

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	Mary	James	Mary
1 Filing Status		Single	Hd Hsld	Mar Sep	Hd Hsld
2 State (for Income Tax)		VA	VA	VA	VA
3 Exemptions Including Taxpayer	4	1	3	1	3
4 No. Under Age 17 Child Credit	2	0	2	0	2
GROSS INCOME					
5 Salary	120,000	90,000	30,000	90,000	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	10,525	0	10,525
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	133,000	101,000	42,525	101,000	42,525
ADJUSTMENTS TO INCOME					
11 Alimony Paid	0	10,525	0	10,525	0
12 Other Adjustments	707	707	0	707	0
13 Interest Student Loans	0	0	0	0	0
14 Total Adjustments	707	11,232	0	11,232	0
15 Adjusted Gross Income	132,293	89,768	42,525	89,768	42,525
ITEMIZED DEDUCTIONS					
16a State Income Tax	6,359	4,707	1,222	4,673	1,222
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	6,359	4,707	1,222	4,673	1,222
17 Real Estate Taxes	4,000	0	4,000	0	4,000
18 Mortgage Interest	7,000	0	7,000	0	7,000
19 Other	0	0	0	0	0
20 Total Subject to Reduction	17,359	4,707	12,222	4,673	12,222
21 High Income Reduction	0	0	0	(98)	0

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Last Name: Jones	Married Joint	2 Divorced in 2008		3 Stay Mar'd, Sep Ret	
		James	Mary	James	Mary
22 Other Not Reduced	0	0	0	0	0
23 Total Itemized or	17,359	4,707	12,222	4,575	12,222
24 Standard Deduction	10,900	5,450	8,000	5,450	8,000
25 Less Exemptions Allowed including high income reduction	14,000	3,500	10,500	3,500	10,500
26 Total Taxable Income	100,934	80,818	19,803	81,693	19,803
27 Taxable Income Excluding Dividends + LT Capital Gain	97,934	79,818	17,803	80,693	17,803
28 Tax on Regular Income	17,171	16,327	2,098	16,966	2,098
29 Tax on Dividends + LT Cap Gain Inc	450	150	0	150	0
30 Less: Child Care Credit	(600)	0	(630)	0	(630)
31 Education Credits/Other Credits	0	0	0	0	0
32 Tax Before Refundable Credits	17,021	16,477	1,468	17,116	1,468
33 Child Tax Credit - Under Age 17	(850)	0	(2,000)	0	(2,000)
34 Earned Income Credit	0	0	0	0	0
35 Alternative Minimum Tax	0	0	0	0	0
36 Total Federal Tax	16,171	16,477	(532)	17,116	(532)
37 State Tax	6,359	4,707	1,222	4,673	1,222
38 Local Tax	0	0	0	0	0
39 Soc Sec/Self-Employment Tax	10,593	8,298	2,295	8,298	2,295
40 Total Taxes	33,123	29,482	2,985	30,087	2,985
41 Total Tax Both Parties	33,123		32,467		33,072
42 Marginal Federal + State Tax %	29.3%	33.8%	19.9%	32.4%	19.9%
43 Avg Tax %: Fed + State + Soc Sec	24.9%	29.2%	7.0%	29.8%	7.0%
44 Value Child Dep Exempt + Child Tax Credit	2,680	0	3,141	0	3,141

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 rates in VA for Single and Married, Separate are the same. This will allow more divorcing individuals to file separate returns while still married and save over a Married, Joint return. In this case there is not a great difference in taxes under the 3 scenarios.

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