



Reform the Marriage Allowance

The case for recognising marriage in the tax system and why we should keep the Marriage Allowance

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Introduction

Marriage is disappearing in Britain. 2021 was the first year on record that the number of children born to unmarried couples exceeded the number of children born to married couples¹ and our research predicts that there will be almost no new marriages in England and Wales by 2062.

We urgently need a plan to rescue marriage. Britain is a country where family breakdown falls disproportionately on poorer children.² The reason for this can be found in declining marriage rates, a trend that has accelerated among low-income couples.³ Across Europe the UK has one of the lowest marriage rates.⁴

The Chancellor of the Exchequer will inherit plans from Liz Truss's Downing Street operation to abolish the Marriage Allowance by stealth. Advisors to Liz Truss were working on a new tax regime for families which would have allowed generous transfers between couples of their unused basic allowance, extending the existing Marriage Allowance to unmarried couples and in effect abolishing it. These plans will most likely have been put on hold as a new Chancellor looks to pay down our debt and balance the books.

The Treasury will be actively looking for savings and budgets that can be easily cut. The estimated £1 billion set aside for the Marriage Allowance makes a potentially attractive target. The Chancellor of the Exchequer should resist any attempts to cut the Marriage Allowance and instead find ways to review our taxation of families to improve family stability and support parents. This will involve longer-term planning as opposed to short-term cuts but could be popular with the public.

A child growing up in a poor household is six times more likely to see their parents separate than their better off neighbours.⁵ But even among the poorest households, marriage still matters; the lowest income married couples are more likely to stay together than the highest income unmarried parents.⁶ Marriage shouldn't be a middle-class perk, but it too often is.

It is also a myth that talking about marriage is politically unpopular. In a recent opinion poll, three quarters of UK adults said that *'family breakdown is a serious problem in Britain today and more should be done to prevent families from breaking up.'*⁷ The public get it, but for our political class the issue remains taboo. The biggest challenge we consistently face is cynicism, the idea we can't change the narrative and any action to improve marriage rates is

¹ ONS, 2022: [Births in England and Wales: summary tables - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/births-in-england-and-wales-summary-tables)

² CSJ, 2017: <https://www.centreforsocialjustice.org.uk/wp-content/uploads/2017/11/The-forgotten-role-of-families-why-its-time-to-find-our-voice-on-families-1.pdf> p3.

³ Marriage Foundation, 2015: <https://marriagefoundation.org.uk/research/the-marriage-gap-the-rich-get-married-and-stay-together-the-poor-dont/>

⁴ Marriage Foundation, 2022: <https://marriagefoundation.org.uk/wp-content/uploads/2022/08/MF-note-Marriage-We-need-to-talk-about-Hungary.pdf>

⁵ Ibid.

⁶ Marriage Foundation, 2022: <https://marriagefoundation.org.uk/research/married-poor-more-stable-than-unmarried-rich/>

⁷ CSJ 2019: 'Three quarters (75%) of British adults agree family breakdown is a serious problem in Britain today and more should be done to prevent families from breaking up', p54.

destined to fail. That's why we need politicians to be more willing to stand up for marriage and its benefits.

Marriage is the most stable form of family relationship. Nearly nine in 10 parents still together with children aged 13-15⁸ are married; cohabiting parents are three times more likely to break-up than married couples.⁹

Couple families with children have a one in four chance of living in poverty compared to lone parents, where this figure is more than half.¹⁰

There is also an established evidence base directly linking the experience of family breakdown in childhood to later social problems.¹¹ Longitudinal studies find that family breakdown is the biggest single predictor of mental health problems in young people.¹²

If the government wants to address family stability and promote stronger relationships as part of a wider domestic agenda it cannot afford to be neutral about marriage. Reference to marriage has almost disappeared from government policy documents despite evidence that it provides the most stable form of relationship.

Since income tax was first introduced in the UK in 1799, the British tax system has always recognised marriage. There are growing concerns that the government will abolish the Marriage Allowance by stealth and become the first government in 223 years to remove any recognition of marriage from the tax system. The Centre for Policy Studies (CPS) think tank warned against such a move in 2018, calling the Marriage Allowance 'totemic'¹³ in its importance to Conservative politicians and activists.

There are occasional flickers that the government understands the importance of families,¹⁴ but any reluctance to recognise marriage will mean Britain continues to see a historic decline in the number of marriages and children born to married couples.

It is more than a decade since a cabinet minister gave a speech recognising the role of marriage as the most stable family type. Despite the evidence, government ministers refuse to even mention marriage in any discussions on family support and outcomes for children. Marriage has become a taboo subject in policy making. Any future review of the taxation of families should commit to retaining the Marriage Allowance, present options for reform and recognise the importance of marriage.

The Marriage Allowance was introduced in 2015 and restricted to basic rate taxpayers to close couple penalties in the welfare system, where it pays more to live apart than together.

The poor design of the allowance and its limited financial value to couples has seen uptake remain low over seven years, with the government recently confirming that fewer than half

⁸ Marriage Foundation, 2022: <https://marriagefoundation.org.uk/research/married-poor-more-stable-than-unmarried-rich/>

⁹ Ibid.

¹⁰ Social Metrics Commission, 2020: <https://socialmetricscommission.org.uk/social-metrics-commission-2020-report/>

¹¹ CSJ, 2019: <https://www.centreforsocialjustice.org.uk/library/why-family-matters-comprehensive-analysis-of-the-consequences-of-family-breakdown>

¹² Marriage Foundation, 2017: <https://marriagefoundation.org.uk/research/family-breakdown-has-a-major-influence-on-teen-mental-health/>

¹³ Centre for Policy Studies, 2021: <https://cps.org.uk/wp-content/uploads/2021/07/181105085949-MakeWorkPay.pdf> p31

¹⁴ [Families to get help with care costs as Liz Truss weighs major tax cuts \(msn.com\)](https://www.msn.com/en-gb/news/uk/families-to-get-help-with-care-costs-as-liz-truss-weighs-major-tax-cuts)

of eligible couples have claimed the Marriage Allowance for the most recent year (2019-20).¹⁵

As a consequence of this low uptake, we have identified a £2.4 billion underspend in the Marriage Allowance since its introduction in 2015.

Not only does the current Allowance fail to reduce disincentives to form stable couple relationships, but the government is also not spending the money set aside to support married couples. The government currently spends £580 million on the Marriage Allowance each year, with significant underspends built into budgets. If every eligible person claimed the Marriage Allowance, we estimate expenditure would be well over £1 billion.

The Chancellor of the Exchequer should increase the value of the Marriage Allowance with a longer-term aim of allowing married couples to transfer 100 per cent of any unused personal allowance. Ministers should commit to reviewing this Allowance to ensure its long-term future and politicians should begin by making the case for marriage more forcibly through better government data.

In the near-term, more could be done to focus the existing budget on couples with young children. In its current form, fewer than four in 10 couples eligible to receive the Marriage Allowance will have children.¹⁶ If the government wants to reverse the impact of family breakdown on children it needs to ensure it is spending the full amount set aside to promote marriage is spent.

¹⁵ UIN 1505, tabled on 13 May 2022; HL7905 and HL7862.

¹⁶ ONS, 2022: Families by family type, regions of England and UK constituent countries
<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/datasets/familiesbyfamilytyperegionsofenglandandukconstituentcountries>

Background to the Marriage Allowance

The Conservative Party proposed an allowance for married couples in their 2001 General Election manifesto:

*'if someone is not using all or part of their personal tax allowance, they will be able to transfer it to a working spouse if they have children under 11 or received Invalid Care Allowance in respect of a relative.'*¹⁷

This policy was revived by Sir Iain Duncan Smith and the Social Justice Policy Group in 2007 with the recommendation for a single transferable allowance between couples to help one-earner couples, typically where either the husband or wife opted to stay at home to look after a child or elderly relative. The Social Justice Policy Group recommended that couples should either be able to transfer all (or half – for lower government cost) of their personal tax allowance between them, saving families approximately £20 a week (£30 as of September 2022).¹⁸ The Social Justice Policy Group also suggested that this allowance could be restricted to single-earner married couples with dependent children.

This policy recommendation was adopted by the Conservative Party in 2010:¹⁹

'We will recognise marriage and civil partnerships in the tax system in the next Parliament. This will send an important signal that we value couples and the commitment that people make when they get married'.

In 2013 the CSJ recommended a revised version of this policy, calling on the new Coalition government to allow married couples to be able to transfer up to 20 per cent of any unused personal allowance where one partner is earning less than the personal allowance. They estimated this would save couples up to £400 per year (£500 as of September 2022).²⁰

In a comment article published by the *Daily Mail* newspaper, then Prime Minister David Cameron argued that the Marriage Allowance would ensure the tax system recognised the benefits of marriage.²¹

'There is something special about marriage: it's a declaration of commitment, responsibility and stability that helps to bind families. The values of marriage are give and take, support and sacrifice – values that we need more of in this country.

'Of course, governments can't be in the business of social engineering – there is nothing more scary than the prospect of a politician trying to do so.

[...]

'There is good evidence about the positive role that marriage can play: study upon study has shown that families with married couples are less likely to break up.

¹⁷ Conservative Party, Time for common sense, 2001.

¹⁸ According to the Bank of England inflation calculator, [inflation calculator | Bank of England](#)

¹⁹ Conservative Party, 2010, 'Invitation to join the government of Britain' 2010 Conservative Party Manifesto, p41.

²⁰ According to the Bank of England inflation calculator, [inflation calculator | Bank of England](#)

²¹ Daily Mail, 2013 'Marriage is good for Britain – and that's why I'm backing it with a tax break' [DAVID CAMERON: Marriage is good for Britain - and that's why I'm backing it with tax break | Daily Mail Online](#)

‘There are also many studies about the cost of family breakdown. I am not for one minute arguing that marriage is a panacea, of course it isn’t.

*‘But the real question is this: because marriage is an institution that helps to build a strong society, shouldn’t society properly **recognise** that in the tax system? Other countries do – I think we should too.’*

When the Marriage Allowance was launched in April 2015 the Chancellor of the Exchequer allowed married couples to transfer 10 per cent of any unused personal allowance, this percentage figure has remained static as the personal allowance has been increased. The Marriage Allowance is currently worth a maximum of £252 per year to a married couple.

