

KEY TAX UPDATES FOR FAMILY LAW CASES

Presented by Lynn M. Britt, CPA, J.D.

Britt & Company, P.A.

Forensic & Family Litigation CPA Services

- **Presenter: Lynn M. Britt, CPA, J.D.**

- Forensic CPA with 30+ years experience
- Owner of Britt & Company, P.A. (www.cpabritt.com)

- **Legal Disclosure**

- *This workshop is not intended to constitute or substitute for legal advice from a licensed attorney or tax/accounting advice from a licensed CPA or financial advisor. This workshop is general information. The informational links provided are not referrals or endorsements.*

TAX CUTS & JOBS ACT OF 2017 (TCJA)

- Generally effective after 12/31/17
- Most individual changes are temporary and sunset after 2025
- Corporate changes are permanent

ALIMONY

- Alimony is no longer deductible by the payor nor includible by the recipient (effective **12/31/18**).

ALIMONY

- IRS Publication states:

Repeal of deduction for alimony payments

Alimony and separate maintenance payments are no longer deductible for any divorce or separation agreement executed after December 31, 2018, or for any divorce or separation agreement executed on or before December 31, 2018, and modified after that date. Further, alimony and separate maintenance payments are no longer included in income based on these dates, so you won't need to report these payments on your tax return if the payments are based on a divorce or separation agreement executed or modified after December 31, 2018.

- However this contains a material error – the actual law has a grandfather clause for modifications unless the parties elect to have the new law apply.

ALIMONY

- The new law has a grandfather clause for modifications:

SEC. 11051. REPEAL OF DEDUCTION FOR ALIMONY PAYMENTS.

(c) <<NOTE: 26 USC 61 note.>> Effective Date.--The amendments made by this section shall apply to--

- (1) any divorce or separation instrument (as defined in section 71(b)(2) of the Internal Revenue Code of 1986 as in effect before the date of the enactment of this Act) executed after December 31, 2018, and
- (2) any divorce or separation instrument (as so defined) executed on or before such date and modified after such date if the **modification expressly provides that the amendments made by this section apply to such modification.**

ALIMONY

Wife's needs of \$5,000 per month
– tax cost to Husband

	TAXABLE ALIMONY		NON-TAXABLE ALIMONY	
	HUSBAND	WIFE	HUSBAND	WIFE
MONTHLY INCOME	20,833	1,466	20,833	1,466
ALIMONY	(4,300)	4,300	(3,700)	3,700
TAXES	(4,397)	(812)	(5,857)	(157)
NET INCOME	12,136	4,954	11,276	5,009

ALIMONY

Limited resources shared – tax cost shared

	TAXABLE ALIMONY		NON-TAXABLE ALIMONY	
	HUSBAND	WIFE	HUSBAND	WIFE
MONTHLY INCOME	12,500	1,466	12,500	1,466
ALIMONY	(3,600)	3,600	(3,000)	3,000
TAXES	(2,274)	(658)	(3,138)	(157)
NET INCOME	6,626 60%	4,408 40%	6,362 60%	4,309 40%

NEW TAX RATES

Marginal Tax Rate	Filing status and taxable income - 2018			
	Single	Married Filing Jointly or Qualified Widow(er)	Married Filing Separately	Head of Household
10%	\$0 – \$9,525	\$0 – \$19,050	\$0 – \$9,525	\$0 – \$13,600
12%	\$9,526 – \$38,700	\$19,051 – \$77,400	\$9,526 – \$38,700	\$13,601 – \$51,800
22%	\$38,701 – \$82,500	\$77,401 – \$165,000	\$38,701 – \$82,500	\$51,801 – \$82,500
24%	\$82,501 – \$157,500	\$165,001 – \$315,000	\$82,501 – \$157,500	\$82,501 – \$157,500
32%	\$157,501 – \$200,000	\$315,001 – \$400,000	\$157,501 – \$200,000	\$157,501 – \$200,000
35%	\$200,001 – \$500,000	\$400,001 – \$600,000	\$200,001 – \$300,000	\$200,001 – \$500,000
37%	\$500,001+	\$600,001+	\$300,001+	\$500,001+

LONG TERM CAPITAL GAINS RATES 2018

Long-term capital gain rate	Filing Status and Annual Income 2018				
	Single	Married Filing Jointly	Married Filing Separately	Head of Household	Trusts and Estates
0%	\$0–\$38,600	\$0–\$77,200	\$0–\$38,600	\$0–\$51,700	\$0–\$2,600
15%	\$38,601–\$425,800	\$77,201–\$479,000	\$38,601–\$239,500	\$51,701–\$452,400	\$2,601–\$12,700
20%	Over \$425,800	Over \$479,000	Over \$239,500	Over \$452,400	Over \$12,700

