

European Expert Meeting

Monday 27 June 2016

**What Measures for Securing
the basic Needs of Children exist
in Belgium?**

Toon Vanheukelom

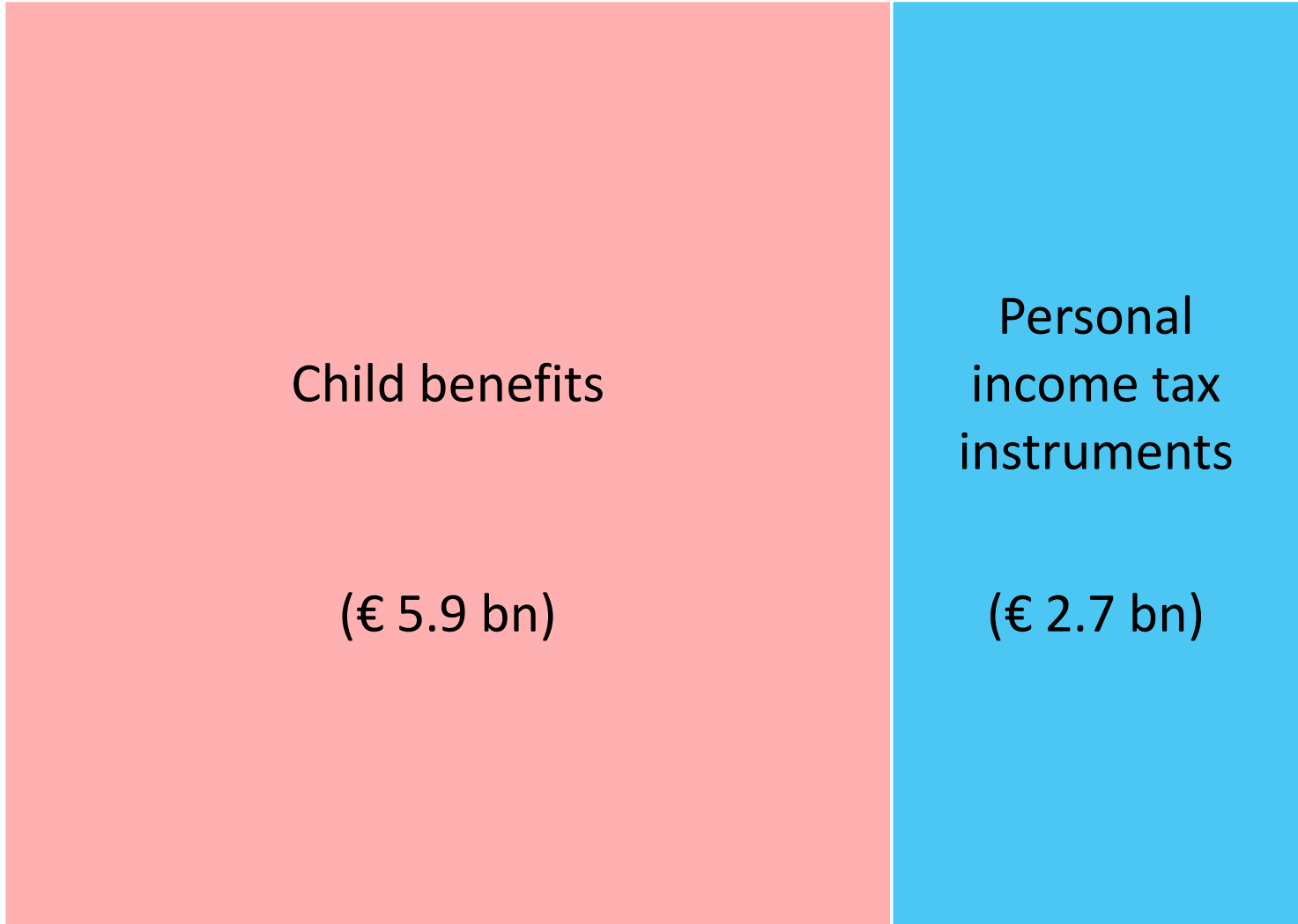
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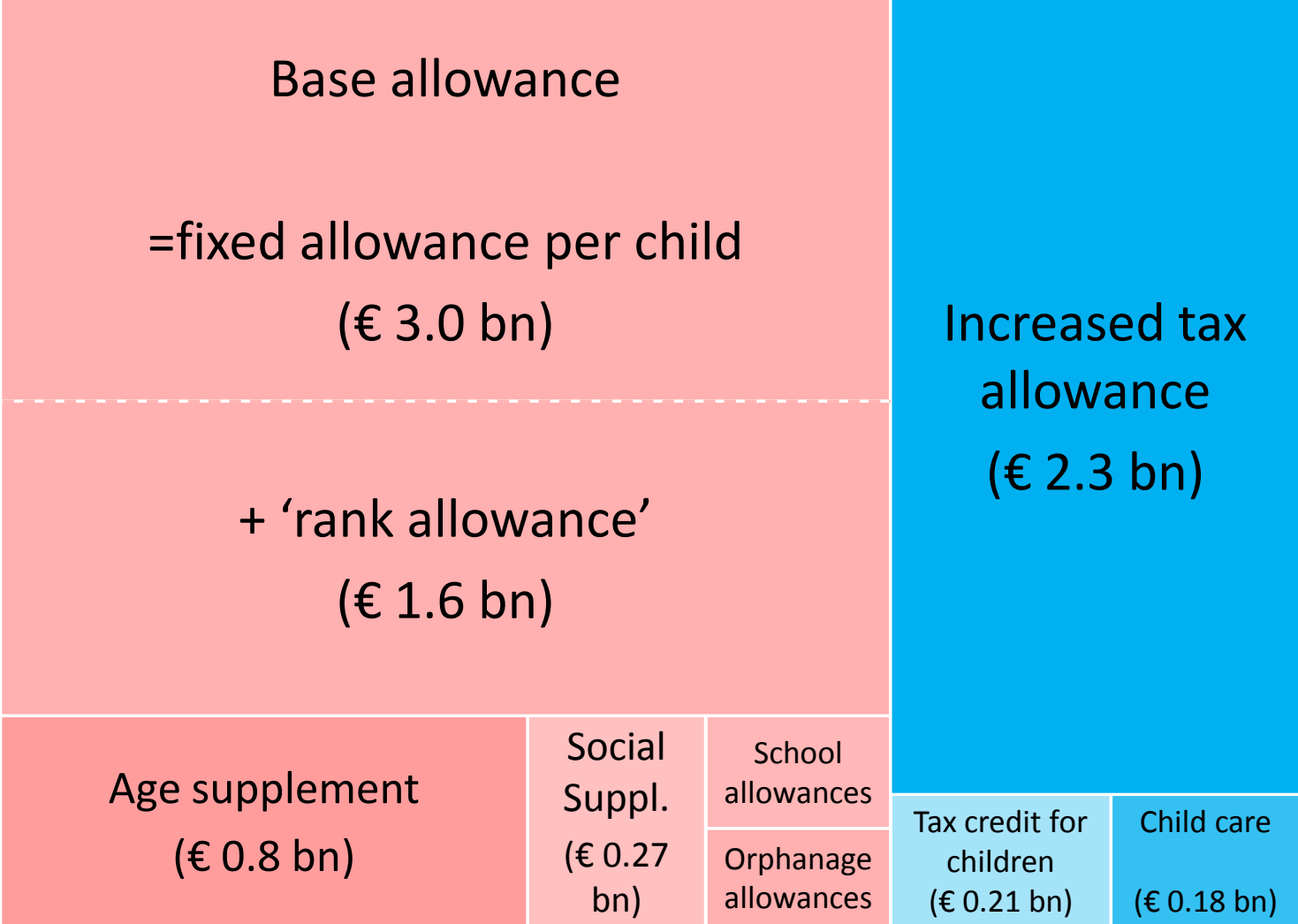
Overview of (quasi-)cash benefits to families