Following the introduction of the Marriage Allowance, take up has been extremely low. According to the most recent government tax relief costings and the 2022 Office for Budget Responsibility (OBR) government allocation estimates, the government has underspent on the Marriage Allowance by £2.4 billion in the seven years since its introduction.

Table 1.1. Marriage Allowance Outcomes since its introduction

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Cost (£m) ²²	350	400	460	490	540	560	580
Claimants (m) ²³	0.64	1.17	1.37	1.81	2.02	n/a	n/a
Eligible (£m) ²⁴	4.1	4.1	4.1	4.2	4.2	4.2	4.2
Uptake (%)	16%	29%	33%	43%	48%	n/a	n/a
OBR Forecasted Costing ²⁵ (£m)	545	685	790	935	961	910	1005
Estimated Underspend 1*²⁶ (£m)	195	285	330	445	411	350	425
Estimated Underspend 2** (£m)	750	700	640	610	560	540	520

Source: See Appendix 3.

* Using OBR Forecasted Costing = **£2.4 billion** over seven years.

** Using Extrapolated Full Uptake = **£4.3 billion** over seven years.

The government originally forecast that it would take a year to get to 75 per cent uptake,²⁷ and instead after seven years uptake still has not reached 50 per cent.

²² Gov.uk, (December 2021) Tax relief statistics [Tax relief statistics \(December 2021\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/tax-relief-statistics-december-2021)

²³ Gov.uk, (December 2021) Tax relief statistics [Tax relief statistics \(December 2021\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/tax-relief-statistics-december-2021) also see Baroness Eaton HL7905 and HL7862.

²⁴ Mr Jonathan Lord UIN 1505, 13 May 2022, and Tax, Marriages & transferable allowances, Briefing Paper Number 4392, January 2019 [Tax, marriage & transferable allowances \(parliament.uk\)](https://www.parliament.uk/briefing-papers/4392)

²⁵ OBR, Policy Costings, Policy measures database 2022, [Policy costings - Office for Budget Responsibility \(obr.uk\)](https://obr.uk/policy-costings/) On the OBR table, this is the original allocation plus additional allocation from increase in personal allowance in 2014.

²⁶ OBR, Policy Costings, Policy measures database 2022, [Policy costings - Office for Budget Responsibility \(obr.uk\)](https://obr.uk/policy-costings/)

²⁷ Gov.uk, 2013, [Autumn Statement 2013 policy costings \(publishing.service.gov.uk\)](https://www.gov.uk/government/statistics/autumn-statement-2013-policy-costings)

The Marriage Allowance - an overview

Couples are eligible for the marriage allowance if they are:

- Married or in a Civil Partnership, and living together (there are several exemptions for situations where couples are unable to live together);
- If one partner's annual income is below their personal allowance, this is usually £12,570; and if the other partner's annual income is between £12,570 and £50,270 (or £43,662 in Scotland); and
- If neither partner is in receipt of Married Couple's Allowance (a separate Allowance for couples where one partner is aged 87 as of April 2022 or over).

How the Marriage Allowance works

If an individual is not using their full personal allowance – because their income is less than the personal allowance (£12,570 in 2022/23) – then they would be able to transfer up to £1,260 of any unused allowance to their partner. HM Revenue & Customs (HMRC) will then amend the applicant's tax code to transfer the tax allowance to a partner.

They can do this by contacting (HMRC), with proof of identity and marriage/partnership. HMRC will then amend the applicant's tax code to transfer the tax allowance to a partner.

This transferred allowance would lower the partner's tax bill by up to £252 a year or £4.85 per week (this is £252 because this is the amount of basic rate (20 per cent) income tax that would be paid on the £1,260 transferred).

The Government allows retrospective claims, so couples can back date as far as 2018-19

According to Government analysis, 4.2 million of the 12.2 million (34 per cent) couples in a marriage or civil partnership are eligible for the Marriage Allowance.²⁸

The Government currently provides a more generous allowance targeted at couples in their late eighties (and older) through the historic (mostly abolished) Married Couples Allowance. Elderly couples were able to claim £85 million in 2021/22 at a maximum of £941.50 for each couple.²⁹

Analysis by the Institute for Fiscal Studies (IFS) suggests the allowance is distributed towards the mid to higher end of the basic rate tax threshold, with eligible families clustering around the third to sixth income decile groups.³⁰

²⁸ ONS, 2022, 'Population Estimates by marital status and living arrangements, England and Wales' [Population estimates by marital status and living arrangements, England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/population-estimates-by-marital-status-and-living-arrangements-england-and-wales)

²⁹ UIN 244100, tabled on 11 April 2019 [Written questions and answers - Written questions, answers and statements - UK Parliament](https://www.parliament.uk/written-questions-answers-statements/written-question/2019-04-11/244100)

³⁰ Ibid.

Family trends and marriage rates

The marriage rate peaked in 1972 at 74 per 1000 and had fallen to 18 per 1000 by 2019.³¹ If marriage in England and Wales continued to decline at that average rate, then there would be no new marriages expected after 2035.

This is an extreme and unlikely interpretation of the data as, since 2000, the marriage rate has been falling more slowly, consistently declining by an average of 0.5 per 1000 adults (or roughly 2,750 fewer marriages per year). At that rate, we would expect no new marriages after 2062.

We might prefer not to model this decline linearly. Modelling as an exponential decay after a structural shift in societal views of marriage after the early 1970s suggests that in 2062 the marriage rate would have fallen to 5.2 per 1000 marrying (approximately 67,000 new marriages) – grim but somewhat more realistic than our other estimates.

Even with this model, and even considering the huge population growth since 1972, and accounting for the continued population growth forecast,³² there would still likely be just 50,000 new marriages by 2072, less than 12 per cent of the total in 1972, when there were 426,000 new marriages.³³

There were 213,000 new marriages in 2019, exactly half of the 1972 total.³⁴ Fifty years on from 1972, the country has lost half of its new marriages per year. In 2072, just 100 years after, we expect to have lost seven eighths.

This structural shift seems to have a clear trigger. It was 1971 when the 1969 Divorce Reform Act came into effect, at which point the grounds for divorce were changed, allowing divorce on the grounds of relationships that had ‘irretrievably broken down’ and neither partner had to prove ‘fault’.³⁵ This was a watershed moment in a time of cultural shift that included a move away from marriage. In light of this, one might suggest the introduction of the no fault divorce by the government in April 2022 might also have an impact on future marriage trends.³⁶ (See Appendix 2 for a more detailed methodology.)

³¹ ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/marriagesdivorcesandremarriages/articles/marriagesinenglandandwales/2022)

³² [National population projections - Office for National Statistics](https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/projections/articles/nationalpopulationprojections/2022)

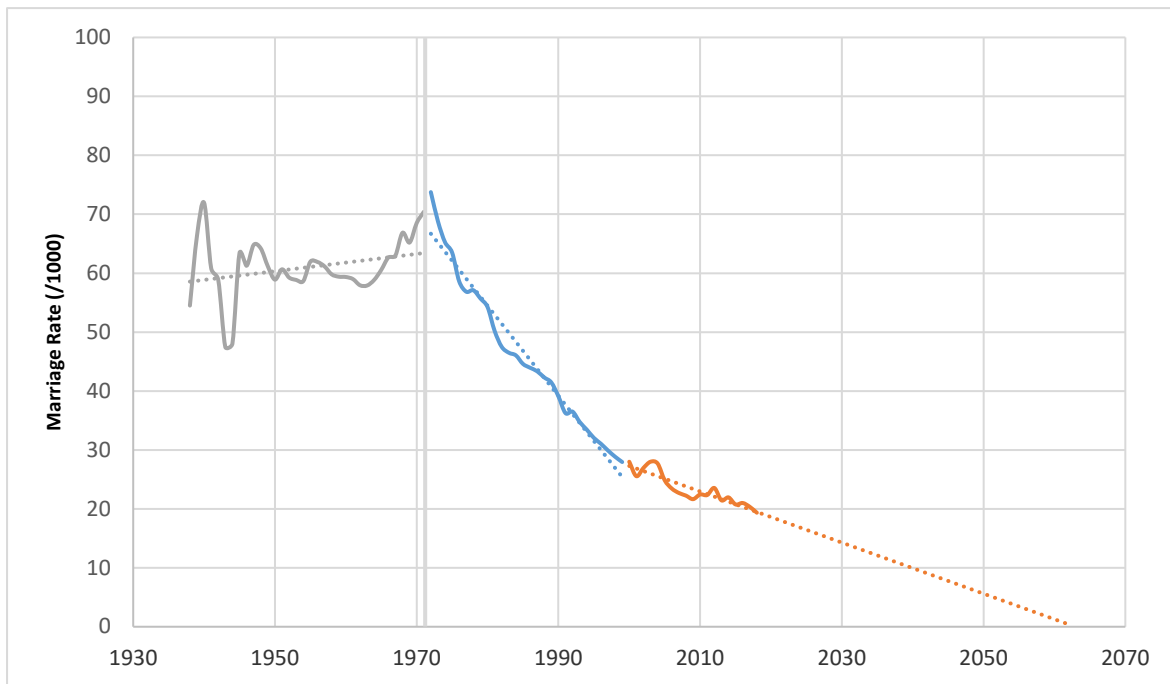
³³ ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/marriagesdivorcesandremarriages/articles/marriagesinenglandandwales/2022)

³⁴ ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/marriagesdivorcesandremarriages/articles/marriagesinenglandandwales/2022)

³⁵ Legislation.gov.uk, [Divorce Reform Act 1969 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/1969/43/section/1)

