



PM pitches income-splitting to give families tax break ; FEDERAL ELECTION: THE MEASURE WOULDN'T TAKE EFFECT UNTIL THE COUNTRY'S BOOKS ARE BACK IN THE BLACK

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VICTORIA, B.C. -- Parents with kids under 18 will be able to split their incomes for tax purposes if the Conservatives are re-elected to government, Prime Minister Stephen Harper said Monday.

But there's a catch -- the measure won't take effect until after the country is out of budget deficit, likely in 2015.

Since the program is expected to cost the federal government \$2.5 billion in foregone tax revenue, Harper said it can't be introduced until the government is back in the black.

But, if the Tories are given a majority government, the program would be introduced before the next election, he said.

"We've been very clear. In the next phase of the economic action plan, the focus has to be reducing the deficit without raising taxes," Harper said in suburban Saanich, B.C. "Big structural reforms like this -- we have to be honest with people -- need to wait until we're in a fiscal position to do them.

"Our priorities, when we have the fiscal room, are going to be to make major structural tax reductions."

The Family Tax Cut Plan would allow one spouse to shift up to \$50,000 to the other to lower their income taxes by bouncing the higher income earner -- or the only bread winner, in many cases -- into a lower tax bracket.

Flanked by his wife, Laureen, and a young family of five with a stay-at-home mom -- the couple's youngest daughter Fiona, 2, even stealing the show at times -- Harper said the tax system is unfair and treats parents like "roommates," not like a couple who share expenses and costs of raising a family.

"As it stands, the tax system doesn't recognize the fact many, even most families, pool their income to pay their household bills," Harper said in the Wellburn family's backyard.

"Nor does it recognize that families share together the special expenses of raising their children and planning for the future," Harper added. "We think that, once the budget is balanced, fixing this should be one of our highest priorities."

Conservatives estimate the income-splitting measure would apply to 1.8 million families and save them an average of \$1,300 in income tax a year.

The Institute of Marriage and Family praised the pledge, saying finances are the No. 1 priority for families in Canada, but it lamented the change wouldn't be introduced for another four years, if at all.

The Liberals and NDP blasted the announcement on their respective campaigns.

New Democrat Leader Jack Layton lashed out at Harper personally for making families wait four years before getting the tax break.

"Our families here in Canada need help right now and this policy announcement of Mr. Harper shows he doesn't understand that," Layton said. "He thinks that people can wait on a wing and a prayer, that maybe they'll get some help some day."