

IEMS 326, Homework 3, Due 11/9/2012

For each problem, please write a few sentences summarizing your (tax) advice.

1. Newnan et al., chapter 12, #5. Then consider the following extensions:
 - a) Include the effects of a flat 9.5% state corporate tax and flat 5% state income tax.
 - b) Would the benefits of incorporation change if Jane decided to increase her salary to \$60,000? (Include the effects of extension a.)
 - c) What if Jane married Bill who has a job paying \$80k a year and no itemized deductions? Would it make sense to file a joint return instead of separately? (Include the effects of extensions a and b.) The schedule for married individuals filing separately is on the last page of <http://www.irs.gov/pub/irs-prior/i1040tt--2007.pdf>
2. Newnan et al., chapter 12, #37 part b only.
3. Newnan et al., chapter 12, #59