

5 Tax Alternatives can be Shown Side by Side

**SUMMARY OF TAX OPTIONS FOR 2008**

Last Name: Jones	Married Joint	2 Divorced in 2008		3 Stay Mar'd Sep Ret	
		James	Martha	James	Martha
1 Filing Status		Single	Hd Hsld	Mar Sep	Hd Hsld
2 State (for Income Tax)		MS	MS	MS	MS
3 Exemptions Including Taxpayer	4	3	1	3	1
4 No. Under Age 17 Child Credit	2	2	0	2	0
<b>GROSS INCOME</b>					
5 Salary	105,000	70,000	35,000	70,000	35,000
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	4,000	0	4,000
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	113,000	76,000	41,000	76,000	41,000
<b>ADJUSTMENTS TO INCOME</b>					
11 Alimony Paid	0	4,000	0	4,000	0
12 Other Adjustments	354	354	0	354	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	354	4,354	0	4,354	0
<b>15 Adjusted Gross Income</b>	<b>112,646</b>	<b>71,646</b>	<b>41,000</b>	<b>71,646</b>	<b>41,000</b>
<b>ITEMIZED DEDUCTIONS</b>					
16a State Income Tax	4,182	2,817	1,000	2,817	1,000
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	4,182	2,817	1,000	2,817	1,000
17 Real Estate Taxes	3,500	0	3,500	0	3,500
18 Mortgage Interest	6,500	0	6,500	0	6,500
19 Other	0	0	0	0	0
20 Total Subject to Reduction	14,182	2,817	11,000	2,817	11,000
21 High Income Reduction	0	0	0	0	0

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		James	Martha	James	Martha
22 Other Not Reduced	0	0	0	0	0
23 Total Itemized or	14,182	2,817	11,000	2,817	11,000
24 Standard Deduction	10,900	5,450	8,000	5,450	8,000
25 Less Exemptions Allowed including high income reduction	14,000	10,500	3,500	10,500	3,500
26 Total Taxable Income	84,464	55,696	26,500	58,329	26,500
27 Taxable Income Excluding Dividends + LT Capital Gain	82,464	55,696	24,500	58,329	24,500
28 Tax on Regular Income	13,304	10,268	3,103	10,926	3,103
29 Tax on Dividends + LT Cap Gain Inc	300	0	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	13,004	10,268	2,443	10,926	2,443
33 Child Tax Credit - Under Age 17	(1,850)	(2,000)	0	(1,150)	0
34 Earned Income Credit	0	0	0	0	0
35 Alternative Minimum Tax	0	0	0	0	0
36 Total Federal Tax	11,154	8,268	2,443	9,776	2,443
37 State Tax	4,182	2,817	1,000	2,817	1,000
38 Local Tax	0	0	0	0	0
39 Soc Sec/Self-Employment Tax	8,740	6,062	2,678	6,062	2,678
40 Total Taxes	24,076	17,147	6,121	18,655	6,121
41 Total Tax Both Parties	24,076		23,268		24,776
42 Marginal Federal + State Tax %	30.0%	30.0%	20.0%	30.0%	20.0%
43 Avg Tax %: Fed + State + Soc Sec	21.3%	22.6%	14.9%	24.5%	14.9%
44 Value Child Dep Exempt + Child Tax Credit	3,713	3,900	0	3,013	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:

The tax law has eliminated marriage tax penalty at incomes under \$80,000 for 2008. In this case, there is a tax savings if the individuals get divorced in 2008.

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