

TAXCLC98 Support Materials

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The materials copied onto your diskette are spreadsheet files created using Microsoft Works software. They will also run on Lotus 1-2-3, Lotus Works, Microsoft Excel, and Quatro Pro spreadsheet software. You will need a personal computer ("IBM" compatible) and one of the named spreadsheet software programs to run TAXCLC98. After you have the file loaded, you can proceed to its use. This computer spreadsheet file and these materials are public domain and copying and free distribution is encouraged.

1) Step by Step Explanation of Use

Always make entries in the left (Man) column first. (program automatically repeats items from left column to right column where applicable)

- Lines 1 & 2 Enter the case name and number if you wish. (Generally unnecessary unless you plan to print.)
- Line 7 Enter Age; this allows calculation of Earned Income credit for some single people and provides the extra standard deduction for those 65 years of age or older.
- Line 8 Enter Filing Status of Man. "1" is Single, "2" is Head of Household, "3" is Married, Joint, and "4" is Married, Separate. These codes are at the foot of the first page of the spreadsheet to remind you.
- Line 9 Enter number of exemptions. Each taxpayer would normally have their own, plus any for dependent children that the Judge assigns to them.
- Line 10 Enter the number of exemptions for children under the age of 17 years.
- Line 11 Enter FICA Status. "1" is for employee, "2" is for self-employed
- Line 12 Enter Annual earned income (like wages, salaries, commissions)
- Line 13 Enter Annual other taxable income (interest, dividends, net rents, etc.)
- Line 14 Enter number of dependent children living with that parent This information permits a default child support feature and the earned income credit calculations to be made.
- Line 15 Program automatically shows the basic percentage standard child support amount and assumes that Man will pay it. If Woman will in fact be paying, enter "0" here and continue to next line. If the percentage standards are not being used, or if a shared time or serial payor calculation apply simply enter the applicable annual child support amount.
- Line 16 No entry necessary if Man is paying child support. Enter annual amount Woman is paying Man here.

- Line 17 Enter annual Maintenance to be paid as you select.
 Line 18 Enter annual Maintenance to be received as selected.
 Line 19 Enter Real Estate Taxes on residence, for deduction purposes.
 Line 20 Enter annual home mortgage interest, for deduction purposes.
 Line 21 If other itemized deductions are foreseeable, enter annual amount but do not include state income taxes as the program automatically handles that deduction. Program automatically selects the greater of standard or itemized deductions. Remember that some itemized deductions, like medical expenses, are only deductible to the extent they exceed 2% of adjusted gross income.
- at Line 22 Enter annual rent paid. If Heat is included in rent, put at the first "0" in column B. If heat is not included, is paid by tenant separately, put the second "0" in column C. This information allows calculation of the State Renters Credit on the Income Tax.
- Line 23 Enter annual child care expenses for children in household under 13 years of age. This allows child care expense credit calculation. Be sure of eligibility.

Program completes lines 24 through 34 automatically to show:

Monthly Disposable Income

Monthly disposable income is what a person has after paying federal and state income taxes less credits, paying child support and maintenance, and receiving child support and maintenance.

Now repeat the process for the "Woman" column.

Lines 38-41 Enter alternate assumptions for maintenance and/or child support. Program assumes that all other entries remain the same in giving result.

2) Caveats, Cautions, and Tips

1. Garbage in, Garbage out
2. This is based on tax law of a specific year as indicated by title (e.g. TAXCLC98 is 1998 tax law); state income tax is based on Wisconsin law.
3. Inputs (like income) must be annual amount, just like tax returns
4. You must decide what filing status, FICA status, exemption allocations, and itemized deductions are supportable and allowable
5. Program only does a basic tax calculation; some estimation is used.

The only credits which are included are property tax/rent credit, child care, and the federal and state earned income credit. Program will not figure the earned income credit unless "# of children" is entered and taxpayer claims head of household or married separate filing status.

