

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(84) 695 final

Brussels, 14 December 1984

MEMORANDUM ON INCOME TAXATION AND EQUAL TREATMENT FOR MEN AND WOMEN

(Presented by the Commission to the Council)

COM(84) 695 final

C O N T E N T S

- I INTRODUCTION AND HISTORICAL BACKGROUND
- II PRESENT SITUATION
- III DESCRIPTION OF EXISTING INCOME TAX SYSTEMS
 - A - TAX UNIT
 - B - TAX RATES
 - C - ALLOWANCES AND REDUCTIONS
 - D - TAX RETURNS
- IV PROBLEMS RELATING TO EQUAL TREATMENT WITH REGARD TO EXISTING SYSTEMS
- V PRINCIPLE AREAS FOR CORRECTIVE ACTION

I. INTRODUCTION AND HISTORICAL BACKGROUND

During the past two decades the Community has taken a number of steps to ensure equal pay and equal treatment for men and women.

Three Directives have been issued by the Council of the European Communities, covering equal pay (75/117/EEC) (1), equal treatment in access to employment, vocational training and promotion, and working conditions (76/207/EEC) (2) and the progressive implementation of the principle of equal treatment for men and women in matters of social security (79/7/EEC) (3).

As a result of their evaluation of these achievements, the European Parliament issued a Resolution on 11 February 1981 (4), making demands on the Community institutions to intensify and broaden Community activity in this area, and, on the question at issue, called on the Commission to present a proposal for a Directive on equal treatment for men and women in tax legislation.

This Resolution prompted the Commission to draw up its New Community Action Programme on the promotion of equal opportunities for women to cover the years 1982-1985 (5), listing a series of specific actions to be undertaken at Community and national level in order to assist in the achievement of equal treatment primarily by making progress towards individual rights.

The Action Programme was subsequently the subject of the Council Resolution of 12 July 1982 on the promotion of equal opportunities for women (6), in which the Council expressed the will to implement appropriate measures to achieve the objectives of the Action Programme.

./.

(1) OJ No L 45, 19.2.1975, p. 19

(2) OJ No L 39, 14.2.1976, p. 40

(3) OJ No L 6, 10.1.1979, p. 24

(4) OJ No C 50, 9.3.1981

(5) COM(81) 758 final

(6) OJ No 186 of 21.7.1982, p. 3

Action 6 of the New Community Action Programme was drawn up to focus the Community's attention on correcting the effects of fiscal legislation on equal treatment in working life, particularly in so far as existing systems in Member States might be the cause of indirect discrimination against women. The stated aim of Action 6 is to implement the principle of equal treatment by revising income tax systems which appear to have an indirect adverse effect on women's employment, their right to work and their promotion in employment.

The Commission's task was to undertake a comparative analysis of taxation systems and, if it emerged that these systems had any directly or indirectly negative effect on equal opportunities for women, to take such appropriate measures as were within its competence in this area.

The work was begun by the commissioning of a study into the "Implementation of equal treatment by revising income tax systems which appear to have an indirect adverse effect on women's employment, their right to work and their promotion in employment", which analysed taxation on earned income throughout the Community (1).

Work has also been undertaken in this area by the European Parliament's Committee of Enquiry into the situation of women in Europe. Its report "Taxation : special problems encountered by women" reached substantially the same conclusions as the analysis conducted by the Commission and stated its opinion that taxation systems should be neutral as regards their effect on women's work.

This report was one of the 18 reports from the Committee of Enquiry presented to the European Parliament together with a Resolution on the Situation of Women in the European Community, which was adopted on 17.1.1984 (2). The 1984 Resolution calls upon the Commission to take note of the Committee of Enquiry's Report on Taxation and its conclusions and to prepare a "Directive on equal treatment for men and women in fiscal legislation".

./.

(1) V/2798/1/82 final

(2) Doc. 1-1229/83/C

II. PRESENT SITUATION

The proportion of women working in the European Community has been increasing - from 33.5% in 1970 to 37.5% in 1982, and this in a period where men's activity rates have remained static. This increase would seem largely due to the increased participation of married women and mothers, and the rise in single parent families, which coupled with an economic crisis has meant that more and more women not only want but need employment.

These changes in employment patterns also demonstrate the need for change in other areas that affect employment in order to take account of a changing situation. Income tax systems that were set up with the intention of benefiting the traditional family (i.e. husband working, wife at home or earning pin-money, and with dependant children), entail in present circumstances a very heavy marginal taxation of the family's second income earner, and will, in many situations, serve as a strong disincentive for the wife to join the labour market.

