

Couples on less than £50,000 are better off apart

by STEVE DOUGHTY Daily Mail 16th March 2007

Parents who earn less than £50,000 a year would be better off splitting up, it was claimed.

Benefits and taxes are weighed so heavily in favour of lone-parent families that couples need to bring in twice the national average income before staying together has a financial advantage, a report said.

Research by Patricia Morgan for the Institute of Economic Affairs think-tank, has provided more evidence that large numbers are either living apart or hiding the fact they are a couple just so they can hold on to tax credits and benefits.

The report will fuel the debate over benefits and the family unit provoked by last month's United Nations report which blamed family breakdown for the high level of misery among British children.

Tory leader David Cameron has promised tax breaks for married couples in an attempt to stabilise the family but Chancellor Gordon Brown has rejected the plan as an 'ideological judgment'.

Mrs Morgan found that the benefits system discriminates against couples to the point where those with less than a comfortable joint income would gain from splitting up.

She said: 'The temptation to pretend to live alone is enormous, considering the sums involved, and is particularly acute when the lone parent is on out- of-work benefits or a low wage.

'Joint income has to reach something like £50,000 gross for there to be no loss from declaring a relationship.'

The key benefit making it profitable for a couple to live apart is Mr Brown's tax credits, which are paid solely to the parent who looks after the children.

Using the Government's Tax Benefit Model Tables, Mrs Morgan gives the example of a mother of two who lives apart from her boyfriend. The couple have a combined gross income of £35,000.

On a salary of £11,921, tax credits and benefits would boost her weekly wage of £200 to £228.65.

If the couple lived together, loss of tax credits and benefits would leave them £3,584 worse off.

Mrs Morgan writes in her book *The War Between the State and the Family*: 'It is financially inadvisable to live as a couple unless their income takes them out of the reach of the welfare system altogether.'

By 'faking it' and living apart, she said a couple with two children under the age of 11 could be up to £9,000 a year better off than those who co-habit.

If both partners are unemployed, those who live apart gain an extra £1,288. If just the boyfriend is employed this brings in £2,160 more, and on a salary of £30,000 this means an extra £9,018 for those who live together.

Mrs Morgan called for reforms of the tax and benefits system to ensure couples who stay together are not penalised.

Her study follows research by the Office for National Statistics which shows 1.2million couples are 'living apart together'.

Of an estimated 3.4million children below the poverty line, two million live with two parents.