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The logo for The Centre for Social Justice, featuring the text "THE CENTRE FOR SOCIAL JUSTICE" in white, uppercase letters on a dark red background.

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PRESS RELEASE FROM THE CENTRE FOR SOCIAL JUSTICE

Married couples with small children to get £400 a year tax break under new CSJ plan

One-earner married families with small children would get a tax cut worth more than £30 a month under plans for a transferable tax allowance unveiled in a new report from a leading think-tank.

The proposal from the Centre for Social Justice (CSJ), which has produced extensive research showing marriage promotes family stability and the well-being of children, is designed to rebut claims that the Government's existing plans for a marriage tax break will make little difference to household budgets.

It is anticipated that the Government will introduce a transferable tax allowance worth £2.88 a week from 2015, based on what the Conservative Party pledged to do before the last General Election. But critics have complained that at this level the move would not go far enough.

The CSJ recommendation comes amid reports that the Government is prepared to allocate around £500 million a year to a transferable tax allowance.

If this sum was applied to all married couples with dependent children it would be worth just £150 a year to them. But if the tax break was restricted to married couples with children under the age of three, the most important years for child development and a time when family budgets are often under the greatest pressure, its value would jump to up to £400 a year.

The CSJ suggests that, given the state of the public finances, Ministers phase in a transferable tax allowance – an arrangement whereby a stay-at-home spouse transfers to a working partner a proportion of his or her £10,000 allowance of tax-free income.

It suggests that 20 per cent of the annual tax allowance (£2,000) should be transferable, which would mean an income tax cut of up to £400 a year for a basic rate taxpayer.

By restricting eligibility to married couples with children under the age of three, the total cost to the Exchequer would be held at £480 million – the amount the Chancellor has earmarked for the change in 2015. This would help 1.2 million families across the UK.

CSJ Director Christian Guy said: "The introduction of a transferable tax allowance should be welcomed as it is a bold step to stem the tide of family breakdown. But our plan would give a much bigger boost to married couples with small children and could be extended to those with older children as the economy recovers.

"It is far better to give some real help to families of young children and then widen the level of support."

The CSJ argues that over time, as the economy and the public finances recover, the eligibility rules could be relaxed, meaning that families with older children and other caring responsibilities would eventually benefit as well.

The overall cost rises to £840 million a year for married couples with children under the age of six and to £1.84 billion for all married couples with dependent children.

The report says: "Because marriage offers unparalleled stability for families and children, it is right government recognise it in the tax system."

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Copies of the full report are available on the Centre for Social Justice Website (<http://www.centreforsocialjustice.org.uk/>) or, alternatively, by contacting one of the individuals above.

NOTES TO EDITORS

The Centre for Social Justice (CSJ) is an independent think tank established in 2004 to put social justice at the heart of British politics. In June, the CSJ was awarded UK Social Policy Think Tank of the Year 2013 at Prospect magazine's Think Tank Awards.

In 2007 the CSJ published its landmark report, Breakthrough Britain. This publication, which set out 190 evidence-based policy recommendations to tackle poverty in Britain, transformed the social policy and political landscape and was awarded Publication of the Year by Prospect Magazine in 2008.

Since Breakthrough Britain the CSJ has published over 40 reports which have shaped government policy and influenced opposition parties. These have included the seminal papers Dying to Belong and Dynamic Benefits, which has led the Coalition Government's welfare reforms.

Further to this, the CSJ manages an Alliance of over 300 of the most effective grass roots, poverty-fighting organisations. The CSJ is able to draw upon the expertise and experience of Alliance charities for research work and media inquiries. Journalists wishing to conduct grass-roots research into social problems can be put in touch with front-line charity directors and staff.