

Sec. 1309. Repeal of deduction for alimony payments.

Current law: Under current law, alimony payments generally are an above-the line deduction for the payor and included in the income of the payee. However, alimony payments are not deductible by the payor or includible in the income of the payee if designated as such by the divorce decree or separation agreement.

Prepared by Ways and Means Committee Majority Tax Staff

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Provision: Under the provision, alimony payments would not be deductible by the payor or includible in the income of the payee. The provision would be effective for any divorce decree or separation agreement executed after 2017 and to any modification after 2017 of any such instrument executed before such date if expressly provided for by such modification.

Considerations:

- The provision would eliminate what is effectively a “divorce subsidy” under current law, in that a divorced couple can often achieve a better tax result for payments between them than a married couple can.
- The provision recognizes that the provision of spousal support as a consequence of a divorce or separation should have the same tax treatment as the provision of spousal support within the context of a married couple, as well as the provision of child support.

JCT estimate: According to JCT, the provision would increase revenues by \$8.3 billion over 2018-2027.