

Britain's Failure to Support Marriage Makes it 'Out of Line with Western World' says new CARE Report

After a period of fierce political debate about marriage and the tax system, new evidence reveals today the extent to which middle income families are financially penalised by the Government's refusal to recognise marriage in the tax system.

The detailed report, from the Christian social policy charity, CARE, reveals that a one-earner married couple, with children, earning up to £33,000 a year, pays almost a third more tax in the UK than in the average OECD country and 18 per cent more than the EU average.

Looked at another way, in the United States a one earner married couple with two children on average wage pays just 48.2% of the tax paid by a single person with no family responsibilities. In the UK a comparable couple pays 75% of the tax paid by a single person with no family responsibilities.

The proportion of income taken in tax from middle income families has more than doubled in 40 years, despite having stayed the same for single people.

Even when tax credits and child benefits are taken into account, families with young children, where one parent (usually the mother) stays at home, are hit hardest under UK tax rules.

The CARE report is called *Tax Burden on Families 2008/9*, and its co-author, Don Draper, says

"The UK is in line with most other OECD and EU countries when it comes to tax rates, with the glaring exception of single-earning married couples with children – who are hit much harder."

Co-author Leonard Beighton adds:

"The tax system does not recognise the family unit. It sees taxpayers as individuals, regardless of their family circumstances. This is immensely damaging to the social fabric of the country and must be addressed by an incoming government."

Nearly two and a half million children live in households where one parent is in full time work and one stays at home to look after the children. These are the households that are paying an abnormally high tax rate. A single-earner married couple, with children, pays nearly twenty per cent of their income in tax even after child benefit and tax credits are netted off. The OECD average is just over 14 per cent.

The UK has a system of independent income taxation with no allowances for spouses or provision for transferring allowances. Few other developed countries adopt this approach.

The report, which is 50 pages long, concludes that the UK tax system is almost unique in refusing to recognise either marriage or a taxpayer's family responsibilities and advocates the introduction of transferable allowances for married couples.

Dan Boucher, the charity's Director of Parliamentary Affairs, says,

"The failure of the UK tax system to recognise family responsibilities makes it one of the most individualistic tax systems in the world. It is imperative that the next government addresses the current anomaly so that single-earner married couples on average incomes with children are not penalised as at present."

"Far from constituting a 'marriage bribe' as was suggested recently, the introduction of the Transferable Personal Allowance - so a non working partner can transfer their tax allowance to their working partner - would actually help address a socially destructive inequality in the UK tax system."

The report also reiterates the problems CARE has highlighted on previous occasions concerning the couple penalty and the failure of tax credits to take account of the financial needs of a second parent. Explaining how this compounds the lack of fiscal regard for family life in the UK, the report demonstrates how the current approach to tax credits makes reducing child poverty below the current level exceptionally difficult, if not impossible.

Boucher concluded:

"The current failure of the tax, and indeed tax credit system, to take proper account of families is damaging family life and trapping children in poverty."

Draper and Beighton will present the findings of their report on Tuesday, setting out CARE's 'manifesto' for the family and fiscal policy in preparation for the coming General Election. Addressing the tax system, the couple penalty and child poverty, the presentation will provide a very timely overview of the key fiscal challenges facing family life in the UK today.

The report's publication coincides with National Marriage Week, which is supported by various charities and think tanks, including CARE. Marriage Week aims to promote and celebrate the diversity and vibrancy of marriage as the basis for family life.

ENDS

Media Enquiries: Contact Dan Boucher 020 72274738 and 07768 165543