

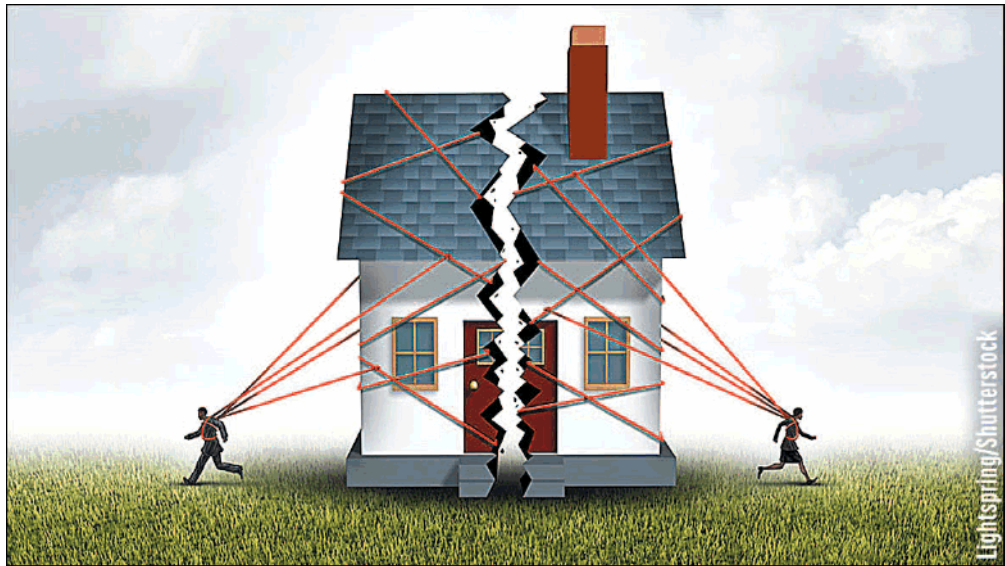
TAXES**Kicks In Next Year**

New Tax Law, Tougher Divorce Negotiations?

Change will scrap tax deduction divorcees get for paying alimony

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BY BLOOMBERG NEWS

President Trump's tax law could make divorce an even more miserable experience, according to a new survey of the nation's top matrimonial attorneys.



Almost two-thirds of respondents said they expect divorce negotiations to become more acrimonious following a change to the tax treatment of alimony, a poll by the American Academy of Matrimonial Lawyers showed. The new law includes a

controversial provision that scraps the tax break divorcees get for paying alimony — starting with divorces finalized next year.

Battles will ensue since alimony payers will have less of a tax incentive to be generous to their former spouses. The provision allows recipients to omit the alimony they receive from their taxable income, but divorce lawyers don't expect that to offset the loss from a lower payout. The change could also have lasting consequences for child support, which is often calculated in tandem with alimony.

Previous rules “made it much easier to do divorce negotiations,” said Madeline Marzano-Lesnevich, a New Jersey divorce attorney who is the president of the 1,650-member American Academy of Matrimonial Lawyers. She said she expects more resentment from alimony recipients — often women who downshifted careers to take care of children — and more divorce cases to head to court.

Alimony, also known as spousal support or maintenance, is typically paid by the higher-earning spouse for a period of time after a divorce. Under former Internal Revenue Service rules, money paid to a former spouse could be subtracted from the payer's taxable income, lowering his or her tax burden. Taxes had to be paid on any alimony received, but recipients typically had much lower incomes, and thus paid lower tax rates than those providing the alimony.

“It did make a very big economic difference,” divorce attorney Alyssa Rower, founding partner of the New York matrimonial firm Rower, said, referring to the alimony deduction. “It allowed people to pay more.”

As more and more married people each pursue their own careers, alimony has become a less important part of some divorce settlements. Many states have limited the amount of time that people can receive alimony, on the theory that it should help divorcing spouses get on their feet but not provide unlimited support. New Jersey ended lifetime alimony in 2014.

An initial version of the Republican tax bill called for the elimination of the alimony deduction beginning in 2018 — prompting a brief rush to finalize divorces at the end of last year, Marzano-Lesnevich said. The final legislation only affects divorces finalized in 2019 and beyond. That gives time for divorcing couples and their attorneys to adjust to the new rules, but it also means couples could pay a price for any delay in settling their affairs beyond Dec. 31.

“Starting in the latter half of the year, people are going to get pretty hysterical to get their divorces done,” Rower said.