

8-2014

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Recommended Citation

Cataldo, A. J., Flynn, K. E., & DeJoy, J. S. (2014). The Marriage Tax: A Social and Fiscal Policy Reversal for U.S. Family Taxation. *International Research Journal of Applied Finance*, 5(8), 973-987. Retrieved from http://digitalcommons.wcupa.edu/acc_facpub/23

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The Marriage Tax: A Social and Fiscal Policy Reversal for U.S. Family Taxation

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Abstract

Cataldo and Flynn (2014) provided a historical review (1913-) of the marriage tax penalty (MTP) and marriage tax bonus (MTB) that is created in the current income tax system that exists in the United States. In addition, Cataldo and Flynn (2014) summarized significant comparative studies for Canada, England and Wales through the 1990s, and described U.S. fiscal and tax policy reforms (2001, 2003 and 2004) that minimized or eliminated the U.S. MTP. The American Taxpayer Relief Act (ATRA) of 2012 reverses U.S. tax policy, resurrecting concerns about the MTP for higher income taxpayers.

We extend our previous work by comparing the U.S. marriage-to-divorce (M-T-D) ratio to the Canadian M-T-D ratio. The *family* remains the unit of taxation in the U.S. tax code, thus creating the potential for the marriage tax. However, the *individual* remains the unit of taxation in Canada, thus preventing the existence of the marriage tax. This is a timely and interesting analysis because by comparing the M-T-D ratio in the U.S. where the marriage tax exists, to the M-T-D ratio in Canada where the marriage tax does not exist, we can determine whether the marriage tax has a significant effect on a couple's decision to either marry, or stay married. Those researching family taxation and policy issues, both within and outside of North America, may find it helpful to exploit this alternative dimension for comparison and international analysis.

Key words: marriage tax, marriage, divorce

Introduction

The American Taxpayer Relief Act of 2012¹ has resurrected concerns about the marriage tax penalty (MTP). Previously, Economic Growth and Tax Relief (EGTRRA 2001), Jobs and Growth Tax Relief Reconciliation (JGTRRA 2003), and Working Families Tax Relief Acts (WFTRA 2004) completely eliminated “base” effects-based MTPs (2003-) and reduced “rate” effects-based MTPs. The latter was achieved through an expansion of the 15 percent bracket (2004).

The U.S. MTP was operationally defined and associated with the establishment of separate tax rate tables (“rate” effect), first established for single and married taxpayers for post-1970 tax years. A difference in the personal exemption and standard deduction amount (“base” effect) available to single and married taxpayers also resulted in MTPs and marriage tax bonuses (MTBs), but this component of marriage tax penalties, bonuses and non-neutrality was completely eliminated for post-2002 tax years.²

Brozovsky and Cataldo (1994) examined combined “rate” and “base” effects and calculated MTP and MTB ranges in their analysis of the entire history of individual Federal income taxation in the U.S. Cataldo and Flynn (2014) used the 2001 Internal Revenue Service (IRS)

¹ Pub.L. 112–240, H.R. 8, 126 Stat. 2313, enacted January 2, 2013, was passed by the United States Congress on January 1, 2013, and was signed into law by President Barack Obama the next day.

² This component of the MTP arose from differing personal exemptions (1913 through 1943) and standard deductions (1944 through 2002). During this period, standard deductions amounts were purely variable (1944 through 1963), semi-variable or mixed (1964 through 1976), and purely fixed (1977 through 2002). The Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) increased the basic standard deduction amount for married taxpayers to double the amount available to single taxpayers for the 2003 and 2004 tax years. It was extended by the Working Families Tax Relief Act of 2004 (WFTRA) from 2005 through 2008 tax years.

Statistics of Income (SOI) public use file to assist them in extending this methodology and these measures through 2013. With a single exception, academic research results suggests that tax penalties associated with the decision to marry, remain married, or divorce have affected the *timing*, but not the *incidence* of marriage in the U.S., Canada, and England/Wales.

We extend Cataldo and Flynn (2014) from a U.S. tax-based focus to a U.S.-Canadian (North American) marriage-to-divorce (M-T-D) ratio-based focus. The U.S. system of individual taxation taxes the household. The Canadian system of taxation taxes the individual. Therefore, to the extent that M-T-D ratios between the U.S. and Canada are comparable, the decision to marry, remain married, or divorce evolves from some non-tax or fiscal policy related variable.

