

fp alpha α

- **Tax Snapshot**
User Guide

Table of Contents

Introduction	2
Terms and Definitions	3
Top Summary Section	3
Marginal Income Tax Bracket	6
State Income Tax Bracket	6
Deductions	7
Charitable Contribution Deductions	7
Modified Adjusted Gross Income	7
Qualified Business Income (QBI) Analysis	8
Roth Conversion	8
Medicare Premiums	8
Estimated Tax - Safe Harbor	9
Schedule B	9
FAQs	10

Introduction

FP Alpha Tax Snapshot

The FP Alpha Tax Snapshot is one of our most popular features on the platform. Simply by uploading your client's tax return each year, you can easily generate a standardized report, with easy to read visually appealing graphics that help show clients key pieces of information located on their tax return.

The average IRS tax return is 20 pages of black and white forms that are difficult to read and analyze. The FP Alpha tax Snapshot quickly pulls out the relevant data for you, and displays that data with custom graphics that help your clients understand a bit more about their personal tax situation.

John E Adamson

Tax Planning Snapshot

Top Summary

Filing Status	Single	Own Business	No
Capital Gains or Loss	\$30,145	Effective Long Term Capital Gains Tax Rate	15%
Federal Taxes Paid'22	\$32,206	Federal Income Tax Bracket	24%
Marginal State Income Taxes	6.25%	Effective Federal Income Tax Rate	22.34%
Effective State Income Tax Rate	5.88%		

Income

Ordinary Income '22	\$116,829
Taxable Income '22	\$144,158
Adjusted Cross Income '22	\$187,259

Legend: ■ Earned ■ Passive ■ Portfolio

Marginal Income Tax Bracket-Federal

\$539,900	37%	
\$215,950	35%	
\$170,050	32%	LTCG/QD
\$144,158	24%	\$27,329
\$89,075	22%	
\$41,775	12%	
\$10,275	10%	
\$0	0%	

Long Term Capital Gains & Qualified Dividends

State Income Tax Bracket Oregon

\$25MM	10.9%
\$5MM	10.3%
\$1.08MM	9.65%
\$215.4k	6.85%
\$144.158	6.25%
\$80.65k	5.85%
\$13.9k	5.25%
\$11.7k	4.5%
\$8.5k	4%
\$0	0%

5.88%

Effective State Income Tax Rate

1

Terms and Definitions

Top Summary

Filing Status

Tax Questionnaire filing status

Realized Long Term Capital Gain/Loss

Schedule D Line 15, *Net Long-Term Capital Gain (or Loss)*

Realized Short Term Capital Gain/Loss

Schedule D Line 7, *Net Short-Term Capital Gain (or Loss)*

Capital Gain or Loss (Either the two above or just this field if no Sch D)

If the return does not have Schedule D, we show the 1040 Line 7, *Capital Gains or Loss*

Short Term Capital Loss Carryover

Schedule D Line 6, *Short-term capital loss carryover*

Long Term Capital Loss Carryover

Schedule D Line 14, *Long-term capital loss carryover*

Capital Loss Carryforward

Sch D Line 16, *Total Capital Net Gain/Loss*
- Sch D Line 21, *Carryover used*

**Only applies if Line 16 is a loss (negative)*

**Combines both short and long term*

Owns Business

General Questionnaire

Long Term Capital Gains Tax Rate

Qualified Dividends, 1040 Line 3a
 + Long term Capital Gains, Schedule D Line 15

To get the total amount of Long Term Capital Gains, we add the above two lines together.

- If both of the above (not added but each separately) are less than 0, then we return 0 for the TOTAL long term capital gains
- If the LTCG are less than 0, and qualified dividends (QD) are greater than 0, then we use 1 for TOTAL long term capital gains

Once we have the TOTAL long term capital gains, we use federal long term capital gains brackets for the appropriate tax year to determine which LTCCG rates the client falls in.

Federal Income Tax Bracket

Bracket is determined using 1040 Line 15, *Taxable Income*, and filing status (based on tax brackets set for the tax year by the federal government).

Effective Federal Income Tax Rate

$$\frac{\text{Total Tax 1040 Line 24}}{(\text{Taxable Income 1040 Line 15} * 100)}$$

Taxable Income (1040 Line 15) must be greater than 0. If not, the resulting effective tax rate will be 0%.

