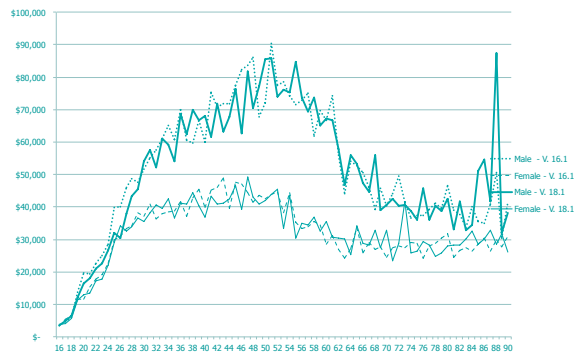


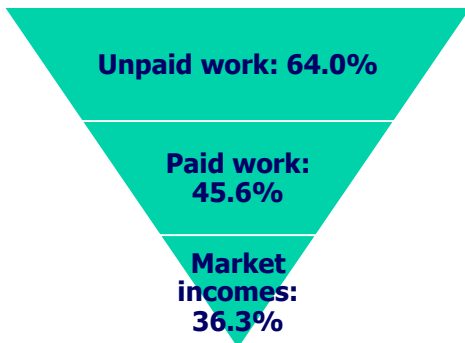
**Women's Economic Equality,
Child Care, and Income Splitting:
Returning Women in Canada to a
Culture of Dependence**

c 2014 by Kathleen Lahey
Faculty of Law, Queen's University
Panel on 'Debates on Financing Childcare'
Childcare Research, Evidence, and Policy Conference
University of Manitoba
Winnipeg, Nov. 13, 2014

**Average total income, by sex and age,
Canada, 2012**



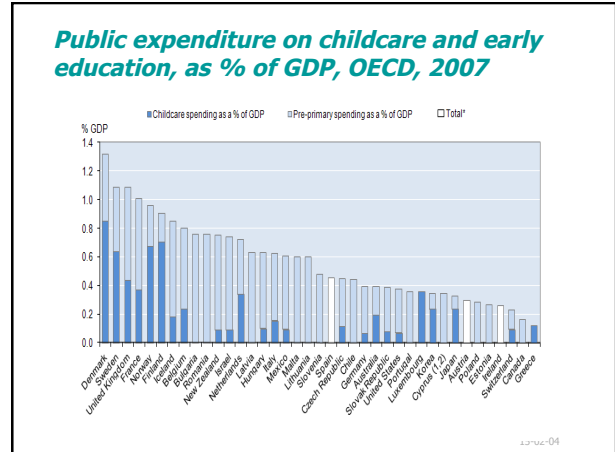
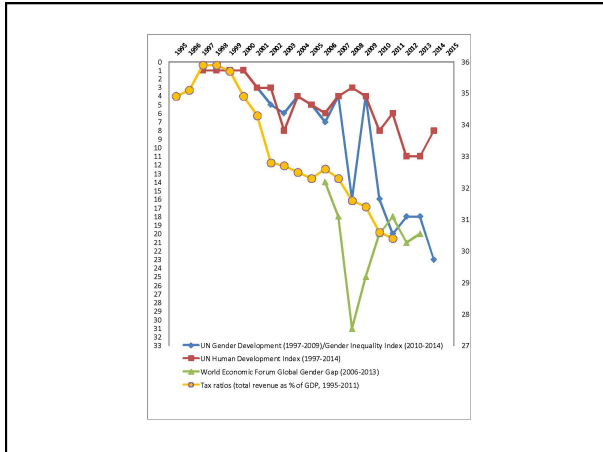
**Women's shares of market incomes vs
shares of total work hours, Canada, 2010**



Roadmaps to sex equality ---

- * Royal Commission on the Status of Women in Canada
- * UN Convention on the Elimination of all Forms of Discrimination against Women
- * Canadian Charter of Rights and Constitution Act
- * Beijing Platform for Action & Canada's Equality Plan

- Equality of opportunity;
- Remove all practical obstacles to women earning their own incomes;
- Share the costs of physical and social reproduction among all members of society; and
- Enact any special measures needed to promote equality



Tax benefits/transfers for unpaid partner caregiving vs paid caregiving (Canada, 2012)

Fiscal benefits re unpaid care	Amount	Men	Women
Canada child tax benefit	\$10.3 bill.	5%	95%
UCCB	2.5 bill.	19%	81%
Child tax credit	1.6 bill.	66%	34%
Dependent spouse credits	1.5 bill.	57%	43%
Transferred spousal credits	0.9 bill.	72%	28%
Dependent caregiver credits	0.3 bill.	37%	63%
Parental income splitting (2014)	2.7 bill.	88%	12%
Total costs	\$19.8 bill.		