As stated in the previous chapter, the European Community has already adopted three Directives in the field of equality for men and women, which have the effect amongst other things, of promoting women's economic independence. With respect to the subject matter of these Directives, direct and indirect discrimination based on sex or marital status is outlawed, with the aim of ensuring that women and men receive equal pay and equal treatment in employment and social security. A situation where the tax treatment of working women differs, in practice, from that of men, runs counter the progress already achieved in promoting equality in employment, and may in cases where a woman finds her tax payments increasing upon marriage, act as a disincentive in her decisions relating to employment.

It is not only with regard to wage-earners that obstacles can arise to the application of equal treatment in practice. A particular problem affecting a number of women in the Community is that of tax rules which have a restrictive effect on remuneration for the work done by the spouse of the head of a business. Wages paid to a spouse are generally deductible from the taxable income of the head of the business only up to a certain ceiling, which inevitably limits the actual amount paid to that ceiling.

The Commission has made its position clear on this subject in its proposal for a Council Directive on equal treatment for men and women in self-employed occupations, including agriculture, and on protection during pregnancy and maternity (1), submitted to the Council on 15th March 1984. Article 6 of this proposal states that "Member States shall take the measures necessary to abolish fiscal provisions and practices which constitute direct or indirect discrimination in that they prejudice in a substantive way the status of the spouse as employee."

III. DESCRIPTION OF EXISTING INCOME TAX SYSTEMS

Income tax is calculated with reference to a basic structure consisting first of all of the tax unit or taxable person concerned. Once that unit has been identified, the amount of income which will be taxed must then be calculated, by reference to income earned, less allowances permitted by the system in question. Upon that taxable income, certain rates of tax are then applied, producing the tax payable, an amount against which under some systems tax reductions may be offset.

It must be stressed that this Memorandum is concerned with income earned from employment, and not with the taxation of unearned income. It is also relevant to mention at this juncture that some of the more complex problems concerning the taxation of couples also concern the risk of discrimination between married and unmarried persons as well as the differences in treatment of the first and the second earner. Moreover, it must also be born in mind that each national system of taxation has been developed as an entity with a coherent balance between units, rates and allowances; a change in any of these elements may require other adjustments to maintain a balance in the system.

A. TAX UNIT

In the Member States of the European Community different forms of the two basic types of tax unit can be found, these two basic types being the household or the individual.

Taking first the systems that use the household as the tax unit, the most basic form of this is aggregate taxation pure and simple. Under this system the incomes of spouses are added together to determine the amount of taxable income.

After permitted deductions have been made, the tax rate(s) is applied to the total remaining income.

If we then look at this situation from the point of view of two people before and after marriage, we can see the effect of aggregate taxation when combined with a set of progressive tax rates.

Example 1

Pure aggregation

A earns 10,000 ECUS

B earns 5,000 ECUS

hypothetical tax rates : 30% on first 5,000

40% between 5,000 and 10,000

50% between 10,000 and 15,000

As single people

A pays 30% on 5,000

40% on next 5,000 = 3,500 ECUS

B pays 30% on 5,000 = 1,500 ECUS

both together pay 5,000 ECUS

As married couple

husband is in general responsible for payment on their total income of 15,000 ECUS

couple pay 30% on 5,000 = 1,500 ECUS

40% on next 5,000 = 2,000 ECUS

50% on next 5,000 = 2,500 ECUS

a total of 6,000 ECUS

In other words, the couple may consider that in practical terms, upon marriage, B's earnings of 5,000 ECUS are now liable for 2,500 ECUS in tax rather than the 1,500 ECUS paid before.

This is of course a simplistic example, taking no account of other tax advantages that might be accorded to the couple in the way of allowances, tax reductions, etc; It can, however, be said that the nature of the system is such as to discourage the lower earner of a couple, be that the wife or the husband.

./.

Recognition of this problem has led to the institution of forms of aggregate taxation which take into account the problems of applying progressive tax rates, in so far as a couple's earnings are concerned, the most widespread of these being the splitting system. Under this system the earnings of the spouses are added together then divided in two. Even where only one spouse has an earned income, this will still be divided in two. The tax is then multiplied by two to produce the total amount of tax due. The splitting system makes an attempt to take the different contributive capacity of couples into account and to minimise differences between one and two earner couples.

