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Recapture Rule

A rule that comes into effect if spousal support payments decrease more than \$15,000 during the first three post-divorce years. If an individual paying spousal support is found to be in violation of recapture rules, the “excess spousal support” must be included in the payor’s taxable income in the third post-divorce year.

One of the more confusing and easy-to-forget rules related to divorce, recapture can be a huge tax problem for individuals paying spousal support. The Tax Reform Act of 1984 created this rule to prevent a property settlement payment (which is fully taxable for the payor) from being disguised as spousal support (which is tax-deductible for the payor).

Source: <https://institutedfa.com/learning-center/top-ten-divorce-terms-know/>

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