EXAMPLES OF TAX RATE CHANGES – Married Filing Joint Taxpayers

Taxable Income	Marginal Tax Rate	Taxable Income	Prior 2018 Rate	Change	Households (2014)
\$0 – \$19,050	10%	\$0 – \$19,050	10%	0%	23%
\$19,051 – \$77,400	12%	\$19,051 – \$77,400	15%	-3%	48%
\$77,401 – \$165,000	22%	\$77,401 – \$156,150	25%	-3%	22%
		\$156,151 – \$165,000	28%	-6%	
\$165,001 – \$315,000	24%	\$165,001 – \$237,950	28%	-4%	
		\$237,951 – \$315,000	33%	-9%	
\$315,001 – \$400,000	32%	\$315,001 – \$400,000	33%	-1%	
\$400,001 – \$600,000	35%	\$400,001 – \$424,950	33%	2%	
		\$424,951 – \$480,050	35%	0%	
		\$480,050 – \$600,000	39.6%	-4.6%	
\$600,001+	37%	\$600,001+	39.6%	-2.6%	
					93%

EXAMPLES OF TAX RATE CHANGES – CORPORATE TAX RATES

Taxable Income	Marginal Tax Rate	Taxable Income	Prior Rate	Change
\$0 – \$50,000	21%	\$0 – \$50,000	15%	6%
\$50,000 - 75,000	21%	\$50,000 - 75,000	25%	-4%
\$75,001 – \$10,000,000	21%	\$75,001 – \$10,000,000	34%	-13%
\$10,000,000+	21%	\$10,000,000+	35%	-14%

CHILD TAX & DEPENDENT CREDIT PHASE OUTS

Tax Filing Status	Maximum AGI for Full Credit	AGI Where Child Tax Credit Disappears	AGI Where Dependent Tax Credit Disappears
Single	\$200,000	Over \$240,000	Over \$210,000
Married filing jointly	\$400,000	Over \$440,000	Over \$410,000
Head of household	\$200,000	Over \$240,000	Over \$210,000
Married filing separately	\$200,000	Over \$240,000	Over \$210,000

- The credit for each child or dependent is reduced by \$50 for every \$1,000 over the lower threshold

DEPENDENTS VS. EXEMPTIONS

- Dependents qualify taxpayers for benefits:
 - Child tax credit \$2,000
 - Additional credit \$500
 - Educational Credits
- Parents with children released to "non-custodial" parent with Form 8332 can still claim:
 - Head of Household (Over 50% of overnights- filing status cannot be transferred)
 - Earned Income Credit
 - Child Care Credit
- Exemptions were one benefit which has been reduced to ZERO (but not eliminated)

COMPARISON TO PRIOR LAW HEAD OF HOUSEHOLD

SELF PLUS CHILDREN	OLD TAX LAW			NEW LAW			
	EXEMPTIONS	STANDARD	TOTAL	STANDARD	(LOSS) OF DEDUCTION	TAX INCREASE AT 12%	TAX INCREASE AT 22%
2	8,100	9,350	17,450	18,000	550		
3	12,150	9,350	21,500	18,000	(3,500)	420	770
4	16,200	9,350	25,550	18,000	(7,550)	906	1,661
5	20,250	9,350	29,600	18,000	(11,600)	1,392	2,552
6	24,300	9,350	33,650	18,000	(15,650)	1,878	3,443

CREDITS CAN OFFSET HIGHER TAXES— HEAD OF HOUSEHOLD

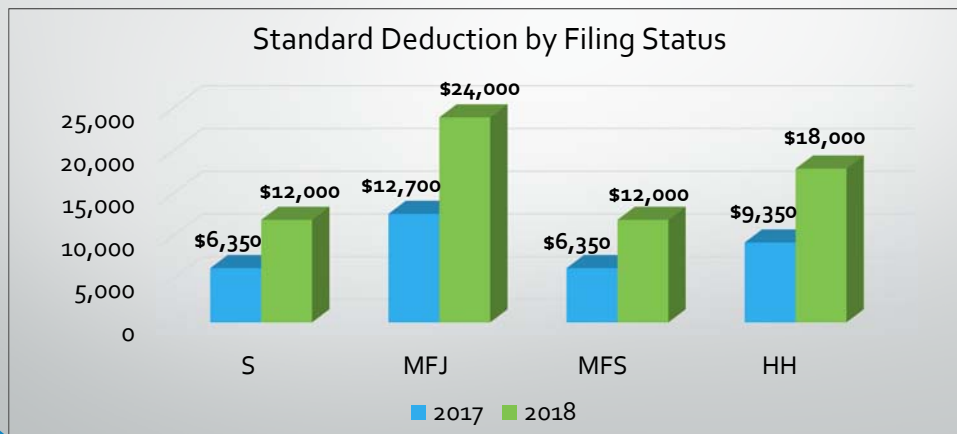
SELF PLUS CHILDREN	OLD TAX LAW			NEW LAW				
	EXEMPTIONS	STANDARD	TOTAL	STANDARD	(LOSS) OF DEDUCTION	TAX INCREASE AT 12%	TAX INCREASE AT 22%	CHILD TAX CREDIT
2	8,100	9,350	17,450	18,000	550			(2,000)
3	12,150	9,350	21,500	18,000	(3,500)	420	770	(4,000)
4	16,200	9,350	25,550	18,000	(7,550)	906	1,661	(6,000)
5	20,250	9,350	29,600	18,000	(11,600)	1,392	2,552	(8,000)
6	24,300	9,350	33,650	18,000	(15,650)	1,878	3,443	(10,000)

