

# THE CHILD BENEFIT DATASET (CBD)

Documentation

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**DISCLAIMER**

The Child Benefit Dataset (CBD) is free to use, but each user need to register at the Social Policy Indicators (SPIN) homepage to access and analyze data. Each user is also obliged to report any publication resulting from the use of CBD data. Preferably, this report is submitted online ([www.sofi.su.se/spin](http://www.sofi.su.se/spin)).

Although variables in CBD have been carefully extracted, processed and analyzed, no warranty is given that the information supplied is free from error. Researchers involved in the establishment of SPIN and CBD shall not be liable for any loss suffered through the use of any of this information.

References to data should acknowledge the SPIN research infrastructure (see reference below) and the specific data module.

*Our empirical analyses are based on data from the Child Benefit Dataset (CBD), provided as part of the Social Policy Indicator (SPIN) database (Nelson et al. 2020).*

Nelson, K., Fredriksson, D., Korpi, T., Korpi, W., Palme, J. and O. Sjöberg. 2020. The Social Policy Indicators (SPIN) database. *International Journal of Social Welfare*, 29(3), 285-289. <https://doi.org/10.1111/ijsw.12418>.

## **THE SOCIAL POLICY INDICATOR DATABASE**

CBD data is collected within the framework of the Social Policy Indicator Database (SPIN), which is major investment in Swedish basic research and an ongoing research infrastructure project at the Swedish Institute for Social Research (SOFI), Stockholm University.

SPIN provides the foundations for new comparative and longitudinal research on causes and consequences of welfare states. SPIN data is oriented towards analyses of institutions as manifested in social policy legislation. Data are carefully collected in a coherent and consistent methodological manner to facilitate quantitative research of social policy across time and space.

The need to move from descriptive to causal analyses of social change has long been recognized in the social sciences. Due to the difficulties of conducting experimental studies, social scientists use comparisons between countries and over time as fruitful strategies to analyze central processes in modern societies.

Lack of relevant and reliable data has hitherto constrained comparative research, particularly in the field of social policy where expenditure data often is used. Comparative research requires more precise indicators on the institutional design of social policies in areas that are crucial for living conditions and capabilities of citizens. This type of institutional information cannot easily be extracted from extant data sources. Instead, a considerable amount of basic research is required concerning both conceptualization and measurement of institutional structures embedded within the welfare state.

The long tradition of comparative social policy infrastructure projects at SOFI provides considerable momentum towards better understanding of the ways in which countries have organized their welfare states. SPIN is a development of the advancements made possible by these investments in basic research.

SPIN is organized in data modules covering different policy areas or geographical regions. CBD constitutes one data module specifically designed to facilitate comparative and longitudinal analyses of various types of child benefit. More information about SPIN is found on the homepage ([www.sofi.su.se/spin](http://www.sofi.su.se/spin)).

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## **THE CHILD BENEFIT DATASET**

The Child Benefit Dataset (CBD) is an ongoing research project at the Swedish Institute for Social Research (Stockholm University). The aim of the data-set is to improve possibilities to conduct large-scale institutionally informed comparative and longitudinal analyses of social policy in general and of child benefits in particular. Only non-contributory benefits are included in the dataset and focus is on benefits paid throughout childhood and early adolescence. Programs that are not covered include parental leave benefits, which mainly are paid during the child's first life years (Ferrarini, 2006), as well as general means-tested benefits providing minimum financial resources to low-income households, often referred to as social assistance (see Nelson, 2010). For data on parental leave benefits and social assistance, we kindly refer to the Parental leave Dataset (PAL) and the Social Assistance and Minimum Income Protection Dataset (SAMIP). The current version of CBD includes detailed information about the generosity of child benefits in 36 countries (see below), where data is available every fifth year between 1960 and 2015 (depending on country).

