

The Chancellor of the Exchequer  
 11 Downing Street  
 London  
 SW1A 0AA

Dear Chancellor,

**Re: Child Benefit Proposals Announced at Conference**

I was surprised and disappointed to hear the detail of the policy announced today in relation to Child Benefit and the impact of the proposed changes on families with only one significant wage earner. The proposal is fundamentally wrong and ignores what has been our guiding principle since the establishment of the Coalition in May – fairness.

From what I have understood of your proposals a family with one higher rate taxpayer would lose their right to child benefit whilst a family with two wage earners on an income of £43,000 each would retain the benefit. This strikes me as contrary to any perception of fairness and will possibly be very damaging to families with young children and those aspiring to stay at home during the formative years of their children’s lives.

The following figures might put my concerns into context;

	<b>Family 1</b>	<b>Family 2</b>
	Both parents earning £43,000	One parent earning £45,000
Income	43,000	45,000
Less: Tax (aprox.)	<u>7,305</u>	<u>7,930</u>
	35,695	37,070
Less: NI (aprox.)	<u>4,100</u>	<u>4,210</u>
	31,595	32,860
	X 2	X1
<b>Total Income</b>	<b>£63,190</b>	<b>£32,860</b>
Child Benefit for 3 children	<u>2,448</u>	<u>0</u>
<b>Total Disposable Income</b>	<b>£65,638</b>	<b>£32,860</b>

Whilst the above might be an extreme case it illustrates the fundamental unfairness of the proposals as they stand. Family one will have almost twice the income of family two and yet receive £2,448 tax free from the state. The second family left with half the disposable income of the first family are expected to pay 40% tax on a proportion of their income. I will find it very difficult to support these proposals.

It should also be noted that I am not opposed to dealing with the huge and in many ways unjustified level of expenditure on child benefit but I would have expected a conclusion that would not be as plainly unjust to single income families as this proposal. It is imperative that changes take into account the family income and not the income of one parent.

I attach to this letter an e-mail from a constituent (one of a dozen) received by 2pm on Monday the 4<sup>th</sup> of October. Such a level of e-mail response to a policy announcement is rare and it is even rarer for me to find myself in agreement with the correspondents when they criticise our government.

I would urge you to re-think the detail of this policy in order to save at least as much money but in a more equitable manner. Our manifesto commitment stated;

“Labour’s tax and benefits system rewards couples who split up”

The same criticism could be levied at this policy.

We also stated;

“We will recognise marriage and civil partnerships in the tax system”

It would appear that this commitment will be difficult to deliver and this I can understand in view of the fact that we have a coalition government rather than a Conservative Government. However, this proposed policy will, in my view, penalise traditional family life where only one parent works. Rather than recognising marriage in the tax system this policy seems intent on penalising a responsible and traditional approach to raising a family with one parent at home during the formative years of the children. This is not what we promised.

I look forward to your response.

Yours sincerely,

Guto Bebb