While we expand our investigations to North America, where the American unit of taxation was (and remains) the *household* and the Canadian unit of taxation was (and remains) the *individual*, we do not extend our investigations to other countries. As of 1989 (an approximate mid-point for the period examined), the Canadian unit of taxation feature is one shared with Australia, Denmark, Italy, Japan, Netherlands, Sweden and the U.K. The American unit of taxation feature was shared with France and Germany. However, France and Germany used single tax rates schedules. The U.S. system is the only one of the above that both (1) defined the unit of taxation as the household and (2) used separate or multiple tax rate schedules for the single and married (filing jointly) filing statuses. The result is the U.S. tax tables or tax rate effect-based marriage tax.

We extend and examine M-T-Ds developed by Cataldo and Savage (2001). Canada does not have a marriage tax, per se, but enjoys an M-T-D ratio only slightly greater than that for the U.S. for the post-1986 period. The comparability between U.S. and Canadian M-T-Ds and recent research results suggest that cohabitation and changing social trends may represent more significant factors than the marriage tax in future studies of the decision to marry, remain married, separate, and divorce in North America.

The remainder of this paper is organized, as follows: Before introducing M-T-D ratios, comparisons, and analysis, we provide a very brief summary of prior research, where, like Cataldo and Flynn (2014), we used Internal Revenue Service (IRS) Statistics of Income (SOI) data (1989 and 2001) to focus on the most significant MTPs. We provide a brief review of the literature on the *incidence* and *timing* of the decision to marry, and develop comparative U.S. and Canadian M-T-D ratio measures, where we examine the impact of U.S. tax legislation designed to mitigate MTPs, including and controlling for U.S. MTPs. Our statistical results suggest that U.S. and Canadian fiscal and tax policy may have played a less significant role in the decision to marry, remain single, or divorce in North America. Instead, the increased correlation between U.S. and Canadian M-T-D ratios may be a function of the changing definition of the family and social trends. Finally, we summarize our results, recommending the extension of our methodology to countries outside of North America.

I. Prior Research, Using IRS SOI Data and Focused on Significant MTPs

Table I provides a broad summary of the five most prevalent and/or significant U.S. MTPs, provided in the same sequence and framework used in a U.S. Form 1040 – the income tax form used by individual U.S. taxpayers. They were described and illustrated by Cataldo and Flynn (2014). They are bolded and italicized in Table 1, and include: (1) the net capital loss (NCL) ceiling or limitation of \$3,000 per tax return, where two single taxpayers might generate a tax deduction of up to \$6,000; (2) Social Security benefits, where married taxpayers receive lower amounts of old age, survivors and disability income (OASDI) and are taxed more heavily, when

compared to two, single taxpayers, preferring to simply live together, outside of marriage; (3) standard deductions available to married taxpayers, which is less than two times the amount available to two single taxpayers (the “base” effect); (4) differing tax rates and tax rates tables, penalizing married taxpayers (the “rate” effect); and (5) the imposition of the alternative minimum tax (AMT), which also negatively impacts married taxpayers. This table should assist others in conducting international comparisons. U.S. tax law specifically targeted U.S. MTPs for reduction and/or elimination in legislation from 2001, 2003 and 2004, as noted in Table 1.

Refer Table I

Table II provides descriptive measures of the percentage of U.S. taxpayers impacted by the same five most prevalent MTPs described by Cataldo and Flynn (2014) and addressed above, by adjusted gross income (AGI) class, and using the same 1989 and 2001 IRS SOI data. Peak measures are bolded, italicized and highlighted for emphasis. Note that the base (68%) and rate (85%) effect-based MTPs impacted the largest percentage of U.S. taxpayers, but for taxpayers in different AGI classes. The broad impact of the base and rate effect-based MTPs illustrates the legislative motivation to reduce the impact of these MTPs. As noted in Table I, this legislation mitigated these broad-based MTPs during 2001, 2003, 2004 and later tax years.