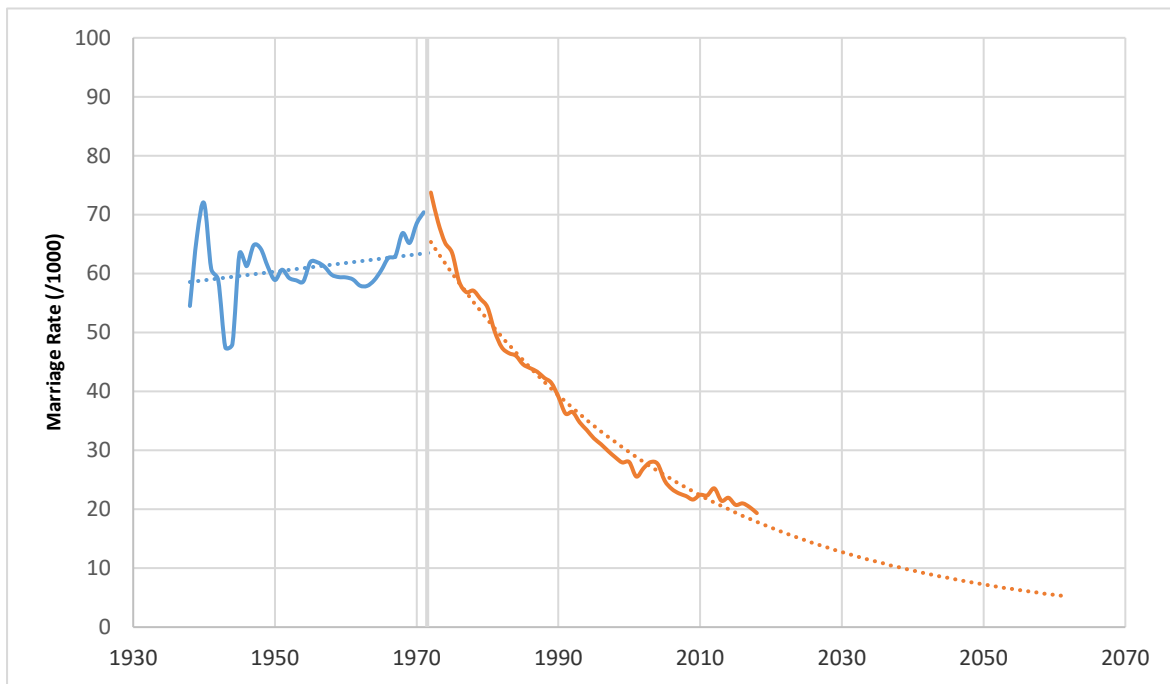
³⁶ Care, 2022, ‘The Startling decline of marriage. How worried should we be?’ [The startling decline of marriage. How worried should we be? | CARE](https://www.care.org.uk/care-articles/the-startling-decline-of-marriage-how-worried-should-we-be/)

Figure 2.1: The marriage rate since 1938, modelling linearly



Source: ONS, 2022, *Marriages in England and Wales* [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/people-population/marriages-divorces-and-separations)

Figure 2.2: The marriage rate since 1938, modelling as exponential decay after 1971



Source: ONS, 2022, *Marriages in England and Wales* [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/people-population/marriages-divorces-and-separations)

Note: The blue line denotes the marriage rate before the 1969 Divorce Reform Came into place, and the orange line denotes the marriage rate since. The grey line marks its introduction. Figure 2.1 shows how the marriage rate is expected to decline according to its current rate of decline (linear decline) and Figure 2.2 shows how it will decline if we assume that its decline slows as new marriages become less common (exponential decay).

Marriage rates in England and Wales by age

It is a well-known fact that people are getting married later and later, with the average age at marriage up to over 33 in England and Wales by most recent estimates.³⁷ Much as this is true – people in their late fifties are now marrying three times faster than those in their early twenties³⁸ – it gives a misleading impression of what is happening.

The marriage rate among young people has suffered immense decline, with the marriage rate for men aged 20 to 24 having fallen from 16.6 per cent to 0.05 per cent. That means that 20- to 24-year-old men are 33 times less likely to get married now than they were 50 years ago.³⁹

9,704 men aged under 24 got married in 2019; 227,973 men aged under 24 got married in 1972. Young men marrying has gone from common to a piece of history in 50 years.⁴⁰

The story is similar for men aged 25 to 29, whose marriage rate has fallen by 85 per cent, or over six and a half times since 1972, and was three times less in 2019 than 1991.⁴¹

It is not true, however, that these people are simply marrying older. The marriage rate for men 30 to 34 is less than half of what it was in 1991 and the marriage rate for men aged 35 to 39 has fallen by a third since 1991.⁴²

Of those born in 1950, 92 per cent of women and 85 per cent of men had ever been married by the time they reached 35.⁴³ Of those born in 1985, 50 per cent of women and 41 per cent of men have ever been married at 35.⁴⁴

Most of the change isn't people marrying later, it's people not marrying at all.

³⁷ ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

³⁸ ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

³⁹ ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

⁴⁰ ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

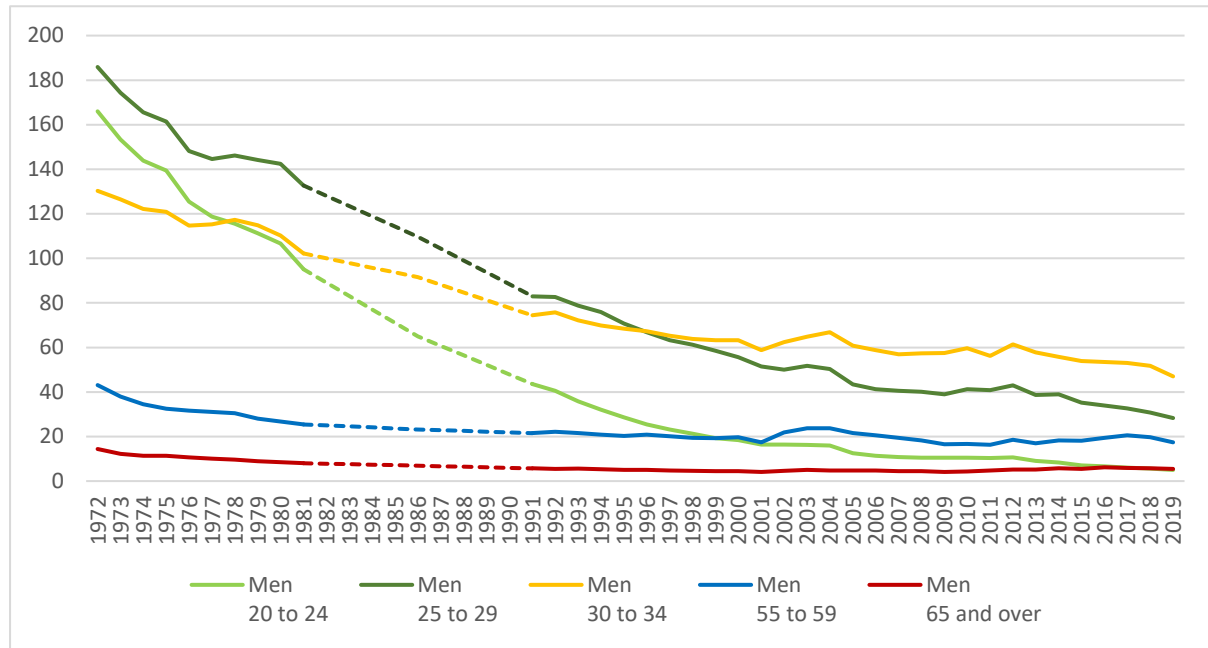
⁴¹ ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

⁴² ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

⁴³ ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

⁴⁴ ONS, 2022, Marriages in England and Wales, [Marriages in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)

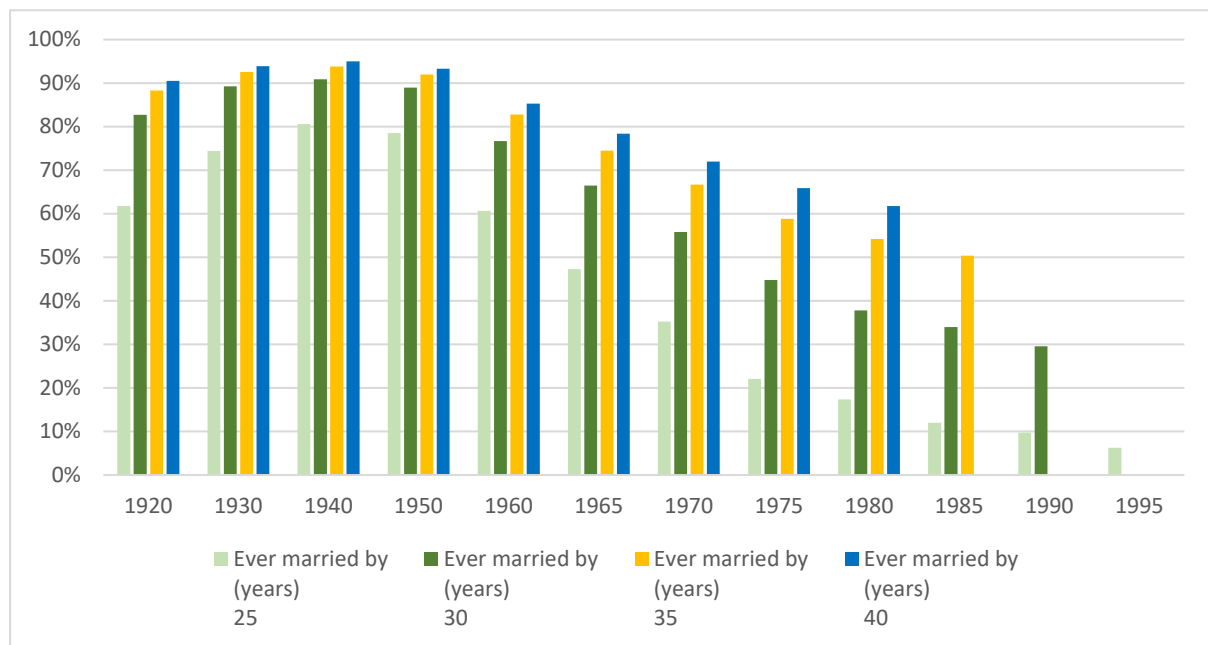
Figure 2.3: Male marriage rates by age 1972-2019, England and Wales



Source: ONS, 2022, Marriages in England and Wales.