## **ACKNOWLEDGEMENTS**

Besides various national sources, data in CDB have been established in close correspondence with the following publications: *The Tax/Benefit Position of Production Workers* (OECD, various years); *Taxing Wages* (OECD, various years); *The Tax/Benefit Position of Employees* (OECD, various years); *The Tax/Benefit Position of Selected Income Groups in OECD Member Countries* (OECD, 1978); *Personal Income Tax Systems Under Changing Economic Conditions* (OECD, 1986); *Social Protection in the Member States of the European Union* (European Commission, various years); *Social Security Programs Throughout the World* (U.S. Department of Health and Human Services, various years); *European Tax Handbook* (International Bureau of Fiscal Documentation, various years); and *Social Protection in the Nordic Countries* (Nordic Social-Statistical Committee, various years). Although institutional information in the Child Benefit Dataset is based on national sources and legislation, the gathering of data has benefited extensively from excellent research assistance from a number of persons, including Sofie Burman, Mari Eneroth, Stefan Englund, Maria Forslund, Florencia Rovira Torres and Katharina Wesolowski.

## **CODING COMMENTS**

Most countries provide some kind of child benefits to relieve families from the extra financial burden of raising children. Over the years, the provision of child benefits has become increasingly complex as countries nowadays often rely on several different types of programs (Ferrarini et al., 2013). In CBD, we distinguish between universal, employment based and income-tested child benefits as well as between child tax allowances, child tax credits and child tax rebates. Universal child benefits are taxable in some countries and for reasons of comparability only net amounts are used. Child tax allowances reduce the level of income subject to taxation, whereas child tax credits are deducted directly from income tax liability. CBD includes only the real value of child tax allowances is included, which most often is considerably lower than the formal rates expressed in tax legislation. The real value of child tax allowances correspond to the increase in disposable due to the lowering of taxable income. Child tax credits are either wasteable or refundable. Wasteable tax credits can only be used when tax liability is

positive, whereas refundable credits can be used although tax liability is zero, where the remaining part of the credit is paid as a cash transfer. In some special cases families with dependent children qualify also for certain child tax rebates, which involve lower rates of social security contributions paid on earned income. Child tax rebates on social security contributions are established with reference to the level of contributions paid by a one-earner household without dependent children. Child care allowance (including tax reductions) are not included in CBD.

Social benefit programs are complicated to compare over time and across countries. The general procedure gradually adopted in comparative research is to follow a type-case or model family approach, where benefit levels are calculated based on national (sometimes regional and local) legislation for certain standardized households (see Korpi, 1989; Esping-Andersen, 1990; Bradshaw et al., 1993; Gough et al., 1997; Scruggs and Alan, 2005). In CBD, benefit levels are calculated for a two-parent model family with two children aged 2 and 7. Only one of the spouses is assumed to work full time, either earning an average production workers' wage or earning half an average standard workers' wage. The other spouse is defined as being out of the labor force. All benefits in CBD are expressed in national currencies and as a percentage of the net income of the model family.

## **COUNTRY DETAILS**

### ***Australia***

Australia has an income-tested and refundable tax credit for families with children, which is divided into two categories; Family Tax Benefit (FTB) part A and part B. Child benefits were reformed in the 1990's and in 2000, when FTB part A and part B was introduced. Family Tax Benefit (FTB) part A is for families with children below 18 years of age, or for families with children in full-time education. The tax credit is income tested and reduced according to specified income limits. The income limit for reduction of the tax credit is increased according to the number of children. The tax credit is targeted to low income families and large families (three or more children). Family Tax Benefit (FTB) part B is for sole earner families or families with only one main income earner. Families qualify for benefit if the child is under the age of 16, or in full-time education. For children under 5 years, a higher benefit is paid.

### ***Austria***

Austria has a universal child benefit, a child tax allowance and two forms of child tax credits (one wasteable and one refundable). The refundable child tax credit is flat-rate. The amount of the universal child benefit varies according to the age and number of children. For large families (three or more children) additional income-tested child benefits exist (not applicable for the model families in CBD). The wasteable child tax credit is the newest addition to the Austria's tax system, introduced in 2009. Several modifications in the frameworks for child benefits were introduced in the 1990s, which subsequently increased the generosity of the system. In 2008, an additional month was added to the universal child benefit (thus payable 13 instead of 12 months per year). The amount for this additional month is paid in September each year

### ***Belgium***

Child benefits in Belgium are conditional on employment and income status, and at least one spouse needs to be working. The amount of the employment based child allowance varies according to age and number of children. The allowance is doubled for disabled children. In addition to the employment based child allowance, a refundable and income-tested child tax credit has been introduced.

