
Submission

to

**The Minister for
Finance**

On the

Single Person Child Carer Tax Credit

November 2013



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The National Federation of Services for
Unmarried Parents and their Children

Treoir is the National Federation of Services for Unmarried Parents and their Children. In 1976 various agencies working with unmarried parents formed a federation to channel efforts and improve the quality of the services provided to unmarried parents and their children. Members include self-help organisations, adoption societies, maternity hospitals, childcare organisations, HSE and accommodation services. In 1995 the Federation was renamed Treoir, which is the Irish word for direction or guidance.

Treoir, in partnership with its member agencies, promotes the rights and best interests of unmarried parents and their children through providing specialist information and advocating for their rights.

Treoir:

1. ...operates a free, confidential **National Specialist Information and Referral Service** on all aspects of unmarried parenthood, providing clear and up-to-date information **free of charge** to parents who are not married to each other and to those involved with them. These include:

- unmarried expectant parents
- unmarried parents living apart
- unmarried parents cohabiting
- teen parents
- opposite and same sex parents
- grandparents and other relatives
- those working with unmarried parents and their families

2. ...manages the national co-ordination of the Teen Parents Support Programme

3. ...advocates on behalf of unmarried parents and their children.

Treoir's initial response to the proposed Single Person Child Carer Tax Credit:

Treoir – the National Federation of Services for Unmarried Parents and their Children – is very concerned with the proposal in Budget 2014 to replace the One Parent Family Tax Credit with a Single Person Child Carer Tax Credit, which will only be available to the primary carer of the child. Our national specialist Information Service has received a considerable number of anxious calls from fathers and mothers regarding this proposal.

We are strongly opposed to this Budget change but we do recognise that the current system is in need of significant reform.

We ask you to carefully consider the concerns we have with the proposed change, which will have negative consequences for unmarried/separated/divorced parents and their children:

1. Shared parenting is good for children and research shows this clearly. Therefore the State should support this rather than dis-incentivising it by removing the tax credit from non-resident parents. Indeed the Scottish government states:

“The Scottish Government believes that it is best for children to grow up with the involvement of both parents in their lives, as long as this is safe, practical, and in the best interests of the child.”

Treoir is promoting this principle, which we would like the Irish Government to adopt across all departments, in the best interest of children.

2. The removal of a tax credit, and its associated tax bands, for non-resident parents will result in a significantly reduced overall income for parents who are living apart. Where parents do not live together there are two households to be maintained, which incurs considerable expense. With so many single parent families already struggling financially, further reductions in the income of a mother, or a father, are likely to negatively impact on children. In Treoir, we strongly oppose any measure that undermines a parent's ability to provide adequately for her/his child/children.

3. It must be acknowledged that if the income of non-resident parents is reduced by the removal of the tax credit, this could result in some non-resident parents having no option but to reduce the amount of maintenance paid to the other parent for the child. Where that parent is in receipt of a reduced One-Parent Family Payment (OFP) because of maintenance received in respect of a child, it may result in an increase in the amount of OFP payable from the Department of Social Protection.

Treoir's foremost recommendation is to -

Reform the current system

Retain the tax credit for non-resident parents. We are in agreement that the current qualifying conditions for non-resident parents are inadequate and in need of reform,

particularly in relation to determining eligibility. The consent of both parents should be required for the non-resident parent to receive the tax credit.

Failing that Treoir recommends –

Make the tax credit transferable

If the budget proposal to replace the current tax credit proceeds, it will mean that in a case where the primary carer is not working, neither parent will receive the new Single Person's Child Carer Tax Credit. This will undoubtedly affect the lowest income families. In this situation we believe it is essential that the tax credit should be transferable i.e. the parent that is working should be allowed to avail of the tax credit where both parents consent to this arrangement. Again, the qualifying conditions for the non-resident parent would need to be fair and equitable.

and

Retain current Tax Bands

Non-resident parents should be able to retain the increased standard rate tax band that is currently available to those in receipt of One Parent Family Tax Credit subject to the qualifying conditions being reformed.

Following the debate on the Finance (No. 20) Bill 2013 at Committee Stage in the Dáil:

The Minister made clear that he is firm in his decision to abolish a tax credit to both lone parents.

As this was the case, Treoir forwarded recommendations to the Minister regarding the new Single Person Child Carer Tax Credit (SPCCTC):

1. It should be possible to share the SPCCTC between parents where they are both working and they both agree. A statement from both parents agreeing to share the tax credit and agreeing to shared parenting arrangements should be sufficient for the Revenue Commissioners
2. In unmarried families where there is no history of shared family life - and particularly where the child is very young - the suggested 100 days of shared parenting to qualify for the SPCCTC is excessive (see below)
3. At the end of the year if one parent's share of the tax credit has not been fully utilised it should be possible to reimburse the other parent on request
4. Where the primary carer is not working it should be possible to assign the SPCCTC in full to the secondary parent
5. Where the mother (primary carer) has married a man who is not the father of her child(ren) – is therefore no longer a single parent - and the father continues to share the parenting of his child, it should be possible for him to avail of the SPCCTC in full
6. Retain the current expanded Tax Bands for both parents.

We also recommend that a Commencement Order for the SPCCTC to allow time to properly develop the new system be introduced.

Remove the requirement of 100 days parenting

Treoir believes the criterion of a child spending a minimum 100 days with the non-resident parent in order to be eligible for the tax credit is excessive, especially for unmarried fathers. It may even be unworkable. This implies that a parent would have to have his child with him every weekend throughout the year to claim the Tax Credit, with no room for manoeuvre. It is an unwarranted interference into family life.

Fulfilling the 100 day rule could prove impossible in the following situations where –

- The child is very young – it is unreasonable and shocking to expect the mother of a very young baby to share parenting to this extent with the other parent, especially where the mother is breastfeeding
- The child is ill, perhaps in hospital for a period, s/he may not be able to travel or stay overnight with her/his father every weekend
- The parents live a considerable distance from each other a weekly arrangement may not be financially possible
- Children have events on at weekends (sports, parties, music etc.)
- Older children may not want to go to the other parent on a particular weekend
- There were any holiday periods abroad by either or both parents
- Work hours of either parent may change
- Relationships break down for a period and restart again

We, in Treoir, feel very strongly that it is inappropriate for the State to dictate the way in which parents rear their children. The state should not interfere into family life to this extent. Therefore, we propose

- In a situation where it is possible for the non-resident parent to avail of the SPCCTC, the transfer from the primary carer could be by simple request from the primary carer. We do not agree with conditions such as number of days being imposed for the transfer of this tax credit.

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