

Income splitting misinformation campaign: volume 10 ^[1]

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EXCERPTS:

After the Harper government's annus horribilis, a former Conservative cabinet minister is musing about how his former colleagues could use the upcoming federal budget to "dangle the carrot of income splitting" for families.

"The net effect would be lower taxes for almost everyone," writes Monte Solberg in the Toronto Sun.

That's just plain **wrong** ^[2].

Harper's plan, promised to be enacted when the federal budget is balanced, means parents with children under 18 would be allowed to split up to \$50,000 of income with their partner. Some additional income could be declared for tax purposes by the spouse in the lower tax bracket, reducing the overall taxes paid by the couple.

Solberg and his former colleagues in the Harper government are trying to spin this as a panacea for everyday families, but the **largest share** ^[3] would go to high-income families where one partner is in the top tax bracket and the other has no earned income.

Even worse, the Conservative approach to income splitting would provide no benefit at all to single-parent families - even though more than a quarter (28%) of all children live in families headed by a single parent. The same holds true for families where both partners work and have incomes below \$43,561.

In other words, income-splitting provides zero relief to families with children who are most in need, including those who live in poverty. Rather, what it does is transfer more of the tax burden onto single-parent families and lower- and middle-income families. It promises to exacerbate - not reduce - existing income and **gender inequality** ^[4].

It will also strip the public coffers of needed revenue to invest in critical social programs, hamstringing future federal governments. The Conservatives don't like to talk about that part of the plan.

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