Effective State Income Tax Rate

For each bracket in the state's tax rate structure we calculate the amount of income taxed at that rate and the corresponding effective tax rate. Then we add up all the rates to get the total state effective tax rate (no other taxes are considered so in this case, the state effective rate will always be equal to or lower than the client's top state tax bracket).

When the taxable income is less than the top bracket, the formula changes to:

$$\frac{(\text{Taxable Income 1040 Line 15} - \text{Bottom bracket})}{\text{Taxable Income 1040 Line 15} * \text{top tax rate}}$$

Ordinary Income

+	Taxable Income (1040 Line 15)
-	Qualified dividends (1040 Line 3a)
-	Short term Capital Gains (Sch D Line 7) + Long Term Capital Gains (Sch D Line 15)*
=	<u>Ordinary Income</u>

*Notes (Conditions on LTCG & STCG):

- If short term capital gains + long term capital gains are less than 0, then line 3 just uses 0 (will not be negative)
- If short term capital gains is a loss (negative) then add to long term capital gains
- If short term capital gains and long term capital gains are both positive, then only subtract Long term capital gains

Taxable Income

1040 Line 15, *Taxable Income*

Adjusted Gross Income

1040 Line 11, *Adjusted Gross Income*

Income Chart

Earned Income

	Wages (1040 Line 1a)
+	Business Income (Sch 1 and Line 3)
+	Passive Income k1*
	<u>Earned Income</u>

*If the return has a value in Sch E Line 26, we will ask the following question in the tax questionnaire that determines the income type:

We noticed you might have passive income, and want to verify. Are you actively involved in the operation of the business which issued you a K-1?

If answered YES, the Rental Real Estate, Sch E Line 26 will be counted as Earned Income (instead of Passive Income). If the question is answered NO, the Rental Real Estate will be counted as passive income.*

Social Security Income

Social Security benefits (1040 Line 6a)

Passive Income

Rental Real Estate (Only if client does not have passive income k1, otherwise 0) (Sch E Line 26)

Portfolio Income

	Tax Interest (1040 Line 2b)
+	Total Dividends (1040 Line 3b)
+	Taxable Pensions & Annuities (1040 Line 5b)
+	Royalty Income (Schedule E, line 23b)
	<hr/>
	Portfolio Income

Marginal Income Tax Bracket

Federal Income Tax Bracket and Taxable Income

Toggle takes into account the ordinary income (see ordinary income formula above) instead of taxable income

Long Term Capital Gains & Qualified Dividends

	Qualified Dividends, 1040 Line 3a
+	Capital Gains
	<hr/>
	The green number/line

To get the total amount of Capital Gains, we take into account the following conditions

- If the sum of LTCG and STCG is less or equal than 0, then we use 0 for the total capital gains value
- If both LTCG and STCG are greater than 0, then we return LTCG for the total capital gains value
- If STCG is less than 0, then we return the sum of LTCG and STCG for the total capital gains value
- If none of this conditions are valid, then we return 0 for the total capital gains value

We use the long term capital gains tax rate from above to determine which LTCG bracket is blue.

State Income Tax Bracket

Taxable Income 1040 Line 15 (FEDERAL RETURN)

Marginal State Income Tax Bracket

We use the taxable income from the client's federal return (1040 Line 15, *Taxable Income*) as a proxy to determine an estimate for which state tax bracket the client falls in. We do not read any part of any state tax return. We update state specific tax brackets and data annually

Deductions

Standard Deduction Graph: Will show the client’s standard deduction based on their filing status and age(s) (must fill out birthdays in general questionnaire)

Itemized Deductions Graph: Any itemized deductions listed on Schedule A will show.

- 1040 Line 17 - Total Itemized Deductions
- Healthcare Deductions - Sch A Line 4
- State & Local Taxes Paid - Sch A Line 7
- Interest Expense - Sch A Line 10
- Donations - Sch A Line 14

Determination of itemized or standard deduction: We use the higher of the above two totals in the final calculation.