- Child tax credit increase above assumes all children qualify (under 17)
- Dependent credit of \$500 available for dependent children 17 and over
- A portion of the child tax credit is refundable and may increase income for child support calculations
- The child and dependent credits phase out for higher incomes

CHILD AND FAMILY TAX CREDITS

	2017	2018
Credit for qualifying child	\$1,000	\$2,000
Credit for other family members	\$0	\$500
Refundable portion (credit for children only)	\$1,000	\$1,400
Phase-out begins (MFS)	\$55,000	\$200,000
Phase-out begins (S, HH)	\$75,000	\$200,000
Phase-out begins (MFJ)	\$110,000	\$400,000

STANDARD DEDUCTION (2017 vs 2018)



50/50 TIMESHARING TAX ISSUES

- First, keep in mind that 3 out of 4 years there can't truly be 50/50 overnights because there are an odd number (365) days in a year.
- Failure to provide for more than 50% of the overnights can cause unintended tax consequences.

50/50 TIMESHARING TAX ISSUES HEAD OF HOUSEHOLD

- To qualify for head of household you must have a dependent that lives with you more than one half of the year.
- If your MSA, parenting plan, or final judgment provides for 50/50 timesharing the IRS has a tie-breaker rule and the dependent goes to the parent with the higher income.
 - Not always the best option for the family
- If there is more than one child both parents can qualify for head of household filing status if the MSA, parenting plan, or final judgment is prepared properly.
- The solution is to provide for "one more day than half" of the year with the parent who is intended to get the tax benefits for that child. Or alternate if only one child even/odd years for the extra day if parents intend to split the benefits.

DIVORCE & FILING STATUS

- If in divorce process and living together, parties must file MFJ or MFS
- A party may be considered “unmarried” for tax purposes and file HH if all 5 of the following statements are true:
 1. Not filing a joint return
 2. Paid more than half of the costs of keeping up the home during the year
 3. Spouse did not live with you anytime during the last 6 months of the year (temporary absences don't count)
 4. The Qualifying Person is your child, stepchild, or foster child *and* they lived in your home for more than half the year (except temporary absences)
 5. Able to claim an exemption for the child (meaning they qualify as a dependent), *or* cannot take the exemption only because the noncustodial parent qualifies for it

EFFECT OF LARGER STANDARD DEDUCTION AND CHANGES TO ITEMIZED DEDUCTIONS

- Fewer individuals will itemize, especially those at lower economic levels.
- For MFS taxpayers, if one spouse elects to itemize, the other spouse is also required to itemize

ITEMIZED DEDUCTION CHANGES REAL ESTATE AND SALES TAX DEDUCTION LIMITED

- Limits the amount of state and local taxes an individual can deduct in a calendar year to \$10,000 (\$5,000 for MFS)
- Applies to tax years beginning after December 31, 2017 and before January 1, 2026.

ITEMIZED DEDUCTION CHANGES INTEREST ON REAL ESTATE

- Mortgage interest limited to \$750k of debt (previously \$1 million)
 - Debt prior to 12/15/17 is grandfathered
 - Note that for refinancing, if amount is equal or less than grandfathered debt, the \$1M limit is still in place.
- Home equity interest no longer deductible unless the loan is used to “buy, build or substantially improve” the home that secures the loan

ITEMIZED DEDUCTION CHANGES MISC. ITEMIZED DEDUCTIONS SUBJECT TO 2% AGI

- THE FOLLOWING ARE NO LONGER DEDUCTIBLE:
 - Unreimbursed employee expenses
 - Investment fees / expenses
 - Legal fees related to generating income (previously could deduct fees related to obtaining alimony)
 - Tax preparation and tax planning fees
 - Expenses for hobbies
 - Safe deposit fees

OTHER CHANGES

- Medical expenses
- Charitable contributions
- Moving expenses
- Personal casualty losses

EDUCATION SAVINGS PLAN CHANGES

- Section 529 plan (qualified tuition plans)
 - For distributions after 12/31/17, "qualified higher education expenses" now include tuition at an elementary or secondary public, private or religious school
 - Unused funds can be transferred to the ABLE account of a family member.
 - ABLE accounts are tax-advantaged savings accounts for individuals with disabilities and their families.
- Student loan forgiveness
 - Will not be taxable income to student upon death/total disability

HEALTH INSURANCE - ACA

- The individual mandate to maintain insurance coverage was repealed as part of the new tax law starting in 2019.
- Penalties are still in effect for 2017 and 2018
 - 2017 penalty:
 - Higher of 2.5% of yearly household income, or
 - \$695 per person (\$347.50 per child under 18)
- The IRS has stated that 2018 returns, they will not accept electronically filed tax returns where the taxpayer does not address the health coverage requirements of the ACA

OVERVIEW OF BUSINESS CHANGES

- Corporate rate reduction to flat 21%
- Repeal of corporate AMT
- Special rules for pass-throughs (Sec. 199A)
- Loss limitation for other than C corps (Sec. 461)
- Repeal of Sec.199 (DPD)
- Expensing of assets
 - increases to Sec.179 (\$1 million and threshold \$2.5 million)
- Expanded accounting method exceptions for small businesses
- Changes to various fringe benefits including treatment of meals and entertainment paid by employer
- Limit on use of and carryback of NOL
- Limitation on interest expense deduction for non-small businesses (over \$25 million receipts); limited exceptions
- Corporate shift from worldwide to territorial system