1. Child benefits : State level (since 2014)
2. Personal income tax : Federal level
3. Others:
 - ‘heads of household’ receive higher replacement incomes & social assistance
 - quasi cash transfers

Overview of (quasi-)cash benefits to families



Overview of (quasi-)cash benefits to families



1. Child benefits

- Lump sum per child, dependent on:
 - rank,
 - age,
 - economic status & income
- Tax exempt
- Responsibility of State government
- Goal: “to cover part of the cost of children”
 - ... no goals set for cost coverage or poverty reduction.

1. Child benefits

Flemish child benefit reform, decided in May 2016:

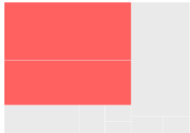
- Largely budget neutral
- Fading out of current system (for all children)
- Introduction of new system for children born after 1/1/2019
- Age and rank play a much smaller roll

1. Child benefits

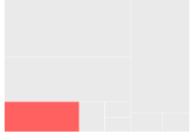
**Current system
(2016 prices)**

**New system
(2019 prices)**

**Base allowance
(monthly)**



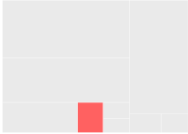
**Age supplement
(monthly)**



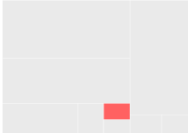
1. Child benefits

	Current system (2016 prices)	New system (2019 prices)
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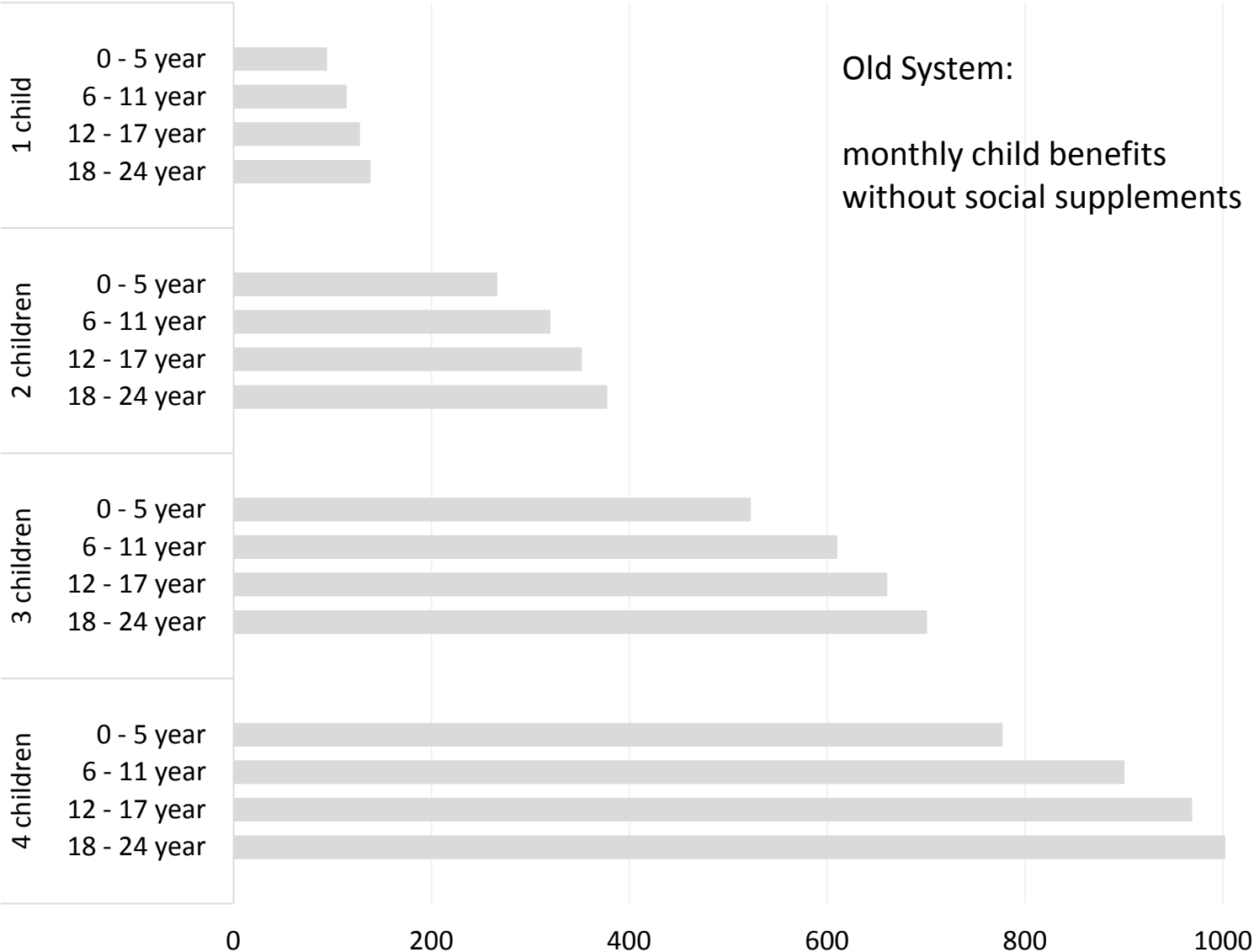
**Social supplement
(monthly)**



