



Doc. 14880
12 April 2019

Reviewing effective marginal tax rates for low-income working families

Motion for a resolution

tabled by Sir Jeffrey DONALDSON and other members of the Assembly

This motion has not been discussed in the Assembly and commits only those who have signed it

In some member States, we find that effective marginal tax rates on low income families are higher than the tax rates placed on the highest earners. Rather than empowering low-income families, high effective marginal tax rates can effectively trap low income working families in poverty. This is a great social injustice; that seems unnecessary given the experience of other member States that avoid this problem.

It is important that countries design their tax system and social security system, and specifically the way in which the two interact, in such a way so as to minimise the effective marginal tax rate and thereby avoid trapping low income working families in poverty.

The Parliamentary Assembly should conduct a review of tax and welfare policy approaches among members States, to find out: a) which member States have managed to develop a tax system and welfare system that relate to each other in such a way that they care for the needs of low income families at the same time as empowering them to earn their way to a better standard of living and b) which member States have developed a tax system and a welfare system that relate to each other in such a way that the care they provide for low-income families has the effect of creating high effective marginal tax rates, trapping families in poverty.

This review should seek to identify good practice amongst member States and formulate recommendations as regards how best to help low-income working families through the tax system and welfare system, specifically the way in which they interact with each other, without this intervention jeopardising their ability to earn (by working longer hours or by getting a better paid job) their way to a better standard of living by creating confiscatory high effective marginal tax rates.

Signed (see overleaf)



*Signed*¹:

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1. EC: European Conservatives Group
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