

Why Tax Policy Matters to Women

*Prepared by Lisa Philipps on behalf of FAFIA-AFAI
(Canadian Feminist Alliance for International Action)¹*

People concerned with women's equality need to speak out on Tax Policy issues because:

- Many tax cuts have a male bias, as well as a high income bias
- Tax policy is being used to advance socially conservative ideas about family and gender roles
- The public is easily confused by tax changes

Tax cuts are often a poor means of helping women because:

- So many women are excluded or shortchanged due to low incomes
- Tax breaks are usually delivered to breadwinners, not to caregivers
- Fiscal capacity of government is chipped away, foreclosing public programs

Some quick facts²:

% of women taxfilers with no federal income tax payable: 38

% of men: 24

% of tax filers earning \$25,000 or less: 52 → % of these who are women: 61

% of tax filers with \$100,000+ income: 3.6 → % of these who are men: 77

% of capital gains³ received by individuals with \$100,000+ income: 66

% of taxfilers claiming the "caregiver credit" who are men: 59

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² Taxpayer data were computed using the Canada Revenue Agency's *Income Statistics* for the 2004 taxation year, the latest available.

³ A capital gain is the profit from selling an investment.

Five reasons why pension income splitting should be repealed, not expanded:

- Unpaid caregivers get no direct benefit and in fact will suffer additional burdens.
- The tax savings go mainly to higher income men.
- Income splitting discourages women's paid workforce participation.
- Income splitting biases the tax code in favour of traditional family structures.
- Extending the rules would be very costly, precluding more effective and equitable programs to support families and caregivers.⁴

Estimated cost of extending Conservative-style income splitting to all couples: \$4.9 Billion per annum. To all couples with children: \$2.2 Billion.⁵

Tax Savings from Income Splitting for One-Earner Couples

Breadwinner's Income	Maximum Tax Savings from Income Splitting
\$35,000 or less	none
\$40,000	\$198
\$80,000	\$2,828
\$200,000	\$7,950

⁴ For more information about the problems with pension income splitting see FAFIA's Submission to the House of Commons Standing Committee on Finance, Pre-Budget Consultations, November 2007.

⁵ Estimated in Andre Laurin, *Income Splitting: A Brief Overview* (Ottawa: Library of Parliament, January 2007). Online at <http://www.parl.gc.ca/information/library/PRBpubs/prb0636-e.pdf> (accessed November 21, 2007).