

Is “Married Filing Separately” Ever the Right Filing Status?

In most cases, married couples are better off electing joint status when filing their income tax returns. In a few situations, electing to file as "married filing separately" (MFS) can be the wiser approach.

(Note: If you were married on December 31, you generally must file as either married filing jointly or MFS for the entire year.)

Texas and the other eight community property states generally allocate community income and expenses equally to each spouse, regardless of who actually earns or spends the funds. Thus, usually electing MFS is less likely to benefit residents of community property states.

Some credits and deductions are not available or are subject to stringent limitations under MFS status.

If you live in a non-community property state, electing MFS means you will only report income that you earned and deductible expenses that you paid as an individual. Electing MFS may lower a couple's combined taxes in certain situations. For example, in non-community property states, when one spouse has a disproportionate deduction of a type subject to reduction by a percentage of income (such as medical expenses, casualty losses, and miscellaneous deductions), filing MFS may produce a lower overall tax liability for the couple.

Couples who file jointly are jointly liable for that year's return, which means the IRS can pursue either spouse for all or any part of their combined taxes. If you file MFS, you are only liable for the tax that is shown (or should be shown) on your own return. Therefore, MFS status may be desirable if one spouse wants to avoid liability for the other's possible actions. This might apply where divorce or separation is a possibility or the other spouse is not reliable regarding tax or financial matters. Consult with your CPA for the best approach for your circumstances.

When considering this election, always calculate your tax both ways before filing. The Mangold Group, CPAs, PC routinely prepares and provides to the client with the tax return a comparison of "married filing jointly" versus "married filing separately" The firm prepares the return with the status more beneficial to the client. If you need assistance, please feel free to contact our office.