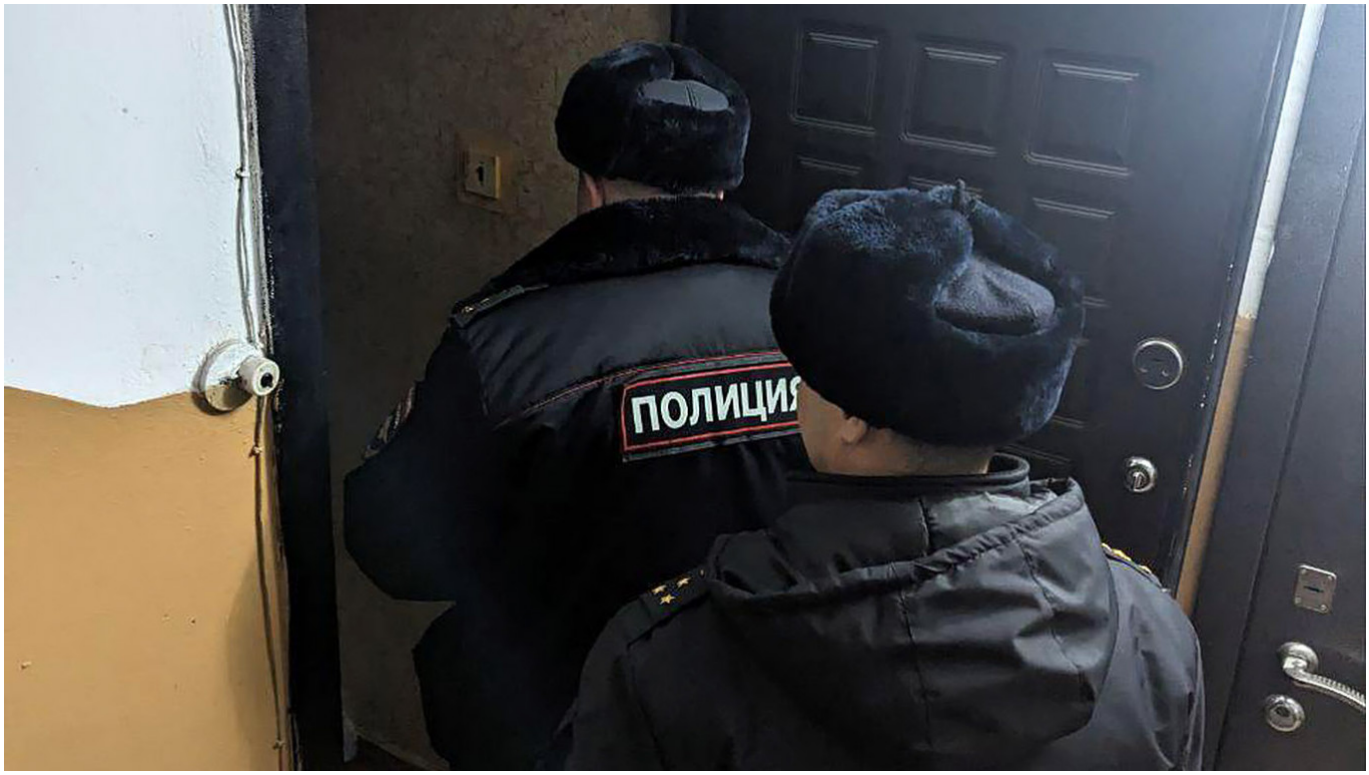
Russia Moves to Enable Out-of-Court Tax Debt Collection for Millions of Citizens

July 08, 2025



Social media

Russian authorities are advancing legislation that would allow tax debts to be collected from individuals without court approval, the pro-Kremlin daily Izvestia reported Tuesday.

The procedural shift appears aimed at boosting state revenues as the country grapples with a widening budget deficit and declining tax receipts.

The draft law, prepared by the Finance Ministry following a directive from President Vladimir Putin, was approved Monday by the government's legislative commission, Izvestia reported, citing a source in the cabinet.

The bill must now undergo a second reading in the lower-house State Duma, which gave it preliminary approval in March.

If passed, the law would give the Federal Tax Service the authority to collect debts directly

from individuals who fail to pay or formally contest their tax bills within one month.

The process would begin with automatic withdrawals from bank accounts, with bailiffs authorized to seize property if insufficient funds are available.

“If an objection is filed within a month, the tax authority would then be required to initiate court proceedings,” Yuri Mirzoev, general director of the Mitra law firm, told Izvestia.

Currently, tax debts in Russia can only be recovered through court proceedings, even though most cases proceed without hearings and overwhelmingly result in judgments favoring the tax authority, Yevgeniya Memruk, founder of the tax education platform BiznesiNalogi, told Izvestia. These rulings are then transferred to bailiffs for enforcement.

When an objection is filed, “the tax authority initiates a lawsuit and almost always prevails,” Memruk said.

“However, the entire enforcement process typically takes about a year, during which time the debt increases due to penalties, state fees and enforcement charges,” she added.

The Finance Ministry estimates that eliminating the court procedure for individuals would lower overall tax-related costs for citizens. Currently, additional charges increase average debts for taxpayers by about 43%, from 30,000 rubles to 43,000 rubles ($380-550).

The ministry also projects that the change could bring an additional 22.5 billion rubles ($290 million) into the federal budget.

According to official figures, the Federal Tax Service currently processes 4.5 million administrative debt cases each year.

Under the new framework, individuals would still receive notices of outstanding tax obligations via the online tax portal or the government services site Gosuslugi, with an option to file objections electronically.

However, critics warn that the move could lead to widespread errors and unfair enforcement, particularly given the growing reliance on automated decision-making.

“There’s a real risk that people will have money or property seized without any meaningful review of their personal circumstances,” said Vladimir Chernov, an analyst at the brokerage Freedom Finance Global.

Others caution that those who fail to respond in time will face an uphill legal battle.

If a person misses the deadline to file objections, “they would need to initiate court action independently, which involves significant time, effort and legal expertise,” Mirzoev said.

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