

## Blog

### How Financial Implications of Divorce Will Change in 2019

September 11th, 2018

by Robert J. Salzer

The new tax law goes into effect on January 1, 2019 with some significant changes for divorcing couples. If you're thinking about a split anytime soon, it might benefit you to do it this year, according to [a recent article in Forbes](#).

The article covers four main areas in the tax code that will be more costly under the new law. These include tax benefit changes to alimony, the family home, child tax credits, and pre- and post-nuptial agreements. Specifically:

- Starting in 2019, alimony will no longer be deductible for the person paying it, and it won't be taxable to the recipient, reported the article. Despite the perceived benefit to recipients, the reality is that there will like be less alimony being paid if there's no tax benefit to the payor. If a divorce agreement is reached in 2018, but modified in 2019 or thereafter, there is ambiguity as to whether the "deductibility" will be the same post-modification. We still await IRS guidance on that.
- The family home can be more expensive under the new tax law, due to limited deductions for property taxes and mortgage interest. In addition, tax implications relating to the sale of the home are different for couples vs. singles. Couples may "realize up to \$500,000 in gain without tax consequence while married but only \$250,000 of gain with no tax due if you sell when single," reported the article.
- Having multiple kids no longer qualifies you for multiple tax deductions, at least from tax years 2018-2025, reported the article. Parents should still negotiate who will claim the children if they will still be minors once the credit returns in 2026.
- Pre- and post-nuptial agreements should be reviewed before the new tax law takes effect to ensure there are no unintended consequences. You may wish to re-negotiate before the end of 2018.

If you have questions about the financial implications for divorce with the new tax law, or about divorce in Pennsylvania in general, we are here for you. Call us at 215-340-2207, or email [info@bucksfamilylawyers.com](mailto:info@bucksfamilylawyers.com).