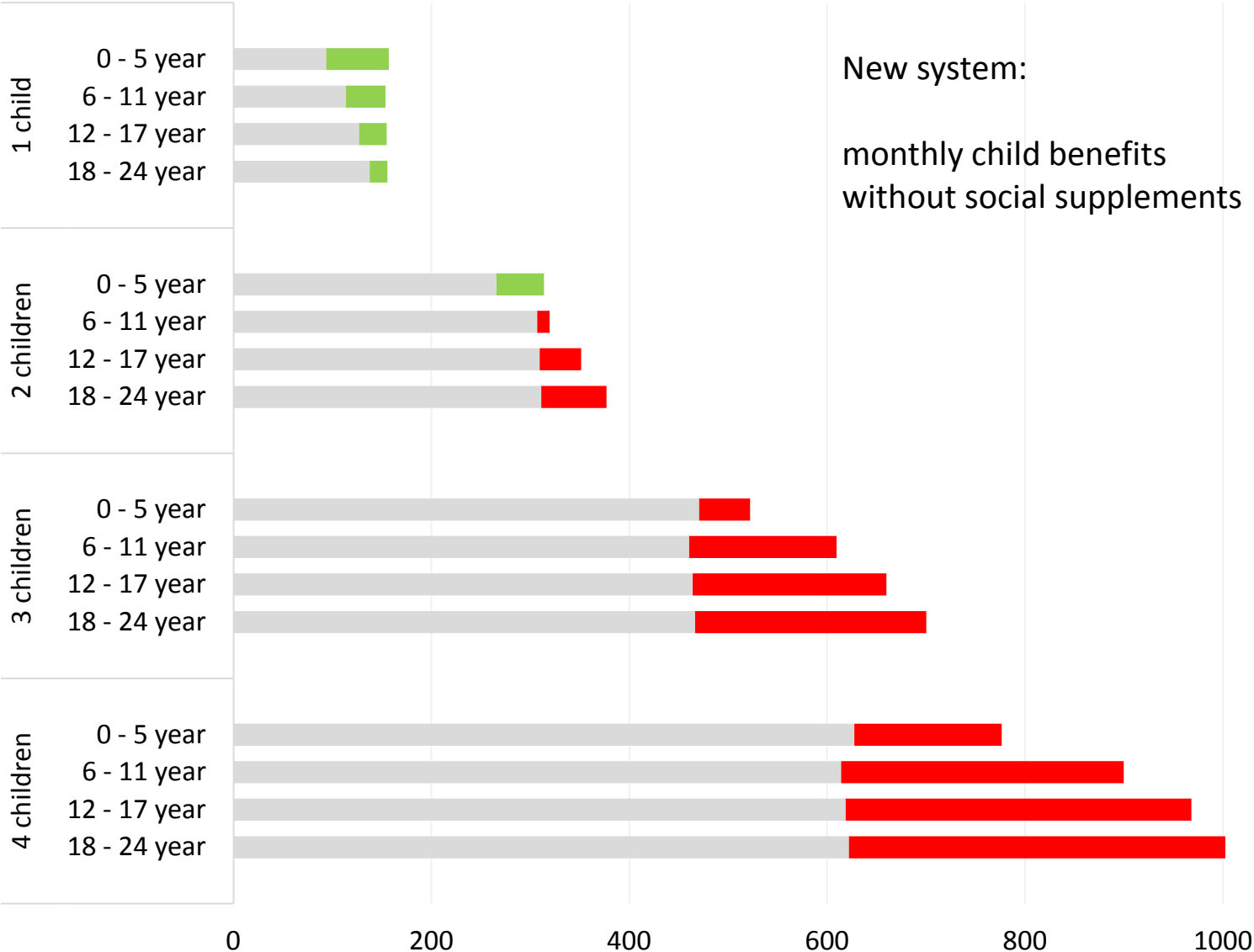
**School/participation
bonus (yearly)**



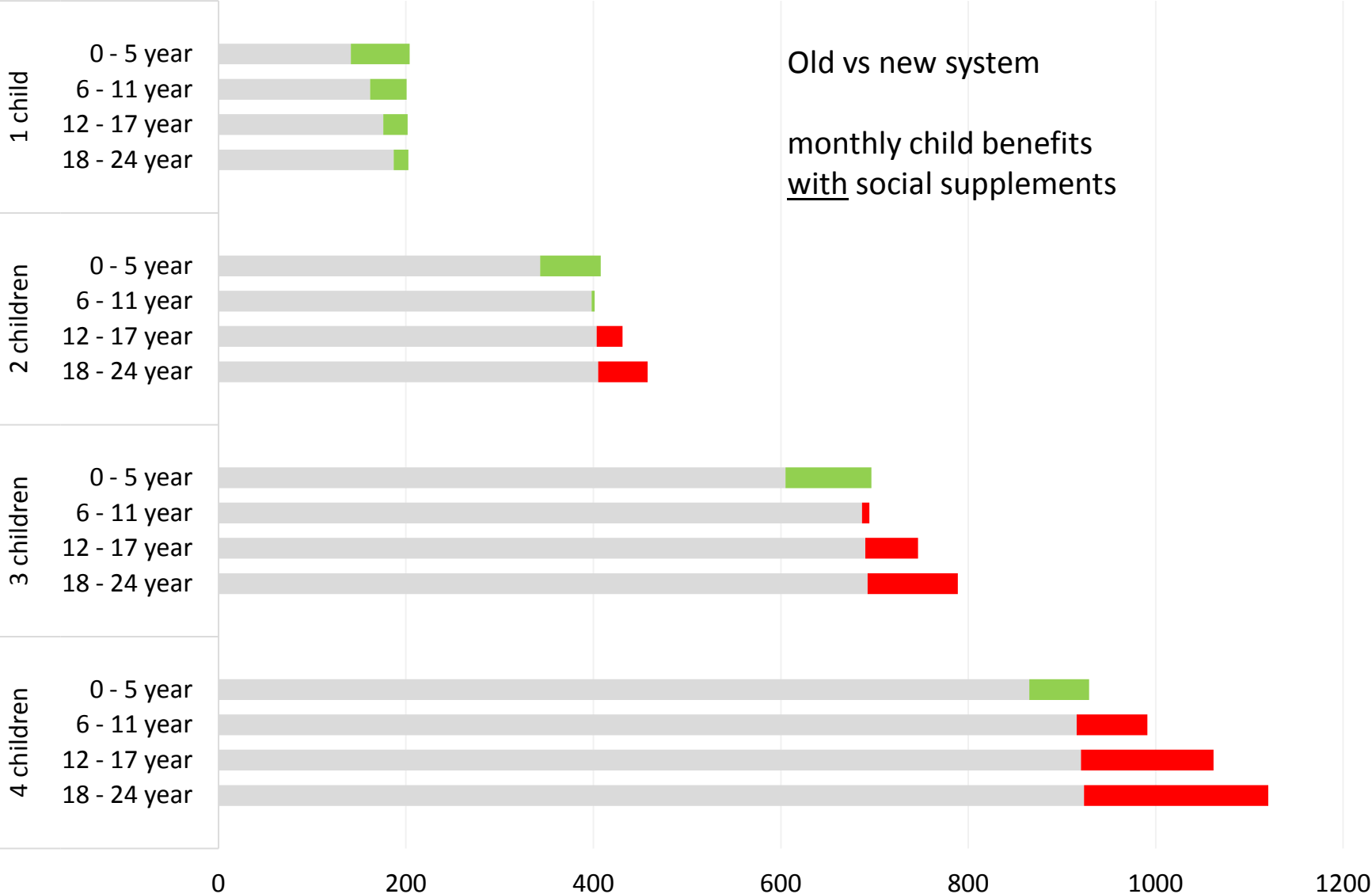
