

Federal Tax Scenarios

These scenarios do not address Federal income tax issues and are for illustration purposes only to demonstrate the potential income tax savings for individuals based on the Federal Tax Incentives of August 2006.

All of the cases assume a married couple, filing jointly in 2006, with two (2) exemptions. Please note that these are very limited examples, with very limited variations.

We cannot provide tax and legal advice, and recommend that you consult with your own tax and legal advisors when considering placing your land into a conservation easement.

\$50,000 of income, no deductions:

Adjusted Gross Income - \$50,000
Itemized Deductions - \$0
Taxable Income - \$33,100
Net Federal Tax - \$4,210

\$50,000 of income and a \$500,000 easement donation, taken up to 30% of AGI:

Adjusted Gross Income - \$50,000
Itemized Deductions - \$15,000
Taxable Income - \$28,400
Net Federal Tax - \$3,505

\$50,000 of income, with a \$500,000 easement donation, taken up to 50% of AGI:

Adjusted Gross Income - \$50,000
Itemized Deductions - \$25,000
Taxable Income - \$18,400
Net Federal Tax - \$2,005

\$50,000 of income, with a \$500,000 deduction, taken up to 100% of AGI:

Adjusted Gross Income - \$50,000
Itemized Deductions - \$50,000
Taxable Income - \$6,600
Net Federal Tax - \$0

\$100,000 of income, no deductions:

Adjusted Gross Income - \$100,000
Itemized Deductions - \$0
Taxable Income - \$83,100
AMTI Net of Exemption - \$37,450
Schedule or Table Tax - \$13,890
Tentative Minimum Tax - \$9,737
Net Federal Tax - \$13,890

\$100,000 of income, with a \$500,000 easement deduction, taken up to 30% of AGI

Adjusted Gross Income - \$100,000
Itemized Deductions - \$30,000
Taxable Income - \$63,400
AMTI Net of Exemption - \$7,450
Schedule or Table Tax - \$8,965
Tentative Minimum Tax - \$1,937
Net Federal Tax - \$8,965

\$100,000 of income, with a \$500,000 easement deduction, taken up to 50% of AGI:

Adjusted Gross Income - \$100,000
Itemized Deductions - \$50,000
Taxable Income - \$43,400
Net Federal Tax - \$5,755

\$100,000 of income, with a \$500,000 deduction, taken up to 100% of AGI:

Adjusted Gross Income - \$100,000
Itemized Deductions - \$100,000
Taxable Income - \$6,600
Net Federal Tax - \$0

\$200,000 of income, no deductions:

Adjusted Gross Income - \$200,000
Itemized Deductions - \$0
Taxable Income - \$149,950
AMTI Net of Exemption - \$167,500
Schedule or Table Tax - \$40,672
Tentative Minimum Tax - \$38,987
Net Federal Tax - \$40,672

\$200,000 of income, with a \$500,000 easement donation, taken up to 30% of AGI:

Adjusted Gross Income - \$200,000
Itemized Deductions - \$59,010
Taxable Income - \$134,390
AMTI Net of Exemption - \$77,450
Schedule or Table Tax - \$27,033
Tentative Minimum Tax - \$20,137
Net Federal Tax - \$27,033

\$200,000 of income, with a \$500,000 easement deduction, taken up to 50% of AGI:

Adjusted Gross Income - \$200,000
Itemized Deductions - \$99,010
Taxable Income - \$94,390
AMTI Net of Exemption - \$37,450
Schedule or Table Tax - \$16,713
Tentative Minimum Tax - \$9,737
Net Federal Tax - \$16,713

\$200,000 of income, with a \$500,000 deduction, taken up to 100% of AGI:

Adjusted Gross Income - \$200,000
Itemized Deductions - \$199,010
Taxable Income - \$5,610
Net Federal Tax - \$0

\$500,000 of income, no deductions:

Adjusted Gross Income - \$500,000
Itemized Deductions - \$0
Taxable Income - \$487,500
AMTI Net of Exemption - \$500,000
Schedule or Table Tax - \$143,876
Tentative Minimum Tax - \$136,500
Net Federal Tax - \$143,876

\$500,000 of income, with a \$500,000 easement deduction, taken up to 30% of AGI:

Adjusted Gross Income - \$500,000
Itemized Deductions - \$143,010
Taxable Income - \$354,790
AMTI Net of Exemption - \$337,450
Schedule or Table Tax - \$97,427
Tentative Minimum Tax - \$90,986
Net Federal Tax - \$97,427

\$500,000 of income, with a \$500,000 easement deduction, taken up to 50% of AGI:

Adjusted Gross Income - \$500,000
Itemized Deductions - \$243,010
Taxable Income - \$254,790
AMTI Net of Exemption - \$212,450
Schedule or Table Tax - \$64,062
Tentative Minimum Tax - \$55,986
Net Federal Tax - \$64,062

\$500,000 of income, with a \$500,000 deduction, taken up to 100% of AGI:

Adjusted Gross Income - \$500,000
Itemized Deductions - \$493,010
Taxable Income - \$4,790
AMTI Net of Exemption - \$0
Net Federal Tax - \$479

\$1,000,000 of income, no deductions:

Adjusted Gross Income - \$1,000,000
Itemized Deductions - \$0
Taxable Income - \$987,500
AMTI Net of Exemption - \$1,000,000
Schedule or Table Tax - \$318,876
Tentative Minimum Tax - \$276,500
Net Federal Tax - \$318,876

\$1,000,000 of income, with a \$500,000 easement donation, taken up to 30% of AGI:

Adjusted Gross Income - \$1,000,000
Itemized Deductions - \$283,010
Taxable Income - \$714,790
AMTI Net of Exemption - \$700,000
Schedule or Table Tax - \$223,427
Tentative Minimum Tax - \$192,500
Net Federal Tax - \$223,427

\$1,000,000 of income, with a \$500,000 easement donation, taken up to 50% of AGI:

Adjusted Gross Income - \$1,000,000
Itemized Deductions - \$483,010
Taxable Income - \$514,790
AMTI Net of Exemption - \$500,000
Schedule or Table Tax - \$153,427
Tentative Minimum Tax - \$136,500
Net Federal Tax - \$153,427

\$1,000,000 of income, with a \$1,000,000 deduction, taken up to 100% of AGI:

Adjusted Gross Income - \$1,000,000
Itemized Deductions - \$983,010
Taxable Income - \$14,790
AMTI Net of Exemption - 0
Schedule or Table Tax - \$1,479
Net Federal Tax - \$1,479

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