

5 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 Divorce in 2011		3 Stay Mar'd, Sep Return	
		<u>John</u>	<u>Mary</u>	<u>John</u>	<u>Mary</u>
	Mar Joint	Single	Hd Hsld	Mar Sep	Hd Hsld
1 Filing Status	GA	GA	GA	GA	GA
2 State (for Income Tax)	4	3	1	3	1
3 Exemptions Including Taxpayer	2	2	0	2	0
4 No. Under Age 17 Child Credit					
<b>GROSS INCOME</b>					
5 Salary	105,000	80,000	25,000	80,000	25,000
5a Salary Adjustments	1,000	1,000	0	1,000	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	11,950	0	11,950
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	115,000	87,000	39,950	87,000	39,950
<b>ADJUSTMENTS TO INCOME</b>					
11 Alimony Paid	0	11,950	0	11,950	0
12 Other Adjustments	310	310	0	310	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	310	12,260	0	12,260	0
<b>15 Adjusted Gross Income</b>	<b>114,690</b>	<b>74,740</b>	<b>39,950</b>	<b>74,740</b>	<b>39,950</b>
<b>ITEMIZED DEDUCTIONS</b>					
16a State Income Tax	5,517	3,574	1,639	3,682	1,639
16b Local Income Tax	0	0	0	0	0
16c State & Local Sales Tax	668	531	301	531	301
16d Greater of lines 16a + 16b or line 16c	5,517	3,574	1,639	3,682	1,639
17 Real Estate Taxes	0	0	0	0	0
18 Mortgage Interest	0	0	0	0	0
19 Other	0	0	0	0	0
20 Total Subject to Reduction	5,517	3,574	1,639	3,682	1,639
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	5,517	3,574	1,639	3,682	1,639
24 Standard Deduction	11,600	5,800	8,500	5,800	8,500
25 Less Exemptions Allowed including high income reduction	14,800	11,100	3,700	11,100	3,700
26 Total Taxable Income	88,290	57,840	27,750	57,840	27,750
27 Taxable Income Excluding Dividends + LT Capital Gain	85,290	57,840	24,750	57,840	24,750
28 Tax on Regular Income	13,573	10,585	3,105	10,585	3,105
29 Tax on Dividends + LT Cap Gain Inc	450	0	0	0	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	13,423	10,585	2,445	10,585	2,445
33 Child Tax Credit - Under Age 17	(1,750)	(2,000)	0	(1,000)	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	11,673	8,585	2,445	9,585	2,445
38 State Tax	5,517	3,574	1,639	3,682	1,639
39 Local Tax	0	0	0	0	0
40 Soc Sec/Self-Employment Tax	6,610	5,197	1,413	5,197	1,413
41 Total Taxes	23,800	17,356	5,497	18,464	5,497
42 Total Tax Both Parties	23,800		22,853		23,961
43 Marginal Federal + State Tax %	31.0%	31.0%	21.0%	31.0%	21.0%
44 Avg Tax %: Fed + State + Soc Sec	20.7%	19.9%	13.8%	21.2%	13.8%
45 Value Child Dep Exempt + Child Tax Credit	3,960	4,210	0	3,210	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: Tax law has eliminated marriage penalty at incomes under \$80,000 for 2011. This will allow more divorcing individuals to file separate returns while still married and not pay more tax. In this case, the tax differences under different filing options for 2011 are readily apparent in this report.

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