

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

**TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION**

Last Name: Jones	2011	
	<u>James</u>	<u>Mary</u>
1 No. Child Dependency Exemptions Age 17 & Over	0	0
2 No. Child Dependency Exemptions Under Age 17	2	2
<b>3 Taxes Saved by Claiming Children</b>		
Federal Tax	\$1,850	\$1,110
State Tax	107	91
<b>4 Federal + State Tax Savings Dependency Exemption</b>	<b>\$1,957</b>	<b>\$1,201</b>
5 Tax Savings Under Age 17 Child Tax Credit	1,150	2,000
<b>6 Total Tax Savings from Both</b>	<b>\$3,107</b>	<b>\$3,201</b>

**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	Single	Hd Hsld
10 Threshold Amount for High Income Phaseout	\$169,550	\$211,950
11 Federal Adjusted Gross Income	\$91,013	\$41,366
12 Excess over Threshold	0	0
13 % Reduction = (2% for each \$2,500 of line 12 - \$1,250 for Mar, Sep) - for 2011 the reduction is reinstated	0.00%	0.00%
14 High Income Phaseout Reduction (line 8 * line 13) (reflects no reduction for high income in 2011))	0	0
15 Max Reduction in Federal Taxable Income from Child Dependency Exemption Including High Income Phaseout Amount (line 8 less line 14)	7,400	7,400

**FEDERAL TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION**

16 Taxable Income Before Child Dependency Exemption (Excl Dividends & Capital Gains)	\$80,513	\$23,510
17 Marginal Tax Rate for this Income Level	25.0%	15.0%
18 Next Lower Tax Bracket Amount	34,500	12,150
19 Tax Rate for Lower Bracket (if needed)	15.0%	10.0%
<b>20 Federal Tax Savings from Child Dependency Exemption</b> (Line 15 allocated between tax brackets using actual rates - low income also reflects use of child care & education credits)	<b>\$1,850</b>	<b>\$1,110</b>

**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 %)

<b>\$107</b>	<b>\$91</b>
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