

Examples of Income Tax Liability Under an Income Tax on Federal Adjusted Gross Income

- I. A married couple, both age 23 with two dependents, with Federal Adjusted Gross Income of \$19,000 (the 2002 federal poverty guidelines for a family of four is \$18,000). They normally would take the standard deduction.

Current Income Tax =\$411

Hypothetical Tax = \$0

- II. A married couple, both over 65, with Federal Adjusted Gross Income of \$60,000. \$25,000 of total FAGI is from social security income. They normally would take the standard deduction.

Current Income Tax =\$56

Hypothetical Tax = \$675

- III. A married couple, both age 40 with two dependents, with Federal Adjusted Gross Income of \$75,000. The couple has eligible itemized deductions of \$12,500.

Current Income Tax =\$3,152

Hypothetical Tax = \$3,062

- IV. A married couple, both age 45 with two dependents, with Federal Adjusted Gross Income of \$110,000. The couple has eligible itemized deductions of \$20,000.

Current Income Tax =\$4,733

Hypothetical Tax = \$5,250

- V. A single person 30 years old with FAGI of \$35,000 who normally takes the standard deduction.

Current Income Tax =\$1,536

Hypothetical Tax = \$675

- VI. A single person 45 years old with FAGI of \$70,000 who has eligible itemized deductions of \$15,000.

Current Income Tax =\$2,859

Hypothetical Tax = \$2,750