Example 2 : splitting system, taking the same hypothetical tax rates as example 1

A earns 10,000 ECUS

B earns 5,000 ECUS

As single people

A pays 3,500 ECUS

B pays 1,500 ECUS

As married couple

Household pays tax on 15,000 : 2 = 7,500 ECUS

at 30% on 5,000 = 1,500 ECUS

at 40% on 2,500 = 1,000 ECUS

This total of 2,500 ECUS is then multiplied by 2 to give tax due of 5,000 ECUS, the same joint total as they would have paid as single people.

The most important effect, however, of the splitting system is that income is split regardless of whether one or both spouses are contributing to it.

Supposing therefore that A, our higher earner is also the sole earner for the couple, we can see a difference in tax payment under the splitting system by simple virtue of being married. As a single person A would have paid 3,500 ECUS on the supposed 10,000 ECUS income, under the aggregate system 3,500 ECUS also, but under splitting only 3,000 ECUS would be payable.

A variant of the splitting system is found in the system of family quotient, whereby the aggregate income of the family, spouses and dependent children, is divided by a "family quotient" rather than simply by two. This "quotient" is calculated by reference to the number of persons comprising the family unit, increasing by a certain proportion according to the number of dependants within the unit. The tax is calculated on the family income divided by the quotient, then the amount of tax obtained is multiplied by the quotient to produce the total tax due.

Within the aggregate system, some relief may also be given by the use of very wide tax bands or double tax bands which limit the progressive nature of the rates applied.

The second form of tax unit employed is of course the individual, where each person is taxed on his/her own income, as single people, although allowances etc. may differ with the family situation of the individual concerned. This is known as separate taxation.

This should not be confused with systems of "separate assessment" which come within the aggregate taxation system. Under "separate assessment" total tax payable does not change, but is attributed to each spouse according to income.

INCOME TAX SYSTEMS APPLIED IN THE MEMBER STATES (1)

Belgium	: Aggregation (variations of splitting and separate taxation)
Denmark	: Separate taxation
Germany	: Splitting (may choose separate taxation)
France	: Family quotient (variant of splitting)
Greece	: Separate taxation
Ireland	: In principle, separate taxation, in practice, aggregation used
Italy	: Separate taxation
Luxembourg	: Aggregation (plus splitting or family quotient)
Netherlands	: Aggregation, with separate assessment
United Kingdom	: Aggregation or separate taxation

./.

(1) Information given is taken from the study on income tax systems, completed in 1982, and updated where information has been available. Footnote 1, p. 2.

B. TAX RATES

Equal tax treatment of men and women can be assumed to imply that the fact that an income is earned by a man or by a woman should not affect the rate applied. Under a system of separate taxation this would necessarily be the case. Under the aggregate system in its basic form this can only be the case if a single tax rate is applied. In the European Community, however, progressive tax rates are the norm. Their effect is minimised by a variety of systems; more or less effective, depending on the incomes earned.

These systems have been described under "A" as being the splitting system, the family quotient system, and systems which try to ensure that the progression of rates ascends in wide bands (United Kingdom) or where tax bands are doubled for couples (Ireland).

When it comes, therefore, to systems which offer a choice to the individual to opt for a system of separate taxation, the choice is affected first of all by the different rate structure. If separate taxation means avoiding progressive rates it will be the favoured option. In other cases where the aggregate system provides compensation for progressive rate structures by splitting or other methods, the financial advantage of opting for separate taxation will depend on income.

C. TAX ALLOWANCES AND REDUCTIONS (1)

There are a bewildering variety of methods for taking a tax-payer's family and personal circumstances into account in the calculation of tax liability.

Such allowances and reductions are mostly of benefit to the spouse who earns the higher income, although not invariably, as the method of calculation (flat-rate or percentage) may have different effects according to the levels of income earned by each spouse. Some Member States have preferred, in the case of allowances granted for the benefit of children, to pay an allowance directly to the person who is responsible for the care of the child, thereby avoiding any reference to the

./.

- (1) Definition - allowances : amounts which can be deducted from taxable income before tax;
- reductions : once tax is calculated, amount by which tax payable is reduced

ordinarily taxable income of either spouse (system used in Denmark, F.R. of Germany, Netherlands and United Kingdom), as well as, in some cases, providing for an allowance against tax.

Tax relief in general seems to fall into certain groups where, as a matter of national policy, certain expenses incurred by tax-payers may be deducted either from their income before tax, or from the tax to be paid upon their income.

