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If you're getting divorced, you may be in for an unpleasant tax surprise at tax return time: You won't be able to deduct any alimony that you pay as part of the divorce decree. On the other hand, if you're in line to receive alimony, you don't have to report those payments as taxable income. These corresponding tax provisions were included in the Tax Cuts and Jobs Act (TCJA) passed at the end of 2017.

However, you still may be able to write off alimony payments made under a decree that went into effect prior to 2019. Those deductions are especially valuable to

alimony payors because they are claimed “above the line” and reduce adjusted gross

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- The spouses are not filing a joint return with each other.
- The payments are in cash (including checks or money orders).
- The payments are made to or for a spouse or a former spouse under a divorce or separation instrument.
- The divorce or separation instrument doesn't designate the payment as not being alimony.
- The spouses aren't members of the same household when the payment is made. (This requirement applies only if the spouses are legally separated under a decree of divorce or of separate maintenance.)
- There's no liability to make the payments (in cash or property) after the death of the recipient spouse.
- The payments aren't treated as child support

Typically, the characterization of payments as deductible alimony, or not, was a negotiating chip during divorce proceedings. But now the TCJA throws a money wrench into these discussions.

Tax update: For divorce or separation instruments entered into after 2018, the TCJA says that alimony is no longer treated as a deductible expense or a taxable income item. However, payments made under agreements finalized before 2019 remain fully deductible above the line by payors and taxable to the recipients. What's more, if a pre-2019 agreement is modified, the tax consequences generally remain the same.

Note that alimony paid under an agreement finalized before 2019 and modified afterwards is not deductible if the terms of the agreement are changed and the parties stipulate that the payments do not constitute deductible alimony or taxable income.

Finally, be aware that the changes relating to alimony are permanent, unlike many

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