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Does Marriage Complicate Your Tax Return?

In spite of legislative changes and political hype, the "marriage penalty" that has existed in the tax laws is far from gone.

A "marriage penalty" still exists in several areas of the tax law. Recent tax legislation made the standard deduction, and the 10 and 15 percent rate brackets for married persons filing jointly, exactly double those for single individuals. However, the penalty built into rate schedules still applies to couples with higher incomes.

Adding complexity, the changes "sunset" in 2010. Experts have pointed out several other provisions of the tax law that have extraordinary effect on married persons filing joint returns, but Congress has shown little interest in genuine reform to eliminate them.

Limits on education credits, IRA contributions, and various "phaseout" provisions may or may not deal equitably with married vs. unmarried persons. The value of dependency exemptions for children and the availability of child tax credits may change when two incomes are combined in one tax return.

Your income tax liability is just one important financial consideration when planning marriage. We can help you prepare the necessary information for a pre-nuptial agreement, arrange reviews of your credit records and those of your prospective spouse, project your joint tax liability for estimated tax purposes, and help the two of you prepare a coordinated financial plan. Just call for an appointment.