

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>Jim</u>	<u>Mary</u>	<u>Jim</u>	<u>Mary</u>
	Mar Joint	Single	Hd Hsid	Hd Hsid	Hd Hsid
1 Filing Status	WI	WI	WI	WI	WI
2 State (for Income Tax)	4	3	1	3	1
3 Exemptions Including Taxpayer	2	2	0	2	0
4 No. Under Age 17 Child Credit					
GROSS INCOME					
5 Salary	90,000	60,000	30,000	60,000	30,000
5a Salary Adjustments	0	0	0	0	0
6 Self-Employment Income	10,000	10,000	0	10,000	0
6a Self-Employment Income Adjustments	0	0	0	0	0
7 Alimony Received	0	0	8,100	0	8,100
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	103,000	71,000	40,100	71,000	40,100
ADJUSTMENTS TO INCOME					
11 Alimony Paid	0	8,100	0	8,100	0
12 Other Adjustments	621	621	0	621	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	621	8,721	0	8,721	0
15 Adjusted Gross Income	102,379	62,279	40,100	62,279	40,100
ITEMIZED DEDUCTIONS					
16a State Income Tax	5,414	3,487	1,927	3,487	1,927
16b Local Income Tax	0	0	0	0	0
16c State & Local Sales Tax	1,041	752	488	752	488
16d Greater of lines 16a + 16b or line 16c	5,414	3,487	1,927	3,487	1,927
17 Real Estate Taxes	5,000	0	5,000	0	5,000
18 Mortgage Interest	6,000	0	6,000	0	6,000
19 Other	0	0	0	0	0
20 Total Subject to Reduction	16,414	3,487	12,927	3,487	12,927
21 High Income Reduction	0	0	0	0	0

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		Jim	Mary	Jim	Mary
22 Other Not Reduced	0	0	0	0	0
23 Total Itemized or	16,414	3,487	12,927	3,487	12,927
24 Standard Deduction	11,600	5,800	8,500	8,500	8,500
25 Less Exemptions Allowed including high income reduction	14,800	11,100	3,700	11,100	3,700
26 Total Taxable Income	71,165	45,379	23,473	42,679	23,473
27 Taxable Income Excluding Dividends + LT Capital Gain	69,165	44,379	22,473	41,679	22,473
28 Tax on Regular Income	9,541	7,220	2,763	5,644	2,763
29 Tax on Dividends + LT Cap Gain Inc	300	150	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	9,241	7,370	2,103	5,644	2,103
33 Child Tax Credit - Under Age 17	(2,000)	(2,000)	0	(2,000)	0
34 Earned Income Credit	0	0	0	0	0
35 Making Work Pay Credit	0	0	0	0	0
36 Alternative Minimum Tax	0	0	0	0	0
37 Total Federal Tax	7,241	5,370	2,103	3,644	2,103
38 State Tax	5,414	3,487	1,927	3,487	1,927
39 Local Tax	0	0	0	0	0
40 Soc Sec/Self-Employment Tax	6,327	4,632	1,695	4,632	1,695
41 Total Taxes	18,982	13,489	5,725	11,763	5,725
42 Total Tax Both Parties	18,982		19,214		17,488
43 Marginal Federal + State Tax %	29.9%	31.5%	20.5%	21.5%	20.5%
44 Avg Tax %: Fed + State + Soc Sec	18.4%	19.0%	14.3%	16.6%	14.3%
45 Value Child Dep Exempt + Child Tax Credit	3,918	3,941	0	3,484	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: The tax rates for Married, Separate in WI are significantly higher than rates for Single taxpayers. This will lead more divorcing individuals to continue to file joint returns while still married and save over filing separate returns. This report provides accurate comparisons to assist divorcing individuals in their tax planning.

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