

TAX WHITE PAPER ON SINGLE INCOME FAMILIES

1. Introduction

The family is the basic unit of the community and the nation. Government policy should be directed towards ensuring that the family is supported; especially in relation to tax payments. However, the exact opposite is occurring in relation to single income families. This requires adjustment forthwith.

2. Current Position

A single income family on \$80,000 currently pays about \$ 6000 more net tax than a double income family earning the same amount in a year. Assuming expenditure by both families is similar this is grossly unfair to the single income family. In fact a double income family earning \$172,000 pays about the same tax as a single income family on \$86,000 per year.

In addition, the double income family is heavily subsidised by the tax payer through childcare provisions which are denied the single income family.

3. Suggested solution

All families with children should receive two tax free thresholds so that they do not have to pay tax until their total income rises above \$36,400 per annum.

Assistance should also be considered in payments to single income families to compensate them in lieu of the taxpayer contribution to child care.