

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

**SESSION LAW 2005-353  
HOUSE BILL 1318**

AN ACT TO CLARIFY THE LAWS REGARDING EQUITABLE DISTRIBUTION  
BY REQUIRING THE COURT TO CONSIDER EVIDENCE RELATING TO  
BUILT-IN TAXES AND OTHER TAX CONSEQUENCES OF THE PARTIES TO  
A DIVORCE ACTION IN DETERMINING EQUITABLE DISTRIBUTION.

The General Assembly of North Carolina enacts:

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

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

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

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

In the General Assembly read three times and ratified this the 23<sup>rd</sup> day of August, 2005.

s/ Beverly E. Perdue  
President of the Senate

s/ James B. Black  
Speaker of the House of Representatives

s/ Michael F. Easley  
Governor

Approved 1:36 p.m. this 7<sup>th</sup> day of September, 2005