

Alimony, Child Support and Taxes

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The arrival of the new year ushers in thoughts about tax time. Some look forward to this time of year as an expected refund will soon be on its way, while others dread the complicated rules and deadlines. **Many have experienced a family change in the last year that adds to the complexity of tax time.** Multiple questions abound regarding alimony and child support payments. These payments can provide tax relief to some, but there are important guidelines to take into consideration.

At the [Law Office of David Pedrazas](#), we have been helping our clients understand the rules, as well as explain the potential tax benefits that surround alimony and child support.

Alimony and Taxes

[Alimony payments](#) are designed to help the lower-income earning spouse maintain the same standard of living that they were accustomed to during the marriage. **These payments can benefit both parties, but understanding the rules that surround tax deduction is pertinent.** [The IRS lays out the following seven rules:](#)

- Payment must be made by cash or check
- Follow the court ordered rule and be sure to designate the payment as tax-deductible for the payor and taxable to the recipient.
- Don't characterize any part of the payment as child support as those payments are never tax-deductible. In addition, do not designate the payments as part of a property settlement.
- Indicate that payments terminate in the event of the death of the spouse.
- You must live apart and not under the same roof.
- A joint tax return may not be filed.
- Do not pay extra or front-load alimony payments.

Child Support and Taxes

When it comes to [child support](#), neither the payer or recipient is subject to taxes. However **the child support payments are not tax-deductible by the paying spouse.** It's important to note that the payment must be designated as child support. If it is designated as anything other than child support or lumped in with alimony

payments, it is not free from taxes. ***In regard to claiming the child as a dependent on the tax return, the parent that provided at least 50% of the child's financial support typically is the one to maintain this privilege.***

There are other special rules, however regarding who can claim the child as a dependent if during the tax year the parents lived apart at all times during the last 6 months of the calendar year. In addition, ***if there is a written divorce decree, separation or maintenance agreement, special rules apply.*** Working with an experienced tax professional would provide answers to any questions you might have surrounding the more complicated issues.

Understand Your Settlement and Taxes with Help from David Pedrazas

At the Law Office of David Pedrazas we understand that dealing with divorce issues can be complicated and stressful for the family. We understand [family law](#) and are ***committed to helping our clients make the best of a difficult situation.*** Let attorney David Pedrazas help sort the difficult issues. We aim to provide you with all information needed to make the best decisions possible. We have handled over 1,000 family law cases during the last 15 years, and have found success using three different approaches:

- **Strategic Action:** Strives to find the most effective solution to meet the needs of the client.
- **Aggressiveness:** David weighs all factors in the situation before determining if the client would benefit from a more aggressive approach or a more calculated approach.
- **Compassion:** Compassion is key when assisting families facing divorce and separation so we practice with compassion always in mind.

In addition to family law and divorce cases, The Law Office of David Pedrazas also helps clients with [custody issues](#) and [DUI cases](#). Call today at 801-263-7078, or [request a consultation online](#).