

Opinion Soft and Split on Income Splitting

There's been much debate in Conservative circles about the merits of allowing income splitting as a way for some Canadians to see their tax burden reduced.

But what do Canadians know about and think about this idea? Abacus Data asked some questions to size up current public opinion.

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Who expects to benefit and by how much?

Off the top, only 16% think they will personally benefit significantly if tax policy is changed along the lines promised by the Conservatives in the last campaign. Another 24% see a "small benefit", while the rest are unsure (9%) or expect to see no benefit (52%).

More likely to expect a significant benefit are those with incomes above \$75,000 (23%) those in the 30-44 age bracket (23%) and parents of children under 15 (32%).

Support or Oppose Income Splitting?

A modest (57%) majority supports this idea, while 22% oppose it, and 20% are on the fence. Support is higher than average in Ontario (62%) and Atlantic Canada (64%) and below average in Quebec (48%).

Support is 65% among Conservative Party supporters, 54% among Liberals and 55% among NDP supporters. It is highest among parents of children under 15 (69%).

Is it one of the Better Ideas?

While few oppose the idea, when asked whether this is "one of the better ideas" for the government to consider "once a budget surplus is reached", enthusiasm is more muted. Given this context and question, 42% consider it one of the better ideas, 29% say it is not, and 30% are unsure. Even among Conservative Party supporters, and parents, only 51% say it is one of the better choices that could be made.

How about other choices for \$2.7 billion?

Given a choice of three alternative ways of using the estimated \$2.7 billion price tag for income splitting, only 23% prefer income splitting, 35% would rather see the money spent on priority programs and 41% would rather see the money used to pay down federal debt.

Among Conservative Party voters, twice as many would prefer to see debt paid down (50%) as would choose to go ahead with the income splitting tax change (26%). Liberal (17%) and NDP (21%) supporters show less interest in income splitting: both are more likely to select spending or debt reduction. Among parents with children under 15, 32% would choose income splitting, 35% spending on priorities, and 34% debt reduction.

Are Conservatives obliged to follow through with campaign commitment?

When reminded that the Conservatives had promised income splitting in 2011 and asked if that meant the government “must go ahead with this idea and keep their promise” or “choose whichever course they think makes sense today”, opinion was evenly split: 41% said keep the promise, 42% choose what makes sense in today’s context.

Among those who voted Conservative in 2011, 46% say keep the promise, while 45% think flexibility is in order. Among parents with kids under 15, 47% feel the government is obliged to keep the promise.

What about those who think they will benefit the most from income splitting?

Worth noting, is that among the 16% of Canadians who believe income splitting would be a significant benefit for them, only a bare majority (56%) would choose income splitting over the other \$2.7 billion policy options offered. And 28% of them believe the government should choose whichever course they think makes most sense, rather than feel bound by their campaign promise.

Our Take

Bruce Anderson, Chairman of Abacus Data comments:

“Since few people expect a significant personal benefit from income splitting, the Conservatives would face limited backlash if they choose to move away from this idea.

Even though people naturally prefer lower taxes, not all that many seem terribly enthusiastic about this idea, especially when presented with some alternatives. Reducing debt by \$2.7 billion doesn't have much of an excitement factor, yet twice as many seem to prefer it to this tax cut.

While marketing could stimulate more demand, these numbers may give pause to those Conservatives arguing the political necessity or upside of going ahead with this promise, and add fuel to the arguments of those who have been wondering about the merits of this move.”

David Coletto, CEO of Abacus Data comments:

“Although income splitting was a central tenant of the Conservative Party's 2011 election platform, our data suggests the proposal is not an immediate winner with most Canadians or even a majority of those who voted Conservative 2011.

On the surface, most Canadians support the idea of income splitting, even when most of those who support it do not think they will immediately benefit from it. But when presented with some alternatives, income splitting falls to third place behind more spending on priority areas or reducing public debt.

Parents with young children, both men and women, are most receptive to the proposal because they are most likely to benefit from it. But even among this group, there's no consensus that income splitting is the best way to spend \$2.7 billion.

The data does not offer a clear path for the Conservatives because the political price for not delivering on the campaign promise is muddled. About half want the Conservatives to keep their pledge while half think it's acceptable to change

course if it makes sense to do so. And it's not even a sure winner among the party's base, many of whom are older and have already benefited from pension income splitting.