1. Child benefits



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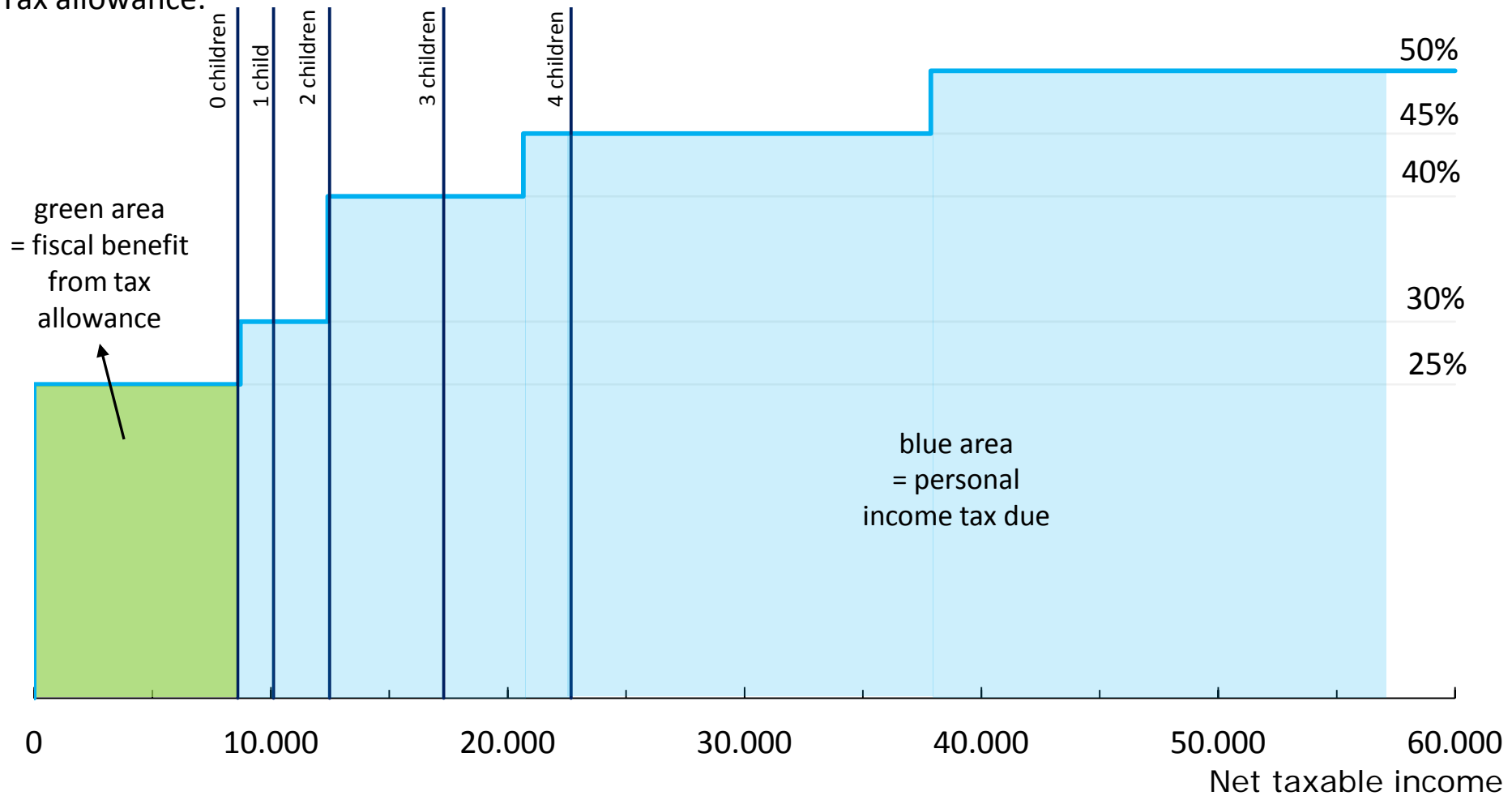
1. Child benefits



