

# Income-splitting policy a political winner for Harper [CA] <sup>[1]</sup>

**Author:** Riley, Susan

**Source:** Victoria Times - Colonist

**Format:** Article

**Publication Date:** 23 Nov 2006

## AVAILABILITY

See text below.

## EXCERPTS

The opposition parties had better start thinking hard and fast about how to counter a fiendishly appealing bribe the Conservatives are expected to dangle before voters in the next election.

It is known prosaically as "income splitting," but it amounts to a radical shift in tax policy -- and a significant gift to rich and middle-class couples, particularly in cases where one spouse earns a lot more than the other.

...

Unlike the child-care bonus or the one-point cut in the GST -- eye-catching gimmicks with little real impact -- income-splitting would be a measurable benefit for many families, families that vote Conservative or might consider switching.

The losers in this scheme -- the poor, singles and professional couples who earn roughly comparable incomes -- are not Prime Minister Stephen Harper's target audience to begin with.

In his niche-oriented approach, he is aiming at middle-income families with kids -- people who, unlike the poor, usually vote.

So far, income-splitting is only a rumour.

...

It is telling that the most ardent advocates of income-splitting have been social conservatives such as REAL Women and other "traditional" family advocates. They often advance income-splitting as an alternative to "state-sponsored day care." Ideology aside, many working mothers would, no doubt, appreciate the tax relief -- and the opportunity to work less, or not at all, when their children are young. So would many young fathers.

In fact, in 1970 a royal commission on the status of women recommended income-splitting, as did the groundbreaking 1967 Carter commission on tax reform. It has also been opposed by the C.D. Howe Institute. So the idea has a mixed heritage.

But no one disagrees that single parents, who are often poor, will not benefit at all. Others lose out indirectly, because an estimated \$5 billion annually could be drained from the tax system through income-splitting, money that could be used to help families in other ways -- an enriched child tax benefit, affordable child care or subsidies for prescription drugs.

For all that, opposition parties will not want to be portrayed as campaigning against middle-class families. They may offer a modified version of income-splitting: An \$80,000 income limit perhaps, or a plan targeted exclusively at families with children under three years old. The Liberals might favour a general income-tax cut; the New Democrats might emphasize progressive reforms such as a richer child tax credit, housing subsidies and other relief targeted directly at poor and middle-income families. As other countries, including the United States, have found, income-splitting reserves the largest tax breaks for the richest couples.

...

Liberal leadership hopefuls, the NDP, the Bloc Quebecois and others better start sharpening their arguments and finding alternatives.

- reprinted from the Victoria Times-Colonist

**Related link:** CRRU ISSUE FILE: Family taxation and income-splitting: A backgrounder <sup>[2]</sup>

**Region:** Canada <sup>[3]</sup>

**Tags:** economics <sup>[4]</sup>

funding <sup>[5]</sup>

federal programs <sup>[6]</sup>

[1] <https://childcarecanada.org/documents/child-care-news/06/11/income-splitting-policy-political-winner-harper-ca> [2] <https://childcarecanada.org/res/issues/familytaxationintro.htm> [3] <https://childcarecanada.org/taxonomy/term/7864> [4] <https://childcarecanada.org/category/tags/economics> [5] <https://childcarecanada.org/category/tags/funding> [6] <https://childcarecanada.org/category/tags/federal-programs>