

Liberals sceptical about income splitting

The federal Conservative government will forgo a surplus this year and instead borrow money to pay for income-splitting and other new tax measures, according to its own fall economic update.

In the last two months the Conservatives announced more than \$3 billion in tax changes for this year, including an expensive income-splitting scheme. If they had followed the plan laid out by the late Jim Flaherty, the federal budget would have a small surplus this year instead of a \$3 billion deficit.

Earlier this year, Mr. Flaherty called on the Conservatives to abandon their income-splitting scheme, saying "I think income-splitting needs a long, hard analytical look to see who it affects and to what degree, because I'm not sure that overall, it benefits our society."

He was right. The Conservatives' new income-splitting scheme (which they call "the Family Tax Cut") won't give a dime to more than 85 percent of Canadian households. But it will cost Canadians \$2.4 billion this year alone.

We don't think it's fair to ask middle class families to pay to give families like the Prime Minister's a \$2,000 tax break. A Liberal government would focus on helping the middle class instead.

The economic update also showed that the growth rate for the Canadian economy will slow down each and every year between 2015 and 2019 and that the recent Conservative tax measures will do nothing to turn it around. That's not good enough. It's time for the government to change course, focus on the economy, and start putting Canadian jobs and growth ahead of politics.

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