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## Timing trouble for separating couples

The Government has recently announced its intention to allow married couples and civil partners extra time to reorganise their financial affairs following separation or divorce. Under current rules couples have until the end of the tax year in which they permanently separate to transfer assets between each other without the transfers potentially resulting in a capital gain (or loss). This can be tricky for couples who separate near the end of a tax year.

## More time needed

Expectations were that the capital gains tax (CGT)-free period would be extended by an extra year, starting from April 2023. The start date is correct but not the extension period. Draft legislation indicates couples will have an extra three years. For example, a couple who separate on 1 March 2023 will have until 5 April 2026 in which they can transfer assets between themselves without potentially triggering a CGT bill.

## What next

Couples who separated after 5 April 2020 and before 6 April 2022 who are considering transferring assets or a share of them, e.g. the marital home, between themselves should consider waiting until 6 April 2023 so they can make use of the new three-year rule. However, it's only worth delaying the transfer if it will result in a capital gain.

Couples will have three years from the end of the tax year in which they separate to transfer assets between themselves capital gains tax free. If you separated in 2020/21 or 2021/22, consider delaying any transfers within the scope of tax until after 5 April 2023.

For further information, please call us on **01753 888211** or email [info@nhllp.com](mailto:info@nhllp.com)