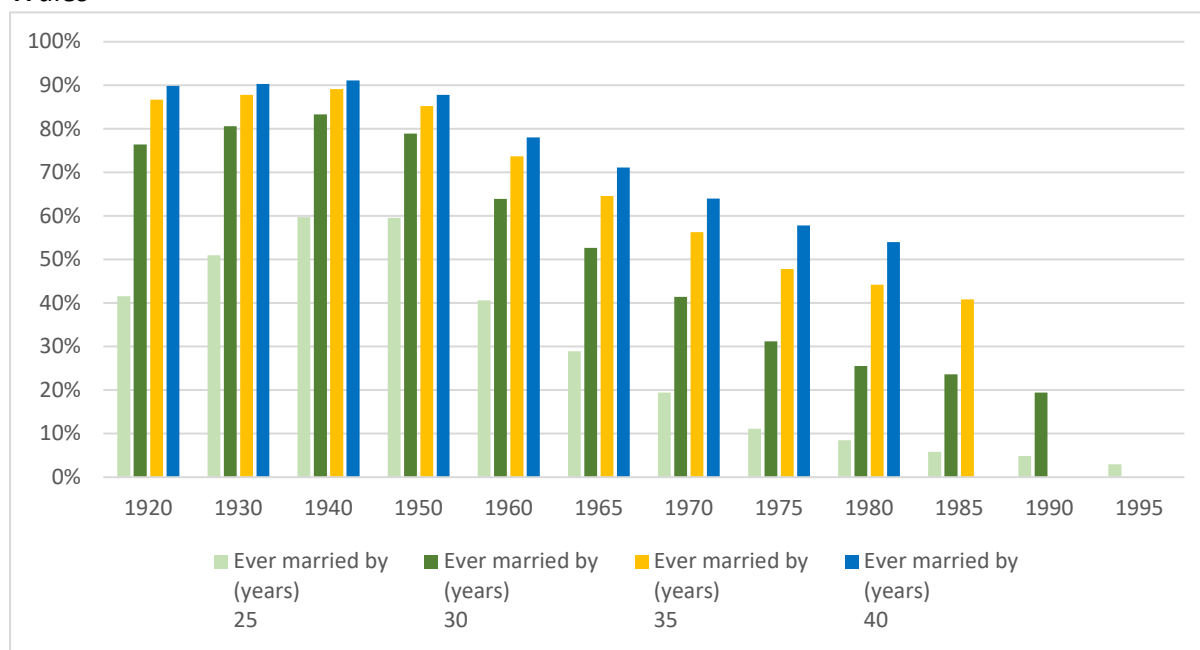
Note: Estimates for 1982-1985 and 1987-1990 are not available so have estimated using the 1981, 1985, and 1991 figures.

Figure 2.4: Percentage of women ever married by different ages by year of birth, England and Wales



Source: ONS, 2022, Marriages in England and Wales.

Figure 2.5: Percentage of men ever married by different ages by year of birth, England and Wales



Source: ONS, 2022, *Marriages in England and Wales*.

The growing Marriage Gap

The marriage gap describes the trend where better off parents are much more likely to get married compared to poorer parents. Britain is still a country where family breakdown falls disproportionately on poorer children. A recent study by the IFS demonstrated that the rise in unmarried parenthood has occurred primarily among low-income groups.⁴⁵

Even poorer married couples with children are more stable and likely to stay together than better off unmarried couples with children.⁴⁶ The CSJ think tank conducted analysis in 2020 which showed that even after controlling for income, *'structure remains the single most important influence on stability'*.⁴⁷

In 2015 the Marriage Foundation found that 87 per cent of mothers with children under five and household incomes above £43,000 were married, compared to just 24 per cent of comparable mothers with incomes under £16,000, a difference in 'odds ratios' of six times.⁴⁸

An updated socio-economic measure developed by the ONS in 2021 also uncovered a 21-point marriage gap. In the top two social groups, 57 per cent of babies were born to married couples, compared to 36 per cent across the bottom three social groups. Almost two thirds

⁴⁵ IFS, 2022, 'Families and inequalities' [IFS-Deaton-Review-Families-and-inequality- \(1\).pdf](#), McLanahan, S. (2020), 'Family Instability and Complexity after a Nonmarital Birth', in M. Carlson, P. England and S. McLanahan (eds), *Social Class and Changing Families in an Unequal America*, Stanford University Press., Kiernan, K. (2002), 'Disadvantage and Demography: Chicken and Egg?', in J. Hills, J. Le Grand and D. Piachaud (eds), *Understanding Social Exclusion*, Oxford University Press.

⁴⁶ Marriage Foundation, 2022: <https://marriagefoundation.org.uk/wp-content/uploads/2022/05/MF-10-year-research-note-The-Stability-Gap.pdf>

⁴⁷ Marriage Foundation, 2017: <https://marriagefoundation.org.uk/research/family-breakdown-has-a-major-influence-on-teen-mental-health/>

⁴⁸ Marriage Foundation, 2015, 'The Marriage Gap' [Microsoft Word - MF paper - The Marriage Gap.doc \(marriagefoundation.org.uk\)](#)

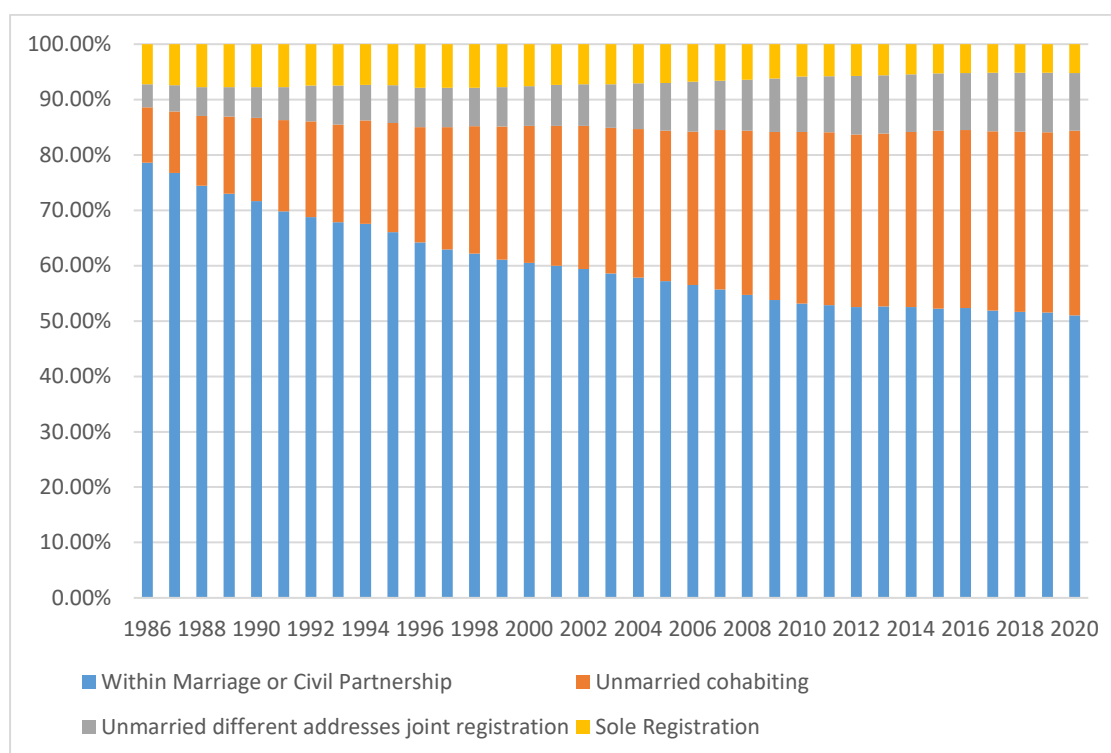
(63 per cent) of births in the bottom three social groups occurred outside of marriage in 2021.⁴⁹

Family trends in the UK

The past 20 years have, as Dame Rachel de Souza, the children’s commissioner for England, recently noted, seen a dramatic change in family structure.⁵⁰

Married couple families remain the most common family type in the UK, despite the percentage of married couple families having decreased from 69.1 per cent in 2008 to 66.5 per cent in 2019. But the share of cohabiting couple families has increased over the same time period – from 15.3 per cent to 19.3 per cent⁵¹ (a trend which can be attributed to more couples living together before marriage and more couples choosing to live together but never marry).⁵²

Figure 2.6: Births by family structure



Source: ONS, 2022, Births by Parents’ Characteristics.⁵³

⁴⁹ ONS, 2016, ‘Childbearing by socio-economic status and country of birth of mother: 2014: <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/livebirths/articles/anoteonchildbearingbysocioeconomicstatusandcountryofbirthofmother/2016>

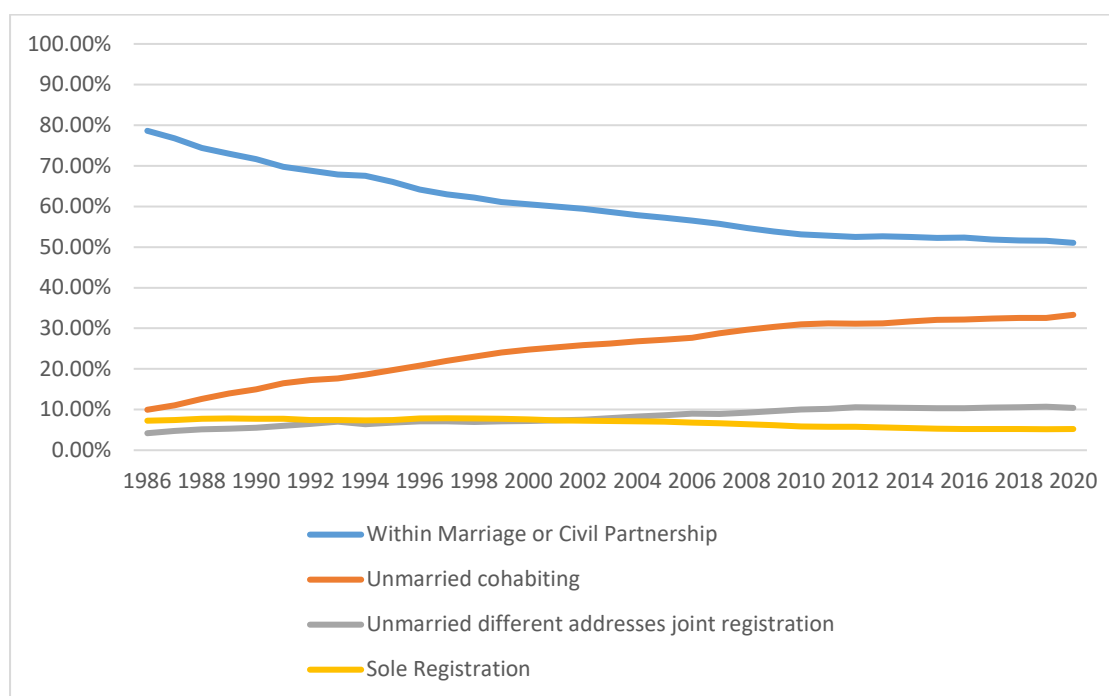
⁵⁰ James Beal, ‘Decline of traditional UK family revealed in de Souza report’, The Times.

