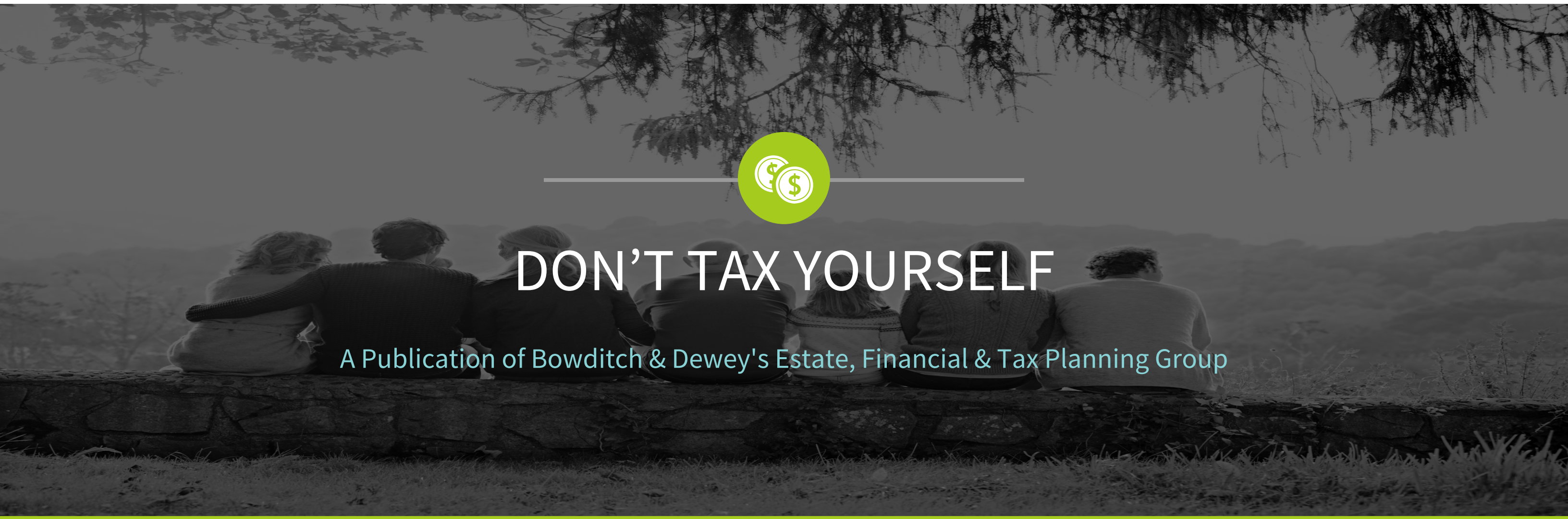
BOWDITCH

www.bowditch.com



Divorce is Taxing: The Effect of Recent Tax Laws on Divorcing Parties

BY MARIA L. ROCKWELL REMILLARD • FEBRUARY 15, 2018

Not only is divorce emotionally draining, the tax ramifications of recently passed tax laws will have a direct and adverse effect on divorcing parties. Tax reform will substantially alter the award of alimony in Massachusetts, which is based on the parties' respective gross incomes. State law provides that alimony should not exceed a recipient's need or 30 – 35% of the gross disparity of the parties' incomes. Only when a recipient has no income will this percentage be applied solely to the payer's gross income. The Alimony Reform Act that set the parameters of alimony awards was passed when alimony payments were deductible by the payer and includible as income to the recipient for tax purposes.

For divorces entered after December 31, 2018, alimony will no longer be deductible to the payer or includible as income to the recipient. No longer will a payer be allowed to shift a portion of income to the recipient spouse who is in a lower tax bracket. As a result, there will be less net income to allocate between the parties because all of the income will be taxed at the obligor's higher tax rate. If the payer is also required to provide health and life insurance, the payer may end up with less net income than the recipient. Individuals can take advantage of the alimony deduction and preserve more of their net income by ensuring their divorce is completed prior to December 31, 2018. Thereafter, a thorough tax analysis should be undertaken to ensure the fairness of any future alimony award.

©2026 Bowditch & Dewey LLP. All Rights Reserved.