Refer Table II

Table III summarizes additional, less consequential MTPs, by U.S. Internal Revenue Code Section (IRC§), and not addressed by Cataldo and Flynn (2014) or in the present study. They are classified by low-, middle-, and high-income taxpayer classes.

Refer Table III

Generally, marriage tax penalties and marriage tax bonuses have been computed by simulating and estimating these measures through (1) the marriage of single taxpayers (SGL) or (2) the divorce of married taxpayers, filing jointly (MFJ), as illustrated in equation [1], below:

$$[\text{SGL} \times 2] - \text{MFJ} = \text{Marriage Tax Penalty}/(\text{Bonus}) \quad [1]$$

Cataldo and Flynn (2014) computed their MTPs and MTBs, by using historical measures of AGI class, at first quartile, weighted average, and third quartile AGI levels. Figure 1 illustrates the range of penalties and bonuses associated with marriage for an entire century (1914 through 2013).

Figure 1 provides reference points for the historical expansion of the U.S. MTP (1971-). It also illustrates reference points for legislation providing for mitigation of the MTP, through what was known as a two-earner deduction (1982 through 1986; also referenced in Table I). This “above-the-line” deduction reduced both base and rate effect-based MTPs. Finally, Figure 1, provides reference points for the post-2003 elimination of the base effect-based MTP (also referenced in Table I).

Refer Figure 1

II. Effects of MTPs on the *Timing and Incidence* of Marriage

As noted by Cataldo and Flynn (2014), several studies examined the effect of MTPs on the *timing* and *incidence* of marriage. There was quite a bit of evidence that the MTP affected the *timing* of marriage in the U.S. (Sjoquist and Walker 1995 and Alm and Whittington 1995), but Gelardi (1996) produced evidence that MTPs also affected the timing of marriage outside of the U.S. (Canada, England and Wales). Only Alm and Whittington (1995) produced evidence that MTPs impacted the *incidence* of marriage. Gelardi (1996) examined actual marriage and divorce rates (Canada; 1950 through 1991 and England and Wales; 1960 through 1991), which we, also,

examine, but by way of a U.S.-Canadian comparison. The results from these MTP-specific studies are consistent with non-MTP-related or general studies on taxation:

...evidence about the economic response to tax reform suggests a hierarchy of responses...(s)tanding at the top of the hierarchy...is the *timing* (emphasis added) of economic transactions...(Slemrod 1990, 8-9)

The above studies supported the existence of this hierarchy (Trezevant 1994, 79, referring to Slemrod 1990, 8-9). The use of actual marriage and divorce rates by Alm and Whittington (1995) and Gelardi (1996) motivated Cataldo and Savage (2001) to develop and examine actual marriage and divorce rates in the form of a marriage-to-divorce (M-T-D) ratio, which we extend and examine through the remainder of this paper.

III. Data and Methodology: The Marriage-to-Divorce (M-T-D) Ratio

In the United States, the unit of taxation is the *family* or *household*, through optional joint or separate filing for married taxpayers. In Canada, the unit of taxation is the *individual*. Canada does not have a marriage tax and their system of individual income taxation is marriage neutral. We used the annual IRS SOI, *Canada Year Book* and its American counterpart, *Statistical Abstract of the United States* to capture marriage, divorce and U.S. Consumer Price Index (CPI) measures used for longitudinal regression model development. Both U.S. and Canadian M-T-D ratios are provided for 1971 through 2008 (N = 38).³ These measures are summarized in Table IV. We computed marriage-to-divorce ratios, using equation [2], as follows:

$$\text{Marriages} \div \text{Divorces} = \text{Marriage-to-Divorce (M-T-D) Ratio} \quad [2]$$

Refer Table IV

We should note that there is a trend, in both Canada and the U.S., to stop producing annual measures for marriage and divorce. In Canada, these measures will not be produced post-2008. In the U.S., these measures are no longer being produced for a relatively large U.S. state (e.g., California, post-2001). This data is costly to produce and the changing definition of the family and increased incidence of same sex marriages, in North America, have, apparently, led policy makers to place less emphasis on the importance of, and production of, these traditional measures or operational definition of “family.”

