

SUMMARY OF TAX OPTIONS FOR 2009

Last Name: Jones	Married Joint	2 Get Divorced in 2009		3 Mar'd in 2009 Sep Ret	
		<u>John</u>	<u>Mary</u>	<u>John</u>	<u>Mary</u>
1 Filing Status	Mar Joint	Single	Hd Hsld	Mar Sep	Hd Hsld
2 State (for Income Tax)	OR	OR	OR	OR	OR
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	94,000	68,000	26,000	68,000	26,000
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	0	0	0
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	102,000	74,000	28,000	74,000	28,000
ADJUSTMENTS TO INCOME					
11 Alimony Paid	0	0	0	0	0
12 Other Adjustments	354	354	0	354	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	354	354	0	354	0
15 Adjusted Gross Income	101,646	73,646	28,000	73,646	28,000
ITEMIZED DEDUCTIONS					
16a State Income Tax	7,155	5,193	0	5,458	0
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	7,155	5,193	0	5,458	0
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	7,155	5,193	0	5,458	0
21 High Income Reduction	0	0	0	0	0

June 8, 2009 04:57 PM

SUMMARY OF TAX OPTIONS FOR 2009

Last Name: Jones	Married Joint	2 Get Divorced in 2009		3 Mar'd in 2009 Sep Ret	
		John	Mary	John	Mary
22 Other Not Reduced	0	0	0	0	0
23 Total Itemized or	7,155	5,193	0	5,458	0
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	75,646	56,996	16,000	56,996	16,000
27 Taxable Income Excluding Dividends + LT Capital Gain	72,646	55,996	14,000	55,996	14,000
28 Tax on Regular Income	10,537	10,187	1,503	10,187	1,503
29 Tax on Dividends + LT Cap Gain Inc	450	150	0	150	0
30 Less: Child Care Credit	(720)	0	(1,008)	0	(1,008)
31 Education Credits/Other Credits	0	0	0	0	0
32 Tax Before Refundable Credits	10,267	10,337	495	10,337	495
33 Child Tax Credit - Under Age 17	(2,000)	(2,000)	0	(1,050)	0
34 Earned Income Credit	0	0	(2,589)	0	(2,589)
35 Making Work Pay Credit	(800)	(400)	(400)	(400)	(400)
36 Alternative Minimum Tax	0	0	0	0	0
37 Total Federal Tax	7,467	7,937	(2,494)	8,887	(2,494)
38 State Tax	7,155	5,193	0	5,458	0
39 Local Tax	0	0	0	0	0
40 Soc Sec/Self-Employment Tax	7,898	5,909	1,989	5,909	1,989
41 Total Taxes	22,520	19,039	(505)	20,254	(505)
42 Total Tax Both Parties	22,520		18,534		19,749
43 Marginal Federal + State Tax %	34.0%	34.0%	24.0%	34.0%	24.0%
44 Avg Tax %: Fed + State + Soc Sec	22.1%	25.7%	(1.8%)	27.4%	(1.8%)
45 Value Child Dep Exempt + Child Tax Credit	4,177	4,177	0	3,227	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:

Tax law has eliminated marriage penalty at incomes under \$77,000 for 2009. This will allow more divorcing individuals to file separate returns while still married and not pay more tax. In this case there are significant tax savings with separate returns even if still married in 2009 mostly due to lower OR taxes.

June 8, 2009 04:57 PM

© 2009 Thomson Reuters/West. All rights reserved.

Page 2 of 2