



# Married Returns

*Electing your Optimal Filing Status* ←←

## Common Misconceptions

It is not uncommon to receive advice on how to live a happy marriage. However, well meaning advice can sometimes have negative consequences. Are you equipped with the best knowledge?

*Each year, thousands of married couples elect to file their taxes separately. This decision is often based on poor tax advice and can put taxpayers at a sizeable disadvantage when filing their returns.*

## Real World Example

Terry and Jordan got married early last year and are planning to file their taxes for the first time as a couple. Jordan is a postal worker who earned \$30,000 this year and Terry is a retired school teacher who collects \$12,000 in social security benefits. Jordan is worried that they didn't withhold enough taxes during the year and doesn't want to burden Terry with a tax payment. What should the couple do?

### Filing Separately

If Terry and Jordan elect separately, they must file two different returns. Unless they file through UGA VITA, they will likely pay double for tax preparation fees.

Terry will not pay any taxes on their social security benefit, but Jordan could pay more than \$1,500 in taxes on their income.

The couple keeps less household income if they elect to file separately.

### Married Filing Jointly

Electing to file a joint tax return typically provides couples with the *greatest* tax benefits:

- Higher Refunds
- Lower Taxable Income
- Greater joint Tax Credit Opportunities

### Married Filing Separately

Filing separately is typically reserved for couples who are legally separated, in the process of divorce, or other special circumstances in which it is in the best interest for one spouse to separate themselves from the other spouse's tax liability. Downsides to filing separately include:

- Lower Average Refunds
- Higher Taxable Income
- Limited Tax Credit Opportunities

### Filing Jointly

If Terry and Jordan elect to file *jointly*, they can only file one tax return. Compared to two separate returns, this helps save the couple tax preparation fees!

Terry still doesn't pay taxes on their social security benefits, but filing jointly provides Jordan with extra tax savings. Jordan could save up to \$1,400 in taxes!

The couple keeps more household income if they elect to file *jointly*.

## What's the Best Option?

In most cases, electing to file Married Filing Jointly is the best option for couples seeking to maximize their refund and minimize their taxes. However, each couple's tax situation is different, so it is best to seek advice from a professional such as a CPA, Enrolled Agent, Financial Planner, or VITA Certified Tax Volunteer.