Table IV contains M-T-D ratios for both the U.S. and Canada for the 1971 through 2008 calendar years. Recall that 1971 is the first year when MTPs based on separate tax rates and tax rates tables were established for single and married taxpayers (see Figure 1) and both rate and base effect-based MTPs were mitigated by using a two-earner deduction for the 1982 through 1986 tax and calendar years (see Table I and Figure 1). Therefore, we produce four partitions for the 1971 through 2008 period under review, as follows: (1) 1971 through 1981 - the period where MTPs are imposed by way of separate tax rates tables for single and married taxpayers; (2) 1982 through 1986 – the period where both rate and base effect-based MTPs were mitigated with the two-earner deduction (also known as the U.S. Schedule W and highlighted in the table); (3) 1987 through 2002 – the period after the failure to extend the two-earner deduction, post-1986; and (4) 2003 through 2008 – the remainder of the period of marriage and divorce data availability for the U.S. and Canada, after the elimination of the base effect-based MTP (highlighted in the table).

³ A comparable graphic, but only for 1971 through 1997, is provided in Cataldo and Savage (2001, 79).

Elimination of the base MTP, as a fiscal policy measure designed to mitigate the marriage tax, was statistically significant. The 1982 through 1986 establishment of a deduction for “two earners” did not produce a statistically significant impact on the U.S. M-T-D ratio. A simple graphic provides additional insights into the U.S.-Canadian trend or pattern in marriage and divorce.

Figure 2 provides for a graphic of U.S.-Canadian M-T-D ratios for 1971 through 2008. Note that the decline in the U.S. M-T-D ratio stabilized, and has remained reasonably stable at a ratio approximating 2-to-1, after full implementation of this first tax “rate”-based MTP (1971 through 1976). The Canadian M-T-D ratio first declines to/below already stabilized levels for the U.S. for 1987 and future years.⁴ The fact that Canada does not have a MTP, per se, may explain why public policy researchers interested in family taxation issues and attempting to quantify the impact of fiscal policy-based MTPs, in the past, have found it difficult to quantify the impact of tax law on the *incidence* of marriage.

V. Social Trends

The comparability between U.S. and Canadian marriage-to-divorces and recent research results suggest that cohabitation and changing social trends may represent more significant factors than marriage tax penalties in future studies of the decision to marry, remain married, or divorce. For example, the contemporary earned income tax credit (EITC) was examined by Dickert-Conlin and Houser (2002, p 25). They found that “those facing larger increases in their EITC were less likely to remain married, found no relationship between the EITC and marriage for unmarried women, and concluded that the EITC expansion during the early- to mid-1990s had little or no effect on marriage decisions.”

The conclusions reached by Dickert-Conlin and Houser (2002) provide additional support to a (still) growing body of evidence. The contemporary U.S. experience of the past few decades, characterized by declining marriage/increasing divorce rates, is not a function of the expansion of the EITC or economics. It is a phenomenon related to changing social trends, including cohabitation (Alm, Thacher and Whittington 1999; Dickert-Conlin, Houser and Li 2002).

Cataldo and Savage (2001, p 77) addressed these changing social trends. “The post-World War II period enjoyed an increased female presence in the labor force, broad use of newly developed birth control measures, endorsed by the U.S. National Council of Churches (1961), rising feminism and the establishment of the National Organization for Women (NOW, 1963), the Equal Pay Act (1963), the Civil Rights Act (1964), gay rights activism, and U.S. legalization of abortion by the Supreme Court (1973).” In recent years, legislation and issues related to same sex marriages have been addressed in the popular press.

The...marriage penalty gained notoriety...when the news media published stories...married couples...were divorcing near the end of the year so they could file tax returns as unmarried individuals...then remarry early in the following year (Strefeler 1982, 5).

After more than three decades and several published studies attempting to causally link the U.S. marriage tax penalty with declining marriage and increasing divorce rates, only one study found evidence connecting the marriage tax penalty with the *incidence* of marriage and divorce (Alm and Whittington 1995). However, that study plus a study examining a comparable time period

⁴ Though likely to be coincidental, this post-1986 period of greater U.S. and Canadian M-T-D ratio comparability coincides with the 1985-1986 Canadian tax law change designed to eliminate the tax benefits associated with fiscal year-end marriages (Gelardi 1996).

