

Tax Alternatives Can be Shown Side-by-Side-Show Impact of Divorce in Current Year

SUMMARY OF TAX OPTIONS FOR 2011

Last Name: Jones	Married Joint	2 Divorced in 2011		3 Stay Mar'd, Sep Return	
		<u>John</u>	<u>Mary</u>	<u>John</u>	<u>Mary</u>
1 Filing Status	Mar Joint	Single	Hd Hsid	Hd Hsid	Hd Hsid
2 State (for Income Tax)	CO	CO	CO	CO	CO
3 Exemptions Including Taxpayer	4	3	1	3	1
4 No. Under Age 17 Child Credit	2	2	0	2	0
GROSS INCOME					
5 Salary	100,000	70,000	30,000	70,000	30,000
5a Salary Adjustments	0	0	0	0	0
6 Self-Employment Income	5,000	5,000	0	5,000	0
6a Self-Employment Income Adjustments	0	0	0	0	0
7 Alimony Received	0	0	7,230	0	7,230
8 Long Term Capital Gain	0	0	0	0	0
9 Other Income	4,000	1,000	3,000	1,000	3,000
10 Total Income	109,000	76,000	40,230	76,000	40,230
ADJUSTMENTS TO INCOME					
11 Alimony Paid	0	7,230	0	7,230	0
12 Other Adjustments	310	310	0	310	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	310	7,540	0	7,540	0
15 Adjusted Gross Income	108,690	68,460	40,230	68,460	40,230
ITEMIZED DEDUCTIONS					
16a State Income Tax	3,810	2,387	1,116	2,262	1,116
16b Local Income Tax	0	0	0	0	0
16c State & Local Sales Tax	483	359	243	359	243
16d Greater of lines 16a + 16b or line 16c	3,810	2,387	1,116	2,262	1,116
17 Real Estate Taxes	4,000	0	4,000	0	4,000
18 Mortgage Interest	7,000	0	7,000	0	7,000
19 Other	0	0	0	0	0
20 Total Subject to Reduction	14,810	2,387	12,116	2,262	12,116
21 High Income Reduction	0	0	0	0	0

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		John	Mary	John	Mary
22 Other Not Reduced	0	0	0	0	0
23 Total Itemized or	14,810	2,387	12,116	2,262	12,116
24 Standard Deduction	11,600	5,800	8,500	8,500	8,500
25 Less Exemptions Allowed including high income reduction	14,800	11,100	3,700	11,100	3,700
26 Total Taxable Income	79,080	51,560	24,414	48,860	24,414
27 Taxable Income Excluding Dividends + LT Capital Gain	77,080	50,560	23,414	47,860	23,414
28 Tax on Regular Income	11,520	8,765	2,905	6,733	2,905
29 Tax on Dividends + LT Cap Gain Inc	300	150	0	150	0
30 Less: Child Care Credit	(600)	0	(660)	0	(660)
31 Education Credits/Other Credits	0	0	0	0	0
32 Tax Before Refundable Credits	11,220	8,915	2,245	6,883	2,245
33 Child Tax Credit - Under Age 17	(2,000)	(2,000)	0	(2,000)	0
34 Earned Income Credit	0	0	0	0	0
35 Making Work Pay Credit	0	0	0	0	0
36 Alternative Minimum Tax	0	0	0	0	0
37 Total Federal Tax	9,220	6,915	2,245	4,883	2,245
38 State Tax	3,810	2,387	1,116	2,262	1,116
39 Local Tax	0	0	0	0	0
40 Soc Sec/Self-Employment Tax	6,270	4,575	1,695	4,575	1,695
41 Total Taxes	19,300	13,877	5,056	11,720	5,056
42 Total Tax Both Parties	19,300		18,933		16,776
43 Marginal Federal + State Tax %	28.5%	29.6%	18.9%	29.6%	18.9%
44 Avg Tax %: Fed + State + Soc Sec	17.7%	18.3%	12.6%	15.4%	12.6%
45 Value Child Dep Exempt + Child Tax Credit	4,107	4,193	0	4,193	0

NOTES: For high income individuals, this tax calculation reflects a reduction of itemized deductions and personal exemption amounts allowed. The reduction has been reinstated in current year. Refer to Help.

Comments: The tax rates for Single and Married, Separate are the same. This will allow more divorcing individuals to file separate returns while still married and save over a Married, Joint return. In this case separate returns while still married (case 3) results in moderately lower taxes than filing as married.

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