The most generally accepted criteria for personal allowances include

- dependent children (sometimes a separate allowance is granted to the person caring for the child)
- other dependants, often on stringent conditions
- on marriage, some Member States grant a type of premium upon marriage
- child care expenses, in some Member States
- tax relief for repayment of mortgages or insurance premiums.

Clearly the right to deduct allowances from income liable to tax or deductions from taxes payable directly affects the tax due from each individual.

It is interesting to note that where the Member State offers a choice between an aggregate or a separate taxation system, it is the difference in allowances as well as the rate structure available under each system that determines the choice. For instance some allowances are still granted only to the husband, and the choice of separate taxation can entail a loss of allowances.

Even in those States where a tax reduction is granted specifically on the earned income of the wife, this does not reflect the real additional charges on her income, particularly as less than half the Member States allow the declaration of expenses for child-care and upkeep of the home to either the husband or the wife. The ability to deduct the necessarily increased expenditure involved in caring for children and domestic work in a household where both spouses work outside the home, would help to offset, particularly, the impact of progressive rate structures.

ALLOWANCES AND REDUCTIONS (1)

	<u>Dependants</u>	<u>child-care expenses</u>	<u>on marriage</u>	<u>Personal</u>
Belgium	Tax reductions for dependent children, spouse (under aggregation)		Tax reduction for husband on first marriage, first child	Flat-rate basic allowance divided according to income. Extra allowance for lower earner of couple
Denmark				Flat-rate allowance, doubled if only one spouse has income
Germany	Allowance for dependent children under certain circumstances			
Greece	Allowance for wife even if she has own income. Allowance for dependent children. Also reductions	Cost of nursery deductible if wife has prof. activity		Flat-rate personal allowance
France	Dealt with in family quotient system	Allowance for child care etc. where both spouses work		Flat-rate deduction for each wage-earner
Ireland	Allowance for dependent children	Housekeeper allowance for heads of one-parent families	Nuptial allowance in first year of marriage	Flat-rate personal allowance
Italy	Reduction for spouse with income less than a certain amount. Reduction per child, and other dependants			Flat-rate reduction
Luxembourg		Flat-rate allowance for domestic staff or child-care		Flat-rate allowance
Netherlands		Allowance for child-care expenses (new law)		Flat-rate allowance
U.K.	Same allowances	Allowance for single parents with child/children living at home	Married man's allowance	Flat-rate personal allowance

(1) see footnote 1, page 8

D. TAX RETURNS

The responsibility for completing and returning a declaration of taxes varies largely according to the tax system employed, in the sense that in general under the system of separate taxation, each taxable person files his/her own tax return, although in Greece husband and wife make a joint declaration, which the wife signs also only if she has income of her own. In Italy a married couple may file a joint return if they wish.

Under the aggregation systems in general married couples file a joint return, for example in Germany under the splitting system, in France, in Ireland, in Luxembourg and in the United Kingdom. In Belgium each tax-payer should file a return, but married couples use the same form. Some tax systems require the signature of both partners (Germany) for others the husband must sign it (United Kingdom, Ireland). In France, under 1983 legislation, both partners must now sign the return, where previously the wife might sign if she earned her own income.

Responsibility for filing a tax return - married couples

	<u>Husband</u>	<u>Wife</u>
Belgium	must file	must file (same form)
Denmark	must file	must file
Germany	splitting - must sign joint return - separate taxation - files own return	splitting - must sign joint return - separate taxation - files own return
Greece	files joint return, husband must sign	joint return, signs only if she has income
France	must sign joint return	must sign joint return
Ireland	files joint return. May do so even if wife has sole income	may file return if taxed or assessed separately
Italy	must file return (may file jointly)	must file return (may file jointly)
Luxembourg	"tax-payer" files joint return	
Netherlands	return filed if receives income	return filed if receives income
U.K.	aggregation - responsible for filing return. separate taxation - may file separate return	separate taxation - may file separate return

IV. PROBLEMS RELATING TO EQUAL TREATMENT WITH REGARD TO EXISTING SYSTEMS

A recent survey (1) was undertaken into discrimination against women at work in the 10 Member States.

One of the questions put was as follows :

-- some people say that the way income tax works in your country makes it, in certain families, hardly worthwhile for the wife to work because too much of what she earns is taken away in tax from her or her husband's salary.

It was interesting to note that the highest percentages of women who felt the tax system did dissuade married women from working came from Ireland, Luxembourg and Belgium, where aggregate taxation is the rule. The lowest percentages came from Italy and Greece, where separate taxation is applied.