Charitable Contribution Deductions

Total Gifts to Charity - Sch A Line 14

Gifts by cash or check - Sch A Line 11

Gifts by other - Sch A Line 12

60% Limit = $AGI * 0.60$ (*Gifts by cash*, Sch A Line 11)

30% Limit = $AGI * 0.30$ (*Gifts by other*, Sch A Line 12)

30% Special = $AGI * 0.30$

20% Limit = $AGI * 0.20$

Modified Adjusted Gross Income (MAGI)

Federal Income Tax Bracket and Taxable Income

MAGI: The modified adjusted gross income is compared to the applicable threshold for each credit listed.

<p>AGI (1040 Line 11)</p> <p>+ Self employment tax (Schedule 2, Line 4)*0.5</p> <p>+ Tax Exempt Interest (1040 Line 2a)</p> <hr style="border: 0.5px solid black;"/> <p>MAGI Calculation</p>
--

*Note that we use a simplified MAGI calculation. The specific MAGI calculation used to determine eligibility for each specific tax credit can vary.

QBI Analysis

1040 Line 15, Taxable Income

Graphic uses applicable QBI thresholds for that year

*Must have a business in the general questionnaire and have schedule C uploaded

Roth Conversion

Ordinary Income (formula above)

General Questionnaire In-depth Question: “We see that you have taxable IRA distributions. What portion of those distributions were roth conversion” (If this question is filled out, then the number answered will show on the tax snapshot in this section.)

Medicare Premiums

Compares MAGI to income thresholds for the appropriate year.

*Note that the amounts that show on the tax snapshot are the amounts the client will owe in two years, because this tax is based on a two year income lag.

**Note that the amounts shown are additional premiums above the client’s base premium, not the client’s total Medicare Parts B/D premiums.

Estimated Tax - Safe Harbor

Federal taxes paid, 1040 Line 24



Blue bars - shows estimated tax

The safe harbor calculation helps a taxpayer determine how much they need to pay in taxes for the upcoming year in order to avoid an underpayment penalty.

In order to meet the safe harbor requirements for estimated tax payments, a taxpayer is required to pay at least 90% of the tax owed for the current year OR 100% of the tax owed for the previous tax year OR owe less than \$1,000 in taxes. If one of these three conditions is met, the taxpayer does not have to pay an underpayment penalty.

If a taxpayer's AGI for the previous year is over \$150k (\$75k if MFS), they are required to pay the lower of 90% of the tax owed on the current year's return or 110% of the taxes owed on the prior year's return.

Schedule B

Extracted from Schedule B

FAQs

Report/PDF Download

How to hide sections/customize the PDF output?

Click “Hide” button in upper right of the box you want to hide. This box will not show in the PDF download if hidden on the platform screen.

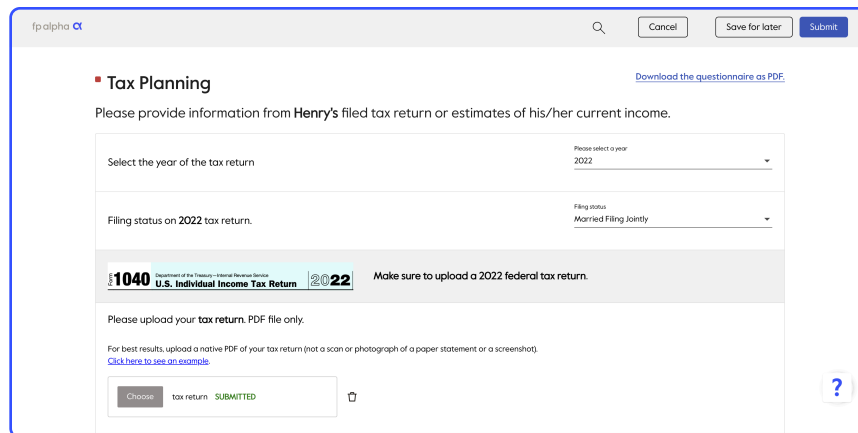
How do I add my logo to a Snapshot PDF?

Click *Account*, *Settings*, and then *Preferences* to upload a company logo for all reports and PDF downloads.

