



PIECES OF THE PUZZLE

December 2017

2017 Tax Reform: Alimony Changes in the “Tax Cuts and Jobs Act”

On December 22, 2017, the Tax Cuts and Jobs Act was signed by President Trump. The following is a summary of changes that affect individual taxpayers with regards to alimony for those of you whose clients may be affected by the deduction or taxation of alimony.

Alimony Deduction by Payor/Inclusion by Payee Suspended

Under pre-Act law, generally alimony is tax deductible by the payor and taxable to the payee as long as certain requirements are met for agreements executed prior to December 31, 2018.

For any divorce or separation agreement executed after December 31, 2018, or executed before that date but modified after it (if the modification expressly provides that the new amendments apply), alimony and separate maintenance payments are not deductible by the payor spouse and are not included in the income of the payee spouse. Rather, income used for alimony is taxed at the rate applicable to the payor spouse.

Source: Thomson Reuters/Tax & Accounting

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