The Tax Picture

How Marriage And Divorce Can Impact Your Taxes

(NAPSA)—When it comes to your taxes, marriage changes everything. From choosing the correct filing status to determining what is and is not taxable, tax time can bring some unwanted stress if you've been recently married or divorced.

To help, here are some tips:

• **Choose the right filing status.** Your filing status determines most of the amounts on your tax return, including tax bracket, exemptions and eligibility for credits and deductions.

Your choice of status ultimately depends on whether you are married or unmarried on the last day of the tax year—generally, December 31. If you are still in the process of going through a divorce, then you are still considered married. The IRS only considers you unmarried if you have a final decree of divorce or separate maintenance at the end of the year.

Unmarried persons generally use the single filing status. However, you can file as head of household if a qualified dependent lives with you.

Married persons can file either jointly or separately. When filing jointly, the income and deductions of both spouses are combined on one return. Filing a joint return means both of you are liable for any tax liability, even if only one of you earned the income.

While filing separate returns relieves you from liability of your spouse's tax, your tax rate is generally higher and you won't be allowed to claim certain credits, including the Earned Income Credit and education credits.

DIY tax preparation solutions can help you weigh the benefits and costs for each married filing status. A popular and affordable product, TaxACT Deluxe, prepares a joint vs. separate report that breaks down your return by both statuses to help you choose the most advantageous.

• **Not all costs of marriage or divorce are deductible.** You cannot deduct the costs of getting married or divorced. You can, however, deduct any legal fees you paid for tax advice related to divorce and any legal fees you paid to receive alimony.

The filing status you can choose for your tax return ultimately depends on your marriage status on the last day of the tax year—generally, December 31.

• **Know the rules about alimony and child support.** Alimony is payment written into the divorce papers for the purpose of supporting the recipient spouse. Child support, on the other hand, is a payment from the noncustodial parent to the custodial parent, intended to give the child a lifestyle similar to what it was before the divorce.

Alimony you receive is taxable income and must be included as income on your tax return. Remember to give your Social Security number to your former spouse to avoid a $50 penalty.

Alimony you pay is deductible, even if you don't itemize deductions. You must include your former spouse's Social Security number on your tax return in order to claim the deduction.

• **Save time and money now and next year.** If your name has changed, remember the names on your tax return must match the names the Social Security Administration has on file. If the information does not match, the IRS will likely reject your return.

Just because your marriage status changes doesn't mean you can't do your own taxes. Affordable, and even free, Web products and mobile apps will guide you. Solutions such as TaxACT provide explanations and tips in Life Events, and check your return for errors and missed savings.

It pays to think ahead. Review and adjust your withholding via Form W-4 to prevent a large tax bill next year.

Learn more at www.irs.gov and www.taxact.com/taxinfo. Try TaxACT risk-free at www.taxact.com.