⁵¹ ONS, Families and Households: 2019.

⁵² ONS, Families and Households: 2018.

⁵³ ONS, 2022, ‘Births by parent’s characteristics’: [Births by parents’ characteristics - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/birthsdeathsandmarriages/livebirths/articles/birthsbyparentscharacteristics)

Figure 2.7: Births by family structure



Source: ONS, 2022, *Births by Parents' Characteristics*.⁵⁴

The proportion of lone parent families has however stayed relatively consistent over the last decade⁵⁵ – accounting for almost one in four families today, according to a report by the Children's Commissioner.⁵⁶ The proportion of lone parent families in the UK is now at its lowest level since the 1990s, and are down by one-sixth of the peak rate of 26 per cent seen in 2012.⁵⁷

2021 was the first year on record that more children were born outside of marriage since records began in 1845. The latest figures from the Office for National Statistics (ONS) for births in England and Wales in 2021 show that 51.3 per cent of babies were born to mothers who were unmarried and not in a civil partnership.⁵⁸ (See Figures 2.6 and 2.7.)

It is however important to note that nine in 10 births continue to be registered by two parents, with only 10 per cent of babies registered by a sole parent.⁵⁹ (See Figures 2.6 and 2.7.)

The 'traditional nuclear' family is in decline. Around 63 per cent of families are married couples with children, a decrease of two per cent in recent years, while 14 per cent are cohabiting couples, a three per cent rise. In addition, 44 per cent of those born in 2000 will have spent some of their childhood (up to the age of 17) outside a traditional nuclear family.

⁵⁴ ONS, 2022, 'Births by parent's characteristics': [Births by parents' characteristics - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/livebirths/datasets/birthsummarytables)

⁵⁵ ONS, Families and Households: 2019.

⁵⁶ James Beal, 'Decline of traditional UK family revealed in de Souza report', The Times.

⁵⁷ Harry Benson, 'Lone parent families now at lowest level since 1990s', <https://marriagefoundation.org.uk/lone-parent-families-now-at-lowest-level-since-1990s/#:~:text=The%20proportion%20of%20lone%20parent,of%2026.0%25%20seen%20in%202012>

⁵⁸ <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/livebirths/datasets/birthsummarytables>

⁵⁹ ONS, (2017), Births by Parents' Characteristics In England And Wales, 2016.

For those born in 1970, this figure is only 21 per cent. Nearly half of British children now grow up outside the traditional two-parent household.⁶⁰

Public attitudes to the Marriage Allowance

The public strongly back measures to recognise marriage in the tax system and understand the importance of marriage as the most stable relationship type. Eight in 10 UK adults agree that the government is right to say the stability of a family matters for children, a figure that increases to almost nine in 10 among divorcees and couples on their second marriage or more.⁶¹ The public also recognise that marriage tends to be the most stable environment in which to raise children by two to one.⁶²

When asked about the Marriage Allowance, more than seven in 10 UK adults agree that *'marriage is important and the government should support couples who get married.'* A similar number agree that *'the government should recognise marriage in the tax system with a specific allowance for low and middle income married couples.'*⁶³

A reluctance to discuss marriage and recognise it in our tax and welfare system is out of step with the views of the public.

⁶⁰ James Beal, 'Decline of traditional UK family revealed in de Souza report', The Times.

⁶¹ CSJ, 2019, 'Why Family Matters', <https://www.thecsj.org.uk/wp-content/uploads/2019/04/CSJJ6900-Family-Report-190405-WEB.pdf> p54.

⁶² CSJ, 2019, 'Why Family Matters', <https://www.thecsj.org.uk/wp-content/uploads/2019/04/CSJJ6900-Family-Report-190405-WEB.pdf> p56.

⁶³ Ibid.

Why we need a Marriage Allowance

The evidence is clear that married couples are more likely to stay together:

- Unmarried parents account for one fifth of couples but half of all family breakdown.⁶⁴ In addition, unmarried parents are three times more likely to break up before their first child's fifth birthday.⁶⁵
- Three in five (62 per cent) British children born to unmarried parents will experience family breakdown before the age of twelve,⁶⁶ and a UK child born to cohabiting parents is 94 per cent more likely to see their parents break up compared to a child born to married parents,⁶⁷ according to a recently published international comparison study.

Poorer children overwhelmingly miss out on the stability of marriage. Only 24 per cent of lower earners (under £16,000) get married, compared to 87 per cent of higher earners (over £43,000).⁶⁸

There are three primary reasons to support a tax allowance focused on married couples:

1. The Marriage Allowance recognises the stability of married relationships.

Only 10 per cent of married parents split before their child's fifth birthday, compared to 28 per cent of unmarried cohabiting parents, and 32 per cent of unmarried parents not living together.⁶⁹ The introduction of an allowance that recognises marriage rather than any other form of relationship, recognises the important 'commitment effect'⁷⁰ of a married relationship and subsequent stability. Research conducted by Harry Benson has found that 75 per cent of parents who were married when their children were born were still together as a couple when their children reached age 15, compared to just 31 per cent of parents who stayed together having cohabited but never married.⁷¹

2. To reduce disincentives to form a couple within the tax and benefits system, closing the couple penalty.

Couples on low incomes and in receipt of benefits and tax credits receive less income than two individuals in the same financial position. This recognises the costs of two people living together are less than living as a single person. However, this can produce a perverse disincentive to form a couple household – a 'couple penalty'.

⁶⁴ The Marriage Foundation, 2013, 'Unmarried parents account for one fifth of couples but half of all family breakdown', <http://www.marriagefoundation.org.uk/wp-content/uploads/2016/06/pdf-016.pdf>

⁶⁵ Children's Commissioner for England, 2022: [cc-family-and-its-protective-effect-part-1-of-the-independent-family-review.pdf](https://www.childrenscommissioner.gov.uk/wp-content/uploads/2022/06/cc-family-and-its-protective-effect-part-1-of-the-independent-family-review.pdf) (childrenscommissioner.gov.uk)

⁶⁶ World Family Map 2017: The Cohabitation Go Round: Cohabitation and Family Instability across the Globe, Wilcox, Bradley, et al. ⁶⁷ Ibid.

⁶⁸ Marriage Foundation, 2015, 'Marriage inequality between rich and poor soars to all-time high' <http://www.marriagefoundation.org.uk/marriage-inequality-between/>

⁶⁹ IFS, 2022, 'Families and inequalities' [IFS-Deaton-Review-Families-and-inequality- \(1\).pdf](https://www.ifs.org.uk/publications/1144)

⁷⁰ Marriage Foundation, 2022, 'Why the act of marriage makes a difference', <https://marriagefoundation.org.uk/why-the-act-of-marriage-makes-a-difference/>

⁷¹ Ibid.

A transferable allowance removes some of the disincentive for low-income couples to live together. At its worst, the couple penalty incentivises couples to split up, as they can receive more in benefits and tax credits living apart than together.

A 2010 IFS report suggested that 68 per cent of British couples faced a 'couple penalty' in the tax and benefit system, which averaged £45 per week.⁷² This figure increases to almost all (95 per cent) working couples who face an average penalty of £85 per week.⁷³

Recent analysis by the Policy Exchange think tank found that couples where one partner works part-time on minimum wage, and the other full-time on minimum wage, lose a quarter (24.4 per cent) of their income by living together instead of separately, equivalent to over £7,400 a year. The think tank criticised government policy for '*subsidising people to live apart.*'⁷⁴

In a 2013 analysis of tax credit claims, the Marriage Foundation identified up to 240,000 couples with children who 'pretend to live apart' by comparing ONS data for the number of lone parent families in England and Wales (1.9 million) with HM Revenue & Customs figures for tax credits paid to lone parents (2.2 million).⁷⁵

3. To support one-earner families where one partner has caring responsibilities, while another works.

The offsetting of tax enables couple families with caring responsibilities, whether for a child or an elderly relative, to financially support one another in those caring responsibilities.

The original Social Policy Group recommendation for a Marriage Allowance, published in 2007, called on the government to introduce an allowance that supplemented lost income where one partner took on a caring role whilst another worked.⁷⁶ This would help to address the significant burden placed on British single-earner couple households.

At every level of income, single-earner families pay more in tax than equivalent dual-earner household.⁷⁷ This unfairness in the tax system means single-earner households need to earn significantly more than households where both partners work. Even with the marriage allowance in its current form, a one-earner couple with two children needs a gross income of nearly £59,000 to have a median household income, a one-earner with four children needs almost £80,000.⁷⁸

⁷² Adam and Brewer, "Couple Penalties and Premiums in the UK Tax and Benefit System", Institute for Fiscal Studies (2010). [Couple penalties and premiums in the UK tax and benefit system | Institute for Fiscal Studies \(ifs.org.uk\)](#)

⁷³ Ibid.

⁷⁴ Policy Exchange (2022), Taxing Families Fairly, [Taxing-Families-Fairly.pdf \(policyexchange.org.uk\)](#)

⁷⁵ Marriage Foundation, 2013, 'Quarter of a million couples pretend to live apart', <http://www.marriagefoundation.org.uk/quarter-of-a-million-couples-pretend-to-live-apart/>

⁷⁶ Centre for Social Justice, Breakthrough Britain: Family Breakdown, 2007 [untitled \(centreforsocialjustice.org.uk\)](#)

⁷⁷ Ibid, p16.