(Sjoquist and Walker 1995) found that taxes affected both the *timing* of the decision to marry and divorce in the U.S., and the *timing* of the decision to marry and divorce in Canada and England/Wales (Gelardi 1996).

VI. Summary

We provide an extension to Cataldo and Flynn (2014), providing a framework for the most prevalent marriage tax penalties under U.S. tax law and summarizing fiscal policy changes designed to reduce these MTPs (Table I). Table II contained additional, descriptive measures, using the same data base used by Cataldo and Flynn, for ease of comparison and continuity. We noted less significant MTPs in Table III. The range for American MTPs and MTBs for an entire century (1914 through 2013), for first and third quartile and weighted-average U.S. adjusted gross income levels, and referencing two pieces of legislation specifically designed to mitigate or reduce tax penalties associated with the decision to marry or remain married has been provided. Tables IV, V and VI provided the raw data and statistical results and comparisons between U.S. and Canadian marriage-to-divorce (M-T-D) ratios. We find that U.S. fiscal policy changes and/or tax legislation designed to mitigate or reduce MTPs produce less explanatory power, when compared to Canadian M-T-D ratios. Since Canada taxes the *individual* and not the *family*, and does not have, and never has had, a penalty associated with the decision to marry or remain married, we anticipate little or no impact from the resurrection of the new U.S. marriage tax.

The American Taxpayer Relief Act (ATRA) of 2012 reverses U.S. tax policy, resurrecting concerns about the MTP for higher income taxpayers. North American changes in social trends suggest that the decision to marry, remain married, divorce or select cohabitation as an alternative to marriage will continue to contribute complexity to the study of family taxation issues. The post-1986 comparability between U.S. and Canadian marriage-to-divorce ratios, where no marriage tax, per se, exists under the Canadian system of individual taxation, supports the changing social trend explanation for these decisions, as the composition and operational definitions of both U.S. and Canadian *households* and *family* continues to change. An extension of our methodology and the examination of this issue for other countries will provide insights into both North American and non-North American decisions to marry or remain married.

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Table I: The Calculation of Taxable Income and Tax in the U.S. Selected Marriage Tax Penalty (MTP) Components

	<u>MTP</u>	<u>Description</u>
		Gross Income includes
	<i>NCL</i>	<i>Net Capital Loss ceiling/annual limitation per household</i>
	<i>SS</i>	<i>Social Security</i>
Less:		<u>Adjustments to Income</u> ⁵
Equals:		Adjusted Gross Income (AGI)
Less:		Personal Exemptions
Less:	<i>BASE</i>	<i>Standard Deduction</i> ⁶ ←
Equals:		Taxable Income
	<i>RATE</i>	<i>Tax Rates Tables</i> ←
Equals:	<i>AMT</i>	<u>Alternative Minimum Tax</u> ⁷

Marriage Tax Penalty (MTP) components, specifically targeted for reduction and/or elimination by the

- Economic Growth and Tax Relief Act of 2001 (EGTRRA),
- Jobs Growth Tax Relief Reconciliation Act of 2003 (JGTRRA), and
- Working Families Tax Relief Act of 2004 (WFTRA).

⁵ The *two-earner deduction (Schedule W)* was available as an adjustment to income for the 1982 through 1986 tax years.

⁶ Taxpayers with itemized deductions in excess of the standard deduction (i.e., *excess itemized deductions*), an amount based on the taxpayer’s household status, is permitted to deduct the larger of their *standard* or *itemized* deductions.

⁷ The taxpayer pays the larger of tax based on *tax rates tables* or their *alternative minimum tax*.