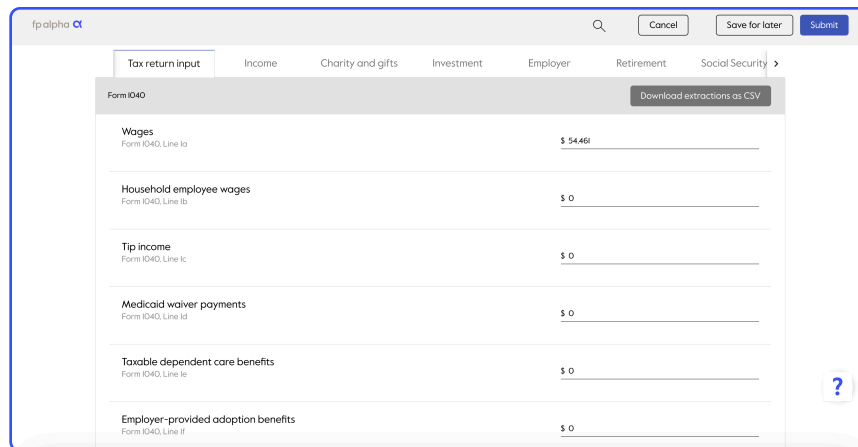
Editing Tax Return Data

How to “edit” tax return data?

This data is extracted from the client’s tax return. The raw data extractions can be found and edited within the Tax Questionnaire located in the Data & Documents Hub.



The screenshot shows the 'Tax Planning' section of a questionnaire. It includes a search bar, 'Cancel', 'Save for later', and 'Submit' buttons. The main heading is 'Tax Planning' with a link to 'Download the questionnaire as PDF'. Below this, it asks for information from 'Henry's' tax return. There are two dropdown menus: 'Select the year of the tax return' (set to 2022) and 'Filing status on 2022 tax return.' (set to Married Filing Jointly). A prominent banner for '1040 U.S. Individual Income Tax Return 2022' is displayed, with a note to 'Make sure to upload a 2022 federal tax return.' Below the banner, it instructs to 'Please upload your tax return. PDF file only.' and provides a link to 'Click here to see an example.' At the bottom, there is a 'Choose' button next to 'tax return' and 'SUBMITTED' status, along with a trash icon and a help icon.



The screenshot shows the 'Form 1040' data extraction table. It has a search bar, 'Cancel', 'Save for later', and 'Submit' buttons. A navigation bar includes 'Tax return input', 'Income', 'Charity and gifts', 'Investment', 'Employer', 'Retirement', and 'Social Security'. A 'Download extractions as CSV' button is present. The table lists various income categories with their corresponding Form 1040 line numbers and values.

Category	Form 1040 Line	Value
Wages	Form 1040, Line 1a	\$ 54,461
Household employee wages	Form 1040, Line 1b	\$ 0
Tip income	Form 1040, Line 1c	\$ 0
Medicaid waiver payments	Form 1040, Line 1d	\$ 0
Taxable dependent care benefits	Form 1040, Line 1e	\$ 0
Employer-provided adoption benefits	Form 1040, Line 1f	\$ 0

Effective Tax Rates

Why is my Effective Federal Tax Rate higher than my tax bracket?

Your Effective Federal Income Tax Rate may appear higher than your tax bracket if your return includes additional taxes listed on Schedule 2—such as the Alternative Minimum Tax, self-employment tax, or repayment of premium tax credits.

These taxes are not part of your income tax bracket, which is based solely on taxable income (Line 15 of Form 1040).

However, your effective tax rate is calculated as:

$$\text{Tax Line 24 (Total Tax)} \div \text{Tax Line 15 (Taxable Income)}$$

This means it reflects all federal taxes paid, not just the ones tied to your bracket.

How is the State Effective Tax Rate calculated?

We calculate the state effective tax rate by applying each bracket in your state's tax structure to the portion of income taxed at that rate. Then we total the taxes and divide by your taxable income. Because this method only includes income taxes (not other state taxes like property or sales tax), your state effective tax rate will always be equal to or lower than your top state tax bracket.

How is the Effective Capital Gains Rate calculated?

Capital gains are taxed at preferential rates — typically **0%, 15%, or 20%**, depending on your income level. Your effective capital gains rate reflects the actual percentage of your capital gains that were taxed, which may differ from the standard bracket. This happens because:

- Portions of your gains may fall into different rate tiers.
- Some gains may be offset by losses or deductions.
- We calculate this by dividing the **total capital gains tax paid by the total capital gains income**, giving you a blended rate that reflects your unique tax situation.