⁷⁸ Care, 2022, 'The Taxation of UK Families 2021', [CARE-and-Tax-the-Family-tax-report-2022.pdf](#)

At the OECD average wage, a one-earner married couple with two children will pay twice as much income tax as a similar family in the United States – and 11 times as much as a German family,⁷⁹ where they allow couples to be taxed as a family, rather than as individuals, something known as ‘income splitting’. A reformed Marriage Allowance would address this.

⁷⁹ OECD, 2018, “Taxing Wages 2016–2017” (2018), p. 61.

Why the tax system penalises single-earner households

The UK tax system is not neutral in relation to family life, with single-earner couples heavily penalised for taking time away from the workforce to look after children.

When former Chancellor Nigel Lawson introduced personal taxation into the UK in the mid-1980s he also intended for a transferable married tax allowance to remain part of the UK tax system to address discrepancies created through individual taxation. There is nothing innovative or new about proposals, particularly among Conservative chancellors, to recognise marriage in the tax system.

The UK's tax burden for a single-earner, married couple with children is the ninth highest in the OECD. The latest figures available show that the average tax rate for a single-earner married couple with two children in the UK was 18.3 per cent of gross wage earnings, compared to the OECD average of 12.9 per cent.⁸⁰ This leads to single-earner families being much more likely to be represented in the bottom fifth of families for disposable incomes than lone parent families (35 per cent compared to 24 per cent).⁸¹

Why does the UK tax system penalise couples with children, particularly those families who want to care for their children themselves? Other developed countries better support single-earner couples in their tax system and they do not experience the associated fall in female employment.⁸²

Decreasing the tax burden on couples with children means children can be cared for by their parents at home, with evidence suggesting this does little to effect women's participation in the workforce.⁸³

The UK tax system is based on individuals, rather than households or families. This disadvantages single-earner couples, where one partner works and another takes on caring responsibilities. The mismatch between our welfare system, which makes payments based on household income, and our tax systems based on individuals can further compound this problem, creating perverse 'couple penalties' within the welfare system.⁸⁴

A recent analysis conducted by the Policy Exchange think tank showed that the amount of income tax and National insurance paid by a household earning £30,000 per annum varies from £1,502 to £4,894, depending upon the composition of earnings. A single-earner with an annual income of £30,000 would pay £3,392 more in income tax and National Insurance contributions than a dual-earner household on the same level of annual income. A single-earner family with an income of £30,000 per annum would therefore need to earn an additional £4,988 a year to have the same disposable income as a dual-earner family where both earn £15,000 per annum.⁸⁵

⁸⁰ Onward, 'Family Fortunes: The case for a broader and deeper family tax allowance', <https://www.ukonward.com/wp-content/uploads/2021/12/family-fortunes-final.pdf> p22.

⁸¹ Ibid, p3.

⁸² Onward, 2022, 'Family fortunes', [family-fortunes-final.pdf \(ukonward.com\)](https://www.ukonward.com/wp-content/uploads/2022/02/family-fortunes-final.pdf)

⁸³ Ibid, p3.

⁸⁴ Prof. Philip Booth and Andrei E. Rogobete, 'Taxing Families Fairly', <https://policyexchange.org.uk/wp-content/uploads/Taxing-Families-Fairly.pdf> p15-20.

⁸⁵ Ibid, p20.

A single-earner family with an annual income of £70,000 would pay £7,935 more in income tax and National Insurance contributions than the equivalent dual-earner household. As such, a single-earner household would need to earn an additional £13,681 to have the same disposable income as a dual-earner family where both earn £35,000 per annum.⁸⁶

Any review into family taxation should attempt to quantify the impact on households where there is a wish to reduce the number of hours worked to take on caring responsibilities, particularly among families with young children. This modelling will inform the debate and quantify the extent to which the tax system forces parents to make choices they otherwise would not make.

⁸⁶ Ibid, p20.

How to reform the Marriage Allowance

The impact of the Marriage Allowance on household finances is relatively small, with a maximum saving of approximately £250 a year⁸⁷ – although couples can claim retrospectively for missed years up to a maximum of four years.

Fewer than half of eligible couples take up their entitlement to the Marriage Allowance, and estimates from HM Treasury suggest it costs almost £600 million a year to run – with almost £1 billion set aside for marriage in government budgets. As government spending is squeezed, the Marriage Allowance would make an easy cut for a Chancellor looking to reduce public expenditure.

The Marriage Allowance has done little to arrest declining marriage rates. 2021 was the first year on record that the number of children born to unmarried couples exceeded the number of children born to married couples. Marriage is in long-term decline, with fewer than 70,000 couples expected to marry each year by 2062, despite a growing population.

If we want to encourage family stability, abolishing the Marriage Allowance is a peculiar way to go about it. Putting the red pen through the Marriage Allowance would be a mistake; instead, the Chancellor of the Exchequer should review the way the UK taxes families, moving towards a system that taxes families rather than individuals. This would represent a historic approach to taxing families that would allow parents greater choice over work and parenting, something that is heavily penalised in the UK tax system. There is no reason to believe such a move would be unpopular, with evidence to suggest that parents are frustrated by policies that make it harder to reduce working hours when children are very young.

Some think tanks are encouraging the government to extend tax allowances to unmarried couples, effectively abolishing the Marriage Allowance by stealth. These proposals would cost an additional £6.7 billion⁸⁸ and do little to encourage family stability. These recommendations should also be rejected.

Despite the failure of the Marriage Allowance to improve marriage rates, especially among low-earning households, the case for marriage remains strong and important to any government wishing to promote wider family stability.

Reforming the Marriage Allowance to close the Marriage Gap

There is clear evidence marriage remains the most stable family form and policymakers should be reluctant to dismiss any recognition of marriage within public policy.⁸⁹

The government can use a reformed Marriage Allowance to reduce disincentives to form a couple and encourage the most stable form of family. By doing this the Government can improve outcomes for children and reduce child poverty. The government has previously boasted that the low take up for the Marriage Allowance has ‘boosted receipts’, something

⁸⁷ Ibid, p17.

⁸⁸ Yahoo News UK, Nadine Batchelor-Hunt, ‘Will you be better or worse off under Liz Truss’, [Liz Truss: Will you be better off under the new PM? \(yahoo.com\)](https://www.yahoo.com/news/liz-truss-will-you-be-better-off-under-the-new-pm-123456789.html)

⁸⁹ Marriage Foundation, ‘Top ten key facts on marriage’, <https://marriagefoundation.org.uk/top-ten-key-facts-on-marriage/>

we estimate to be almost £600 million per year.⁹⁰ The government shouldn't be looking to underspend on the allowance as a budgeting mechanism, it should be more ambitious in promoting stable families instead.

The £2.4 billion underspend on marriage is a potential £600 million a year taken out of the budget for supporting families and marriage. With take up still some way under government assumptions, it is likely there is further money set aside which will not be spent on the Allowance and returned to HM Treasury. The Chancellor of the Exchequer should use savings from underspend and targeting to fund this increase. This would still allow the government to increase the Allowance without any increase in overall government expenditure.

Any review of the taxation of families should protect the Marriage Allowance and recommend focusing support where it is most needed and to effectively incentivise behaviour.

Fewer than four in 10 couples eligible to receive the Marriage Allowance will have children.⁹¹ This means the Allowance is funding older couples at the expense of supporting younger couples with children. The Chancellor should explore the possibility of extending eligibility to couples with dependent children as a simple amendment to the allowance.

Beyond this simple measure, any review should explore how the Marriage Allowance could be significantly increased with a longer-term aim of allowing married couples to transfer 100 per cent of any unused personal allowance. There are also strong arguments to target the allowance better.

It is in the first five years of a child's life where the government needs to step in and offer support and when most relationships breakdown. By the age of five, 48 per cent of children in low-income households are not living with both parents, compared to 16 per cent of children in higher income households.⁹²

Restricting the Marriage Allowance to couples with pre-school children builds on proposals by Congleton MP Fiona Bruce and former MP David Burrowes, who made this recommendation in 2021:

'A better proposal would be to target it by limiting eligibility to basic rate taxpayers with pre-school children. This would help make the option of marriage more accessible to poorer households where marriage rates are lowest, and where the presence of the positive public policy benefits of marriage (which are independent of income) for both children (especially during their crucial early years) and adults would be particularly helpful for strengthening family life...

⁹⁰ Ibid.

⁹¹ ONS, 2022, 'Families by family type, regions of England and UK constituent countries', <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/datasets/familiesbyfamilytyperegionsofenglandandukconstituentcountries>

⁹² Department for Work & Pensions, 2016, 'Social Justice Outcomes Framework: Family Stability Indicator' https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/509320/social-justice-family-stability-indicator-2013-2014.pdf

‘...It would be particularly important for families with preschool children, where it is harder for both parents to work in the context of a tax system where single earner couples face a significant tax disadvantage compared with a family in which the same amount of income is split between two working parents.’

Even a modest review to restrict the allowance to married couples with pre-school children would have a significant impact. Approximately 17 to 18 per cent of families in the UK have pre-school children,⁹³ and 42 per cent of all families have dependent children.⁹⁴ This suggests that approximately 690,000 to 730,000 families would be eligible under this targeting.⁹⁵

By targeting in this way, the same £962 million allocated by the government for the Marriage Allowance, all eligible couples could save approximately £1,350⁹⁶ a year. This is equivalent to a policy which would allow couples to transfer half of their personal allowance.

Following the Budget in 2016, David Burrowes, then MP for Enfield Southgate, laid the following amendment to the Finance Bill. The Chancellor should include this provision within the next available Finance Bill:

- (1) *The Chancellor of the Exchequer must carry out a review of the operation of the transferable tax allowance for married couples and civil partners under Chapter 3A of Part 3 of the Income Tax Act 2007 and lay the report of the review before both Houses of Parliament within 12 months of this Act receiving Royal Assent.*
- (2) The review must address (though need not be limited to)—
 - (a) Levels of take-up of the allowance;
 - (b) The impact of the allowance on individuals with children aged five years or under;
 - (c) The impact of the allowance on low-income households; and
 - (d) Ways in which the allowance could be changed to target low-income families with young children.

These provisions should be adopted by a Chancellor within a future Finance Bill.

