

► **Marriage & Taxes**

2017 Tax Cut And Jobs Act

How The New Tax Law Will Affect Your Divorce

December 31st 2018 is an important date for those in divorce proceedings.

If you're going to pay alimony, your best scenario is for the divorce to be finalized on or before December 31st 2018. Under the current law the money you pay for alimony is tax deductible. If you're going to receive alimony you will want to push the divorce settlement date back to 2019. Alimony payments will not be taxable to you after January 1st 2019.

Under current laws the alimony (sometimes referred to as spousal support or maintenance payments) are tax deductible to the payer. The recipient of alimony payments as of now are responsible for paying taxes on that money. Since the alimony payer is almost always in a higher tax bracket than the recipient the government has realized that they're missing out on billions in tax revenue.

Divorce attorneys and the tax professionals who work with them expect a reduction in the amount of negotiated alimony payments. Alimony payers and their lawyers are expected to argue that payment amounts will have to be reduced because they will have a greater impact on the financial situation of the payer.

Make sure you consult with a tax professional regardless of being a future alimony payer or recipient.