



Important Tax Considerations for Divorce Clients

1. If spousal support is paid to one party by Court order or written agreement, such amounts are taxable income to that party and the amount of such payments are deductible for tax purposes from the income of the paying party.
2. It is generally desirable for the parties to agree as to who will claim the dependency exemption of the minor children for tax purposes. Under existing law, the custodial parent is entitled to claim all children in his or her custody as dependents for tax purposes, regardless of the amount of child support paid by the other party. The parties are still free to allocate the dependency exemptions differently, if they choose to do so.
3. Each party must keep a record of all support payments made or received, as the case may be, including the date and amount of each payment. In the event of a dispute, those records are indispensable.
4. If you have not received a Judgment dissolving your marriage before the end of the year, you may file an individual tax return (married, filing separately), or a joint tax return with your spouse. You should consult with your accountant as to the advantages of these alternatives.
5. Certain portions of the fees paid to attorneys and/or accountants may be deductible for federal and state income tax purposes, and clients should certainly ask for advice on such deductibility when preparing annual tax returns.

Note: *you should seek the advice of your accountant as to specific details concerning tax returns*