

Divorced persons: transfer of assets

Part 44-02-03

This document should be read in conjunction with Section 1031 of the Taxes Consolidation Act 1997

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- 1.1** **Section 1031** applies where a person obtains a decree of divorce under the Family Law (Divorce) Act, 1996 and disposes of certain assets to his or her former spouse pursuant to a court order under that Act.
- 1.2** Subject to the following paragraph, where an asset is transferred from one spouse to another by virtue of or in consequence of an order made under Part III of the Family Law (Divorce) Act 1996 following a divorce, a chargeable gain or allowable loss does not arise.

The no gain/no loss rule does not apply to the disposal of trading stock between spouses (or if an asset is acquired as trading stock). Neither does it apply if the acquiring spouse could not be taxed in the State (for the year of assessment in which the acquisition occurs) on a disposal of the asset in that year and a gain had accrued on that disposal. Such a scenario might arise where the taxing rights on such a disposal, under a Double Taxation Agreement, rested with a foreign jurisdiction.
- 1.3** Where the no gain/no loss treatment outlined above applies in relation to the disposal of an asset and the spouse who acquired the asset subsequently disposes of it other than to the spouse from whom it was acquired he or she is treated as if he or she had acquired it at the time and cost at which it was originally acquired by the other spouse.

