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Book recommendations

The Hidden Meaning Of Marriage Tax Repeal

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"Marriage Tax Repeal" now considered by Congress treats fulltime homemakers like only 67% of a person. We call on Congress NOT to discriminate against homemakers.
Fulltime Homemakers are NOT 67% women!

Repeal of the marriage tax penalty was always good for a big round of applause in the campaign speeches of most political candidates last year. But it's scheduled for bumpy sledding in the drafting of this year's tax-cut bill.
The marriage tax is not verbally expressed as policy in any statute but is buried in the numbers. It is a consequence of the fact that our income tax tables treat a married couple as only 1.67 persons instead of two whole persons.

Few people understand how the marriage tax functions or how it should be remedied except the green-eyeshade number-crunchers. But dollars are not all that matters; ideology is at stake in the drafting of changes in the income tax law.

Is the purpose of cutting the marriage tax to accord long overdue socio-economic respect for marriage as an institution fundamental to our society and to the raising of children? Or is the purpose to enable government to engage in national economic planning by using tax policy to influence human behavior?

If the purpose is the former, then it follows that all married couples with the same income should be taxed equally. If the plan is to give a tax break to two-earner couples only, that will replace the marriage penalty with a new homemaker penalty.

That's what's behind the controversy now going on behind closed doors in Washington. Even those politicians who don't particularly care about promoting marriage should be squeamish about discriminating against one type of married couples in favor of another.

Last year's Congress dealt fairly with this issue by passing a bill that taxed one-earner and two-earner married couples equally. Bill Clinton showed which side he was on by vetoing the bill, and it did not become law.

Unfortunately, the White House executive summary of the President's tax-cut proposal calls for "reducing the marriage penalty by reinstating the 10 percent deduction for two-earner couples." Not only does this proposal give less relief than the bill passed by Congress last year but, even worse, it would impose a new homemaker penalty on one-earner couples.

Since the Bush tax cuts would be phased in over five to seven years, for simplicity, let's consider what they would accomplish after they become fully operative.

Let's say a married couple is struggling financially and needs more income to support the family, perhaps because of the birth of a child. What choices are available?

In one family, assume the wife takes a job and puts her children in daycare. This couple would get a marriage tax deduction of 10 percent of her salary up to $30,000; that chops as much as $990 off the family's federal income tax bill (at the new 33 percent top Bush tax rate). In addition, this couple qualifies for the existing tax credit for child-care expenses, which is worth up to $960.

Now consider another family where the husband moonlights at a second job so his wife can care for their children at home. This family will not qualify for either the new Bush marriage tax break or the child-care credit that exists in current tax law.

The husband and wife surely work just as hard in this second family as in the first. Why should they pay up to $1,950 more in federal income taxes on the same family income?

Moonlighting at a second job is just one of several ways a husband can provide his children with the benefits of a fulltime mother, and avoid commercial daycare. The husband can work longer hours at his first job; he can make the extra effort required to get a higher paying job; he can go to school at night to train for a higher paying career.

Who are the bureaucrats who presume to use the tax power to force traditional husband-breadwinner, wife-homemaker couples to subsidize two-earner couples who hire paid child care?

The marriage penalty in the tax code is an immoral policy regardless of one-earner or two-earner households. Giving a tax cut only to two-earner couples would send the radical feminist message that the government sees no value in a homemaker's work at home, that the role of a "non-working" wife and mother is less socially beneficial (or less worthy) than paid employment.

Disturbing emanations from the tax-writing process indicate that this discrimination is not inadvertent. A leading economic adviser praised the goal of inducing married women toward greater participation in the labor force because that would increase our Gross Domestic Product and yield a greater federal budget surplus.

Let's get this issue out on the table instead of concealing it in the arcane depths of the tax tables. Let the American people decide whether they want income tax policy to bolster the institution of marriage OR to bolster the GDP by inducing more women to join the labor force.