

**Run Case with Each Parent Claiming Child Dep Exemp to Show Who Saves More Taxes**

**TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION**

| Last Name: Wealthy                                 | 2011    |         |
|--|---------|---------|
|  | James   | Martha  |
| 1 No. Child Dependency Exemptions Age 17 & Over    | 0       | 0       |
| 2 No. Child Dependency Exemptions Under Age 17     | 2       | 2       |
| 3 Taxes Saved by Claiming Children                 |         |         |
| Federal Tax  | \$2,590 | \$1,850 |
| State Tax  | 0       | 0       |
| 4 Federal + State Tax Savings Dependency Exemption | \$2,590 | \$1,850 |
| 5 Tax Savings Under Age 17 Child Tax Credit        | 0       | 0       |
| 6 Total Tax Savings from Both                      | \$2,590 | \$1,850 |

**DETAILED FEDERAL COMPUTATION**

|  |           |           |
|--|-----------|-----------|
| 7 Maximum Allowed Personal Exemption Amount  | \$3,700   | \$3,700   |
| 8 Maximum Allowed for No. of Children  | 7,400     | 7,400     |
| 9 Filing Status  | Mar Sep   | Hd Hsld   |
| 10 Threshold Amount for High Income Phaseout   | \$127,175 | \$211,950 |
| 11 Federal Adjusted Gross Income   | \$402,000 | \$118,000 |
| 12 Excess over Threshold   | 274,825   | 0         |
| 13 % Reduction = (2% for each \$2,500 of line 12<br>- \$1,250 for Mar, Sep) - for 2011 the reduction is reinstated                           | 0.00%     | 0.00%     |
| 14 High Income Phaseout Reduction (line 8 * line 13)<br>(reflects no reduction for high income in 2011))                                     | 0         | 0         |
| 15 Max Reduction in Federal Taxable Income from Child<br>Dependency Exemption Including High Income Phaseout<br>Amount (line 8 less line 14) | 7,400     | 7,400     |

**FEDERAL TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION**

|   |           |           |
|---|-----------|-----------|
| 16 Taxable Income Before Child Dependency Exemption<br>(Excl Dividends & Capital Gains)   | \$347,643 | \$105,800 |
| 17 Marginal Tax Rate for this Income Level  | 35.0%     | 25.0%     |
| 18 Next Lower Tax Bracket Amount  | 189,575   | 46,250    |
| 19 Tax Rate for Lower Bracket (if needed)   | 33.0%     | 15.0%     |
| 20 Federal Tax Savings from Child Dependency Exemption<br>(Line 15 allocated between tax brackets using actual rates - low income<br>also reflects use of child care & education credits) | \$2,590   | \$1,850   |

**STATE INCOME TAX SAVINGS FROM CHILD DEP EXEMPTION**

(If itemized deductions are used in federal tax calc, state tax savings shown have been reduced by marginal federal tax %)

|     |     |
|-----|-----|
| \$0 | \$0 |
|-----|-----|

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