

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>Martha</u>	<u>John</u>	<u>Martha</u>
	Mar Joint	Single	Hd Hsld	Mar Sep	Hd Hsld
	MA	MA	MA	MA	MA
1 Filing Status					
2 State (for Income Tax)	MA	MA	MA	MA	MA
3 Exemptions Including Taxpayer	4	3	1	3	1
4 No. Under Age 17 Child Credit	2	2	0	2	0
<b>GROSS INCOME</b>					
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	4,800	0	4,800
8 Long Term Capital Gain	0	0	0	0	0
9 Other Income	3,000	1,000	2,000	1,000	2,000
10 Total Income	108,000	76,000	36,800	76,000	36,800
<b>ADJUSTMENTS TO INCOME</b>					
11 Alimony Paid	0	4,800	0	4,800	0
12 Other Adjustments	310	310	0	310	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	310	5,110	0	5,110	0
<b>15 Adjusted Gross Income</b>	<b>107,690</b>	<b>70,890</b>	<b>36,800</b>	<b>70,890</b>	<b>36,800</b>
<b>ITEMIZED DEDUCTIONS</b>					
16a State Income Tax	4,850	3,381	1,341	3,381	1,341
16b Local Income Tax	0	0	0	0	0
16c State & Local Sales Tax	868	697	410	697	410
16d Greater of lines 16a + 16b or line 16c	4,850	3,381	1,341	3,381	1,341
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	4,850	3,381	1,341	3,381	1,341
21 High Income Reduction	0	0	0	0	0

March 24, 2011 03:10 PM

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		John	Martha	John	Martha
22 Other Not Reduced	0	0	0	0	0
23 Total Itemized or	4,850	3,381	1,341	3,381	1,341
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	81,290	53,990	24,600	53,990	24,600
27 Taxable Income Excluding Dividends + LT Capital Gain	79,790	53,490	23,600	53,490	23,600
28 Tax on Regular Income	12,198	9,498	2,933	9,498	2,933
29 Tax on Dividends + LT Cap Gain Inc	225	75	0	75	0
30 Less: Child Care Credit	(600)	0	(720)	0	(720)
31 Education Credits/Other Credits	0	0	0	0	0
32 Tax Before Refundable Credits	11,823	9,573	2,213	9,573	2,213
33 Child Tax Credit - Under Age 17	(2,000)	(2,000)	0	(1,200)	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	9,823	7,573	2,213	8,373	2,213
38 State Tax	4,850	3,381	1,341	3,381	1,341
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	20,943	15,529	5,249	16,329	5,249
42 Total Tax Both Parties	20,943		20,778		21,578
43 Marginal Federal + State Tax %	30.3%	30.3%	20.3%	30.3%	20.3%
44 Avg Tax %: Fed + State + Soc Sec	19.4%	20.4%	14.3%	21.5%	14.3%
45 Value Child Dep Exempt + Child Tax Credit	3,956	3,956	0	3,156	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 law has eliminated marriage tax penalty at incomes under \$80,000 in 2011. This will allow more divorcing individuals to file separate returns while still married and save over a Married, Joint return. In this case, there is a tax savings if the individuals stay married and file joint returns in 2011.

March 24, 2011 03:10 PM

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Page 2 of 2