Fiscal benefits re paid care	Amount	Men	Women
Child care expense deduction	\$ 0.9 bill.	27%	72%
Grand total all costs	\$20.7 bill.		

15-02-04

Fiction: Single-earner couples are over-taxed compared with two-earner couples:

The ideology of 'unfair' taxation of couples living on one income is used to give the impression that taxing adult spouses/partners as individuals imposes an alleged 'tax penalty' on single-income couples as compared with dual-income couples who earn exactly equal incomes:

	Single-income couple:	Dual-income couple:	
		Spouse A	Spouse B
Taxable income	\$100,000	\$50,000	\$50,000
Tax rate	x 40%	x 30%	x 30%
Tax paid	\$40,000	\$15,000	\$15,000
Total 'couple' tax	\$40,000	\$30,000	
'Tax penalty' on single income couple	\$10,000		

Fact: Single-earner couples are under-taxed compared with two-earner couples:

	Single-income couple:	Dual-income couple: Spouse A Spouse B	
Taxable income	\$100,000	\$58,000	\$42,000
Paid care	---	---	(\$12,000)
Tax base	100,000	58,000	42,000
Tax rate	x 40%	x 30%	x 30%
Tax paid	(\$40,000)	(\$17,400)	(\$12,600)
After-tax income	\$60,000	\$40,600	+ \$17,400
Net cash	\$60,000	\$58,000	
Unpaid care	25,000	---	
Total	\$85,000	\$58,000	

Federal tax benefits of parental income splitting, by decile, Canada, 2014 (v.21)

Couple income in each income decile	Average tax benefit/couple in decile (\$)	Share of \$2.7 bill./couples in decile (%)	Shares of top 50% vs bottom 50% (%)
1 st \$0 to \$30,600	9	0.1	
2 nd up to \$43,200	74	1.1	
3 rd up to \$53,900	104	1.5	
4 th up to \$67,000	283	4.1	
5 th up to \$80,600	599	8.6	15%
6 th up to \$94,500	760	11.0	
7 th up to \$112,600	1,091	15.7	
8 th up to \$135,500	1,091	15.7	
9 th up to \$175,600	1,008	14.6	
10 th over \$174,600	1,914	27.6	85%
Maximum/couple/yr	\$12,600		
Top 1%: \$425,500+	\$2,857	4.0	100%

15-02-04

Distribution of \$2.7 billion cost of parental income splitting tax benefits, Canada, 2015

Couple incomes in each income decile	Average tax benefit per couple in decile	% of \$2.7 bill. rec'd by couples in decile	% of \$2.7 bill. received by women: by men:	
1: up to \$32,000	\$14	0.1%	0.1%	0.004%
2: \$32,001-\$45,000	\$38	0.2%	0.07%	0.2%
3: \$45,001-\$56,000	\$123	1.0%	0.3%	7.4%
4: \$56,001-\$68,000	\$195	2.8%	0.3%	2.5%
5: \$68,001-\$82,000	\$546	7.8%	1.0%	6.9%
6: \$82,001-\$98,000	\$845	12.4%	1.5%	11.0%
7: \$98,001-\$116,000	\$1,207	17.4%	2.8%	14.7%
8: \$116,01-\$140,000	\$1,060	14.9%	1.4%	13.6%
9: \$140,001-\$182,000	\$1,121	16.2%	1.8%	14.4%
10: \$182,001 and up	\$1,730	26.9%	3.1%	23.9%
All		100.0%	12.3%	87.7%
Top 1%: > \$444,500	\$3,393			

Source: SPSDM v. 21; deciles and results have been rounded.

Average incomes by sex and race/ethnic identity, Canada, 2005

Census identity category	Men's av. incomes (\$)	Women's av incomes (\$)	Wm's av. as % of men's
Southeast Asian	29,207	21,686	69.3
Filipino	31,749	26,533	83.6
Arab/West Asian	29,123	19,230	66.0
Latin American	29,207	20,176	69.1
Japanese	51,971	28,986	55.8
Korean	25,543	17,682	69.2
Chinese	33,106	25,281	27.4
Black	29,361	24,976	85.1
Average of all above groups	32,690	22,993	70.5
First Nations/on reserve	20,251	18,636	92.0
First Nations/off reserve	32,148	22,035	68.5
Average of all census groups in Canada	35,123	22,046	62.8

