

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

TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION

Last Name: Jones	2008	
	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	\$1,779	\$1,050
State Tax	107	91
4 Federal + State Tax Savings Dependency Exemption	\$1,886	\$1,141
5 Tax Savings Under Age 17 Child Tax Credit	1,250	2,000
6 Total Tax Savings from Both	\$3,136	\$3,141

DETAILED FEDERAL COMPUTATION

7 Maximum Allowed Personal Exemption Amount	\$3,500	\$3,500
8 Maximum Allowed for No. of Children	7,000	7,000
9 Filing Status	Single	Hd Hsld
10 Threshold Amount for High Income Phaseout	\$159,950	\$199,950
11 Federal Adjusted Gross Income	\$89,768	\$42,525
12 Excess over Threshold	0	0
13 % Reduction = (2% for each \$2,500 of line 12 \$1,250 for Mar, Sep) - for 2008 2/3 of reduction is eliminated	0.00%	0.00%
14 High Income Phaseout Reduction (line 8 * line 13) (reflects elimination of 2/3 of high income reduction in 2008 - no reduction for high income after 2009)	0	0
15 Max Reduction in Federal Taxable Income from Child Dependency Exemption Including High Income Phaseout Amount (line 8 less line 14)	7,000	7,000

FEDERAL TAX SAVINGS FROM CHILD DEPENDENCY EXEMPTION

16 Taxable Income Before Child Dependency Exemption (Excl Dividends & Capital Gains)	\$79,818	\$24,803
17 Marginal Tax Rate for this Income Level	28.0%	15.0%
18 Next Lower Tax Bracket Amount	78,850	11,450
19 Tax Rate for Lower Bracket (if needed)	25.0%	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)	\$1,779	\$1,050

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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