

For Immediate Release

Myths about income splitting a disservice to Canadian families

Ottawa, Canada, June 25, 2014 – The Institute of Marriage and Family Canada is debunking myths about income splitting with its new report, released today.

An array of respected authors contributed to [*Busting income splitting myths: Income splitting is a viable option to help Canadian families come Budget 2015*](#). In it, they respond to false arguments brought forth by political and special interest groups on the proposed tax policy.

One common myth is that income splitting would help very few families, and only the rich.

Income splitting would help almost half of Canadian families with children under 18. If it were adopted federally and provincially, typical middle-class families getting by on a single income would see substantive tax relief. For example:

- A graphic designer in British Columbia with a salary of \$49,920 would save 27% on taxes (down from \$5,027 to \$3,658)
- An electrician in Ontario earning \$56,150 would save 35% on taxes
- A registered nurse in New Brunswick earning \$72,800 would save 28% on taxes

Income splitting has been depicted as a tax break for specially chosen Canadians. However, currently certain Canadian families are unjustly disadvantaged by our tax code. Income splitting would eliminate this injustice, treating all families equally.

The disadvantage is clear since two families with matching incomes are taxed differently based on how their incomes are earned. Families that sacrifice workforce pay in order to address caretaking needs are penalized through higher taxes.

This long-standing injustice in our tax code is both unfair and unacceptable to Canadians. Recent polling confirms that Canadians, regardless of political preference, support income splitting. Opponents of the policy are a vocal minority.

"The irony is that some groups who dislike income splitting are strong advocates for wealth redistribution – just not if it happens within the family unit," says Andrea Mrozek, Executive Director of the Institute of Marriage and Family Canada. "They would forbid the government from recognizing that wealth redistribution happens naturally and voluntarily within the family unit. That's inconsistent."

The report calls out the derogatory attitude of such critics toward families engaged in caretaking roles. It notes that many families with young children are also struggling to care for sick or aging parents.

Report contributor Lawrence Solomon points out that families work as a unit and should therefore be taxed as a unit. Taxing a family's components is illogical. "This is akin to separately taxing a corporate firm's various departments – human resources, marketing, public relations, etc. – rather than the firm as a whole," says Solomon. As a result, our tax code provides no incentive for the poor to enter into marriage, which has been shown to be a wealth generator.

Contributor Paul Malvern highlights vested interests in maintaining the status quo. These include corporate interests that demand cheap labour and feminist groups that would prefer to keep all Canadians in the workforce regardless of what families desire.

"By taxing Canadian families as if they were a random assortment of parts, our tax code is treating families of identical means very differently. Income splitting would bring some fairness. It only costs the government the amount that Canadian families are right now being overcharged," Mrozek concludes.

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