

## A Change in Marital Status: Tax Filing and Alimony Implications Along with W4 Impacts

Marital status changes significantly impact tax filing obligations and alimony treatment. Here's what taxpayers need to know:

### **Tax Filing Status Changes:**

- Filing status is determined by marital status on December 31st
- A divorce finalized by year-end means filing as unmarried for the entire year
- Legal separation under a court decree allows filing as single

### **Divorce Impact:**

If you're divorced under a final decree by December 31st, you're considered unmarried for the whole tax year and cannot use married filing statuses. Your options include filing as:

- Single
- Head of Household (if qualified)

### **Marriage Impact:**

If you're married at year-end, you must choose between]:

- Married Filing Jointly (MFJ)
- Married Filing Separately (MFS)
- Head of Household (if meeting specific requirements)

### **Important Considerations:**

- Name changes due to divorce must be reported to the Social Security Administration before filing taxes
- Joint tax liability continues for returns filed before divorce, even if the divorce decree assigns tax responsibility to one spouse
- Employees should update their W-4 within 10 days of a divorce or separation that affects their filing status

Remember, choosing the right filing status after a marital status change can significantly impact your tax liability and available deductions.

**Alimony Treatment:**

For agreements executed after December 31, 2018:

- Payments are not deductible by the payer
- Recipients don't include payments in gross income
- Modified pre-2019 agreements expressly stating new rules apply follow this treatment

For agreements executed before 2019:

- Payments are tax deductible for the payer
- Recipients must include payments as taxable income
- Original treatment continues unless modified to adopt new rules

Requirements for Alimony Qualification:

- Payments must be required by divorce/separation instrument
- Must be cash payments (checks and money orders qualify)
- Spouses cannot file joint returns
- Payments must cease upon recipient's death
- Former spouses must live in separate households
- Cannot be designated as "not alimony" in the agreement

Not Included as Alimony:

- Noncash property settlements
- Voluntary payments outside the agreement
- Child support payments - Community income divisions - Property maintenance payments
- Use of payer's property

Important Considerations:

- Name changes must be reported to Social Security Administration
- Joint liability for returns filed before divorce remains
- Estimated tax payments may need to be divided between former spouses

**When to Complete a New W-4:**

- Within 10 days of divorce or separation affecting filing status
  - By December 1st if status change affects next calendar year –
- When marital status changes from married to single/HOH

### **How to Complete Form W-4:**

Step 1: Enter personal information and marital status

Step 2: For multiple jobs or working spouse:

- Use IRS withholding estimator
- Complete Multiple Jobs Worksheet - Check box for similar-pay situations

Step 3: Claim dependents if applicable:

- Children under 17 qualifying for Child Tax Credit
- Other qualifying dependents

Special Considerations:

- Both spouses working with different pay rates
- Additional nonwage income
- High-income earners
- Married Filing Separately status
- Part-time jobs - Child turning 17

Exception: No new W-4 required if expected withholding exceeds anticipated tax liability.

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