It would, at a time when the number of married women on the labour market is increasing, be difficult to assess the precise role played by systems of taxation in married women's decisions to work or not. It can, however, be said that when analysing income tax systems from the point of view of their impact upon married women, a difference in treatment can be found under many systems.

This difference in treatment could not necessarily be described as direct discrimination, as often it is only indirectly that the tax system in fact affects married women. Taking the most obvious case of aggregate taxation, we can see from the examples shown on page 5, example 1, that, for the couple, the wages of the lower earner will be considered to be the secondary income and will be taken as being taxed at the highest rate applied. In the category of lower earners, we will find the majority of married women, who do indeed often perceive their treatment as being discriminatory.

./.

(1) European women in paid employment 1984 (V/1240/84-FR)

The combination of reduction in the income accruing from the woman's earnings outside the home and a corresponding increase in the value of her work in the home upon marriage and the birth of children may together have a real effect on her view of the economic value of employment, while the married man in general would consider that he receives tax benefits upon marriage and upon the birth of children. -13-

It can of course be said that the reverse of this situation is true when the husband is the lower earner of the couple, a situation, as mentioned above, which arises in a minority of cases. We are not here dealing with a case of direct discrimination, but one where an indirect adverse effect is created by the use of a system which in practice differentiates in its treatment of women and men when taken as a couple for tax purposes.

One can assume that the various systems of income taxation in the Member States are not the result of an intention to discriminate against women, but of historical fact, that women were regarded as economically dependent upon their husbands, in whose name property was held and income received. This traditional concept of the one earner family with dependent children is, however, no longer the norm. Taking the situation, for example, in the United Kingdom, the married man with a non-working wife and dependent children represented in 1979 8% of the male labour force and 5% of the total labour force (1). During the last ten years a number of Member States have, as a consequence, introduced measures aimed at reducing the effect of progressivity on the family income.

Where the effects of pure aggregation have been diminished by the use of a splitting or family quotient system, some comments need to be made on these systems from the point of view of a married woman.

Marriage and the splitting system operate most in favour of high income one-earner families, as the income is split regardless of the number of persons contributing to it, and there can thus be a strong incentive in these families to keeping the woman in the home, on the basis that the marriage is already contributing money in reduced taxation and any income the wife earns will again start being taxed at the highest rate paid by the husband and be the less useful for the household.

(1) Final report of the Study Commission "Families in the future",
January 1983

Taking our example 2 on page 6, we have seen that the couple pays 5,000 ECUS in tax whether single or married. Assuming then, that our higher earner A is the husband. He will see a lessening in taxation on his income by virtue of marriage, as his tax will be reduced from 3,500 ECUS to 3,000. Inevitably the couple will in this case view B's tax as representing the 2,000 ECUS remaining in the total of 5,000 ECUS payable on their joint earnings.

Couples may be concerned with their total tax burden. In many cases their total taxation is not necessarily higher - and may indeed be lower - than under the system of independent taxation, depending on the progressivity of the system. But, that said, in order to achieve equal treatment of men and women a system of independent taxation has obvious advantages. It avoids any aggregation of income, (in some cases of course this may be financially disadvantageous compared to a splitting system) and therefore can avoid a difference in tax rates applied. In systems where it is public policy to assist families by the use of favourable tax systems, there is no reason why allowances and deductions of this kind cannot be part of a system of independent taxation.

Indeed, the continuing increase in the number of married women entering the job market, and the consequent rise in the number of two earner families, coupled with the continued application of tax systems which benefit the traditional family, produces the anomalous situation in some Member States that a growing number of couples will be financially better off remaining unmarried, and this particularly where there are children, owing to benefits granted for one parent families.

It must be added that, whatever the tax unit employed, the allowances and reductions within the system will affect, particularly, choices to be made in countries where tax payers have the possibility of opting for a system of separate taxation. In practice it appears that few tax-payers opt for systems of separate taxation as opposed to some form of aggregation, where the systems permit a choice.

An examination of the options will show that it is often the allowances or reductions available under the different systems that influence choice, as often separate taxation can involve a loss of allowances.

Some allowances remain, granted only to the husband under the aggregation system, (as for example marriage allowances in Belgium and Ireland and the married man's allowance in the United Kingdom).

While it is difficult to assess the precise effect the taxation systems may have upon an individual married woman's decision to work or not to work, the analysis conducted by the Commission clearly demonstrates a very different picture in terms of tax payments by a married woman according to the tax system employed.