Table II: Percentage of Taxpayers Affected by Marriage Tax Penalty Type and Adjusted Gross Income (AGI) Class (2001 & 1989)

AGI Class	NCL		SS		Base		Rate		AMT		
	2001	1989	2001	1989	2001	1989	2001	1989	2001	1989	
\$1K-\$10K	20%	2%	0%	0%	0%	0%	0%	0%	93%	1%	0%
\$11K-\$20K	16%	2%	0%	0%	32%	0%	0%	0%	87%	0%	0%
\$21K-\$30K	14%	2%	14%	5%	68%	0%	0%	0%	76%	0%	0%
\$31K-\$40K	16%	2%	22%	10%	63%	0%	0%	0%	61%	0%	0%
\$41K-\$50K	15%	2%	20%	10%	57%	49%	16%	42%	1%	0%	0%
\$51K-\$75K	19%	3%	18%	3%	41%	92%	53%	23%	2%	0%	0%
\$76K-\$100K	25%	6%	0%	0%	24%	98%	84%	11%	6%	2%	0%
\$101K-\$200K	33%	n.a.	0%	n.a.	15%	n.a.	85%	n.a.	13%	n.a.	n.a.
Overall	23%	3%	8%	5%	34%	37%	47%	53%	5%	0%	0%

Table III: Additional MTP Components by U.S. Internal Revenue Code Section (IRC§)¹

<u>IRC§</u>	<u>Provision</u>
<i>Phase-out Levels for Low-Income Taxpayers:</i>	
21	30% Dependent Care Credit
22	Elderly Credit
32	EIC (no child)
32	EIC (1 child)
32	EIC (2 or more children)
<i>Phase-out Levels for Middle-Income Taxpayers:</i>	
219	IRA Deduction
221	Education Interest Expense
<i>Phase-out Levels for High-Income Taxpayers:</i>	
24	Child Credit
25A	Hope & Lifetime Learning Credit
23&137	Adoption Credit & Exclusion
135	EE Bond Interest Exclusion
151	Personal Exemption
219(g)(7)	IRA w/Spouse w/Retirement Plan
408A	Roth IRA Deduction
408A	IRA to Roth IRA Rollover
469(i)	\$25K Rent Passive Loss
469(i)	Passive Rehabilitation Credit
530	Education IRA Deduction
<i>Other:</i>	
67	2% Floor – Misc. Item. Deds.
121	Principal Residence Exclusion
143	Recapture of Subsidy – Mtg. Bonds
151	Casualty & Theft Loss
213	7.5% Floor on Medical Expenses
469	Passive Activity Rental Real Estate
1400C	Homebuyer Credit for D.C.

¹ As adapted from Brazelton (2002).

Table IV: U.S. & Canadian Marriage-to-Divorce (M-T-D), Standard Deduction or Base Marriage Tax Penalty (BaseMTP), and U.S. Schedule W (SchW) Measures 1971 through 2008 (N=38)

<u>YEAR</u>	<u>M-T- D_{U.S.}</u>	<u>M-T- D_{CAN}</u>	<u>BaseMTP</u>	<u>SchW</u>
1971	2.8331	6.3667	\$1,050	0.00
1972	2.7006	6.2500	\$925	0.00
1973	2.4962	5.3784	\$1,057	0.00
1974	2.2825	4.4222	\$1,117	0.00
1975	2.0782	3.8824	\$980	0.00
1976	1.9898	3.5741	\$926	0.00
1977	1.9963	3.4000	\$802	0.00
1978	2.0195	3.2632	\$745	0.00
1979	1.9738	3.1864	\$672	0.00
1980	2.0101	3.0806	\$591	0.00
1981	1.9967	2.7941	\$534	0.00
1982	2.0991	2.6857	\$504	0.05
1983	2.1123	2.6812	\$488	0.10
1984	2.1189	2.8615	\$468	0.10
1985	2.0277	2.9677	\$467	0.10
1986	2.0433	2.2564	\$478	0.10
1987	2.0609	1.8958	\$471	0.00
1988	2.0531	2.2381	\$343	0.00
1989	2.0769	2.3580	\$327	0.00
1990	2.0668	2.4103	\$326	0.00
1991	1.9975	2.2338	\$328	0.00
1992	1.9440	2.0886	\$347	0.00
1993	1.9663	2.0385	\$337	0.00
1994	1.9832	2.0253	\$342	0.00
1995	1.9983	2.0513	\$333	0.00
1996	2.0383	2.1806	\$336	0.00
1997	2.0499	2.3731	\$354	0.00
1998	2.2174	2.6540	\$349	0.00
1999	2.1963	2.5074	\$341	0.00
2000	2.2123	2.2123	\$342	0.00
2001	2.0618	2.0621	\$344	0.00
2002	2.2432	2.0916	\$340	0.00
2003	2.2457	2.0810	\$0	0.00
2004	2.2717	2.0999	\$0	0.00
2005	2.2197	2.0753	\$0	0.00
2006	2.1369	2.0153	\$0	0.00
2007	2.1390	2.0358	\$0	0.00
2008	2.0536	2.0973	\$0	0.00

