


Divorce and Taxes: Will the New Tax Law Changes Cost You More?

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Couples can be weighed down by several issues that come up during divorce. From dividing assets accumulated together to creating a realistic parenting schedule and the payment of child support, going through a divorce can be stressful. Nobody thinks about taxes during the hard times but ***with the new tax bill, ignoring the issue of taxes during divorce will cost you thousands of dollars***. Previously, the question of figuring out alimony has always been a sensitive matter for divorce lawyers, and the new tax code makes things even tougher. Divorce experts are already predicting a turbulent and confusing year as the country prepares to usher in the new era ***beginning January 2019***. For more than half a century, the law permitted the higher-earning partner to deduct any alimony remitted to their former partners while the receiving partner was only taxed according to their taxable income bracket.

How Is the New Tax Law Going to Affect Divorcing Couples?

The most crucial thing that you have to remember about filing your taxes after a divorce is that your tax status will change immediately. You will no longer be able to file your returns jointly as a married couple since you lose this status once you divorce. If you divorce, your only options shall be head of household or single person. ***Most people tend to think that as long as they were married for some part of them, then they can still file their taxes as a married couple which isn't true***. Keep in mind that your marital status for income tax is usually determined on December 31st. So this means that if you want to file your returns as a married couple, you will have to wait until January 1 for you to divorce.

No More Alimony Deduction

This is among the most **significant results** of the new tax code for divorcing spouses. Alimony which is also referred to as maintenance or spousal support is an agreed upon sum of money that the higher-earning spouse pays the other party. **The primary purpose of the alimony is to assist the lower-earning partner to adjust to life after a divorce.** The payment can be used to obtain housing, receive job training, or acquire a car to help the lower-earning spouse become dependent. **Previously, the alimony payment was a tax-deductible for the payer spouse.** However, under the new tax legislation, a spouse who pays the alimony **will no longer receive a tax deduction, and the payment is will no longer be reported by the recipient.** This new development is set to have a significant impact on all divorce settlements signed **after December 31, 2018.**

Changes to Personal Exemptions and How It Could Affect Your Divorce

Another area that you must take a keen interest in is the personal exemptions. **Previously, you received a personal exemption on your taxes for each child that listed as a dependent.** This tax break allowed you to subtract a certain amount of money from your taxable income for every kid you claimed. This means that the more kids you claimed as dependents, the more money you would subtract from your taxable income.

Typically, the issue of who claims the children as dependents on their tax returns will come up during a divorce. Kids are listed as dependents on their parent's income until they reach 18 years or graduate from college, but each child can only be claimed by one parent. **The new tax code eliminates the personal exemption clause until 2025.** Although this development may seem like good news to divorcing parents since none of them can claim the kids as dependents, there is more to it.

Theoretically, the personal exemption clause could be reinstated in 2026. So this means that if your child is under ten years or if they will still be in college, then you may claim a personal exemption. You should also keep in mind that deciding which parent can claim which kid as a dependent will affect the child tax credit.

Contact Utah Divorce Attorney David Pedrazas for a Free Case Evaluation

Are you struggling with a divorce? Contact Utah Divorce Attorney David Pedrazas today for assistance. We offer **free case evaluations** and legal advice. David Pedrazas has **over 15 years of legal experience** in divorce and family law. We are committed to providing our clients with compassion and excellent results in any situation. Give the Law Office of David Pedrazas a call today at **801- 263-7078**.