### ***Bulgaria***

Bulgaria has an income-tested child allowance and a child tax allowance.

### ***Canada***

Over the years, Canada has had universal child benefits, income-tested child benefits and several different child-tax credits. Several of these programs are still running, in one way or the other. Some programs are federal, whereas others are provincial. Considering the latter, we use programs in Ontario. The universal family allowance was abolished in 1992, but reintroduced in 2006. It applies to families with children below 6 years of age. The amount of UCCB was increased in 2015.

### ***Cyprus***

Since 2014, Cyprus has an employment-based child benefit, which was previously flat-rate and universal. Only families with income above a certain threshold qualify for the benefit. There is also an income-tested supplementary benefit for families with low incomes.

### ***Czech Republic***

The Czech Republic has an income-tested child allowance and a child tax credit. The amount of the child allowance depends on the age of the child. The child tax credit has a fixed amount, which is doubled for disabled children. There was also a social allowance for low income families (abolished in 2012). After the abolition of the social allowance, families may apply for an increased care allowance. The social allowance was included in CBD 2005 and 2010. The care allowance is not included in CBD.

### ***Denmark***

Denmark has a child benefit which was made income tested in 2014. It is differentiated according to age and number of children. An income-tested child benefit was also introduced in 2010, via the so-called 'Green check' (part of the major tax reform introduced the same year). The Green check has special increased rates for families with children (up to certain maximums).

### ***Estonia***

Estonia combines a universal child benefit with a child tax allowance. The child tax allowance is used for the third and any subsequent children (in 2005), and the second and any subsequent children (in 2006 and 2007). In 2008, it applied to all children. In 2009, it reverted to only include the second and any subsequent children.

### ***Finland***

Finland has an universal child benefit, and the amount varies according to number of children. Single parents receive a higher child benefit. Between 2015 and 2017, an income tested child tax credit was given.

### ***France***

France combines a universal child benefit and a tax allowance. Until 2016 there was also an income-tested child tax credit (included as an element in the general tax credit). For sole-earners, the tax credit was increased. The creation of a new cash transfer for low income workers “*prime d'activité*” replaced the former tax credit in 2016.

### ***Germany***

Germany has a refundable flat-rate child tax credit, which can be paid as a tax allowance if this is more favorable for the family (often high income families). Taxpaying lone parents receive an additional allowance. As of 2005, child-raising is given special recognition in the law relating to statutory long-term care insurance. Families with children pays a lower rate on these social contributions, a so-called child tax rebate.

### ***Greece***

Greece had employment based child benefits up until 2012. Thereafter the allowance was replaced with a income-tested benefit. Special allowances for families with more than two children are available. Up until 2013 there was also a Child Tax credit (tax allowance in 1990) dependent on number of children. This credit was abolished in 2013.

### ***Hungary***

Hungary used to combine a universal child benefit with a child tax credit. However, in 2011 the child tax credit was exchanged for a tax allowance. The amount of the universal child benefit depends on the family composition. As from 2005, families receive an extra one-month benefit payment in July. The amount of the child tax credit depended on the number of children. From 2010 only families with at least three children could receive the credit. The amount of the family tax allowance depends on the number of children. Families with one or more children are entitled.

### ***Iceland***

Iceland has an income-tested child allowance and a universal child allowance for children aged 0-6 years. The income-tested child allowance is based on the annual income of the previous year, but in CBD we allocate the postponed allowance to the income year upon which the income tested allowance is based. Thus, in CBD, the income tested child allowance 2005 is in reality paid in 2006. In the current version of CBD, we have data on child benefits for Iceland covering the years 2005 and 2010. Data for earlier years are in construction and will be published in due time.

### ***Ireland***

Ireland combines a universal child benefit and a child tax credit. The tax credit is income-tested and dependents on full time employment. It is refundable and differentiated according to number of children. It was introduced in 1984, and expanded in the late 1990s. In 1998, the income limit changed from gross to net income.

### ***Italy***

Italy has an employment based and income-tested child allowance in combination with a child tax credit. For the employment based and income-tested child allowances, at least 70 percent of family income must be from wages or pensions. The child tax credit varies according to age and number of children. At low wages, also couples without children may receive an employment based and income-tested tax credit from the same legislative framework. In order to calculate correct amounts of the employment based and income-tested child allowance for the 0.5 APW family, we have subtracted the credit paid to a 0.5 APW couple without children.

