

Run Case with Each Parent Claiming Child Dep Exemp to Show Who Saves More Taxes

TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION

| Last Name: Jones | 2010 | |
|---|----------------|----------------|
| | John | Mary |
| 1 No. Child Dependency Exemptions Age 17 & Over | 0 | 0 |
| 2 No. Child Dependency Exemptions Under Age 17 | 2 | 2 |
| 3 Taxes Saved by Claiming Children | | |
| Federal Tax | \$1,825 | \$1,095 |
| State Tax | 338 | 287 |
| 4 Federal + State Tax Savings Dependency Exemption | \$2,163 | \$1,382 |
| 5 Tax Savings Under Age 17 Child Tax Credit | 2,000 | 2,000 |
| 6 Total Tax Savings from Both | \$4,163 | \$3,382 |

DETAILED FEDERAL COMPUTATION

| | | |
|--|--------------|--------------|
| 7 Maximum Allowed Personal Exemption Amount | \$3,650 | \$3,650 |
| 8 Maximum Allowed for No. of Children | 7,300 | 7,300 |
| 9 Filing Status | Single | Hd Hsld |
| 10 Threshold Amount for High Income Phaseout | \$167,100 | \$208,850 |
| 11 Federal Adjusted Gross Income | \$68,416 | \$40,230 |
| 12 Excess over Threshold | 0 | 0 |
| 13 % Reduction = (2% for each \$2,500 of line 12 - \$1,250 for Mar, Sep) - for 2010 the reduction is eliminated | 0.00% | 0.00% |
| 14 High Income Phaseout Reduction (line 8 * line 13) (reflects no reduction for high income in 2010) | 0 | 0 |
| 15 Max Reduction in Federal Taxable Income from Child Dependency Exemption Including High Income Phaseout Amount (line 8 less line 14) | 7,300 | 7,300 |

FEDERAL TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION

| | | |
|--|----------------|----------------|
| 16 Taxable Income Before Child Dependency Exemption (Excl Dividends & Capital Gains) | \$58,066 | \$23,800 |
| 17 Marginal Tax Rate for this Income Level | 25.0% | 15.0% |
| 18 Next Lower Tax Bracket Amount | 34,000 | 11,950 |
| 19 Tax Rate for Lower Bracket (if needed) | 15.0% | 10.0% |
| 20 Federal Tax Savings from Child Dependency Exemption (Line 15 allocated between tax brackets using actual rates - low income also reflects use of child care & education credits) | \$1,825 | \$1,095 |

STATE INCOME TAX SAVINGS FROM CHILD DEP EXEMPTION

(If itemized deductions are used in federal tax calc, state tax savings shown have been reduced by marginal federal tax %)

| | |
|--------------|--------------|
| \$338 | \$287 |
|--------------|--------------|

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