Table V: Pearson Product Moment Correlation Measures between U.S. & Canadian Marriage-to-Divorce (M-T-D) Ratios for the Entire Population & Four Partitions 1971 through 2008 (N=38) (developed from data contained in Table IV)

Number of Observations	N=38	=	n=11	n=5	n=16	n=6
Reason for Partition				Schedule W		No Base MTP
Years in Partition	<u>[1971-2008]</u>		<u>[1971-1981]</u>	<u>[1982-1986]</u>	<u>[1987-2002]</u>	<u>[2003-2008]</u>
M-T-D_{U.S.} x M-T-D_{CAN}						
Pearson Product Moment Correlation	0.736*		0.982*	0.169	0.498*	0.279
P-Value	0.000		0.000	0.785	0.050	0.592

Table VI: Results for Regression Equations [3a] and [3b] Coefficients, Signs, and Summarized Results 1971 through 2008 (N=38)

<u>Description</u>	<u>Equation [3a]</u>	<u>Equation [3b]</u>	<u>Summarized Results</u>
Intercept	1.6755	1.7794	Sign and coefficient not predicted.
Variables:			
M-T-D _{CAN}	0.2508	0.1253	Positive sign, as predicted, and significant at the 0.01% level.
BaseMTP	-0.0005		Negative sign, as predicted, and significant at the 0.01% level.
SchW	-0.1403		Negative sign, as predicted, but not significant.
Adjusted R-Square	76.9%	52.9%	Approximately 14% of M-T-D _{U.S.} is not predicted by M-T-D _{CAN} .
Overall F-Statistic	41.99	42.49	Significant at the 0.01% level.

Figure 1: Range of the Combined Base- and Rate-Based Marriage Tax Bonus/(Penalty) in Nominal Dollars for 1st Quartile-, Weighted-Average- and 3rd Quartile-Based AGIs for 100 Years - 1914 through 2013

