

Caledon Citizen

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Couples' income-tax sharing should be welcomed

Forty years ago, a Royal Commission that had been appointed John Diefenbaker produced a six-volume report recommending a long list of changes in Canada's income tax system.

Although the major conclusion of the commissioner, Kenneth Carter, was that fairness should be the foremost objective of any tax system, the recommendation that got the most attention was that a key element of this fairness should be the taxation of families, rather than individuals.

Under the commission's proposals, all families would be treated equally. If there was just one breadwinner who earned \$50,000, the family would pay precisely the same income tax as another family where husband and wife each earned \$25,000.

Although welcomed by a lot of Canadians, the proposal was not adopted when the Pierre Trudeau Liberals drafted the new Income Tax Act, which came into force in 1972. Undoubtedly, the main reason was that the change would be too costly, since families with stay-at-home moms would get a major tax break.

As we see it, such a move announced by the Harper Conservatives should be welcomed by all Canadians as an important step toward fairness. The current system sees some families with an overall income of \$80,000 a year obliged to pay about \$3,500 a year more in income taxes than others where husband and wife have similar incomes that total the same \$80,000.

According to calculations by the Canadian Taxpayers Federation, a family in which one spouse earns \$80,000 a year and the other has no income must pay \$12,460 in federal income tax, but a family with two spouses each earning \$40,000 pays a total federal income tax of just \$8,940, a saving of \$3,520.

Under income splitting, both couples would pay \$8,940.

Similarly, a family in which one person earns \$60,000 and the spouse earns \$20,000 currently pays total federal income taxes of \$10,280. Under income splitting, that family would also pay just \$8,940, a saving of \$1,340.

Income splitting is common in other

countries, including the United States, where couples have the option of filing joint or separate tax statements. Germany, Switzerland, France and Portugal also allow joint statements.

The concept was praised by Prime Minister Harper during the last election campaign. And Flaherty, who brought in trust income splitting for pensioners Oct. 31, has never ruled out extending it to other Canadians.

As was the case when the Carter report was on the table, such a move would be costly for the government, some economists estimating it would cost Ottawa about \$5 billion a year. But the government did have a \$13 billion surplus last year, and Flaherty clearly wants to establish a reputation as a tax-fighting finance minister.

"Canadians pay too much tax, and the tax burden on individuals, families and businesses is still too great and must be reduced," he told the Commons finance committee earlier this month.

However, income splitting is also likely to become controversial, with opponents suggesting it would be unfair to single Canadians and a disincentive to women working outside the home.

Critics say it would alter the fundamental nature of the tax system - that making the family a basic taxing unit would make the system less progressive.

The concept may well become a feature of a 2007 federal budget that's expected to include both some tax breaks and income splitting that would be great vote-getters and dovetail with the Conservatives' advocacy of policies that would be welcomed by middle class families.

With the opposition parties already threatening to defeat the minority government over the budget, it will be interesting to see whether the proposed tax changes will be a major factor in a spring election. But as we see it, income-splitting can easily be promoted as introducing basic fairness, something that all parties ought to endorse.

In our view, most Canadians would welcome such a move as basic fairness, and something we ought to have had since at least 1972.

I WONDER IF I CAN USE MY GIFT CARDS TO PAY OFF MY CREDIT CARDS.



Our Readers Write

Share Caledon roads with cyclists

Caledon truly is one of the province's hotspots for health and active living with all of the conservation areas, trails, fitness clubs and miles and miles of hilly roads.

It is for this last reason that I find myself spending a lot of time in Caledon these days (having spent many of my formative years in Bolton, it's also coming home of sorts). As an avid cyclist I love to come up to the area on the weekends and ride 100 or more kilometres after work or on the weekend. I'm always amazed at how many other cyclists are out on the road. It's great to see such an active community.

I am equally impressed with the courtesy extended to the vast, vast majority of motorists. These folks understand that cyclists have the same rights - and responsibilities - as those in cars, trucks, motorcycles, farm equipment, etc. They give a wide berth to us cyclists and don't try to squeeze by us with minimal clearance. They understand that the average bike weighs 20 pounds and that their car or truck weighs about 2,000 and that we have only a helmet to protect us (no airbags!). They understand that we're simply trying to have fun and stay fit. On behalf of all cyclists, I thank these motorists and praise their common sense and civility.

Unfortunately, every time I go for a ride up in the beautiful Caledon hills I also come across at least one motorist who feels it makes sense to see just how close they can come to us as they pass by at 80 km-h. I was actually forced into a ditch by one such idiot a few years ago. There's always one such motorist who decides to open their window and yell at us or - as was the case one recent

night, give us the one-finger salute. Some sit right on our back wheel and honk for no apparent reason. I don't understand this vocal and aggressive minority.

What drives (pun intended) them to such reckless behaviour? Do you really need to actually hit someone to figure out the implications of your actions? Where are you going in such a rush that you can't spare an extra 30 seconds to wait for a break in oncoming traffic and pass us safely? Would you act that way if it was your child, sibling or parent on the bike?

Now to be fair and balanced, there are some equally reckless cyclists out there who don't obey the rules of the road and this, too, is unacceptable.

So to sort this entire mess out, I have a challenge for those who enjoy sitting behind us and honking or yelling at us or passing entirely too close to us: Once you've yelled or honked or come close to clipping us, stop at the next intersection, wait for us to catch up and let's talk about it. Seriously. I'd love to have a discussion - even a lively debate - about why you feel you need to do what you do. I doubt you'll stop, however. You're tough in your car and safely ensconced in a ton of steel, but a bit of clear thinking makes you realize you're in the wrong.

Again, I thank all those who understand that roads are not just for cars (or trucks). I thank those who also appreciate that Caledon is a health lifestyle jewel and wants to set the standard for the rest of the province to follow and I look forward to thousands more miles of cycling on the roads of Caledon.

Darren Karasiuk

Caledon Citizen



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