Source: AICPA "Tax Cuts & Jobs Act – Business Provisions" Presentation

SPECIAL RULES FOR PASS-THROUGHS (SEC. 199A)

- Section 199A of the Internal Revenue Code provides some taxpayers a deduction for qualified business income from a qualified trade or business operated directly or through a pass-through entity.
 - Subject to limitations this could lower taxable income by 20% of the qualified business income.
- You can find this deduction on page 2 of Form 1040, line 9

BUSINESS INCOME

- Section 61.30 (2)(a) 3. Business income from sources such as self-employment, partnership, close corporations, and independent contracts. "Business income" means gross receipts minus ordinary and necessary expenses required to produce income.

PASS-THROUGH BUSINESS INCOME

	Old Law	New Law
Gross Income	100,000	100,000
Regular Expenses	(30,000)	(30,000)
Tax Act Write Offs	_____	_____(40,000)
Net to 1040	70,000	30,000

PHANTOM INCOME ZOLD CASE

- Zold v. Zold, 911 So. 2d 1222 – Fla Supreme Court 2005
 - We conclude that undistributed "pass-through" income that has been retained by a corporation for corporate purposes does not constitute income within the meaning of chapter 61.
 - We conclude that when the issue of whether undistributed "pass-through" income was retained for corporate purposes is contested, the shareholder-spouse should have the burden of proving that the undistributed "pass-through" income was properly retained for corporate purposes rather than impermissibly retained to avoid alimony, child support, or attorney's fees obligations by reducing the shareholder-spouse's amount of available income.

THE KAAA "FIX"

- Florida Statute § 61.075 (6)
- Changes effective July 1, 2018
- Provides a formula to calculate marital component to non-marital property.
- Statute text included in form attached to materials.

Florida Statute § 61.075 (6) ISSUES

- Does “additional encumbrances” mean the original amount of said debt or the balance of the debt at the valuation date?
- Does “first” mean first in time or first in title sequence?
- What is the meaning or intent of “total” and “all”
- What will be “circumstances sufficient?” and “inequitable?”

Florida Statute § 61.075 (6) COMPLEX SCENARIOS

- Payment of mortgage(s) with both non-marital and marital funds
- Negative equity
- Multiple refinancing
- Refinance with cash out to marriage
- Refinance used for non-marital purposes
- Marital mortgage used to purchase other marital asset(s)
- Capital gains tax
- Order of application of payments LIFO, FIFO, pro-rata

CHANGES TO Florida Statute § 61.075 (10)

- (10)(a) To do equity between the parties, the court may, in lieu of or to supplement, facilitate, or effectuate the equitable division of marital assets and liabilities, order a monetary payment in a lump sum or in installments paid over a fixed period of time.
- (b) If installment payments are ordered, the court may require security and a reasonable rate of interest or may otherwise recognize the time value of the money to be paid in the judgment or order.
- (c) This subsection does not preclude the application of chapter 55 to any subsequent default.

RESOURCES

- Publication 504 - Divorced or Separated Individuals (2017 tax year) <https://www.irs.gov/pub/irs-pdf/p504.pdf>
- Publication 5307 - Tax Reform Basics for Individuals and Families (2017 tax year) <https://www.irs.gov/pub/irs-pdf/p5307.pdf>
- Publication 501 - Dependents, Standard Deduction, and Filing Information (2018 tax year) <https://www.irs.gov/pub/irs-pdf/p501.pdf>
- Publication 17, Your Federal Income Tax (For Individuals) <https://www.irs.gov/forms-pubs/about-publication-17>

RESOURCES

- Publication 971 – Innocent Spouse Relief
<https://www.irs.gov/pub/irs-pdf/p971.pdf>
- Form 8857 – Request for Innocent Spouse Relief
<https://www.irs.gov/pub/irs-pdf/f8857.pdf>
- Form 8379 – Injured Spouse Allocation
<https://www.irs.gov/pub/irs-pdf/f8379.pdf>
 - Form 8379 is filed by one spouse (the injured spouse) on a jointly filed tax return when the joint overpayment was (or is expected to be) applied (offset) to a past-due obligation of the other spouse.

RESOURCES

- IRS Transcripts or Copies of Returns
 - Go to [IRS.gov/Transcripts](https://www.irs.gov/Transcripts) (fastest method per IRS)
 - Other options:
 - Order your transcript by calling 800-908-9946, or
 - Mail Form 4506-T or Form 4506T-EZ (both available on [IRS.gov](https://www.irs.gov)).
- IRS Withholding Calculator
 - <https://apps.irs.gov/app/withholdingcalculator/>

RESOURCES

- Tax Help
 - Free File
 - Go to [IRS.gov/FreeFile](https://www.irs.gov/FreeFile) to see if you qualify to use brand-name software to prepare and e-file your federal tax return for free.
 - Volunteer Income Tax Assistance (VITA)
 - Go to [IRS.gov/VITA](https://www.irs.gov/VITA), download the free IRS2Go app, or call 800-906-9887 to find the nearest VITA location for free tax return preparation.
 - Tax Counseling for the Elderly (TCE)
 - Go to [IRS.gov/TCE](https://www.irs.gov/TCE), download the free IRS2Go app, or call 888-227-7669 to find the nearest TCE location for free tax return preparation.