2. Tax instruments

1. Increase of tax allowance for families

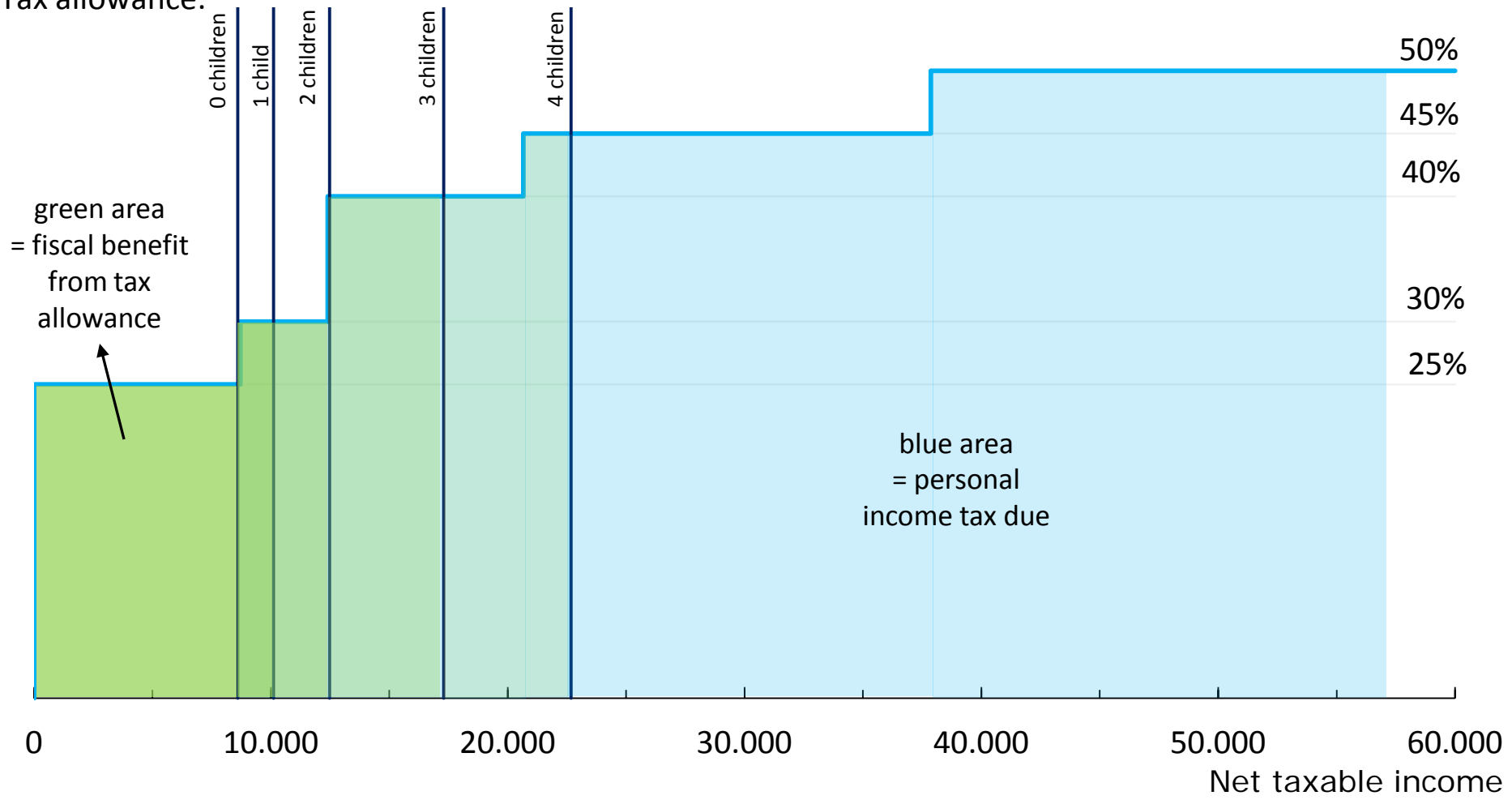
Tax allowance:



2. Tax instruments

1. Increase of tax allowance for families

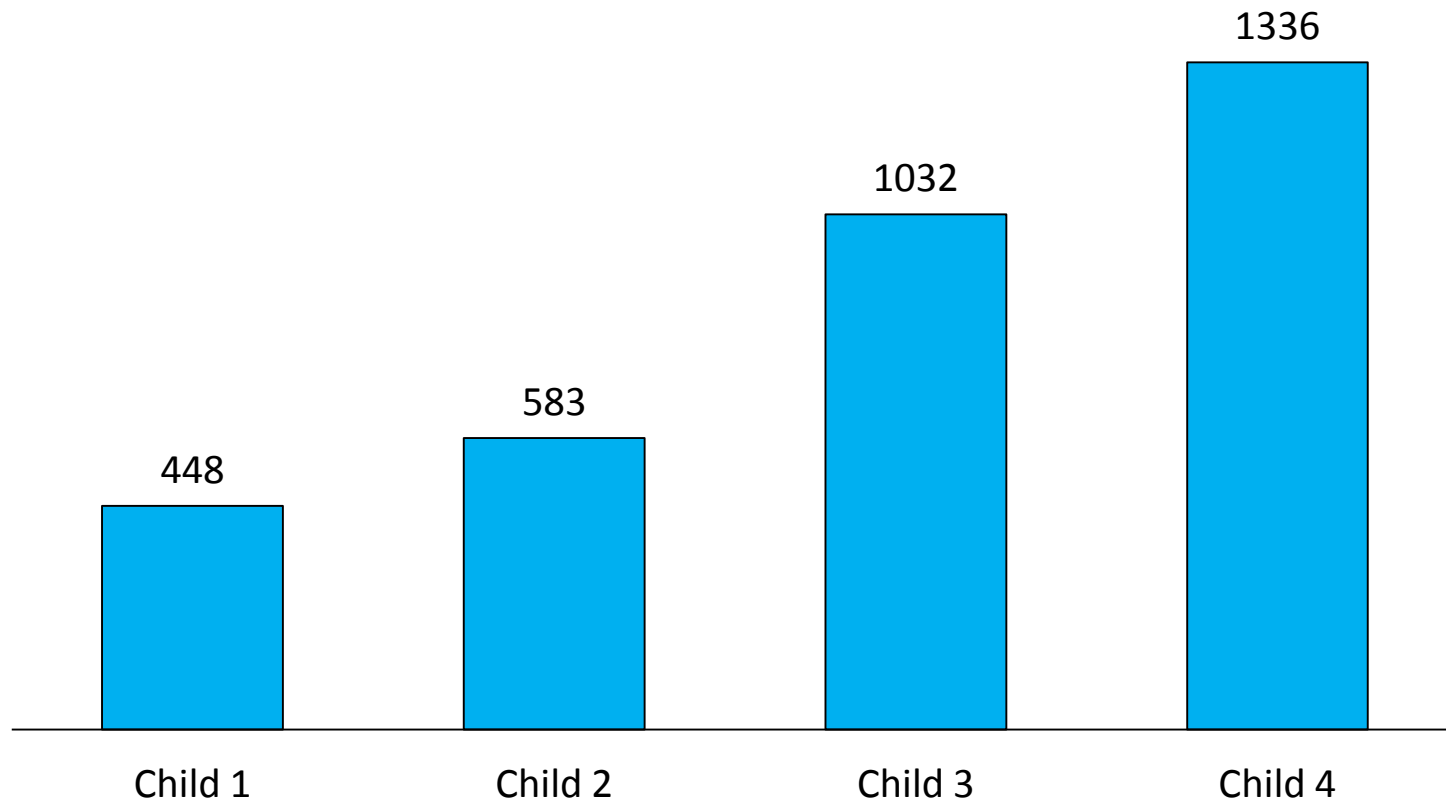
Tax allowance:



