



Policy Brief 2/2011

HOW WOULD THE VAT UNIFICATION AT 17.5% IMPACT HOUSEHOLDS AND PUBLIC BUDGETS

March 15, 2011

LIBOR DUŠEK AND PERT JANSKÝ

Abstract

The study presents a quantitative evaluation of the current version of government proposals for the VAT rate harmonization at 17.5 percent. We estimate its impacts on different types of households, subsequent pension adjustments and public and state budgets. According to our predictions, these steps will reduce the real income of all households by an average of 0.63 percent (by CZK144 per month). For households of employees and entrepreneurs this reduction is almost 1 percent (roughly CZK200 per month). The results are based on Household Budget Statistics of the Czech Statistical Office, which monitors 300 income and expense items of 3000 households.

[Download](#) the complete study (in Czech only).

Institute for Democracy & Economic Analysis (IDEA) is a think-tank arm of CERGE-EI focusing on policy-relevant research and recommendations. Backed by rigorous analysis and academic expertise of CERGE-EI scholars, IDEA contributes to policy debates with its non-ideological, evidence-based approach to public policy. IDEA is directed by Professor Jan Švejnar. IDEA is funded by private donors and public research grants.

Sign up for news on upcoming events at idea@cerge-ei.cz.

IDEA gratefully thanks to its supporters!

idea-en.cerge-ei.cz