The poor original design of the Marriage Allowance has meant that fewer than half of eligible couples claim the allowance and the amount of money available to couples is far less than is needed to compensated for discrepancies in the tax system that disadvantage couples. A review should seek to address these issues through deliberate reform rather than abolition by stealth. Refocusing the Allowance on couples with children should make it easier to increase uptake, with almost universal levels of birth registration allowing local

⁹³ ONS, 2015, ‘Estimates of families with children aged 0 to 4 in England, 2014 and 2015’: [Estimates of families with children aged 0 to 4 in England, 2014 and 2015 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/childpopulationandchildren/articles/estimates-of-families-with-children-aged-0-to-4-in-england-2014-and-2015)

⁹⁴ ONS, 2022, ‘Families and Households in the UK’: [Families and households in the UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/childpopulationandchildren/articles/families-and-households-in-the-uk)

⁹⁵ 41.67% of families with dependent children having pre-school children * 1.7 million married couple families with children = 0.708 million couples. Range given as calculation is approximate.

⁹⁶ £962 million divided by 0.71 million families = £1354.93

authorities to promote the tax allowance at the point of registering a birth. It could also be paid to recipients of Child Benefit or as part of Universal Credit to increase uptake.

These are relatively modest proposals which reflect a sensible approach to reform and promoting family stability. However, the government should be much more ambitious in its defence of marriage, changing the narrative to support marriage as a wider benefit to children.

Recent trends in marriage show an overall decline in divorce rates, but this disguises a clear income divide – the so-called ‘*marriage gap*’.

Among mothers with children under five, 87 per cent of those in higher income groups are married, compared to just 24 per cent of those in lower income groups.⁹⁷

This social divide, where a stable family life is increasingly a ‘*middle class perk*’, provides a stronger social justice argument for reform to the Marriage Allowance and address marriage in government policy making.

Divorce rates in the UK have fallen over the last 30 years, but there has also been a doubling of lone parenthood. Unmarried parents make up only one in five families with children but are responsible for one half of all family breakdown.⁹⁸

There are long established couple penalties within the welfare system which disincentivise couple relationships. The Marriage Allowance has been criticised for doing little to actively promote marriage (as its stated aim). The literature on the ‘couple penalty’ is limited to a historic welfare framework and the Treasury will need to conduct an updated analysis of the extent of the penalty and how funding from the Marriage Allowance can support behaviour change and reduce the disincentives to forming a couple household within the welfare system.

A more ambitious approach would be to explore moving away from a tax credit to a cash payment and using the process of a review to commit to abolishing couple penalties in the welfare system altogether, with a clear incentive to support marriage.

We need a complete reset on marriage if it isn’t to disappear in the second half of this century. We have a well-documented marriage gap in this country now but marriage is declining at every level of income.

We do have a choice; our great grandchildren can grow up in families much likely to separate or we decide to do something about it by backing marriage without shame or a misplaced fear of casting judgement.

To do so we not only need to address the couple penalty but change our narrative on marriage. Any suggestion of spending more on the marriage allowance or on benefits with a built-in requirement to marry might be politically unfeasible now but we shouldn’t disregard ideas simply because we think they might not win votes in the short-term.

⁹⁷ Benson, H. & McKay, S. (2015). *The marriage gap: The rich get married and stay together; The poor don’t*. Cambridge: Marriage Foundation.

⁹⁸ Calculations by Benson, H and McKay, S.

Using the Family Test to make the case for marriage

The government could do a lot more to make the case for marriage through official statistics and published data, through a revised Family Test⁹⁹ that placed obligations on government data and analysis. This would provide the most authoritative evidence for marriage and the impact of family breakdown and dramatically change the narrative. Any future government would then be in a much stronger political position to think seriously about finding improved ways to support marriage. If we really want to encourage marriage, we not only need to change our political conversation on marriage, from a taboo topic to one where marriage is understood as an important social good but find ways to incentivise couples at all income levels. For middle and higher earners this might mean providing generous tax breaks for married couples, for couples on lower incomes it will mean taking steps to close the couple penalty in the welfare system.

⁹⁹ Department for Work & Pensions, 2021, 'The Family Test': <https://www.gov.uk/government/publications/family-test-assessing-the-impact-of-policies-on-families/the-family-test>

Appendices

Appendix 1: A History of Marriage and Income Tax

Since income tax was first introduced in the UK in 1799, it has always acknowledged marriage. When Pitt the Younger first imposed a progressive income tax¹⁰⁰ to help fund war with France,¹⁰¹ it was ruled that a married woman's income was treated as part of her husband's income for tax purposes.

The inequity of this rule towards married couples has been addressed in tax law for 104 years, and yet may not be for much longer.

Married man's allowance

- In 1918, unfairness of this towards married couples was first addressed, in a so-called 'wife' allowance given to all married men.¹⁰² This allowance was renamed the married man's allowance (MMA) in 1920, where married men were given one and a half times the single person's allowance (an extra £3,725 in August 2022) due to the additional financial burdens that marriage imposed.^{103,104}
- Later that year, the wife's earned income relief (WEIR) was introduced, providing additional allowance for married couples where the wife worked. This was set equal to the difference between the MMA and two single person's allowances.
- In 1942, the WEIR was increased to the level of a single person's allowance,¹⁰⁵ and then in 1971, an election was introduced for the separate taxation of a wife's earnings.¹⁰⁶ For the first time, couples could elect to have their individual incomes assessed separately for tax, and a wife's income was taxed as a single person.

Married Couple's Allowance

- Throughout the 1970s, the aggregation of spousal income became increasingly criticised. In 1978, the Equal Opportunities Commission published a report arguing that individuals who did the same work should receive the same reward and be taxed the same on that reward, irrespective of their married status. They consequently argued that separate taxation of married men and women as individuals was the only approach consistent with the *Sex Discrimination Act 1975* and the *Equal Pay Act 1970*.¹⁰⁷

¹⁰⁰ A levy of 2 old pence on the pound on incomes over £60, up to a maximum of 2 shilling in the pound on incomes over £200. In August 2022 that is roughly a personal allowance of £7,600, a basic rate of 1% and a higher rate of 11%.

¹⁰¹ The History of Income Tax in the UK, Luke Tomes (2021) [The INCREDIBLY INTERESTING History of Income Tax in the UK | History Hit](#)

¹⁰² Tax and Marriage, Research Paper 95/87, July 1995 [Tax and Marriage \(parliament.uk\)](#)

¹⁰³ [Ibid.](#)

¹⁰⁴ "The claimant, if he proves that for the year of assessment he has a wife living with him, shall be entitled to a deduction of two hundred and twenty-five pounds, and in any other case to a deduction of one hundred and thirty-five pounds" HC Deb 07 July 1920 vol 131 cc1489-524.

¹⁰⁵ Tax, Marriages & transferable allowances, Briefing Paper Number 4392, January 2019 [Tax, marriage & transferable allowances \(parliament.uk\)](#)

¹⁰⁶ Tax and Marriage, Research Paper 95/87, July 1995 [Tax and Marriage \(parliament.uk\)](#)

¹⁰⁷ [Ibid.](#)

- In December 1980, the Conservative Government published the Green Paper *'The Taxation of Husband and Wife'*.¹⁰⁸ This proposed three possibilities for the unit of taxation in the taxation of families. Building on this, in his 1985 Budget speech, Chancellor Nigel Lawson announced that a second Green Paper would be published on that issue, arguing that

*'The present structure of personal income tax [...] discriminates against the family in which the wife stays at home to look after the children. It denies to the partners in a marriage the independence and privacy in their tax affairs which they have a right to expect.'*¹⁰⁹

- The second Green Paper was published in 1986,¹¹⁰ and was followed by Mr Lawson publishing a so-called 'half-way house' in his 1988 budget (there had been divisions in the cabinet on the issue).
- In this, a husband and wife would be taxed independently on income of all kinds, and a new married couple allowance (MCA) would be introduced, replacing the MMA, and the WEIR was to be abolished.
- The MCA was worth £1,720 (£3,800 in Aug 2022), and the basic income tax rate in 1990-91 was 25 per cent, such that the MCA could save married couples up to £344 a year (£760 in August 2022); this was £263 (£580 in August 2022) less than a married couple where both parties worked could claim in personal allowance.
- In Norman Lamont's March 1993 budget, it was proposed that the MCA should be 'restricted'. This was confirmed in Kenneth Clarke's November 1993 budget, who also announced it would be further restricted from 1995. This received some criticism for undermining marriage,¹¹¹ climaxing in a paper released by the Institute of Economic Affairs (IEA) in 1995 suggesting that restriction in the MCA was promoting the destruction of the family.¹¹²

Child tax credit

- The criticism and arguments made were ignored, and in Gordon Brown's 1999 budget he announced that in 2000 the MCA would be abolished, although couples who had already reached 65 by that date (born before 6 April 1935) could continue to claim it, and indeed it very much still exists, although the cohort are now well into their eighties (they turned 87 this year).
- The abolishment of the MCA was summarised by then paymaster Dawn Primarolo, saying that *'family life is the foundation of our society'* but that *'the present (as of April 1994) government inherited a married couples allowance that is, in fact, restricted neither to marriage nor to couples'*, and that *'the allowance is so confused'* that it *'can*

¹⁰⁸ The Taxation of Husband and Wife, Cmnd 8093, December 1980.

¹⁰⁹ HC Debate 19 March 1985 cc790-792.

¹¹⁰ The Reform of Personal Taxation, Cmnd 9756, March 1986.

¹¹¹ "Why the Tories don't value the family", Sunday Telegraph, 5 December 1993; "The party of the family? You're joking", Guardian, 10 December 1993.

¹¹² P. Morgan "Farewell to the Family? Public Policy & Family Breakdown in Britain and the USA", IEA January 1995.

*pay more separation or divorce (something which) surely cannot be said to uphold the institution of marriage.*¹¹³

- Gordon Brown's 2000 budget confirmed this change and, as a replacement, introduced the child tax credit (CTC), to be introduced from April 2001, for families with one or more child under 16. The rationale behind this change was that it was the '*fairest way*' to '*increase support for families with children*'.¹¹⁴

Appendix 2: Marriage Rates – Methodology

Figures 2.1 and 2.2 (page 8) model the marriage per 1000 adults per annum, that is, how many people over 16 per 1000 got married that year in England and Wales.