QUESTIONS? HOW CAN WE HELP?

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Visit our companion website for a digital version of these materials to keep or share

www.familylawfinancial.com/tax

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EXPERTISE

Forensic C.P.A. expert witness
Experienced in family, contract, shareholder, estate, trust, criminal, and other disputes.
Court appointed investigator / receiver / expert.
Collaborative forensic expert. Mediator.
Financial and tax planning for individuals, businesses and estates.
Pension valuation. Business valuation. Income and estate tax compliance.

EDUCATION

Juris Doctorate – University of Miami School of Law, 1989
Bachelor of Business Administration Accounting – Florida Atlantic University, 1978

PROFESSIONAL CREDENTIALS

Licensed Certified Public Accountant and Attorney, State of Florida
Admitted to the Bar of the Supreme Court of the United States
Experienced forensic accounting and valuation expert witness, accepted in cases in Broward, Palm Beach, Dade and other Florida counties.

PUBLICATIONS & PRESENTATIONS

Accounting & Divorce – S. Dade-N. Broward FICPA 2013
Alimony Reform 2013 – Senate Rules Committee, Miramar & Oakland Park Democratic Clubs
Alimony Reform update - Collaborative Family Law Professionals of S. Florida 2013
Accounting Issues in Family Law Cases – American Women’s Society CPA 2013
Advanced Family Law Practice for Paralegals – Tax Issues
Basic Family Law – YLD Florida Bar “Use of Experts”
Child Support – Broward County Bar Association
Florida Family Law Practice various topics for Paralegals
Florida Bar - Valuation & Accounting Issues in Matrimonial Cases
Section 71.075(6) “Kaaa fix” update – Broward County Matrimonial Lawyers

PROFESSIONAL EDUCATION

Florida Bar Matrimonial & Family Law Certification Review Courses
Florida AAML - Annual Institutes
AAML / AICPA National Conference on Divorce
Business Valuation – IBA & NACVA
Collaborative Family Law Institute training
AICPA Forensic techniques, Fraud, Investigation, and Documents
Divorce Law for Accountants
Florida Bar - Valuation & Accounting Issues in Matrimonial Cases
Family Court Mediation Training
FICPA Forensic Accounting and Litigation Conferences

PROFESSIONAL AFFILIATIONS AND AWARDS

Florida Institute of Certified Public Accountants (FICPA)
Nominated for 2015 Women to Watch Award
Florida Bar and Family Law Section of the Florida Bar
2012-2013 Family Law Section Chair’s Award for Outstanding Affiliate Member
2013-2014 Family Law Section Service Award
Broward County Bar Association, South Palm Beach County Bar Association
Mental Health Association of Southeast Florida – Former Board Member, Former Chair
South Broward – North Dade Chapter FICPA
American Women’s Society of CPA’s (nka AICPA WIEC)
Past President of South Florida Chapter 2016-2017
2014 National Award for Public Service
Florida Association for Women Lawyers
Collaborative Family Law: South Florida
South Florida Legal Guide Top CPAs and Financial Support Professionals

Filing status: Single Married filing jointly Married filing separately Head of household Qualifying widow(er)

Your first name and initial Last name Your social security number

Your standard deduction: Someone can claim you as a dependent You were born before January 2, 1954 You are blind

If joint return, spouse's first name and initial Last name Spouse's social security number

Spouse standard deduction: Someone can claim your spouse as a dependent Spouse was born before January 2, 1954 Spouse is blind Spouse itemizes on a separate return or you were dual-status alien Full-year health care coverage or exempt (see inst.)

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign (see inst.) You Spouse

City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6. If more than four dependents, see inst. and check here

Table with 5 columns: (1) First name, Last name, (2) Social security number, (3) Relationship to you, (4) Child tax credit, Credit for other dependents

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Joint return? See instructions. Keep a copy for your records.

Your signature Date Your occupation Spouse's signature. If a joint return, both must sign. Date Spouse's occupation

If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

Paid Preparer Use Only

Preparer's name Preparer's signature PTIN Firm's EIN Check if: 3rd Party Designee Self-employed

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2018)

Main tax form table with 22 rows and columns for various income and deduction items.

Standard Deduction for— Single or married filing separately, \$12,000 Married filing jointly or Qualifying widow(er), \$24,000 Head of household, \$18,000

Refund

Direct deposit? See instructions.

