

Marriage Psychology and Family Taxation: An Interdisciplinary Perspective

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Abstract: This paper explores the intricate relationship between marriage psychology and family taxation, arguing that the two domains are closely intertwined and mutually influential. It first examines the psychological aspects of marriage, focusing on the dynamics between spouses and the role of marriage in individual well-being. Then, it delves into the realm of family taxation, analyzing its economic and social implications for families. The paper argues that a deeper understanding of the intersection of these two fields can provide valuable insights for policy makers, researchers, and practitioners in various fields.

Key words: Marriage, family taxation, empirical experience

1. Introduction

Marriage, as a social institution, has long been a subject of interest for psychologists, sociologists, and economists. The psychological aspects of marriage, such as the dynamics between spouses, the role of marriage in individual well-being, and the impact of marital status on personal identity, have been extensively studied. On the other hand, family taxation, as a component of fiscal policy, has significant economic and social implications for families, including income distribution, poverty reduction, and social welfare.

However, despite the independent advancements in both fields, the intersection of marriage psychology and family taxation remains underexplored. This paper aims to bridge this gap by exploring the relationship between these two domains and providing insights for further research and policymaking.

2. Theoretical Basis

2.1. Marriage psychology: dynamics and well-being

Marriage is a complex relationship that involves a wide range of psychological dynamics. One of the key aspects is the dynamics between spouses, which can significantly impact their individual well-being and the stability of the marriage itself. Research has shown that positive communication, mutual support, and shared values are crucial for maintaining a healthy and satisfying marriage.

Moreover, marriage plays a significant role in individual well-being. Married individuals tend to have higher levels of happiness, satisfaction, and social support compared to those who are unmarried. This is attributed to the emotional and practical support provided by spouses, as well as the sense of belonging and security derived from marriage.

However, marriage also presents unique challenges for individuals. Married life requires, compromise, and adaptation, which can be stressful and demanding. Additionally, marital conflicts and dissatisfaction can have negative impacts on individual well-being and mental health.

2.2. Family taxation: economic and social implications

Family taxation refers to the taxation of income earned by individuals within a family unit. It has significant economic and social implications for families, including income distribution, poverty reduction, and social welfare.

One of the key aspects of family taxation is its impact on income distribution. By taxing family income, the government can redistribute wealth from high-income households to low-income households, thereby reducing income inequality. However, the design of family taxation policies can have varying effects on income distribution. For instance, progressive taxation, which taxes higher-income households at higher rates, tends to be more effective in reducing income inequality.

Another important aspect of family taxation is its role in poverty reduction. By providing tax relief and subsidies to low-income families, family taxation policies can help reduce poverty and improve the living standards of vulnerable populations. For instance, tax credits and deductions for dependent children can reduce the financial burden on families with children.

Finally, family taxation policies also have implications for social welfare. By promoting family stability and supporting families with children, family taxation policies can contribute to social cohesion and well-being. For instance, tax incentives for married couples and families with children can encourage marriage and family formation, which are often associated with positive social outcomes.

2.3. Social exchange theory

The intersection of marriage psychology and family taxation lies at the core of understanding the economic and social dynamics within households. The theoretical basis for this intersection is multifaceted, encompassing both psychological and economic perspectives. From a psychological standpoint, marriage is a complex relationship built on love, trust, and mutual support. The emotional bond between spouses plays a significant role in shaping family dynamics and decision-making. This bond often influences financial decisions, such as savings, investments, and consumption patterns. On the economic side, family taxation policies have a direct impact on household finances. Tax incentives for married couples, such as joint filing or deductions for dependents, can significantly reduce tax liabilities. Conversely, higher taxes on certain goods or services may discourage consumption, thereby affecting family budgets. The integration of these two perspectives suggests that marriage psychology and family taxation are interrelated. For instance, the emotional bond between spouses may influence their willingness to comply with tax laws and regulations. Similarly, tax policies that favor married couples may strengthen their emotional bond by providing financial incentives. In summary, the theoretical foundation for the intersection of marriage psychology and family taxation rests on the recognition that financial decisions within households are influenced by both emotional and economic factors. By understanding this intersection, policymakers can design tax policies that better reflect the needs and preferences of married couples, while also promoting compliance with tax laws.

3. The Intersection of Marriage Psychology and Family Taxation

A The intersection of marriage psychology and family taxation lies in the recognition that the two domains are closely intertwined and mutually influential. On the one hand, marriage psychology can provide insights into the dynamics and well-being of families, which can inform the design of family taxation policies. For instance, understanding the role of spouses in supporting each other financially and emotionally can help policymakers design tax policies that promote family stability and well-being.

