Patience C. Jacklin (formerly Patience C. Rivkin), Petitioner v. Commissioner of Internal Revenue, Respondent; Dewey K. Rivkin, Petitioner v. Commissioner of Internal Revenue, Respondent, 79 T. C. 340 (1982)

A written separation agreement can qualify under Section 71(a)(2) of the Internal Revenue Code even if it does not specify a definite amount of support, as long as it provides some standard for determining the support obligation.

Summary

In Jacklin v. Commissioner, the U. S. Tax Court addressed whether payments made under a written separation agreement, which did not specify a definite amount for spousal support, could be considered alimony under Section 71(a)(2) of the Internal Revenue Code. The agreement required the husband to pay supplementary funds to maintain the wife's pre-separation standard of living. The court held that the agreement's failure to state a specific support amount did not render it invalid under the statute. Instead, the court emphasized that the agreement must be evaluated based on all facts and circumstances to determine if the payments were for support. The decision underscores that a written separation agreement need not be perfectly drafted to qualify for tax treatment under Section 71(a)(2).

Facts

Dewey and Patience Rivkin, married in 1965, executed a separation agreement in 1973 due to marital difficulties. The agreement stated that Dewey would pay Patience "whatever supplementary funds are necessary to sustain a standard of living equivalent to that which obtained before the separation. " In 1975, Dewey made payments to Patience totaling $24,379. 20, which he claimed as a deduction on his tax return. Patience reported only $14,400 as alimony income. The agreement did not specify a fixed amount for support, leading to disputes over the tax treatment of the payments.

Procedural History

Patience filed a motion for summary judgment in the Tax Court, arguing that the 1973 agreement was not a valid written separation agreement under Section 71(a)(2) due to its lack of a specific support amount. The Commissioner also moved for summary judgment, taking a similar position. Dewey opposed both motions, asserting that the agreement qualified under the statute despite the absence of a fixed support amount.

Issue(s)

1. Whether a written separation agreement that does not specify a definite amount of support can still qualify under Section 71(a)(2) of the Internal Revenue Code?

Holding

© 2025 SCOTUSreports.com. All rights reserved.

1. Yes, because the absence of a specific support amount in a written separation agreement does not automatically render it invalid under Section 71(a)(2). The court must consider all facts and circumstances, including the agreement's terms, to determine if payments were made for support.

Court's Reasoning

The court reasoned that neither Section 71(a)(2) nor the regulations explicitly require a written separation agreement to state a definite support amount. The court cited Jefferson v. Commissioner, where payments were deemed alimony despite the agreement's lack of a fixed amount. The court emphasized that the agreement in Jacklin provided a standard for support based on the wife's pre-separation standard of living, which could be independently proven. The court rejected a formalistic approach, noting that the agreement's enforceability under state contract law was not determinative for tax purposes. The court also referenced Bogard v. Commissioner, which allowed extrinsic evidence to prove separation, reinforcing that substance over form should guide the analysis. The court concluded that the agreement's validity under Section 71(a)(2) should be determined based on all relevant facts and circumstances, not just the absence of a specific support amount.

Practical Implications

This decision has significant implications for tax practitioners and divorcing couples. It allows for more flexibility in drafting separation agreements, as the absence of a specific support amount does not automatically disqualify the agreement from Section 71(a)(2) treatment. However, it places a greater burden on the payor spouse to prove that payments were made for support. Practitioners should advise clients to include clear standards for support in agreements to avoid disputes and facilitate tax compliance. The ruling also highlights the importance of considering all facts and circumstances in tax disputes over alimony, rather than relying solely on the agreement's language. Subsequent cases have applied this principle, emphasizing the need for a factual analysis in determining the tax treatment of support payments under separation agreements.

© 2025 SCOTUSreports.com. All rights reserved.