

Income splitting isn't fair [CA]^[1]

Author: Weir, Erin

Source: Ottawa Citizen

Format: Article

Publication Date: 2 Feb 2007

AVAILABILITY

See text below.

EXCERPTS

This week, supporters of income splitting for tax purposes met on Parliament Hill. Finance Minister Jim Flaherty has already announced that pension income will be divisible between spouses for tax purposes. But extending this policy to other income would benefit a wealthy minority at the expense of important public programs.

The government of Canada should not extend income splitting, but should implement other policies to give working people more time and resources to care for their children. Extending income splitting would not help the people who are most in need: Single parents, unattached individuals, and families with no employed members or with self-employed members would not be eligible.

...

This proposal would cost the government about \$5 billion per year, greatly reducing the resources available to finance public services. It would provide extra money to some couples in high tax brackets at the expense of single parents, unattached individuals, seniors and most working families.

...

A 1999 report of the standing committee on finance unanimously concluded that "a dual-earner couple with the same total income as a single-earner couple is not as well off as the latter. Not only are there additional employment-related expenses that must be incurred regarding the second worker, the value of unpaid work in the home, or leisure, must also be taken into account." The Ontario Fair Tax Commission noted, "it has been shown that single-earner couples may have greater ability to pay than two-earner couples with the same income." The current system of taxing individual income, with credits for dependent spouses and children, is more equitable than income splitting. Parents should have the option of caring for young children at home. However, giving \$5 billion to couples in high-tax brackets is not a fair or effective way of providing this choice.

The Employment Insurance system should provide longer maternity and paternity leaves with adequate benefits. Labour legislation should be amended to ensure benefits for part-time workers, family-responsibility leaves, and regular work hours. And governments should develop a national day-care program so that parents who need or choose to continue working full-time can have access to high-quality care for their children.

Erin Weir is an economist for the Canadian Labour Congress.

- reprinted from the Ottawa Citizen

Region: Canada^[2]

Tags: funding^[3]

Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/child-care-news/07/02/income-splitting-isnt-fair-ca>
Links

[1] <https://childcarecanada.org/documents/child-care-news/07/02/income-splitting-isnt-fair-ca> [2] <https://childcarecanada.org/taxonomy/term/7864> [3] <https://childcarecanada.org/category/tags/funding>