

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	
		James	Martha	James	Martha
	Mar Joint	Single	Hd Hsld	Mar Sep	Hd Hsld
1 Filing Status	MS	MS	MS	MS	MS
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	70,000	35,000	70,000	35,000
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	3,800	0	3,800
8 Long Term Capital Gain	0	0	0	0	0
9 Other Income	2,000	0	2,000	0	2,000
10 Total Income	112,000	75,000	40,800	75,000	40,800
<b>ADJUSTMENTS TO INCOME</b>					
11 Alimony Paid	0	3,800	0	3,800	0
12 Other Adjustments	310	310	0	310	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	310	4,110	0	4,110	0
<b>15 Adjusted Gross Income</b>	<b>111,690</b>	<b>70,890</b>	<b>40,800</b>	<b>70,890</b>	<b>40,800</b>
<b>ITEMIZED DEDUCTIONS</b>					
16a State Income Tax	4,185	2,830	990	2,830	990
16b Local Income Tax	0	0	0	0	0
16c State & Local Sales Tax	1,843	1,438	841	1,438	841
16d Greater of lines 16a + 16b or line 16c	4,185	2,830	990	2,830	990
17 Real Estate Taxes	3,500	0	3,500	0	3,500
18 Mortgage Interest	6,500	0	6,500	0	6,500
19 Other	0	0	0	0	0
20 Total Subject to Reduction	14,185	2,830	10,990	2,830	10,990
21 High Income Reduction	0	0	0	0	0

March 29, 2011 05:54 PM

© 2011 Thomson Reuters. All rights reserved.

Page 1 of 2

## SUMMARY OF TAX OPTIONS FOR 2011

Last Name: Jones	Married Joint	2 Divorced in 2011		3 Stay Mar'd, Sep Return	
		James	Martha	James	Martha
22 Other Not Reduced	0	0	0	0	0
23 Total Itemized or	14,185	2,830	10,990	2,830	10,990
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	82,705	53,990	26,110	56,960	26,110
27 Taxable Income Excluding Dividends + LT Capital Gain	80,705	53,990	24,110	56,960	24,110
28 Tax on Regular Income	12,426	9,623	3,009	10,365	3,009
29 Tax on Dividends + LT Cap Gain Inc	300	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	12,126	9,623	2,349	10,365	2,349
33 Child Tax Credit - Under Age 17	(1,900)	(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	10,226	7,623	2,349	9,165	2,349
38 State Tax	4,185	2,830	990	2,830	990
39 Local Tax	0	0	0	0	0
40 Soc Sec/Self-Employment Tax	6,553	4,575	1,978	4,575	1,978
41 Total Taxes	20,964	15,028	5,317	16,570	5,317
42 Total Tax Both Parties	20,964		20,345		21,887
43 Marginal Federal + State Tax %	30.0%	30.0%	20.0%	30.0%	20.0%
44 Avg Tax %: Fed + State + Soc Sec	18.7%	20.0%	13.0%	22.1%	13.0%
45 Value Child Dep Exempt + Child Tax Credit	3,863	4,000	0	3,163	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 for 2011. This report provides tax analysis for divorcing parties. In this case, there is a tax savings if the individuals get divorced in 2011.

March 29, 2011 05:54 PM

© 2011 Thomson Reuters. All rights reserved.

Page 2 of 2