Comparing the tax paid by a married woman as against a single woman, leaving aside other possible advantages granted to the couple as a whole, the results of the analysis are clear. From the individual point of view, under separate taxation she pays the same tax, under aggregate taxation she pays more.

The splitting system has an effect that is less clear, but in general if the married woman is earning the same amount as her husband she will pay the same tax as a single person. If however she is earning less (which will generally be the case) the couple will pay less tax than an unmarried couple would have paid, but within the couple, assuming that the wife's income is regarded as a secondary income, she will be paying more than a single person and her husband less.

Within the couple one can then compare the situation of a married woman against a married man. Under separate taxation the tax paid should essentially be the same, although under certain circumstances the married woman may pay less tax (in Belgium, as personal and real property will be added as husband's income and taxed in his name) or more tax (in the Netherlands, as the husband benefits from more exemptions).

Under the aggregation system the income of the lower earner, most often the wife, will in practice be taxed more highly as the income, which is treated as a secondary income, will start paying tax at the highest rate paid by the first income.

It is worth noting that more than one Member State has put the tax unit under study recently and that the results have been varied (in France, recommendations in favour of an option for separate taxation (1), in the Netherlands an amendment of the tax system which extends equality of treatment for married women, and at the same time assesses individuals separately under a "household" umbrella whatever the composition of the household. In the Federal Republic of Germany an assessment of the splitting system was undertaken and some amendments are envisaged particularly with reference to family allowances. In the United Kingdom a series of bodies have also recommended the abolition of the married man's allowance.

V. PRINCIPAL AREAS FOR CORRECTIVE ACTION

The New Community Action Programme for the Promotion of Equal Opportunities for Women, the opinion of the Advisory Committee on Equal Opportunities and the 1984 Resolution of the European Parliament on the situation of women in Europe have asked the Commission to examine the current situation with respect to the impact of income tax systems on women's work and to proceed to recommend a system with a "neutral effect" on women's work.

It is clear from the foregoing chapters that the system with the most neutral effect from the point of view of equal treatment of men and women workers is that of separate taxation in that the fact of being a married woman does not of itself alter the tax paid by an individual. The effects of progressivity on the tax systems may nevertheless be alleviated under the splitting or family quotient system. Under existing systems of separate taxation a married woman may of course pay more or less tax than her husband owing to the distribution of allowances within the couple, but she will pay the same tax as a single woman.

Equality is seen to be best served when personal allowances and tax reductions may be equally divided between the husband and wife. It is interesting to note that the types of allowances and reductions remain roughly similar under the different taxation systems.

./.

(1) cf. in particular Social and Economic Committee report

The principle areas within which the impact of the present income tax systems would appear to have an adverse effect upon married women's tax burdens, are the following :

- the system of pure aggregate taxation in general
- systems of allowances or tax reductions granted a priori to the husband
- the lack of an allowance or deduction for the costs incurred in child-care and domestic help when a married couple both work outside the home
- the inability to declare own income for tax
- the responsibility for the non-payment of tax by the other spouse
- limitations on the amount of income that can be paid to an "assisting wife" by a husband, either by the imposing income limits or ceilings for tax exemptions.

A system of totally independent taxation is to be recommended from the point of view of achieving equal treatment and thus at least an option of separate taxation should be available to couples. Since many Member States have recently put income taxation on their internal agendas at least for debate, it would seem a suitable moment for the Commission to remind the Member States of the Community's commitments to equal treatment.

Action 6 of the New Community Action Programme on the Promotion of Equal Opportunities for Women states as its aim the need to revise income tax systems which have an indirect adverse effect on women's employment. The analysis conducted by the Commission in accordance with the Action Programme, concluded that neutrality towards working married women was best achieved under systems of separate taxation, a conclusion demonstrated clearly in graphs and tables (1).

./. .

(1) see study on "Implementation of equal treatment by revising income tax systems which appear to have an indirect adverse effect on women's employment, their right to work and their promotion in employment", V/2798/1/82

The Commission has therefore, under the provisions of the Action Programme, a commitment to take appropriate measures. As a first step, this Memorandum should serve to raise these issues for discussion at Community level, and encourage debate on an issue of particular importance for women and for the family as a whole.

It is therefore appropriate that this commitment be followed up by a debate at Community level on the impact of income taxation systems on equal treatment of men and women in the labour market. Such a debate which could draw on the experience of differing taxation systems within Member States should serve to clarify the issues involved with a view to stimulating a more detailed review within the Member States of current provisions.