

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1318
Committee Substitute Favorable 5/31/05
Senate Judiciary II Committee Substitute Adopted 8/12/05

Short Title: Consider Tax Consequences/Equit. Distribution. (Public)

Sponsors:

Referred to:

April 20, 2005

1 A BILL TO BE ENTITLED
2 AN ACT TO CLARIFY THE LAWS REGARDING EQUITABLE DISTRIBUTION
3 BY REQUIRING THE COURT TO CONSIDER EVIDENCE RELATING TO
4 BUILT-IN TAXES AND OTHER TAX CONSEQUENCES OF THE PARTIES TO
5 A DIVORCE ACTION IN DETERMINING EQUITABLE DISTRIBUTION.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 50-20(c)(11) reads as rewritten:

8 "(c) There shall be an equal division by using net value of marital property and net
9 value of divisible property unless the court determines that an equal division is not
10 equitable. If the court determines that an equal division is not equitable, the court shall
11 divide the marital property and divisible property equitably. The court shall consider all
12 of the following factors under this subsection:

13 ...

14 (11) The tax consequences to each party-party, including those federal and
15 State tax consequences that would have been incurred if the marital
16 and divisible property had been sold or liquidated on the date of
17 valuation. The trial court may, however, in its discretion, consider
18 whether or when such tax consequences are reasonably likely to occur
19 in determining the equitable value deemed appropriate for this factor.

20 "

21 **SECTION 2.** This act becomes effective October 1, 2005, and applies to
22 actions filed on or after that date.