If the Conservatives keep their promise they give the opposition parties an opportunity to offer tax breaks or spending ideas that might excite more voters. If they break their promise they risk upsetting some caucus members and party supporters who believe they should honour on their campaign promises.

Methodology

The survey was conducted online with 1,249 respondents by Abacus Data. A random sample of panelists was invited to complete the survey from a large representative panel of Canadians, recruited and managed by Research Now, one of the world's leading provider of online research samples.

The Marketing Research and Intelligence Association policy limits statements about margins of sampling error for most online surveys. The margin of error for a comparable probability-based random sample of the same size is +/- 2.8%, 19 times out of 20.

The data were weighted according to census data to ensure that the sample matched Canada's population according to age, gender, educational attainment, and region. Totals may not add up to 100 due to rounding. For more information please contact David Coletto, CEO at david@abacusdata.ca or Bruce Anderson at banderson@abacusdata.ca.

ABOUT ABACUS DATA:

Abacus Data is an innovative, fast growing public opinion and marketing research consultancy. We use the latest technology, sound science, and deep experience to generate top-flight research based advice to our clients. We offer global research capacity with a strong focus on customer service, attention to detail and exceptional value.

Our team combines the experience of our Chairman Bruce Anderson, one of Canada's leading research executives for two decades, with the energy, creativity and research expertise of CEO David Coletto, PhD. For more information, visit our website at <http://www.abacusdata.ca/>

One idea that has been raised is referred to as "income splitting" In a nutshell, parents with children under 18 would be able to split up to \$50,000 of their income with their partner, if this helped reduce the amount of income tax the family would pay. This would benefit families with children and where one partner has a higher income than the other. The estimated cost of this tax cut for the government is \$2.7 billion. Thinking of your own circumstances, would this idea provide a significant benefit, a small benefit or no benefit to you?

Sample size: 1,249

Comparable MoE: ± 2.8%, 19 times out of 20

Fields dates: Feb 28 to March 5, 2014

		Significant benefit	A small benefit	No benefit to you	Unsure	Raw	Weighted
	Canada	16%	24%	52%	9%	1249	1233
Region	BC	10%	22%	61%	7%	200	159
	AB	18%	19%	56%	7%	150	124
	SK/MB	13%	16%	66%	5%	144	80
	ON	18%	25%	51%	7%	404	479
	QC	16%	29%	42%	13%	250	300
	ATL	20%	18%	52%	10%	101	91
Gender	Male	16%	26%	52%	6%	620	591
	Female	16%	21%	51%	11%	629	642
Children under 15	Yes	32%	35%	21%	12%	316	292
	No	11%	20%	61%	8%	924	932
Household income	Less than \$35,000	12%	17%	56%	14%	183	226
	\$35,000 to \$50,000	15%	24%	55%	7%	191	220
	\$50,001 to \$75,000	14%	30%	49%	7%	261	253
	\$75,001 to \$100,000	24%	28%	41%	7%	209	188
	Over \$100,000	22%	22%	55%	1%	260	199
	Rather not say	12%	19%	52%	18%	145	147
Current Vote Intention (all respondents)	Conservative Party	16%	25%	53%	6%	296	272
	Liberal Party	14%	26%	53%	6%	327	330
	New Democratic Party	18%	23%	55%	4%	224	220
	Green Party	16%	24%	55%	5%	56	54
	Bloc Quebecois	15%	26%	40%	18%	60	73
	Another party	15%	23%	45%	17%	14	14
	Undecided	17%	18%	48%	16%	272	272
2011 Federal Vote	Conservative Party	17%	24%	55%	4%	389	360
	Liberal Party	13%	22%	54%	10%	241	244
	NDP	20%	20%	53%	6%	276	277
	Green Party	11%	37%	48%	4%	60	56
	Bloc Quebecois	13%	35%	45%	7%	67	76
	Another party	40%	20%	30%	10%	18	17

In general, do you strongly support, support, oppose or strongly oppose this idea?