Our analysis has noticed a structural break (clear change in progress over time) around 1971/1972, where marriage went from following a generally stable/perhaps mildly upwards trajectory (with high volatility, likely largely impacted by the Second World War), to a sharper downward one. This is intuitive as well as statistically viable.

Since 1971, if we assume the marriage rates move linearly, the best fitting data suggests a structural break at the turn of the century where the downward trend slowed. Extrapolating this would suggest no new marriages by 2062. That is not the same as no marriages by 2062, the marriages that already existed would still exist, just the flow would stop.

There are some reasons a non-linear model might be more appropriate than this one. The two biggest are that a linear model of decline suggests that marriage rates will become negative, something that is impossible (it is not a net marriage rate); and that there is no particular reason to suggest that there would be a structural break in behavioural trends in 2000.

A better model is the exponential decay model. This assumes that in 1971 society began a convergence towards the end of marriage. Exponential decay is used to show that this originally leads to fairly sharp decline in marriage rates, but that that decline generally slows over time, and that marriage will never quite finally die but will become increasingly obsolete.

Mathematically, we started the decay at the logical time of structural shift in 1971, for a rational basis to the model, and then model an exponential decay according to the general shape $y = ab^x$. (Where y is the marriage rate, a the intercept (level in 1971), and $\frac{1}{b}$ is the decay factor (how fast marriage is dying).) This has an R^2 of over 0.981.

This is a common and intuitive measure of a declining phenomenon. It is how one would model the decline of those not believing in the theory of evolution since 1859, or the market value of a car after purchase.

¹¹³ HC Deb 28 April 1999 cc 395-396.

¹¹⁴ HC Deb 9 March 1999 c183.

Appendix 3: Marriage Allowance take-up rates, estimated expenditure and historic underspend

The government does not provide a clear figure for how much is allocated to the Marriage Allowance each year, but we can estimate it using publicly available information. The cost of the Marriage Allowance provided by the government each year will include retrospective claims.

In their tax relief statistics, the government has provided estimates for spending on the Marriage Allowance, which is revised for previous years every year. The table above provides the most recent revisions. The December 2021 update provided the cost from 2016-17 to 2021-22,¹¹⁵ and the previous release (October 2020) provided the costs for 2015-16.¹¹⁶

The government confirmed that the initial 2015-16 cost was £140 million,¹¹⁷ before any backdating costs were considered. This confirms that backdated claims are costed into the year claimed for, not when the claim was made. Consequently, the cost for a given year will go up each of the four years after it.

Claimant numbers

When looking for the number of claimants, responses from the government have been unclear whether the figure quoted is the overall total for each year or the number of new claimants.

On 27 March 2019 (UIN 2342220), in answer to a parliamentary question, the government announced that as of 2017-18 an estimated 67 per cent of those who were eligible had made a claim for the Marriage Allowance.¹¹⁸

This answer also states 4.2 million couples are eligible. This would imply a total take up of 2.8 million in 2017-18. In the answer to a September 2018 parliamentary question, the government stated the uptake in 2015-16, 2016-17 and 2017-18 as 0.64 million, 1.17 million and 1 million, respectively.¹¹⁹ These questions together suggest that the government is counting *new* claimants in its figures.

With this, the number of total claimants fits the assertion in the March 2019 written answer that there was a 44 per cent uptake in 2016-17 and 67 per cent uptake in 2017-18.¹²⁰

These figures, however, seem to contradict the most recent government tax relief statistics figures stating that in the years 2017-18, 2019-20 and 2020-21, there were 1.37 million, 1.81 million, and 2.02 million claimants, respectively.¹²¹ These numbers cannot be new claimants, as we would have up to as many as 8 million claimants in 2019-20, double the number of people eligible.

¹¹⁵ Gov.uk, Tax relief statistics (December 2021) [Tax relief statistics \(December 2021\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/tax-relief-statistics-december-2021)

¹¹⁶ Gov.uk, Tax relief statistics (October 2020) [\[ARCHIVED CONTENT\] Non-structural tax reliefs - GOV.UK \(nationalarchives.gov.uk\)](https://nationalarchives.gov.uk/doc/open-government-licence/details)

¹¹⁷ HL6282, table 23 March 2017 [Written questions and answers - Written questions, answers and statements - UK Parliament](https://www.parliament.uk/business/committees/committees-a-z/commons-clerks/written-questions/answers-and-statements/)

¹¹⁸ UIN 234220, tabled 19 March 2019 [Written questions and answers - Written questions, answers and statements - UK Parliament](https://www.parliament.uk/business/committees/committees-a-z/commons-clerks/written-questions/answers-and-statements/)

¹¹⁹ PQ169811, answered 6 September 2018 [Written questions and answers - Written questions, answers and statements - UK Parliament](https://www.parliament.uk/business/committees/committees-a-z/commons-clerks/written-questions/answers-and-statements/)

¹²⁰ UIN 234220, tabled 19 March 2019 [Written questions and answers - Written questions, answers and statements - UK Parliament](https://www.parliament.uk/business/committees/committees-a-z/commons-clerks/written-questions/answers-and-statements/)

¹²¹ Gov.uk, Tax relief statistics (December 2021) [Tax relief statistics \(December 2021\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/tax-relief-statistics-december-2021)

An answer to a separate written question in July 2019 explicitly states, *‘There were 1.78 claimants for the marriage allowance in 2018-19.’*¹²² Besides the minor discrepancy, this clearly tells us the government tax relief numbers are *total* claimants.

This suggests that the government went from counting new claimants in the written answers, to total claimants in their tax relief statistics. The problem with this, however, is that this would mean there were 1.37 million total claimants in 2017-18, according to the tax relief statistics, but 2.8 million total claimants according to the written answers, an infeasibly large discrepancy.

It also doesn’t seem sensible to assume the government mistakenly thought an overall claimant number was a new claimant number when answering the March 2019 (UIN 2342220) and September 2018 (UIN 169811) written questions either, as for 2017-18, the new claimant figure given in the written answers was 1 million, 370,000 less than the total figure in the tax relief statistics, another very significant discrepancy.

For a final piece of confusion, the government stated in a policy costings release in 2016 that the uptake was 12 per cent in 2015-16,¹²³ significantly less than the explicit written answer claim of 16 per cent¹²⁴ for the same year.

Considering all these seeming inconsistencies between the two written answers (UIN 2342220 and UIN 169811) and all other existing evidence, and the fact that the government’s tax relief statistics do not offer any data in new or old releases on the number of claimants in the years 2015-16 and 2016-17, it seems possible that the figures in the written answers were wrong.

Eligibility numbers have been confirmed in parliamentary questions¹²⁵ and other research.¹²⁶

We have used the more credible answers to parliamentary questions in 2015-16 and 2016-17 and then reconciled tax relief statistics numbers in 2017-18, 2018-19 and 2019-2020.

Calculating Underspend

Calculating Underspend using Office for Budget Responsibility costings forecasts

We can estimate the total cost of the Marriage Allowance, and therefore the underspend, by using the government’s own projections. In 2013, the OBR provided costings for each year up to 2018-19.

This was then updated in 2014 when an increase in the personal allowance was announced. There was no such update with the increase in the personal tax allowance in April 2019.

Since, then the OBR have extended the costings *‘beyond their original scorecard period using the growth rate of nominal GDP [...] a standard assumption’* for estimating

¹²² HL 16793 [Written questions and answers - Written questions, answers and statements - UK Parliament](#)

¹²³ HM Government Budget 2016, Policy Costings, [Policy Costings \(publishing.service.gov.uk\)](#)

¹²⁴ UIN 234220, tabled 19 March 2019 [Written questions and answers - Written questions, answers and statements - UK Parliament](#)

¹²⁵ Mr Jonathan Lord UIN 1505, 13 May 2022, and Ms Layla Moran UIN 169811 [Written questions and answers - Written questions, answers and statements - UK Parliament](#)

¹²⁶ Tax and Marriage, Research Paper 95/87, July 1995 [Tax and Marriage \(parliament.uk\)](#)

government costings. This allows us to use OBR estimates of the government Marriage Allowance costings up to 2021-22. This row has been labelled 'Estimated Underspend 1'.

According to this measure, we can estimate how much the government has underspent, according to its own costing. This amounts to over £2.4 billion since 2015. In this publication, the OBR do warn that 'the application to forecasting will necessarily be uncertain' of these costings.¹²⁷

Calculating Underspend using extrapolated full uptake costing

We know (a) the cost of the allowance, (b) the number of claimants and (c) the number eligible couples which enables us to estimate to full potential cost to the Treasury of the Marriage Allowance each year. We can then extrapolate how much the allowance would have cost with a theoretical 100 per cent uptake.

This row has been labelled 'Estimated Underspend 2'.

We have to make sure we do not count backdated claims multiple times. This can be done by using the cost figure for each year before any backdated claims were taken into account.

The government published figures for costs without backdated claims in 2015-16 and 2018-19. In 2015-16, take up was 12 per cent,¹²⁸ and this cost £140 million before backdating.¹²⁹ In 2018-19, take up was 43 per cent and this cost £485 million before backdating.¹³⁰

If we extrapolate these two estimates up to 100 per cent uptake, these suggest a government costings allocation of £1.17 billion and £1.13 billion in 2015-16 and 2018-19, respectively. As it is a somewhat rough estimate, we have rounded it down to £1.1 billion allocated per year.

This would suggest that in the seven years since its inception, government has underspent on the marriage allowance by £4.3 billion.

¹²⁷ OBR, Policy Costings, Policy measures database 2022, [Policy costings - Office for Budget Responsibility \(obr.uk\)](https://obr.uk/policy-costings/)

¹²⁸ HM Government Budget 2016, Policy Costings, [Policy Costings \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/531123/policy-costings-2016.pdf)

¹²⁹ HL6282, table 23 March 2017 [Written questions and answers - Written questions, answers and statements - UK Parliament](https://www.parliament.uk/business/committees/committees-a-z/commons-select/written-questions-and-answers/written-questions-answers-and-statements/)

¹³⁰ Estimated cost of non-structural tax reliefs (October 2019) [UK Government Web Archive - The National Archives](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/814443/estimated-cost-of-non-structural-tax-reliefs-october-2019.pdf)