

Is Child Support Taxable Income? | GOBankingRates



According to the most recent survey by the U.S. Census Bureau, only \$22.5 billion was paid of the \$32.9 billion of child support due. The median amount due was \$4,370 of which \$2,260 was actually received. Whether you are on the paying or receiving end of it, it's important to know if child support is taxable. If you make child support payments, can you write them off? If you receive child support payments, do they count as taxable income?

The short answer to whether child support is taxable income is no — child support payments are not taxable. The parent making child support payments cannot deduct the payments from their taxable income, and the parent receiving payments is not required to declare the payment as income.

What About Claiming the Child Tax Exemption?

You cannot necessarily claim a child as your dependent for tax purposes even if you are providing most of the child's expenses. In most cases, the "custodial parent" — the one who spends the most time with the child — is the one entitled to the tax credit, even if that parent does not provide more than half of the child's financial support.

While it is possible for the non-custodial parent to [claim the child tax exemption](#), some fairly stringent conditions apply and there must be a written agreement, signed by the custodial parent, stating that he will not claim the child as a dependent on his own taxes. Both parents must also sign an [8332 form](#) from the IRS, and that form must be attached to the non-custodial parent's tax return. According to attorney and CPA Matt Skarin of Feinberg, Mindel, Brandt & Klein, to avoid future conflict, the parties will generally contract which parent claims which child and make that specification in the judgement during the divorce.

Unfortunately, the IRS also does not allow parents to split the tax exemption, even in cases of joint custody, although they may agree to negotiate the tax exemption on a yearly basis (one spouse claiming one year, the other claiming the next, etc.). This will impact your budget, understandably, depending on

whether it's a year you're claiming your child or the other parent is. Single parents would, therefore, benefit from adopting some specific [budgeting strategies for single parents](#).

Whatever you two decide, it's important to make arrangements before the final decree of divorce to ensure that all standards have been met.

Separation, Divorce and Other Considerations

It's important to know that through the Treasury Offset Program, the Department of Treasury's Bureau of Fiscal Services can reduce your tax refund and offset it to pay past-due child support. If you are married to someone who has past-due child support and you filed a joint return and are not responsible for your spouse's debt, you can request your money back for your portion of the tax refund by filing [Form 8379](#).

But regardless of your non-marital status or which state you live in, child support is never taxable income, Skarin said.

[Ruth Sarreal](#) contributed to the reporting for this article.

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