

?Income splitting is unfair and expensive?

Dear editor:

Middle class families should not have to pay more to give wealthier families like those of MPs and Cabinet Ministers a \$2,000 tax break.

But that's exactly what's happening with Stephen Harper's new ?income splitting? scheme. In families where the parents are in different tax brackets, it allows the higher-income spouse to claim a tax credit of up to \$2,000 per year (as if a portion of his or her income were being taxed at the other parent's lower rate).

Former Finance Minister Jim Flaherty was concerned that such a policy would be expensive and unfair to most Canadians. ?It benefits some parts of the Canadian population a lot, and other parts of the Canadian population virtually not at all,? he said. And he was right.

The vast majority of Canadian families will receive no benefit from income splitting. Single mothers get nothing. Families in which both parents are in the same income bracket get nothing. The most needy and lowest income families get nothing.

In fact, fewer than 15% of Canadian households will benefit; 85% will not. And for the few who do, the biggest gains will go to the wealthiest.

At a cost of \$2 billion a year, Mr. Harper is spending an awful lot of money to help a small and select group. Those who have been left out will question both the cost and the fairness of it all. Like the late Mr. Flaherty, they will wonder why Mr. Harper is re-distributing income to the more affluent.

Canadians need a plan for jobs and growth. Mr. Harper's income splitting plan does nothing to encourage economic growth or strengthen the middle class.

Liberals oppose this policy, and we will continue to put forward positive solutions that will help our economy grow and give all Canadians a real and fair chance at success.

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