Robert Lehman, 17 T.C. 652 (1951)

Payments made to a former spouse under a separation agreement are deductible as alimony, even if the agreement includes a suggestion for the spouse to save a portion of the payments for future needs, as long as the agreement specifies the portion attributable to spousal support.

Summary

The Tax Court addressed whether a taxpayer could deduct the full amount of payments made to his former wife under a separation agreement. The agreement allocated 70% of total support payments to the wife and 30% to the children. The IRS argued that a clause suggesting the wife save amounts exceeding $200 per month implied a portion of the payments were not for current support. The court held that the entire allocated amount for spousal support was deductible because the primary obligation was clearly defined, and the savings suggestion did not alter the payment's character.

Facts

Robert Lehman and his former wife, Mary, entered into a separation agreement incident to their divorce. The agreement required Lehman to make payments for the support of both Mary and their children. Subparagraph B of the agreement specified that 70% of the total payments were allocated to Mary's support, and 30% to the children's support. Subparagraph F suggested that Mary save any amount exceeding $200 per month from the total payments for future needs.

Procedural History

The IRS disallowed a portion of Lehman's deductions for alimony payments in 1945 and 1946. Lehman petitioned the Tax Court for a redetermination of the deficiencies assessed by the IRS.

Issue(s)

Whether a suggestion to a former spouse to save a portion of alimony payments for future needs alters the character of the payments and prevents the taxpayer from deducting the full amount allocated to spousal support under a separation agreement?

Holding

No, because the separation agreement clearly allocated a specific portion of the total payments for spousal support, and the suggestion to save a portion of the payments did not change the fundamental character of those payments as alimony.

Court's Reasoning

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The court based its reasoning on the clear allocation in Subparagraph B of the agreement, which specified that 70% of the payments were for the support of the former wife. The court interpreted Subparagraph F (the savings suggestion) in light of Subparagraph B. The court emphasized that Lehman's intent behind the savings suggestion was merely to advise his former wife to save during times of higher income to prepare for potential future needs or fluctuations in Lehman's income. The court noted that the savings suggestion was

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