

Income – Alimony Received

As an AARP Foundation Counselor, this lesson provides you guidance on how to report alimony income paid and received during the tax year.

Learning Objectives

- Report income correctly on Form 1040:
- Alimony received

Getting Started:



Review the specific discussion related alimony in the **VITA/TCE Volunteer Training Guide Pub 4491** pages 9-13



In the **Volunteer Resource Guide**, find the references to “alimony”:

- i. In Tab O, Using TaxSlayer Pro Online. Find all the references to “alimony”:
Note the occurrences:

- ii. Find and Study the pages that relates to “alimony” in the Volunteer Resource Guide, Tab E. Note the pages you found?

Resources:

Volunteer Training Guide – Pub 4491
Volunteer Resource Guide – Pub 4012

Alimony

- Spousal support under separation or divorce instrument
- Usually stops if recipient remarries, may stop sooner
- Not subject to change based on factors such as age of a child
 - Child/family support is **not** alimony

Income – Alimony Received

- Not earned income for EIC
- Not earned income for child tax credit
- Not earned income for dependent care credit
 - But is “compensation” for IRA Contributions

Feedback: Please email:

selfstudy@aarpfdntaxaide.org

Appreciate suggestions and comments.

Hint from NTTC Modifications to the IRS Training Guide

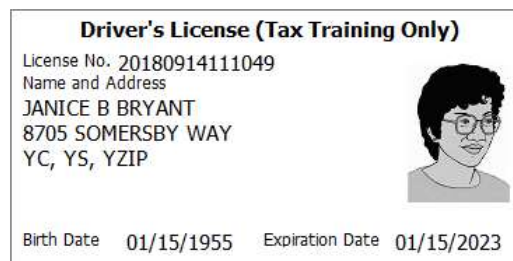
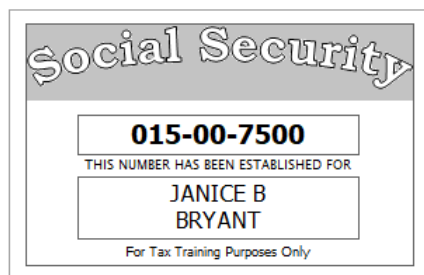
Alimony income

TIP: Alimony income is unearned income. However, it is considered compensation, which may allow the taxpayer receiving alimony income to make a deductible traditional IRA or nondeductible Roth IRA contribution.

Practice Lab

Open **TaxSlayer Practice Lab** and login.

1) Create a new return with this detail:



2) Hypothetical situation:

- Janice is single, no dependents
- Has Minimum Essential Coverage from work
- Asked to use the Standard Deduction
- Wants refund mailed to her

3) In her interview, Janice said she received \$350 a month in Alimony income (\$4,200 in 2018). Input this income into TaxSlayer.

See Volunteer Resource Guide, Pub 4012, Tab O, Navigating TaxSlayer for guidance.

Find answers in the file: *Answers to Practice Lab Self-Study Exercises* in the Self-Study 2018>H. Answers, etc. Module.

Learning Review

Alimony Received - Income

1. Is the social security number needed for the taxpayer receiving the alimony income?	
2. On what Form 1040 line (and Schedule) is alimony income reported?	
3. Is the social security number needed for the taxpayer paying the alimony?	
4. On what Form 1040 line (and Schedule) is alimony paid reported?	

New for 2019

- Alimony payment deduction eliminated for new or modified orders after December 31, 2018
 - Alimony payments not deductible
 - Alimony received not taxable
 - Not compensation for IRA purposes
- Alimony payments made under existing orders are grandfathered
 - Alimony payments continue to be deductible
 - Alimony received continues to be taxable
 - Compensation for IRA purposes

Answers to Learning Review

1. The Social Security number of the person paying the alimony is not needed. In TaxSlayer enter any alimony income on the alimony received screen.
2. Alimony received is alimony income reported on Schedule 1, Line 11.
3. Yes, the taxpayer must report the social security number for the taxpayer receiving the alimony.
4. Alimony paid is a deduction to income reported on Schedule 1 Line 31a.