



**mothers  
at home  
matter.**

To: The Rt Hon Jeremy Hunt MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Rd  
London  
SW1A 2HQ

Wednesday 7<sup>th</sup> February

Dear Chancellor

I understand that you and your team are amid preparations for your Spring budget and we at Mothers at Home Matter (MAHM) ask that you include the following in your considerations:

- That any tax reductions be targeted to families with children
- Unfairness of child benefit tax charge be corrected
- High marginal tax rates which destroy incentives to work harder or earn more are reduced
- Review the penalties on mothers caring for their young children and on Universal Credit

**Tax reductions be targeted to families with children**

Because our tax system does not recognise the dependent nature of the family, it is families with children that face the biggest tax burden and who are most likely to face poverty.

We therefore ask that, if there is any headroom to reduce taxes, this could be targeted at families with children. Families where one parent cares at home for their children face the heaviest tax burden.

**Unfairness of child benefit tax charge be corrected**

When HICBTC was introduced, the Conservative government claimed it was only the top 15% of households affected. However, since our tax system does not recognise the family, it cannot tell the difference between an individual's income and a household income. As a result, some families in the bottom half of the population have been affected by the charge whilst some families in the top half of the population still keep the benefit and avoid the charge. This is unjust, particularly as we moved away from a system of tax allowances and child allowances on a household income to child benefit paid to the mother in recognition of her caring responsibilities. Another reason for introducing child benefit was for the mother to have an income independent of her spouse to care for her children.

Today we have mothers with little or no income in the poorer half of the population being denied their child benefit support whilst other mothers with income and in the top 15% population continue to receive it.

Can this be the principle of independent taxation? To deny mothers recognition and support for their care work because their spouse earns a higher rate? The principle of independent taxation was that one spouse did not need to declare their earnings to the other.

### **High marginal tax rates which destroy incentives to work**

At a time when we face labour shortages and we need to 'grow' the economy it is absurd that this charge creates disincentives to work and destroys aspirations. Many of our members are facing the prospect of being no better off or even worse off by getting a pay rise or earning overtime. Families at £50k face tax rates of above 70% with 3 or more children. Families on Universal credit also face marginal tax rates of 70% and over. Mothers are being compelled into paid work either to supplement income which cannot be earned by their spouse because of tax rates or because of the UC penalty system taking them away from the important work they are already doing, caring for their young children.

### **Penalties for mothers on Universal Credit caring for young children**

Last March the government introduced new penalties for mothers on Universal Credit who were not looking for work when their child was 1 year old and were not in work for 30 hours once their child was 3 years old. They also removed the Additional Earning allowance which allowed the spouse to make up the earning threshold.

The effect of these penalties will be mostly felt by young children. What evidence is there that 30 hours of childcare away from mother is good for children? In practice, given travelling times to/from work, this will be more than 30 hours away from their primary carer at a very young age. The period from 9 months – 3 years is a period of critical brain development and emotional growth; consistency and continuity of care is vital. The presence of the mother in particular plays an important role in long-term child wellbeing and emotional stability. It is also a period when the child feels separation anxiety away from the mother.

It would be better to gradually increase the hours away from the mother until the child is school-age. Will the Treasury be better off forcing mothers away from their young children given the huge cost of childcare, the lack of nursery staff and shortage of places particularly in disadvantaged areas?

We want to thank you for your time in considering the points above. I have also attached two briefing papers: Child Benefit Tax Charge & proposal to make it fairer.

Yours sincerely,

**Anne Fennell**  
**Chair, Mothers at Home Matter**