### ***Japan***

Japans child benefit system was reformed in 2010. Japan introduced a universal child benefit, replacing the previous income-tested child allowance. The universal child benefit is higher than its predecessor. The reform was followed by the abolition of the tax allowance for dependents in 2011.

### ***Latvia***

Latvia combines a child tax allowance with a universal child benefit. The universal benefit is payed at a fixed rate, independent of number and age of the children.

### ***Lithuania***

In 2005 there was a universal child benefit combined with a child tax allowance. The universal child benefit was exchanged for an income-tested benefit in 2009.

### ***Luxembourg***

Luxembourg has universal child benefits, which varies depending on the number and age of the children.

### ***Malta***

The child benefit consists of one part that is universal, and one part that is income tested.

### ***The Netherlands***

The Netherlands combines a universal child allowance and an income-tested child allowance, the latter introduced in 2008 (came into force 2009). The income-tested child allowance is differentiated according to number of children. A family can only claim the income tested child allowance when there are children under the age of 18 years and for whom they receive the universal child allowance. After a certain income threshold, the income tested child allowance is withdrawn.

**Norway**

Norway has a universal child benefit. In 2001, the previous child tax credit was abolished. In 2003, the universal child benefit supplement for a second child was terminated.

**New Zealand**

New Zealand has different targeted policies for families with children, conditional on work and income. In 2006/2007, they introduced an in-work tax credit specifically targeted to working parents, with subsequent increases in child tax credits for our full APW model family.

**Poland**

Poland has an income-tested child benefit and a refundable tax credit.

**Portugal**

Portugal has an employment based child benefit. From 1997, the benefit is income tested.

**Romania**

Romania has an income tested child tax allowance. They also have two social policy child benefits – one universal and one income tested.

**Slovakia**

Slovakia has a universal child benefit and a refundable child tax credit.

**Slovenia**

Slovenia has an income-tested benefit. The income ceiling was reduced in 2012. There is also a family tax allowance.

**Spain**

Spain has an income-tested benefit and a tax allowance for families with children. The tax allowance was changed into a tax credit in 2010.

**Switzerland**

Switzerland has an employment based child allowance, and a child tax allowance. A wasteable child tax credit was introduced in 2011.

**Sweden**

Sweden has a universal child benefit. The benefit is increased with number of children.

**The United Kingdom**

The United Kingdom has a universal child benefit and two different refundable child tax credits. The working tax credit is provided to low-income families, with or without children. Families with children receive a higher credit. In addition, there is a child tax credit targeted specifically to families with children, differentiated according to age and number of children.

***The United States***

Child benefits in the United States are administrated through the tax system via a child tax allowance, a wasteable child tax credit and a refundable child tax credit.

## VARIABLES

### *Country*

*Abbreviations and numbers as given in ISO-3166 by International Organization for Standardization*

Australia (AUS) (36)  
Austria (AUT) (40)  
Belgium (BEL) (56)  
Bulgaria (BGR) (100)  
Canada (CAN) (124)  
Cyprus (CYP) (196)  
Czech Republic (CZE) (203)  
Denmark (DNK) (208)  
Estonia (EST) (233)  
Finland (FIN) (246)  
France (FRA) (250)  
Germany (DEU) (276)  
Greece (GRC) (300)  
Hungary (HUN) (348)  
Iceland (ISL) (352)  
Ireland (IRL) (372)  
Italy (ITA) (380)  
Japan (JPN) (392)  
Latvia (LVA) (428)  
Lithuania (LTU) (440)  
Luxembourg (LUX) (442)  
Malta (MLT) (470)  
Netherlands (NLD) (528)  
New Zealand (NZL) (554)  
Norway (NOR) (578)  
Poland (POL) (616)  
Portugal (PRT) (620)  
Romania (ROU) (642)  
Slovakia (SVK) (703)  
Slovenia (SVN) (705)  
Spain (ESP) (724)  
Sweden (SWE) (752)  
Switzerland (CHE) (756)  
United Kingdom (GBR) (826)  
United States (USA) (840)

### *Year*

1960-2015

### *Universal child benefit (apw)*

Universal child benefit in national currency and current prices of a model family earning an average production worker's wage.