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Comparable MoE: ± 2.8%, 19 times out of 20

Fields dates: Feb 28 to March 5, 2014

		Strongly support	Support	Oppose	Strongly oppose	Unsure	Raw	Weighted
	Canada	14%	43%	15%	7%	20%	1249	1233
Region	BC	11%	48%	13%	9%	19%	200	159
	AB	18%	45%	13%	7%	17%	150	124
	SK/MB	11%	40%	17%	10%	22%	144	80
	ON	16%	46%	17%	5%	16%	404	479
	QC	14%	34%	15%	9%	29%	250	300
	ATL	14%	50%	11%	5%	19%	101	91
Gender	Male	15%	43%	20%	8%	14%	620	591
	Female	14%	43%	12%	6%	26%	629	642
Children under 15	Yes	23%	46%	8%	4%	19%	316	292
	No	12%	42%	18%	8%	20%	924	932
Household income	Less than \$35,000	13%	38%	17%	5%	27%	183	226
	\$35,000 to \$50,000	15%	40%	16%	7%	21%	191	220
	\$50,001 to \$75,000	10%	51%	12%	9%	18%	261	253
	\$75,001 to \$100,000	16%	46%	17%	7%	14%	209	188
	Over \$100,000	20%	42%	19%	7%	12%	260	199
	Rather not say	13%	40%	13%	3%	31%	145	147
Current Vote Intention (all respondents)	Conservative Party	18%	50%	14%	6%	13%	296	272
	Liberal Party	12%	46%	18%	6%	17%	327	330
	New Democratic Party	16%	40%	20%	10%	14%	224	220
	Green Party	16%	45%	13%	6%	20%	56	54
	Bloc Quebecois	11%	39%	13%	15%	22%	60	73
	Another party	20%	18%	13%	15%	34%	14	14
	Undecided	12%	38%	11%	4%	35%	272	272
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	Liberal Party	11%	43%	17%	6%	23%	241	244
	NDP	17%	38%	17%	9%	19%	276	277
	Green Party	14%	53%	14%	5%	15%	60	56
	Bloc Quebecois	12%	42%	18%	13%	15%	67	76
	Another party	44%	21%	5%	17%	13%	18	17

Compared to other possible choices the federal government could consider once a budget surplus is reached, is this one of the better ideas or not one of the better ideas, in your view, for how the surplus should be used?

Sample size: 1,249

Comparable MoE: ± 2.8%, 19 times out of 20

Fields dates: Feb 28 to March 5, 2014

		One of the better ideas	Not one of the better ideas	Unsure	Raw	Weighted
	Canada	42%	29%	30%	1249	1233
Region	BC	38%	26%	36%	200	159
	AB	50%	22%	27%	150	124
	SK/MB	41%	34%	25%	144	80
	ON	44%	28%	29%	404	479
	QC	38%	32%	29%	250	300
	ATL	43%	27%	30%	101	91
	Gender	Male	41%	34%	25%	620
Female		42%	24%	34%	629	642
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	\$75,001 to \$100,000	47%	28%	25%	209	188
	Over \$100,000	51%	31%	18%	260	199
	Rather not say	35%	23%	42%	145	147
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	New Democratic Party	45%	36%	19%	224	220
	Green Party	45%	28%	26%	56	54
	Bloc Quebecois	34%	32%	34%	60	73
	Another party	39%	25%	35%	14	14
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	Green Party	45%	35%	20%	60	56
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If it were up to you, what would you like to see done with the \$2.7 billion...

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		Go ahead with the income splitting idea	Spend the money on priority programs	Use the money to pay down some of the federal debt	Raw	Weighted
	Canada	23%	35%	41%	1249	1233
Region	BC	19%	35%	46%	200	159
	AB	31%	23%	46%	150	124
	SK/MB	20%	28%	52%	144	80
	ON	27%	31%	42%	404	479
	QC	19%	47%	34%	250	300
	ATL	21%	41%	37%	101	91
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	Green Party	34%	26%	40%	56	54
	Bloc Quebecois	21%	50%	29%	60	73
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	Undecided	29%	31%	40%	272	272
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	NDP	23%	41%	36%	276	277
	Green Party	25%	27%	48%	60	56
	Bloc Quebecois	19%	46%	35%	67	76
	Another party	44%	12%	43%	18	17

In the 2011 election campaign, the Conservatives promised to introduce income splitting once the budget was balanced. Do you feel they must go ahead with this idea and keep their promise, or should they choose whichever course they think makes most sense today, even if it means breaking a promise?

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		They must go ahead with this idea and keep their promise	They should choose whichever course they think makes most sense today	Unsure	Raw	Weighted
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