

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 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	Mar Sep	Hd Hsid
2 State (for Income Tax)	IL	IL	IL	IL	IL
3 Exemptions Including Taxpayer	3	2	1	2	1
4 No. Under Age 17 Child Credit	1	1	0	1	0
<b>GROSS INCOME</b>					
5 Salary	120,000	90,000	30,000	90,000	30,000
5a Salary Adjustments	0	0	0	0	0
6 Self-Employment Income	10,000	10,000	0	10,000	0
6a Self-Employment Income Adjustments	0	0	0	0	0
7 Alimony Received	0	0	28,000	0	28,000
8 Long Term Capital Gain	0	0	0	0	0
9 Other Income	2,500	500	2,000	500	2,000
10 Total Income	132,500	100,500	60,000	100,500	60,000
<b>ADJUSTMENTS TO INCOME</b>					
11 Alimony Paid	0	28,000	0	28,000	0
12 Other Adjustments	621	621	0	621	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	621	28,621	0	28,621	0
<b>15 Adjusted Gross Income</b>	<b>131,879</b>	<b>71,879</b>	<b>60,000</b>	<b>71,879</b>	<b>60,000</b>
<b>ITEMIZED DEDUCTIONS</b>					
16a State Income Tax	6,194	3,394	2,800	3,394	2,800
16b Local Income Tax	0	0	0	0	0
16c State & Local Sales Tax	1,416	1,010	787	1,010	787
16d Greater of lines 16a + 16b or line 16c	6,194	3,394	2,800	3,394	2,800
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	6,194	3,394	2,800	3,394	2,800
21 High Income Reduction	0	0	0	0	0

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## SUMMARY OF TAX OPTIONS FOR 2011

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		John	Mary	John	Mary
22 Other Not Reduced	0	0	0	0	0
23 Total Itemized or	6,194	3,394	2,800	3,394	2,800
24 Standard Deduction	11,600	5,800	8,500	5,800	8,500
25 Less Exemptions Allowed including high income reduction	11,100	7,400	3,700	7,400	3,700
26 Total Taxable Income	109,179	58,679	47,800	58,679	47,800
27 Taxable Income Excluding Dividends + LT Capital Gain	109,179	58,679	47,800	58,679	47,800
28 Tax on Regular Income	19,545	10,795	6,718	10,795	6,718
29 Tax on Dividends + LT Cap Gain Inc	0	0	0	0	0
30 Less: Child Care Credit	(600)	0	(600)	0	(600)
31 Education Credits/Other Credits	0	0	0	0	0
32 Tax Before Refundable Credits	18,945	10,795	6,118	10,795	6,118
33 Child Tax Credit - Under Age 17	0	(1,000)	0	(150)	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	18,945	9,795	6,118	10,645	6,118
38 State Tax	6,194	3,394	2,800	3,394	2,800
39 Local Tax	0	0	0	0	0
40 Soc Sec/Self-Employment Tax	8,022	6,327	1,695	6,327	1,695
41 Total Taxes	33,161	19,516	10,613	20,366	10,613
42 Total Tax Both Parties	33,161		30,129		30,979
43 Marginal Federal + State Tax %	30.0%	30.0%	30.0%	30.0%	30.0%
44 Avg Tax %: Fed + State + Soc Sec	25.0%	19.4%	17.7%	20.3%	17.7%
45 Value Child Dep Exempt + Child Tax Credit	1,025	2,025	0	1,175	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 and save over a Married, Joint return. In this case separate returns while still married (case 3) results in moderately higher taxes than filing as married.

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