

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

TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION

Last Name: Jones	2010	
	James	Mary
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	\$1,825	\$1,095
State Tax	107	91
4 Federal + State Tax Savings Dependency Exemption	\$1,932	\$1,186
5 Tax Savings Under Age 17 Child Tax Credit	1,200	2,000
6 Total Tax Savings from Both	\$3,132	\$3,186

DETAILED FEDERAL COMPUTATION

7 Maximum Allowed Personal Exemption Amount	\$3,650	\$3,650
8 Maximum Allowed for No. of Children	7,300	7,300
9 Filing Status	Single	Hd Hsld
10 Threshold Amount for High Income Phaseout	\$167,100	\$208,850
11 Federal Adjusted Gross Income	\$90,568	\$41,725
12 Excess over Threshold	0	0
13 % Reduction = (2% for each \$2,500 of line 12 - \$1,250 for Mar, Sep) - for 2010 the reduction is eliminated	0.00%	0.00%
14 High Income Phaseout Reduction (line 8 * line 13) (reflects no reduction for high income in 2010)	0	0
15 Max Reduction in Federal Taxable Income from Child Dependency Exemption Including High Income Phaseout Amount (line 8 less line 14)	7,300	7,300

FEDERAL TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION

16 Taxable Income Before Child Dependency Exemption (Excl Dividends & Capital Gains)	\$80,218	\$23,899
17 Marginal Tax Rate for this Income Level	25.0%	15.0%
18 Next Lower Tax Bracket Amount	34,000	11,950
19 Tax Rate for Lower Bracket (if needed)	15.0%	10.0%
20 Federal Tax Savings from Child Dependency Exemption (Line 15 allocated between tax brackets using actual rates - low income also reflects use of child care & education credits)	\$1,825	\$1,095

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 %)

\$107	\$91
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