

## ***Christiansen v. Commissioner, 60 T. C. 456 (1973)***

Payments made by a former husband to third parties on behalf of his former wife can be considered alimony if they discharge a personal obligation of the wife.

### **Summary**

In *Christiansen v. Commissioner*, the Tax Court ruled that payments made by Melvin Christiansen for the education of his former wife's niece and nephew were deductible as alimony. The court found that these payments, credited to his former wife Marie under their divorce agreement, discharged her obligation to contribute to the children's education. The key issue was whether these payments constituted alimony under Section 215 of the Internal Revenue Code, which requires that such payments be includable in the wife's gross income. The court determined that Marie received an economic benefit from the payments, as they relieved her of a personal obligation, thus qualifying them as alimony.

### **Facts**

Melvin and Marie Christiansen were married and gained legal custody of Marie's niece and nephew, Patrick and Joellen Shea, in 1956. After their divorce in 1964, their separation agreement stipulated that Melvin would pay alimony to Marie and also credit her with half of the education expenses for Patrick and Joellen, up to \$13,000. In 1969, Melvin paid \$7,372.06 for the children's education, deducting half of this amount (\$3,686.03) as alimony on his tax return. Marie reported \$8,956.20 of regular alimony and \$2,250 of the education payments as income.

### **Procedural History**

The Commissioner of Internal Revenue determined a deficiency in Melvin's 1969 federal income tax and challenged the deduction of the education payments as alimony. Melvin petitioned the United States Tax Court, which heard the case and issued its opinion on June 19, 1973, ruling in favor of Melvin.

### **Issue(s)**

1. Whether payments made by Melvin Christiansen for the education of Patrick and Joellen Shea, credited to Marie Christiansen, are deductible as alimony under Section 215 of the Internal Revenue Code.

### **Holding**

1. Yes, because the payments discharged Marie's personal obligation to contribute to the children's education, thus providing her an economic benefit and qualifying as alimony under Section 215.

### **Court's Reasoning**

The court applied Section 215 of the Internal Revenue Code, which allows a deduction for amounts includable in the wife's gross income under Section 71. The court noted that for payments to qualify as alimony, they must be periodic, received by the wife, and in discharge of the husband's legal obligation under a divorce decree or settlement agreement. The critical factor was whether Marie received an economic benefit from the payments. The court cited *Robert Lehman* (17 T. C. 652 (1951)), where payments to a third party were considered alimony because they discharged the wife's obligation to her mother. In *Christiansen*, the court found that the education payments relieved Marie of her obligation to contribute to the children's education, thus providing her with an economic benefit. The court distinguished this case from *Mandel v. Commissioner* (229 F. 2d 382 (1956)), where the wife had no obligation to support her adult children, emphasizing that in *Christiansen*, Marie felt a personal obligation to support the children's education.

### **Practical Implications**

This decision expands the scope of what can be considered alimony under the Internal Revenue Code by including payments to third parties that discharge a personal obligation of the former spouse. Attorneys should consider this ruling when structuring divorce agreements, particularly where one spouse has obligations to third parties that may be discharged by the other. This case may influence future agreements to include provisions for payments to third parties as alimony. It also underscores the importance of clearly defining obligations in divorce agreements to ensure they meet the criteria for alimony deductions. Subsequent cases have referenced *Christiansen* to clarify the economic benefit test in determining alimony status.