Tax free income is not accommodated
Alternate minimum tax is not figured
Unusual income like social security is not accommodated

6. **Don't get cocky**
7. This program is an aid to application of the law to the facts; a Judge's proper function without experts or treatises, if the judge knows what he or she is doing. (applies state and federal tax laws to facts found by Judge)
To use this program a judge or lawyer should be able to understand the calculations involved well enough to replicate them with the assistance of notes and instructions.
8. Put any numbers relied upon on the record, so that counsel or court can check and bring motions to correct for calculation errors or error in application of law.
9. Judges should show counsel what you're doing. Demonstrate at pretrial or in chambers during break.
10. Consideration of tax impact is legally required. Secs. 767.25(1m)(h) and 767.26(7). (like it or not!)
11. When using the program, do not use the delete key to clear the cursor box as this will erase formula. Either enter new matter right over the top or use the backspace key to clear the cursor box.
12. This program is no substitute for a CPA in cases involving unusual or complex matters. It is an excellent estimator and, if used properly, is quite accurate for most cases.
13. See *In re the Marriage of Bisone*, 165 Wis.2d 114, 477 N.W.2d 59 (Ct. App. 1991) for appellate approval of use of a computer for this purpose and a discussion of the ways to do so properly. (The trial judge in that case authored these materials and the computer spreadsheet and it is this spreadsheet that was used in the case.)
14. This program is made available to all Wisconsin Circuit Judges through the Circuit Court Automation Project of the State Court Directors office. It is taught at the annual Judicial College attended by Circuit Judges and the biannual Family Law Seminar for Judges.
15. The tax law data are set forth below the primary screen area, showing for example, the personal exemption level, bracket levels, exemption and deduction phase out levels, social security tax cap amount and the like. Intermediate calculations are also displayed below on pages 2, 3, & 4.

For more information, please call me at 414-548-7522 or write at Waukesha County Courthouse, 515 W. Moreland Blvd., Waukesha, WI 53188.

For copies of the file and instructions, send a self-addressed envelop and a formatted 3.5 inch diskette to me with sufficient postage to return the diskette and about 15 pages of materials. (Also available is a file to do the child support for shared placement payors.)

4) Printout of Computer Screen as Seen During Use

Name
Case #

1/19/98

ANALYSIS OF DISPOSABLE INCOME
TAXCLC98

MAN	Age:	18	WOMAN	Age:	18
Filing Status:		1	Filing Status:		1
Exemptions:		1	Exemptions:		1
Exemptions < Age 17		0	Exemptions < Age 17		0
Soc Sec Status:		1	Soc Sec Status:		1
Earned Income:		0	Earned Income:		0
Other Income:		0	Other Income:		0
# of Children with:		0	# of Children with:		1
Child Sup. Paid		0	Child Sup. Paid		0
Child Sup. Rec.		0	Child Sup. Rec.		0
Maintenance Pd.		0	Maintenance Pd.		0
Maintenance Rec.		0	Maintenance Rec.		0
RE Tax on Home		0	RE Tax on Home		0
Interest on Home		0	Interest on Home		0
Other Itemized Deduc		0	Other Itemized Deduc		0
Rent-ht/no	0	0	Rent-ht/no	0	0
Child Care		0	Child Care		0
Monthly Disposable		0	Monthly Disposable		0
Income			Income		
<u>Taxable Income</u>		0	<u>Taxable Income</u>		0
<u>Fed Inc Tax</u>		0	<u>Fed Inc Tax</u>		0
<u>Child Tax Credit</u>		0	<u>Child Tax Credit</u>		0
<u>Child Care Credit</u>		0	<u>Child Care Credit</u>		0
<u>Earned Income Credit</u>		0	<u>Earned Income Credit</u>		0
<u>Soc Sec Tax</u>		0	<u>Soc Sec Tax</u>		0
<u>State Inc Tax</u>		0	<u>State Inc Tax</u>		0
<u>Total Net Tax</u>		0	<u>Total Net Tax</u>		0

ALTERNATE ASSUMPTIONS

MAN		WOMAN	
Maint. Pd.		0 Maint. Pd.	0
Child Sup. Pd.		0 Child Sup. Pd.	0
DISP INC / MO		0 DISP INC / MO	0
Maint. Pd.		0 Maint. Pd.	0
Child Sup. Pd.		0 Child Sup. Pd.	0
DISP INC / MO		0 DISP INC / MO	0

KEY

For Filing Status, 1=Single, 2=Head of Houshld, 3=Married Jt
4=Married Sep. For Soc Sec status, 1=Employee, 2=Self Employed
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by Mac Davis