

WEGNER BUCHANAN  
ATTORNEYS AT LAW  
TRUSTED LEGAL COUNSEL  
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TRUSTED LEGAL COUNSEL

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**TRAFFIC TICKETS**

Contact Wegner Buchanan before you pay any traffic ticket. If you pay the fine for your traffic ticket without having the ticket amended, you are pleading guilty to the offense charged. If the ticket involves a moving violation, your guilty plea will result in points on your license, which may increase your insurance premiums. Points on your license may also prevent you from obtaining a job that requires a clean driving record. If you incur enough points on your license, you may lose your license. We can help you amend your ticket and avoid points on your license and increased insurance premiums.

**DIVORCE AND TAXES**

Tax season is here. For those in the midst of a divorce, or considering divorce, tax considerations should not be overlooked. Tax issues in a divorce can have long lasting financial implications. Child support, alimony, and the sale of marital property are among the issues that can have tax consequences.

**Child support.** Child support is not taxable to the parent receiving the support and it is not deductible for the paying parent. Child support is usually paid by the non-custodial parent to the custodial parent. If you anticipate that you will be the custodial parent, keep in mind that child support payments you receive have more value to you than other income because you will not have to pay tax on the payments.

**Alimony.** Unlike child support, alimony payments are income for the recipient and deductible for the payor. For this reason, the payor may seek to categorize certain payments as "alimony," such as insurance (medical and life), mortgage payments, and car payments. Keep in mind that when child support payments are combined with alimony payments, the portion of the payment that constitutes alimony is deductible for the paying spouse, but the child support

portion is not deductible. When the alimony terminates, the continuing payments will be treated as child support and will not be deductible.

**Sale of marital property.** Parties in divorce (or the court) must decide whether marital property will be transferred to one spouse, or sold and the proceeds distributed. Generally, the transfer of property to one spouse is not a taxable event. There is no taxable gain or loss to either party.

However, if property is sold as part of the divorce process, a taxable event may occur. For example, if marital real estate is sold to divide the proceeds, the gain or loss must be recognized for tax purposes. If the real estate sold is the "principal residence," some portion of the proceeds may be excluded from tax liability. Under current tax law, \$250,000 in gain is exempt from taxation for individuals and \$500,000 for spouses filing jointly.

Tax law is complex and changes frequently. The information in this newsletter is not a substitute for legal or tax advice. If you have a tax issue, you should contact an attorney or accountant.



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The choice of a lawyer is an important decision and should not be based solely on advertisement.

