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Pamela Anderson Divorces Rick Saloman Again, Gets $1M Settlement

Former Baywatch actress [Pamela Anderson](#) just got divorced from [husband](#) Rick Saloman–for the second time. Their 2007 marriage was annulled just two months later. But they married again in 2013. That lasted longer, but Ms. Anderson filed for divorce in 2014. She had previous marriages to Tommy Lee and Kid Rock.

Now the couple's divorce has been finalized and Salomon has handed over $1 million. Taxes were an issue, and observers say she had been making noises about alleged tax evasion. [TMZ](#) says the nasty battle came to an end with Anderson up by $1 million. Saloman apparently was under pressure over tax claims, with Anderson questioning his taxes.

Actress Pamela Anderson attends the premiere of Open Road Films' 'The Gunman' at Regal Cinemas L.A. Live on March 12, 2015 in Los Angeles, California. (Photo by Jason Merritt/Getty Images)

Marriages end, and even our Byzantine tax code recognizes that it is often unfair to tax either party. After all, when you're married or unwinding a marriage, dividing the assets is not a sale for tax purposes. That means no income tax to either party. What's more, there's no gift tax either, unless the spouse receiving assets isn't a U.S. citizen.

Divorce often brings out the worst, and tax claims are not infrequent. It is one reason the IRS may be able to sniff out wrongdoing from divorcing couples. The Anderson-Saloman split made multiple headlines. At one point, Saloman accused his ex of stealing his dog.

The tax man gets a piece of most transactions, often on both sides of the deal. Yet in divorce, the IRS may not get much at first. It is possible to divorce and not face major tax bills immediately. When a married couple splits, there's no limit on the money or property the two can transfer tax-free between them, according to IRS Publication 504.

The tax problems often occur down the road, sometimes in unanticipated ways. If you divide property between spouses during marriage (or within limits, even post-divorce), Section 1041 of the tax code says there's no tax to either party. Enacted in 1984, it reversed a Supreme Court case that ruled property divisions were taxable. Now, you can divvy up property between spouses however you want (as long as both spouses are U.S. citizens).

Still, don't assume "tax-free" means there are not big tax consequences. When you divide property, you'd better consider the tax basis of the property you divide since that controls *future* taxes. Getting high basis property in divorce is better than getting low basis property, since basis will control *future* taxes. If Ms. Anderson ended up with appreciated property and sells it, she alone would be taxable on all of the gain. If the couple divides cash, securities, and houses, with a mixture of high and low bases, each spouse could take some of each to equalize the tax burden.

In contrast, when unmarried couples divide property it usually triggers taxes just like a sale. But since the parties are just dividing assets, there's no cash to pay the taxes. As a result, taxes on resolving palimony and cohabitation cases can be high.

A property settlement isn't tax deductible. Alimony is tax deductible to the payer, and income to the recipient. As a result, whoever is paying the money might be inclined to call a payment alimony to write it off. Recipients, on the other hand, often say money is property settlement, since they aren't taxable. The IRS often cleans up when it finds inconsistent treatment after divorce.

That's one reason if you want to minimize the likelihood of audits and tax disputes, it is wise to agree with your ex how much money is property settlement, alimony or child support. The IRS often audits couples post-divorce.

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