

131.550 Assessment against transferee of a fraudulent conveyance made with intent to hinder or evade collection of tax due from transferor.

- (1) When the Department of Revenue reasonably believes that any taxpayer has divested himself by gift, conveyance, assignment, transfer of, or charge upon any property, whether real, personal, tangible or intangible, with the intent to hinder or evade the collection of any tax assessed or to be assessed by the department or declared by the taxpayer on a return filed with the department, any transferee of such property may be assessed by the Department of Revenue an amount equal to the lesser of the amount of tax assessed against the transferor taxpayer or the fair market value of the property so transferred. However, no assessment shall be made pursuant to this section against a transferee who takes the property for full and valuable consideration in money or money's worth, unless it appears that such transferee had notice of the intent of the transferor taxpayer to hinder or evade the collection of any tax.
- (2) Any assessment made by the Department of Revenue against a transferee pursuant to subsection (1) of this section is, except as provided in this section, subject to the same provisions and limitations as in the case of the taxes for which the liabilities were incurred.
- (3) The period of limitation for assessment of any liability against a transferee pursuant to subsection (1) of this section shall be as follows:
 - (a) In the case of an initial transferee, within one (1) year after the expiration of the period of limitation for assessment against the transferor taxpayer; and
 - (b) In the case of the liability of a transferee of a transferee, within one (1) year after the expiration of the period of limitation for assessment against the preceding transferee, but not more than three (3) years after the expiration of the period of limitation for assessment against the initial transferor taxpayer.
- (4) The notice of any assessment against a transferee made pursuant to subsection (1) of this section shall be either given to the transferee in person or sent by mail to such transferee's last known address.

Effective: June 20, 2005

History: Amended 2005 Ky. Acts ch. 85, sec. 146, effective June 20, 2005. --
Created 1982 Ky. Acts ch. 238, sec. 5, effective July 15, 1982.