SCHEDULE 1
(Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

▶ Attach to Form 1040.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2018
Attachment
Sequence No. **01**

Name(s) shown on Form 1040

Your social security number

Additional Income	1-9b	Reserved	1-9b			
	10	Taxable refunds, credits, or offsets of state and local income taxes	10			
	11	Alimony received	11			
	12	Business income or (loss). Attach Schedule C or C-EZ	12			
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>	13			
	14	Other gains or (losses). Attach Form 4797	14			
	15a	Reserved	15b			
	16a	Reserved	16b			
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17			
	18	Farm income or (loss). Attach Schedule F	18			
	19	Unemployment compensation	19			
	20a	Reserved	20b			
	21	Other income. List type and amount ▶ _____	21			
	22	Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23	22			
	Adjustments to Income	23	Educator expenses	23		
		24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	24		
		25	Health savings account deduction. Attach Form 8889	25		
		26	Moving expenses for members of the Armed Forces. Attach Form 3903	26		
		27	Deductible part of self-employment tax. Attach Schedule SE	27		
		28	Self-employed SEP, SIMPLE, and qualified plans	28		
		29	Self-employed health insurance deduction	29		
		30	Penalty on early withdrawal of savings	30		
31a		Alimony paid b Recipient's SSN ▶ _____	31a			
32		IRA deduction	32			
33		Student loan interest deduction	33			
34		Reserved	34			
35		Reserved	35			
36		Add lines 23 through 35	36			

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71479F

Schedule 1 (Form 1040) 2018

SCHEDULE 2
(Form 1040)

Department of the Treasury
Internal Revenue Service

Tax

▶ Attach to Form 1040.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2018
Attachment
Sequence No. **02**

Name(s) shown on Form 1040

Your social security number

Tax	38-44	Reserved	38-44		
	45	Alternative minimum tax. Attach Form 6251	45		
	46	Excess advance premium tax credit repayment. Attach Form 8962	46		
	47	Add the amounts in the far right column. Enter here and include on Form 1040, line 11	47		

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71478U

Schedule 2 (Form 1040) 2018

SCHEDULE 3
(Form 1040)

Department of the Treasury
Internal Revenue Service

Nonrefundable Credits

▶ Attach to Form 1040.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2018
Attachment
Sequence No. **03**

Name(s) shown on Form 1040		Your social security number	
Nonrefundable Credits	48	Foreign tax credit. Attach Form 1116 if required	48
	49	Credit for child and dependent care expenses. Attach Form 2441	49
	50	Education credits from Form 8863, line 19	50
	51	Retirement savings contributions credit. Attach Form 8880	51
	52	Reserved	52
	53	Residential energy credit. Attach Form 5695	53
	54	Other credits from Form a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/> _____	54
	55	Add the amounts in the far right column. Enter here and include on Form 1040, line 12	55

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71480G Schedule 3 (Form 1040) 2018

SCHEDULE 4
(Form 1040)

Department of the Treasury
Internal Revenue Service

Other Taxes

▶ Attach to Form 1040.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2018
Attachment
Sequence No. **04**

Name(s) shown on Form 1040		Your social security number	
Other Taxes	57	Self-employment tax. Attach Schedule SE	57
	58	Unreported social security and Medicare tax from: Form a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58
	59	Additional tax on IRAs, other qualified retirement plans, and other tax-favored accounts. Attach Form 5329 if required	59
	60a	Household employment taxes. Attach Schedule H	60a
	60b	b Repayment of first-time homebuyer credit from Form 5405. Attach Form 5405 if required	60b
	61	Health care: individual responsibility (see instructions)	61
	62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s) _____	62
	63	Section 965 net tax liability installment from Form 965-A 63 _____	
	64	Add the amounts in the far right column. These are your total other taxes . Enter here and on Form 1040, line 14	64

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71481R Schedule 4 (Form 1040) 2018

SCHEDULE 5
(Form 1040)

Department of the Treasury
Internal Revenue Service

Other Payments and Refundable Credits

▶ Attach to Form 1040.
▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2018
Attachment
Sequence No. **05**

Name(s) shown on Form 1040		Your social security number	
Other Payments and Refundable Credits	65	Reserved	65
	66	2018 estimated tax payments and amount applied from 2017 return	66
	67a	Reserved	67a
	67b	b Reserved	67b
	68-69	Reserved	68-69
	70	Net premium tax credit. Attach Form 8962	70
	71	Amount paid with request for extension to file (see instructions)	71
	72	Excess social security and tier 1 RRTA tax withheld	72
	73	Credit for federal tax on fuels. Attach Form 4136	73
	74	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/> _____	74
	75	Add the amounts in the far right column. These are your total other payments and refundable credits . Enter here and include on Form 1040, line 17	75

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 71482C Schedule 5 (Form 1040) 2018

**Release/Revocation of Release of Claim
to Exemption for Child by Custodial Parent**

▶ **Attach a separate form for each child.**
▶ **Go to www.irs.gov/Form8332 for the latest information.**

Name of noncustodial parent _____	Noncustodial parent's social security number (SSN) ▶ _____	
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Note: This form also applies to some tax benefits, including the child tax credit, additional child tax credit, and credit for other dependents. It doesn't apply to other tax benefits, such as the earned income credit, dependent care credit, or head of household filing status. See the instructions and Pub. 501.

Part I Release of Claim to Exemption for Current Year

I agree not to claim an exemption for _____
Name of child
for the tax year 20 ____.

_____ Signature of custodial parent releasing claim to exemption	_____ Custodial parent's SSN	_____ Date
---	---------------------------------	---------------

Note: If you choose not to claim an exemption for this child for future tax years, also complete Part II.

Part II Release of Claim to Exemption for Future Years (If completed, see **Noncustodial Parent** on page 2.)

I agree not to claim an exemption for _____
Name of child
for the tax year(s) _____.
(Specify. See instructions.)

