

Support of families with children: taxes, benefits and public services

MAY 2017

KLÁRA KALÍŠKOVÁ

Summary of the key facts

- Expenditures on family policy (benefits, tax breaks and public services) in the Czech Republic are slightly higher than average compared with other EU states, in relation to GDP. However, support for families with children is primarily provided in the form of tax breaks, whereas there is little support in the form of childcare services.
- The direct tax system (income taxes and insurance contributions) is very supportive of families with children and only one wage-earner. The level of redistribution from single childless earners to married couples with children and only one wage-earner is the third highest in the EU.
- Support in the form of benefits is strongly concentrated on families with very young children, regardless of their income level. Only 38% of expenditures on social benefits are paid to families at risk of income poverty.
- The availability of institutional care for children under three years of age and the supply of part-time work arrangements in the Czech Republic are among the lowest in the EU. The Czech Republic offers one of the longest periods of parental leave in the EU and indeed the world. Combined, these factors result in care for children from birth to 3 or 4 years of age being provided primarily by their mothers.
- As a result of the above situation, there is evidence that the negative effect of maternity on women's success on the labour market in the Czech Republic is among the highest in the EU. Women's long-lasting interruptions to their professional career after having children is negatively reflected in a vastly reduced employment rate, higher unemployment when they return to the labour market, and a substantial pay gap between men and women.
- The fertility rate in the Czech Republic is also very low. At its current long-term level of around 1.5 children per woman, it is substantially below the reproductive rate of 2.1 children.