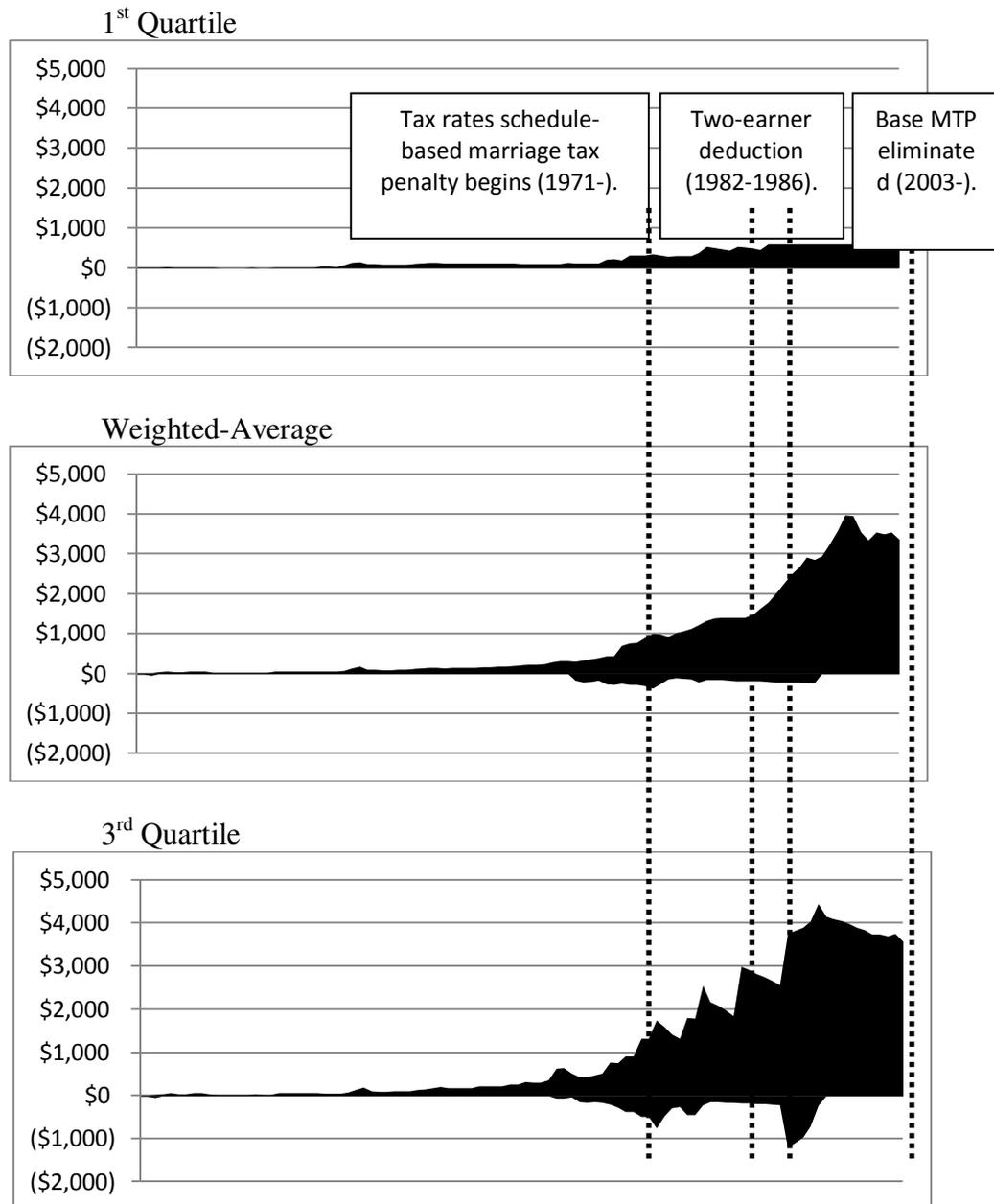
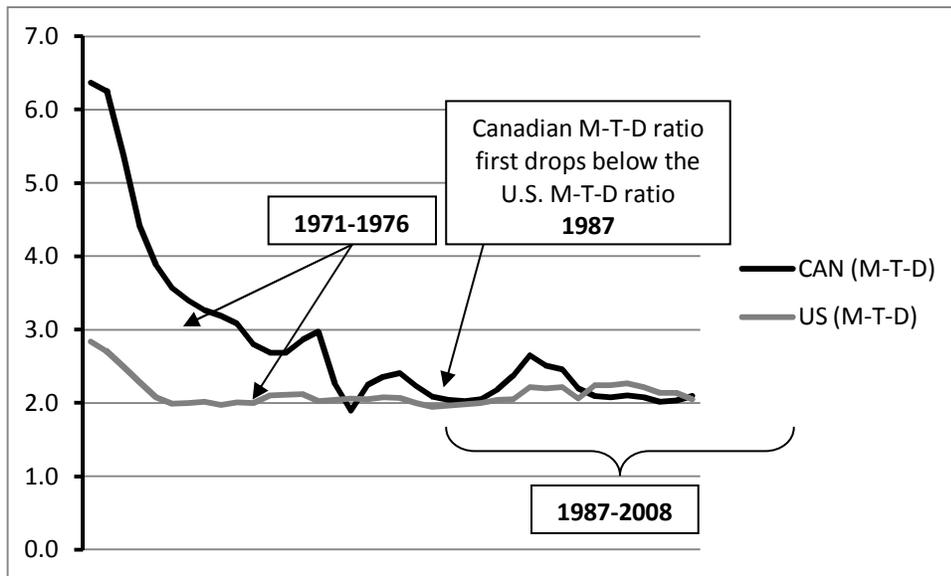


Figure 2: Comparison: U.S. (US) & Canadian (CAN) Marriage-to-Divorce (M-T-D) Ratios 1971 through 2008 (N=38) (developed from data contained in Table IV)



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Acknowledgement: We appreciate the assistance of Catherine Dick, Client Services Officer for Health Statistics, Statistics Canada, in Ottawa, Ontario, for providing Canadian marriage and divorce measures through 2008. All errors remain our responsibility.