_____ Signature of custodial parent releasing claim to exemption	_____ Custodial parent's SSN	_____ Date
---	---------------------------------	---------------

Part III Revocation of Release of Claim to Exemption for Future Year(s)

I revoke the release of claim to an exemption for _____
Name of child
for the tax year(s) _____.
(Specify. See instructions.)

_____ Signature of custodial parent revoking the release of claim to exemption	_____ Custodial parent's SSN	_____ Date
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General Instructions

What's New

Exemption deduction suspended. The deduction for personal exemptions is suspended for tax years 2018 through 2025 by the Tax Cuts and Jobs Act. Although the exemption amount is zero, eligibility to claim an exemption may make you eligible for other tax benefits. See Pub. 501 for details. Although taxpayers can't claim a deduction for exemptions, eligibility to claim an exemption for a child remains important for determining who may claim the child tax credit, the additional child tax credit, and the credit for other dependents, as well as other tax benefits. See the instructions and Pub. 501 for details.

Purpose of Form

If you are the custodial parent, you can use this form to do the following.

- Release a claim to exemption for your child so that the noncustodial parent can claim an exemption for the child and claim the child tax credit, the additional child tax credit, and the credit for other dependents (if applicable).
- Revoke a previous release of claim to exemption for your child.

Release of claim to exemption. Complete this form (or sign a similar statement containing the same information required by this form) and give it to the noncustodial parent. The noncustodial parent must attach this form or similar statement to his or her tax return each year the exemption is claimed. Use Part I to release a claim to the exemption for the current year. Use Part II if you choose to release a claim to exemption for any future year(s).

Note: If the decree or agreement went into effect after 1984 and before 2009, you can attach certain pages from the decree or agreement instead of Form 8332, provided that these pages are substantially similar to Form 8332. See *Post-1984 and pre-2009 decree or agreement* on page 2.

Revocation of release of claim to exemption. Use Part III to revoke a previous release of claim to an exemption. The revocation will be effective no earlier than the tax year following the year in which you provide the noncustodial parent with a copy of the revocation or make a reasonable effort to provide the noncustodial parent with a copy of the revocation. Therefore, if you revoked a release on Form 8332 and provided a copy of the form to the noncustodial parent in 2018, the earliest tax year the revocation

can be effective is 2019. You must attach a copy of the revocation to your tax return each year the exemption is claimed as a result of the revocation. You must also keep for your records a copy of the revocation and evidence of delivery of the notice to the noncustodial parent, or of reasonable efforts to provide actual notice.

Custodial Parent and Noncustodial Parent

The custodial parent is generally the parent with whom the child lived for the greater number of nights during the year. The noncustodial parent is the other parent. If the child was with each parent for an equal number of nights, the custodial parent is the parent with the higher adjusted gross income. For details and an exception for a parent who works at night, see Pub. 501.

Dependent Child

A dependent is either a qualifying child or a qualifying relative. See the instructions for your tax return for the definition of these terms. Generally, a child of divorced or separated parents will be a qualifying child of the custodial parent. However, if the special rule on page 2 applies, then the child will be treated as the qualifying child or qualifying

relative of the noncustodial parent for purposes of the dependency exemption, the child tax credit, the additional child tax credit, and the credit for other dependents.

Special Rule for Children of Divorced or Separated Parents

A child is treated as a qualifying child or a qualifying relative of the noncustodial parent if all of the following apply.

1. The child received over half of his or her support for the year from one or both of the parents (see the *Exception* below). If you received payments under the Temporary Assistance for Needy Families (TANF) program or other public assistance program and you used the money to support the child, see Pub. 501.

2. The child was in the custody of one or both of the parents for more than half of the year.

3. Either of the following applies.

a. The custodial parent agrees not to claim an exemption for the child by signing this form or a similar statement. If the decree or agreement went into effect after 1984 and before 2009, see *Post-1984 and pre-2009 decree or agreement* below.

b. A pre-1985 decree of divorce or separate maintenance or written separation agreement states that the noncustodial parent can claim the child as a dependent. But the noncustodial parent must provide at least \$600 for the child's support during the year. This rule does not apply if the decree or agreement was changed after 1984 to say that the noncustodial parent cannot claim the child as a dependent.

For this rule to apply, the parents must be one of the following.

- Divorced or legally separated under a decree of divorce or separate maintenance.
- Separated under a written separation agreement.
- Living apart at all times during the last 6 months of the year.

If this rule applies, and the other dependency tests in the instructions for your tax return are also met, the noncustodial parent can claim an exemption for the child.

Exception. If the support of the child is determined under a multiple support agreement, this special rule does not apply, and this form should not be used.

Post-1984 and pre-2009 decree or agreement. If the divorce decree or separation agreement went into effect after 1984 and before 2009, the noncustodial parent can attach certain pages from the decree or agreement

instead of Form 8332, provided that these pages are substantially similar to Form 8332. To be able to do this, the decree or agreement must state all three of the following.

1. The noncustodial parent can claim the child as a dependent without regard to any condition (such as payment of support).
2. The other parent will not claim the child as a dependent.
3. The years for which the claim is released.

The noncustodial parent must attach all of the following pages from the decree or agreement.

