

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 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	100,000	75,000	25,000	75,000	25,000
5a Salary Adjustments	0	0	0	0	0
6 Self-Employment Income	2,500	2,500	0	2,500	0
6a Self-Employment Income Adjustments	0	0	0	0	0
7 Alimony Received	0	0	2,400	0	2,400
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	105,500	78,500	29,400	78,500	29,400
ADJUSTMENTS TO INCOME					
11 Alimony Paid	0	2,400	0	2,400	0
12 Other Adjustments	156	156	0	156	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	156	2,556	0	2,556	0
15 Adjusted Gross Income	105,344	75,944	29,400	75,944	29,400
ITEMIZED DEDUCTIONS					
16a State Income Tax	7,453	5,379	1,405	5,379	1,405
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	7,453	5,379	1,405	5,379	1,405
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	7,453	5,379	1,405	5,379	1,405
21 High Income Reduction	0	0	0	0	0

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		John	Mary	John	Mary
22 Other Not Reduced	0	0	0	0	0
23 Total Itemized or	7,453	5,379	1,405	5,379	1,405
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	78,944	59,044	17,200	59,044	17,200
27 Taxable Income Excluding Dividends + LT Capital Gain	75,944	58,044	15,200	58,044	15,200
28 Tax on Regular Income	11,236	10,636	1,673	10,636	1,673
29 Tax on Dividends + LT Cap Gain Inc	450	150	0	150	0
30 Less: Child Care Credit	(60)	0	(81)	0	(81)
31 Education Credits/Other Credits	0	0	0	0	0
32 Tax Before Refundable Credits	11,626	10,786	1,592	10,786	1,592
33 Child Tax Credit - Under Age 17	(2,000)	(1,950)	0	(950)	0
34 Earned Income Credit	0	0	(1,063)	0	(1,063)
35 Making Work Pay Credit	0	0	0	0	0
36 Alternative Minimum Tax	0	0	0	0	0
37 Total Federal Tax	9,626	8,836	529	9,836	529
38 State Tax	7,453	5,379	1,405	5,379	1,405
39 Local Tax	0	0	0	0	0
40 Soc Sec/Self-Employment Tax	5,962	4,549	1,413	4,549	1,413
41 Total Taxes	23,041	18,764	3,347	19,764	3,347
42 Total Tax Both Parties	23,041		22,111		23,111
43 Marginal Federal + State Tax %	34.0%	34.0%	24.0%	34.0%	24.0%
44 Avg Tax %: Fed + State + Soc Sec	21.8%	23.9%	11.4%	25.2%	11.4%
45 Value Child Dep Exempt + Child Tax Credit	4,208	4,158	0	3,158	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: Tax law has eliminated marriage penalty at incomes under \$80,000 for 2011. This will allow more divorcing individuals to file separate returns while still married and not pay more tax. In this case there are no significant changes in taxes for any filing status.

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