15-02-04

Joint tax-benefit systems

2012

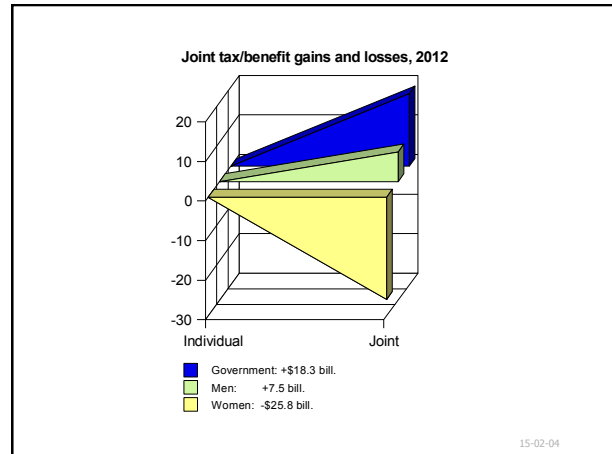
- * **Detax higher income partners** **\$7.5 bill.**
- * **Overtax lower income partners** **(\$25.8 bill.)**
- * **Cut government social costs** **\$18.3 bill.**

Joint tax provisions:

- Reward adults with lower income spouses
- No upper income limits on claimants' eligibility
- Few clawbacks or taxbacks of these tax bonuses
- 'Make unpaid work pay' – for supporter spouses
- Overtax lower income spouse paid work
- Incentivize part-time work by lower income partner
- Shift tax liability to lower income spouse
- Undercut women's autonomy and security
- Reinforce main breadwinner model
- Artificial poverty/wealth distorts other benefits

Joint benefit provisions:

- Make social benefits 'target efficient'
- Aggregate low incomes to reduce benefits
- Apply dependency/support presumptions to couples
- Presumed sharing overrides economic realities
- Overtax lower income spouse paid work
- Raise 'welfare walls' for women, esp. with children



Fiscal individualization, by decile, sex, and disposable incomes, all Canada, 2012

Income decile	Individuals in decile (000s)		Change in average disposable income, per individual (\$)		
	Male	Female	Male	Female	Both
1	523	1,263	147	2,989	2,168
2	478	1,298	919	4,441	3,493
3	660	1,119	1,189	3,606	2,609
4	740	1,036	-137	3,594	2,040
5	858	920	-644	3,696	1,602
6	975	802	-883	3,431	1,065
7	1,007	767	-1,368	2,443	280
8	1,120	660	-1,719	2,052	-320
9	1,178	598	-1,701	1,980	-461
10	1,384	394	-1,938	808	-1,330
Total	8,923	8,857	-920	3,182	1,124

15-02-04

Change in women's activity rates vs childcare spaces, Spain, 2008-2010 (Alarcon and Collino)

%	Tasa de actividad Mujeres 25-39 años		Grado de cobertura	
	2008	2010	2008	2010
Andalucía	73.2	80.7	62.9	76.8
Aragón	83.9	84.3	76.6	75.8
Canarias	74.6	81.9	61.8	62.8
Cantabria	78.3	81.1	68.5	69.2
Castilla - La Mancha	74.8	76.6	62.0	78.8
Castilla y León	79.4	83.1	68.5	68.8
Cataluña	83.1	84.5	75.7	77.3
Ceuta y Melilla	58.1	55.8	62.6	61.2
C. Madrid	85.2	89.4	80.1	80.1
C. F. Navarra	82.9	83.8	74.9	74.8
C. Valenciana	80.3	82.6	65.5	69.1
Extremadura	70.8	77.6	63.9	63.1
Galicia	83.8	82.4	69.3	72.0
I. Baleares	82.4	85.2	62.6	66.4
La Rioja	81.2	80.9	60.9	60.8
País Vasco	84.3	85.5	87.4	88.5
P. Asturias	82.2	82.1	66.2	65.2
R. Murcia	75.3	78.9	68.1	67.4
ESPAÑA	79.8	83.2	70.2	74.6

**Due to unexpected
circumstances, Equality
Day in Canada has been
moved from 2017 to 2583.**

15-02-04

***Women's Economic Equality,
Child Care, and Income Splitting:***

***The Gender Impact of
Alternative Funding Methods***

© 2014 by Kathleen Lahey
Faculty of Law, Queen's University
Panel on 'How will Governments Fund Child Care?'
Childcare 2020 Conference
University of Manitoba
Winnipeg, Nov. 14-15, 2014