

## Federal Income Taxes

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AtMP believes that individuals' incomes should be taxed without regard to their marital status. People should be free to choose whether to marry without having to calculate if marrying will make their income taxes higher or lower. Child-centered tax policies should be separated from marital status so that all taxpayers who care for children will be treated equally.

AtMP urges the media, the public, and all policymakers to acknowledge that:

- the tax structure favors upper-income married provider-dependent households, a minority among American household types; and
- the tax system uses marital status to represent both economic unity and family, but in fact being married does not necessarily equate with economic unity, nor is being married the only way to be a family.

Two factors create inequalities between the amount of tax paid on the same total amount of income earned by a single person, two (or more) unmarried people, and a married couple. First, the current U.S. income tax structure is progressive: higher incomes are taxed at higher rates than lower incomes. Second, the current system assigns single and married taxpayers to different tax brackets (the income levels at which tax rates change): wider brackets allow married people to employ "income splitting".

Marriage bonuses can occur when only one spouse earns income and her/his income is taxed as though it is split between both spouses, or when a high-income spouse and a low-income spouse are taxed as though they both earn moderate incomes. In these scenarios a married couple's taxes are lower than they would be if the two people were unmarried and taxed individually.

To see how marriage bonuses are unfair to unmarried people, imagine two employees. Each earns the same salary. One is unmarried; the other has a spouse who is an unpaid caretaker or earns a very low income. The married employee pays lower taxes, ending up with more take-home pay than the unmarried employee.

According to a Treasury Department study, in 2004 nearly 30 million couples enjoyed marriage bonuses totaling \$49 billion; their average bonus that year was \$1,691.

Marriage penalties do exist, and the worst are suffered by low-income couples. When two low-income people marry, their combined income — though still modest by any standard — can disqualify them from benefiting from programs such as the Earned Income Tax Credit (EITC). It is ironic that some welfare policies promote marriage for low-income families, while income tax policies and welfare benefit formulas penalize many low-income families for marrying. Marriage penalties also affect couples where both spouses earn significant incomes. They are taxed as though they represent one very-high-income taxpayer. In this scenario the total taxes are more than they would be if the two people were unmarried and taxed individually.

According to the Treasury Department study, in 2004 nearly 18 million couples suffered marriage penalties totaling \$19.1 billion; their average penalty that year was \$1,056.

While penalties do exist in the basic tax structure and in welfare policies, they probably do not affect the majority of tax filers. About 57% of people who file tax returns are in the 10% and 15% tax brackets, meaning their taxable incomes are between \$7,550 - \$30,650 for each single or between \$15,100 - \$61,300 for a married couple in 2006. In these brackets, a couple will not pay higher income taxes as a result of being married (unless marrying lowers their EITC).

In sum, bonuses benefit married couples with so-called 'provider/dependent' marriages. Penalties hurt low-income couples, and well-off married couples with balanced incomes.

At AtMP, we want to see consistent policies that help all singles, couples (married and unmarried) and families thrive regardless of marital status, because supporting family diversity is good for society.

#### WHAT YOU CAN DO

Demand and facilitate accurate reporting. If you see/hear the media mention the 'marriage penalty' without mentioning the 'marriage bonus,' write them a brief letter to tell them how to get it right.

Hold politicians accountable. In 2007 the 110th Congress has introduced five bills that would prevent the current structure of marriage bonuses and penalties from expiring. Send a detailed letter to your U.S. senators and representative opposing these bills.

(You can check the status of each bill and see which Congress members have sponsored it at [www.thomas.gov](http://www.thomas.gov).)

Below are links to information on each bill (PDFs):

- Marriage Tax Penalty Permanent Elimination Act of 2007 (Introduced in House)
- Permanent Marriage Penalty Relief Act of 2007 (Introduced in Senate)
- Permanent Marriage Equity Act of 2007 (Introduced in House)
- To amend the Internal Revenue Code of 1986 to make permanent certain temporary provisions... (Introduced in House)
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Send a similar letter to your state and local legislators: state and local income taxes often replicate the federal model including marriage bonuses and penalties.

Build a credible chorus. Help AtMP to connect with more economists, professors and think tanks. Although grassroots pressure is important, policymakers rely on expert commentary and official studies from respected organizations. For example, law professor Shari Motro raised public awareness and sparked debate with her op-eds, and law professor Dennis Ventry has presented conference papers. Read these materials here. Send us suggestions about other experts or articles .

Learn more. Tax laws are extremely complicated. We've collected several background pieces and present them here with the goal of inspiring and advancing debate.

Volunteer. AtMP currently addresses only basic federal income taxes. Important questions about marital status discrimination should also be raised about estate taxes, state and local income taxes, and federal benefits such as individual retirement accounts, Social Security, etc. We need volunteers to help us research those questions.

Donate. Want AtMP to do more research on taxes and similar issues, but can't be our volunteer? Your financial contribution would help pay for books and studies, stipends for interns, trips to Washington to educate lawmakers, etc. Donate online .

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