

SUMMARY OF TAX OPTIONS FOR 2009

Last Name: Jones	Married Joint	2 Divorced in 2009		3 Stay Mar'd Sep Ret	
		<u>James</u>	<u>Martha</u>	<u>James</u>	<u>Martha</u>
	Mar Joint	Single	Hd Hsld	Mar Sep	Hd Hsld
	MS	MS	MS	MS	MS
1 Filing Status					
2 State (for Income Tax)	MS	MS	MS	MS	MS
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	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	4,000	0	4,000
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	113,000	76,000	41,000	76,000	41,000
ADJUSTMENTS TO INCOME					
11 Alimony Paid	0	4,000	0	4,000	0
12 Other Adjustments	354	354	0	354	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	354	4,354	0	4,354	0
15 Adjusted Gross Income	112,646	71,646	41,000	71,646	41,000
ITEMIZED DEDUCTIONS					
16a State Income Tax	4,182	2,817	1,000	2,817	1,000
16b Local Income Tax	0	0	0	0	0
16c State & Local Sales Tax	0	0	0	0	0
16d Greater of lines 16a + 16b or line 16c	4,182	2,817	1,000	2,817	1,000
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	14,182	2,817	11,000	2,817	11,000
21 High Income Reduction	0	0	0	0	0

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		James	Martha	James	Martha
22 Other Not Reduced	0	0	0	0	0
23 Total Itemized or	14,182	2,817	11,000	2,817	11,000
24 Standard Deduction	11,400	5,700	8,350	5,700	8,350
25 Less Exemptions Allowed including high income reduction	14,600	10,950	3,650	10,950	3,650
26 Total Taxable Income	83,864	54,996	26,350	57,879	26,350
27 Taxable Income Excluding Dividends + LT Capital Gain	81,864	54,996	24,350	57,879	24,350
28 Tax on Regular Income	12,841	9,937	3,055	10,657	3,055
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	12,541	9,937	2,395	10,657	2,395
33 Child Tax Credit - Under Age 17	(1,850)	(2,000)	0	(1,150)	0
34 Earned Income Credit	0	0	0	0	0
35 Making Work Pay Credit	(800)	(400)	(400)	(400)	(400)
36 Alternative Minimum Tax	0	0	0	0	0
37 Total Federal Tax	9,891	7,537	1,995	9,107	1,995
38 State Tax	4,182	2,817	1,000	2,817	1,000
39 Local Tax	0	0	0	0	0
40 Soc Sec/Self-Employment Tax	8,740	6,062	2,678	6,062	2,678
41 Total Taxes	22,813	16,416	5,673	17,986	5,673
42 Total Tax Both Parties	22,813		22,089		23,659
43 Marginal Federal + State Tax %	30.0%	30.0%	20.0%	30.0%	20.0%
44 Avg Tax %: Fed + State + Soc Sec	20.2%	21.6%	13.8%	23.7%	13.8%
45 Value Child Dep Exempt + Child Tax Credit	3,788	3,975	0	3,088	0

NOTE: For high income individuals, this tax calculation reflects a reduction of itemized deductions and personal exemption amounts allowed and 2/3 of such reduction has been eliminated per current law.

Comments:

The tax law has eliminated marriage tax penalty at incomes under \$77,000 for 2009. In this case, there is a tax savings if the individuals get divorced in 2009.

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