<i>Employment-based child benefit (apw)</i>	Employment-based child benefit in national currency and current prices of a model family earning an average production worker's wage.
<i>Income-tested child benefit (apw)</i>	Income-tested child benefit in national currency and current prices of a model family earning an average production worker's wage.
<i>Child tax allowance (apw)</i>	Child tax allowance in national currency and current prices of a model family earning an average production worker's wage.
<i>Child tax credit (apw)</i>	Child tax credit in national currency and current prices of a model family earning an average production worker's wage.
<i>Child tax rebate (apw)</i>	Child tax rebate in national currency and current prices of a model family earning an average production worker's wage.
<i>Total child benefit (apw)</i>	Total child benefit in national currency and current prices of a model family earning an average production worker's wage.
<i>Net apw family</i>	After tax income (earnings plus child benefits less taxes and social security contributions) of a model family earning an average production worker's wage.
<i>Rr Universal child benefit (apw)</i>	Net replacement rate of universal child benefits for a model family earning an average production worker's wage.
<i>Rr Employment-based child benefit (apw)</i>	Net replacement rate of employment-based child benefits for a model family earning an average production worker's wage.
<i>Rr Income-tested child benefit (apw)</i>	Net replacement rate of income-tested child benefits for a model family earning an average production worker's wage.
<i>Rr Child tax allowance (apw)</i>	Net replacement rate of child tax allowances for a model family earning an average production worker's wage.

<i>Rr Child tax credit (apw)</i>	Net replacement rate of child tax credits for a model family earning an average production worker's wage.
<i>Rr Child tax rebate (apw)</i>	Net replacement rate of child tax rebates for a model family earning an average production worker's wage.
<i>Rr Total child benefit (apw)</i>	Net replacement rate of total child benefits for a model family earning an average production worker's wage.
<i>Universal child benefit (0.5*apw)</i>	Universal child benefit in national currency and current prices of a model family earning half an average production worker's wage.
<i>Employment-based child benefit (0.5*apw)</i>	Employment-based child benefit in national currency and current prices of a model family earning an average production worker's wage.
<i>Income-tested child benefit (0.5*apw)</i>	Income-tested child benefit in national currency and current prices of a model family earning half an average production worker's wage.
<i>Child tax allowance (0.5*apw)</i>	Child tax allowance in national currency and current prices of a model family earning half an average production worker's wage.
<i>Child tax credit (0.5*apw)</i>	Child tax credit in national currency and current prices of a model family earning half an average production worker's wage.
<i>Child tax rebate (0.5*apw)</i>	Child tax rebate in national currency and current prices of a model family earning half an average production worker's wage.
<i>Total child benefit (0.5*apw)</i>	Total child benefit in national currency and current prices of a model family earning half an average production worker's wage.
<i>Net 0.5*apw family</i>	After tax income (earnings plus child benefits less taxes and social security contributions) of a model family earning half an average production worker's wage.

<i>Rr Universal child benefit (0.5*apw)</i>	Net replacement rate of universal child benefits for a model family earning half an average production worker's wage.
<i>Rr Employment-based child benefit (0.5*apw)</i>	Net replacement rate of employment-based child benefits for a model family earning half an average production worker's wage.
<i>Rr Income-tested child benefit (0.5*apw)</i>	Net replacement rate of income-tested child benefits for a model family earning half an average production worker's wage.
<i>Rr Child tax allowance (0.5*apw)</i>	Net replacement rate of child tax allowances for a model family earning half an average production worker's wage.
<i>Rr Child tax credit (0.5*apw)</i>	Net replacement rate of child tax credits for a model family earning half an average production worker's wage.
<i>Rr Child tax rebate (0.5*apw)</i>	Net replacement rate of child tax rebates for a model family earning half an average production worker's wage.
<i>Rr Total child benefit (0.5*apw)</i>	Net replacement rate of total child benefits for a model family earning half an average production worker's wage.

## **ABBREVIATIONS**

N.A. = Not applicable

M.D. = Missing Data

