

# More evidence needed to determine if in-work tax credits provide health benefits for parents

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A just-published international systematic review has found a small and methodologically limited body of evidence which suggests that in-work tax credits such as the one applied in New Zealand since 2006, may have no discernible effects on the health of parents.

The findings are the result of the first-ever [systematic review](#) of the [health effects](#) of IWTCs on parents in high-income countries, carried out by researchers from the University of Otago in Wellington, Harvard University and the University of Bristol.

While not principally designed to increase health, some [policymakers](#)

have argued that IWTCs should increase the health of the population by providing income to families living in or at risk of poverty and by moving unemployed people into employment. In New Zealand, the In-Work Tax Credit is generally an end-of-year deduction from the total tax paid for low and middle income families, and contributes up to 7 per cent of national average income from wages.

All studies included in the review were from the United States. The review found low quality evidence for any effect of in-work tax credits on self-rated health, obesity and mental health in parents. There was inconclusive evidence for the effect of the intervention on tobacco use. Some studies suggested no effect on [tobacco use](#), while others suggested that IWTCs had reduced smoking in parents.

Lead researcher Frank Pega from the University of Otago and Harvard University says this latest international research shows that high quality evaluations of national IWTC schemes should be carried out in countries where these interventions exist.

"We must not ignore the importance of in-work tax credits as social protection interventions, but our research highlights that there is no high quality evidence to argue that these policies necessarily filter through to health improvements," Pega says.

The international research [echoes](#) recent findings from a study also led by Pega that investigated the effect of New Zealand's In-Work Tax Credit on the self-rated health of 6900 parents over seven years. That study found that becoming eligible for the In-Work Tax Credit had no discernible effect on the self-rated health of New Zealand parents.

Pega notes that neither the review nor the research study assessed the effects of IWTCs on children, but that it is possible they have an effect on the [health](#) of children. The systematic review was published by the

Cochrane Public Health Group of The Cochrane Collaboration and is available in the *Cochrane Database of Systematic Reviews*.

Provided by University of Otago

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