2. Tax instruments

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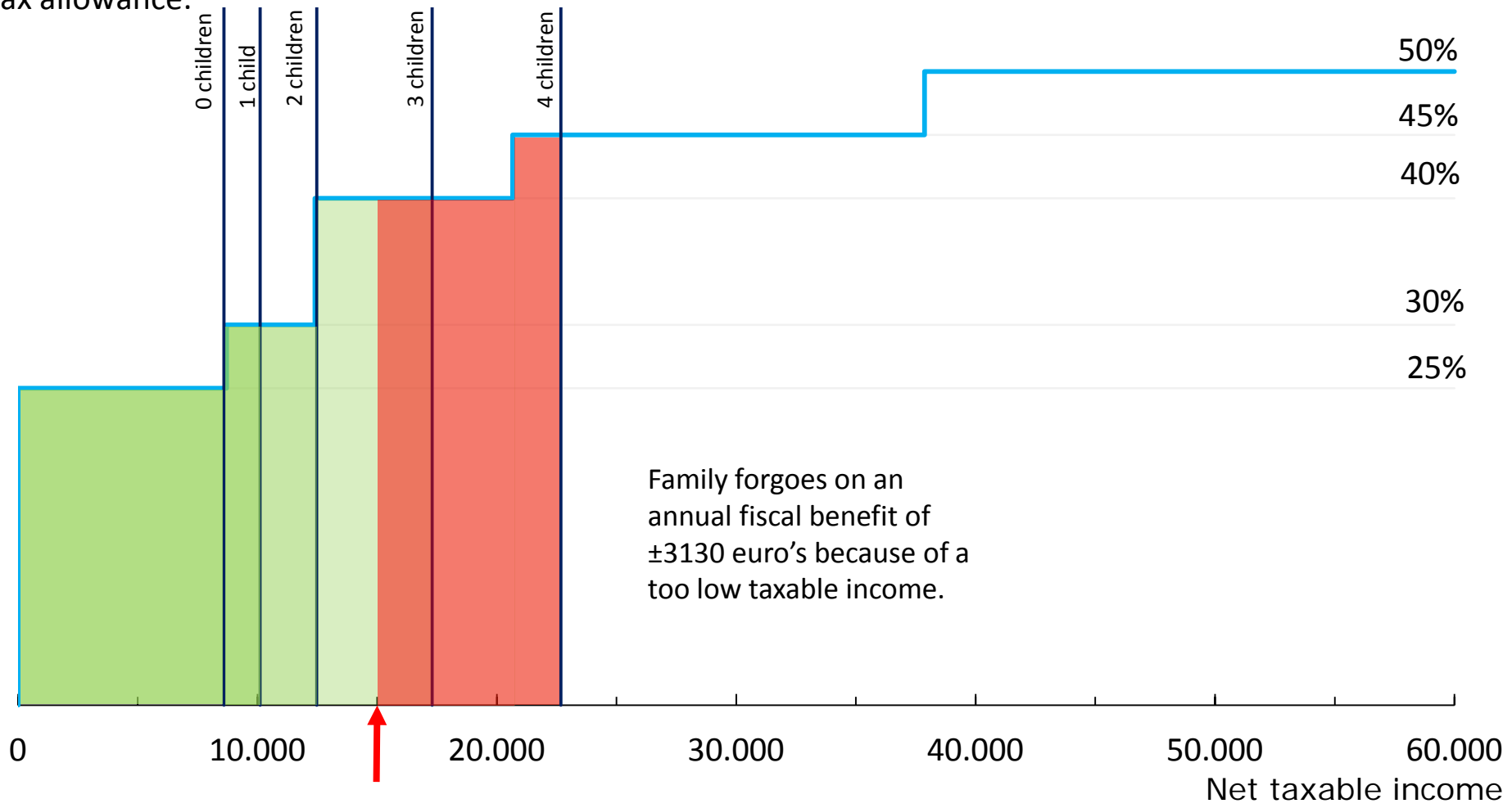
Benefit per child (€ per year):