- Cover page (include the other parent's SSN on that page).
- The pages that include all of the information identified in (1) through (3) above.
- Signature page with the other parent's signature and date of agreement.



The noncustodial parent must attach the required information even if it was filed with a return in an earlier year.

Post-2008 decree or agreement. If the divorce decree or separation agreement went into effect after 2008, the noncustodial parent can't attach certain pages from the decree or agreement instead of Form 8332.

Specific Instructions

Custodial Parent

Part I. Complete Part I to release a claim to exemption for your child for the current tax year.

Part II. Complete Part II to release a claim to exemption for your child for one or more future years. Write the specific future year(s) or "all future years" in the space provided in Part II.



To help ensure future support, you may not want to release your claim to the exemption for the child for future years.

Part III. Complete Part III if you are revoking a previous release of claim to exemption for your child. Write the specific future year(s) or "all future years" in the space provided in Part III.

The revocation will be effective no earlier than the tax year following the year you provide the noncustodial parent with a copy of the revocation or make a reasonable effort to provide the noncustodial parent with a copy of the revocation. Also, you must attach a copy of the revocation to your tax return for each year you are claiming the exemption as a result of the revocation. You must also keep for your records a copy of the revocation and evidence of delivery of the notice to the noncustodial parent, or of reasonable efforts to provide actual notice.

Example. In 2015, you released a claim to exemption for your child on Form 8332 for the years 2016 through 2020. In 2018, you decided to revoke the previous release of exemption. If you completed Part III of Form 8332 and provided a copy of the form to the noncustodial parent in 2018, the revocation will be effective for 2019 and 2020. You must attach a copy of the revocation to your 2019 and 2020 tax returns and keep certain records as stated earlier.

Noncustodial Parent

Attach this form or similar statement to your tax return for each year you claim the exemption for your child. You can claim the exemption only if the other dependency tests in the instructions for your tax return are met.



If the custodial parent released his or her claim to the exemption for the child for any future year, you must attach a copy of this form or similar statement to your tax return for each future year that you claim the exemption. Keep a copy for your records.

Note: If you are filing your return electronically, you must file Form 8332 with Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return. See Form 8453 and its instructions for more details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You aren't required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For the estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

IN RE: THE MARRIAGE OF _____

Date of Marriage: _____

Date of Filing: _____

Date of Valuation: _____

Date of Acquisition: _____

FLORIDA STATUTE 61.075 (6) CALCULATION OF MARITAL COMPONENT OF NON MARITAL REAL ESTATE

FINANCIAL INFORMATION

Value at date of marriage, acquisition, or first encumbered (A) _____

Mortgage bal. at date of marriage, acquisition, or first encumber (B) _____

Value at valuation date (C) _____

Pre-marital mortgage balance at valuation date (D1) _____

Additional encumbrance(s) (D2) _____

Total mortgage balance(s) at date of valuation (D3) _____

Net Equity C-D3 _____

Active Appreciation

(E) _____

(a)1.b. *The enhancement in value and appreciation of nonmarital assets resulting from the efforts of either party during the marriage or from the contribution to or expenditure thereon of marital funds or other forms of marital assets, or both.*

Paydown of Mortgage

(F) _____

(a)1.c. *The paydown of principal of a note and mortgage secured by nonmarital real property and a portion of any passive appreciation in the property, if the note and mortgage secured by the property are paid down from marital funds during the marriage.*

(I) Amount of Passive Appreciation

(a)1.c.(I) *The passive appreciation is determined by subtracting the value of the property on the date of the marriage or the date of acquisition of the property, whichever is later, from the value of the property on the valuation date in the dissolution action, less any active appreciation of the property during the marriage as described in sub-subparagraph b., and less any additional encumbrances secured by the property during the marriage in excess of the first note and mortgage on which principal is paid from marital funds.*

Value at valuation date C _____

Less Value at date of marriage, acquisition, or first encumbered A _____

Less Active Appreciation E _____

Less Additional encumbrances D2 _____

(G) _____

(II) Coverture Fraction - % of Passive Appreciation Subject to Distribution (F / A)

(a)1.c.(II) *The coverture fraction must consist of a numerator, defined as the total payment of principal from marital funds of all notes and mortgages secured by the property during the marriage, and a denominator, defined as the value of the subject real property on the date of the marriage, the date of acquisition of the property, or the date the property was encumbered by the first note and mortgage on which principal was paid from marital funds, whichever is later.*

Principal paid from marital funds F _____

/ Value at time of marriage, acquisition or first encumbered A _____

(H) _____

(III) Marital Value of Passive Appreciation (G x H)

(a)1.c.(III) *The passive appreciation must be multiplied by the coverture fraction to determine the marital portion of the passive appreciation of the property.*

Passive Appreciation G _____

x Coverture fraction H _____

(I) _____

(IV) Combine Marital Components:

(a)1.c.(IV) *The total marital portion of the property consists of the marital portion of the passive appreciation, the mortgage principal paid during the marriage from marital funds, and any active appreciation of the property during the marriage as described in sub-subparagraph b., not to exceed the total net equity in the property at the date of valuation.*

Marital passive appreciation I _____

+ Marital paydown of mortgage F _____

+ Marital active appreciation E _____

Marital share limited to net equity (J) _____