On the other hand, family taxation policies can have significant impacts on marriage and family dynamics. Tax incentives and reliefs for married couples and families with children can encourage marriage and family formation, while tax policies that disproportionately burden families with children can have negative impacts on family stability and well-being.

Moreover, the economic implications of family taxation policies can also influence marriage decisions and family dynamics. For instance, high taxes on family income can discourage marriage and family formation, while tax reliefs for families with children can make it more economically feasible for individuals to marry and have children.

4. Empirical Study

John and Jane Smith, a married couple in their mid-30s, have been together for ten years and have two young children. John works as an engineer, earning \$90,000 annually, while Jane is a part-time teacher, earning \$30,000 per year. They own a home with a mortgage and have some savings and investments. Their financial decisions are significantly influenced by their marital dynamics and psychological factors.

4.1. Psychological dynamics in marriage

Effective communication is a cornerstone of a healthy marriage. John and Jane's approach to financial decision-making reflects their communication styles and conflict resolution strategies. John is more risk-averse and prefers to save and invest cautiously, whereas Jane is more open to taking financial risks for potential high returns. Their differing perspectives can lead to disagreements, but they have developed strategies to reach compromises.

Psychological research suggests that couples often have varying financial goals and priorities, influenced by their backgrounds and personal values. John values financial security and stability, aiming to ensure their children's future and plan for retirement. Jane, on the other hand, values experiences and is willing to spend more on vacations and hobbies. Understanding and aligning their goals is crucial for financial harmony.

Trust is essential in managing finances within a marriage. John and Jane have established a high level of financial transparency, regularly discussing their income, expenses, and financial plans. This transparency fosters trust and prevents potential conflicts arising from hidden debts or undisclosed expenditures.

One of the most immediate tax-related decisions couples face is choosing their tax filing status. Married couples can file jointly or separately, each with distinct advantages and disadvantages. For John and Jane, filing jointly offers several benefits, including lower tax rates and higher income thresholds for various deductions and credits. This decision aligns with their goal of maximizing their after-tax income.

John and Jane benefit from several tax provisions aimed at families with children. The Child Tax Credit provides a significant reduction in their tax liability, helping to offset the costs of raising their children. Additionally, they can claim deductions for childcare expenses, which is particularly beneficial given their dual-income household.

4.2. Mortgage interest deduction

Owning a home allows John and Jane to take advantage of the mortgage interest deduction, reducing their taxable income. This deduction aligns with John's goal of financial stability, as it

incentivizes homeownership and provides a financial cushion through tax savings. Behavioral economics suggests that individuals and couples respond to tax incentives in predictable ways. For instance, the mortgage interest deduction might influence John and Jane's decision to prioritize homeownership over renting. Similarly, child-related tax credits might affect their family planning decisions, encouraging them to have more children or invest more in their children's education. The complexity of the tax system can be a source of stress for many couples. John and Jane find tax season particularly stressful, often requiring them to seek professional help from an accountant. This stress can strain their relationship, highlighting the importance of clear communication and shared responsibility in managing their finances. Given the psychological complexities of managing finances and navigating tax policies, John and Jane have sought financial counseling. Financial counselors can help couples like them understand the tax implications of their decisions, align their financial goals, and develop strategies to mitigate stress. This proactive approach reflects their commitment to maintaining financial harmony and psychological well-being.

5. Conclusion and policy

In conclusion, marriage psychology and family taxation are closely intertwined and mutually influential. A deeper understanding of the intersection of these two domains can provide valuable insights for policy makers, researchers, and practitioners in various fields. By considering the psychological aspects of marriage and the economic implications of family taxation policies, we can design policies that promote family stability, well-being.

Couples should schedule regular financial meetings to discuss their finances openly. These meetings should cover budgeting, savings, investments, and tax planning. Regular discussions can prevent misunderstandings and ensure both partners are on the same page regarding financial goals. Differences in financial priorities can lead to conflicts. Developing effective conflict resolution strategies is crucial for marital harmony. A unified financial plan that incorporates both partners' goals can help align their financial priorities. This plan should include short-term and long-term goals, such as saving for a house, children's education, and retirement. Financial planning tools and software can help couples manage their finances more effectively. These tools can track income, expenses, savings, and investments. Opening joint accounts for shared expenses can promote transparency and trust. These accounts can be used for household bills, mortgage payments, and other joint financial commitments. Both partners should invest in financial education to make informed decisions. This can include reading books, attending workshops, or taking online courses on personal finance and taxation. Encouraging both partners to participate in financial management ensures shared responsibility and reduces the burden on one partner.

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