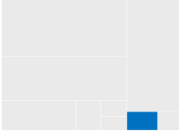
2. Tax instruments

1. Increase of tax allowance for families

Tax allowance:

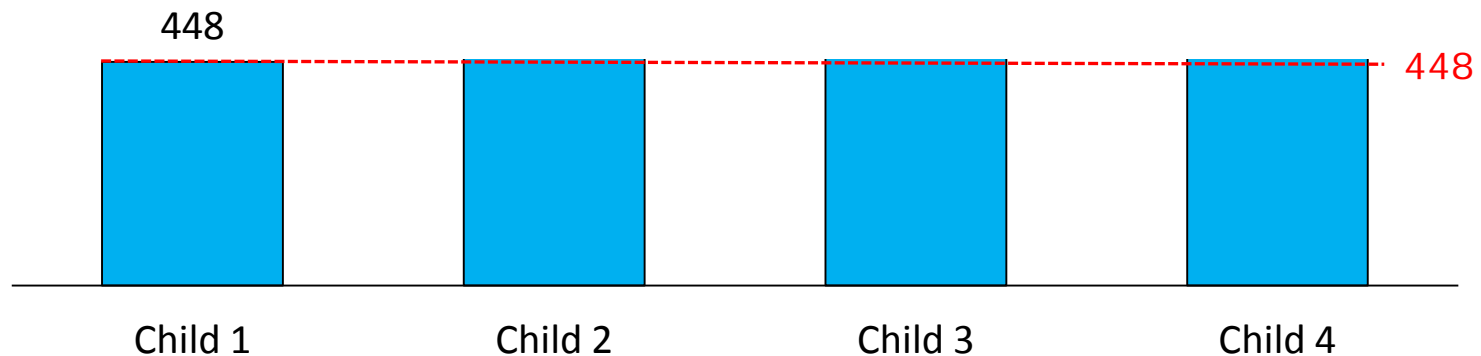


2. Tax instruments



2. Refundable tax credit for children

- For families with too low taxable incomes to benefit from increase in tax allowance.
- Maximum benefit = benefit from tax allowance for 1st child.
- For large families the regressive nature of this cap is considerable.



Concluding remarks

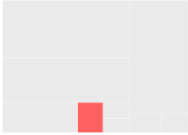
- Child benefits:
 - Important cash benefit
 - Limited social supplement
 - Old system : strongly favouring large families
 - New system : no longer rank & age dependent
- Personal income tax:
 - Strongly favouring large families
 - Poor (large) families lose out → regressive
 - Family policy ≠ responsibility of federal gov.
 - Inconsistent with new child benefits.

Detailed material

1. Child allowances

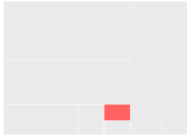
		Current system (2016 prices)	New system (2019 prices)
Base allowance (monthly)	Child 1	€ 90.3	€ 160.0
	Child 2	€ 167.1	
	Child 3+	€ 249.4	
Age supplement (monthly)	Child 1		/
	6-11 year	€ 15.7	
	12-17 year	€ 24.0	
	18-24 year	€ 27.6	
	Child 2+		
	6-11 year	€ 31.4	
	12-17 year	€ 47.9	
18-24 year	€ 60.9		

1. Child allowances

	Current system (2016 prices)	New system (2019 prices)
Social supplement (monthly)	(1) Single parent families (2) Unemployed & pensioners (3) Sick & disabled	Dependent on gross taxable income
	Income threshold (per month)	Income threshold (per year)
	Single € 2 338.5	≤ € 29.000 € 29.000
	Couple € 2 414.5	- € 60.000
	Supplement:	Supplement:
	Child 1 € 46.0 (€ 98.9 for ⁽³⁾)	Child 1 € 50.0 /
	Child 2 € 28.5	Child 2 € 50.0 /
	Child 3+ € 5.0 (€ 23.0 for ⁽¹⁾)	Child 3+ € 80.0 € 60.0

1. Child allowances

	Current system (2016 prices)		New system (2019 prices)	
School premium / participation premium (yearly)	0-5 year	€ 20.0	0-2 year	€ 20.0
			3-4 year	€150.0
	6-11 year	€ 43.0	5-11 year	€ 35.0
	12-17 year	€ 60.0	12-17 year	€ 50.0
	18-24 year	€ 80.0	18-24 year	€ 60.0
	Income threshold (per month)		Income threshold (per year)	
	Single	€ 2 338.5	≤ € 29.000	€ 29.000
	Couple	€ 2 414.5		- € 60.000
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