

### PF1.3: Family cash benefits

#### *Definitions and methodology*

Family cash benefits (FCB) are here defined as child-related cash transfers to families, and such support is generally used by families towards the cost of raising children. The value of family benefits here concerns child allowances for families with children age 3-12 (in some countries payment rates vary with the age of the child). The chosen ages generally avoid overlap with income support during parental leave periods (PF2.1). The benefits here include “refundable” or “non-wastable” tax credits (i.e. benefits that are paid in cash when the tax liability of a family is not large enough to make (full) use of a particular fiscal advantage or tax credit), but other wise fiscal support is not covered here.

#### *Key findings*

Table PF1.3.A provides an overview of family benefit schemes across countries. In most cases, benefits are restricted to families with children. In over half of the countries, FCB amounts do not depend on family income and are paid as universal benefits. Among those countries, Austria, France and Germany pay additional income-tested benefits to low-income families, families with young children or unemployed parents (respectively). Universal FCB may vary depending on the household’s work situation. For example, in Belgium FCB are increased from the seventh month of unemployment. Universal family cash benefits for a one-child family are most generous in Hungary, Ireland and Luxembourg, where cash transfers for such a family can exceed 5% of the average wage of the average worker (AW).

In several countries, FCB amounts depend on family income. For example, in Iceland, benefits decrease after an income limit with withdrawal rates that vary with the number of children, 2, 5 and 7% for one, two and three children respectively.

In Australia, Canada, Germany, New Zealand and the UK, cash transfers may take the form of “refundable” or “non-wastable” tax credits, as these benefits involve cash transfers to families. In these countries, the family tax credits are income-tested, except in Germany. In the latter country, the tax credit does not phase out when earnings increase. As most of the universal FCBs, its payment rate increases with the number of children, but only from the fourth child onwards.

Table PF1.3.A shows the maximum age of children at which families are eligible to receive child-related cash transfers. Frequently, countries have an upper age limit which is higher for children in education. However, families may not be eligible to FCB if children have income of their own, are married or do not live with their parents. Payment rates can be uniform, but more often they vary by age and/or number of children across countries. The different age profiles of child benefit amounts are referred to in the third column of Table PF1.3.A: a “+” and “-” indicate that benefit amounts for children increase or decrease with age, respectively.

*Other relevant indicators:* PF1.1: Public spending on family benefits; PF1.4: Neutrality of tax/benefits systems; PF2.1: Key characteristics of parental leave systems; PF3.4: Childcare support.

**Table PF1.3.A Family Cash Benefits<sup>1</sup>, 2010**

	Maximum benefit for one child aged 3-12		Benefit amount per additional child varies with(2)		Upper age limit for children (student)	Means test on	Observations
	National currency	% of AW	Age of child	Number of children			
	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Australia(3)	4,803	7	+/-	+ from 3rd	20 (24)	Family income.	Family tax benefit (FTB) part A to help families with cost of raising children.
	3,829	6	-	0	15 (18)	Income of secondary earner in a couple.	FTB part B paid to families with one main income.
Austria	2,272	6	+	+	19 (27)	No	Maximum amount comprises benefit and non-wastable tax credit. For low income families there is an extra supplement for each additional child from the 3rd.
Belgium	1,266	3	+/-	+/-	17 (24)	No	For unemployed, family benefits are increased as from 7th month of unemployment.
Canada (Ontario)	1,348	3	0	+ from 3rd	17	Family taxable income.	Canada child tax benefit (non-wastable tax credit).
	2,088	5	0	-	17	Family taxable income.	National Child Benefit (NCB) supplement for low income families.
	1,100	2	0	0	17	Family taxable income.	Ontario Child Benefit
Czech Republic	7,320	3	+	0	14 (25)	Family income relative to minimum living standard.	
Denmark	13,448	4	-	0	17	No	Parents can also receive a means-tested "Green cheque" of EUR 300 per child through the tax system in respect of their first two children.
Estonia	3,600	2	0	+	15(18)	No	Payment triples for third and subsequent children.
Finland	1,200	3	0	+	16	No	
France	747	2	+	+	19	No	Family allowance: zero benefit for first child. For 2 children (under age 11) the amount per child would be EUR 747 (2% of AW).
Germany	2,208	5	0	+ from 3rd	18 (25)	No	<i>Kindergeld</i> is a non-wastable tax credit in the form of a monthly tax refund (reduces SA if there is no tax liability).
	1,680	5	--	--	--	Yes	<i>Supplementary child allowance (Kinderzuschlag)</i> is paid to parents to prevent them from having to apply for unemployment benefit II/social welfare benefits only because of the maintenance of their children.
Greece	99	0	0	+/-	17 (21)	No	Employment condition: 50 days of work prior to the claim. In addition, the employer usually grants 5% of gross earnings to each worker for each child and 10% for the wife independently of her income status. The employer benefits are taxable.
Hungary	146,400	6	0	+	18 (22)	No	
Iceland	152,331	3	-	+	17	Allowance is reduced by a percentage of income above limit.	Basic allowance has an income limit of ISK 3 600 000 for a couple. Reduction is 3, 5 and 7% for 1, 2 and 3 children respectively.
	61,191	1	0	0	6	Means-tested along with the basic family allowance.	Supplement for children aged under 7.
Ireland	2,298	7	0	+ from 3rd	15 (18)	No	--
Israel	1,980	2	0	-	17	No	Increment to child allowance available for families with three or more children.

**Table PF1.3.A Family Cash Benefits<sup>1</sup>, 2010 (cont.)**

Italy(4)	1,092	4	0	+	17	Household taxable income.	Benefit is paid by employers and is only granted if at least 70% of household taxable income is employment income (or earnings replacement benefits including unemployment benefits and employment pension). A spouse is considered a dependant so a couple with no children can receive family allowance. Benefits are reduced in proportion to days not worked. Temporary additional benefit available in 2010 for children aged less than 3 years, this is not included in the modelling as it is only payable to home- and car-owners.
	800	3	-	0	17	Household taxable income.	Wastable family tax credits.
Japan	156,000	3	0	0	15	No	Supplementary child allowance available as part of SA.
Korea	--	--	--	--	--	--	--
Luxembourg	2,809	6	+	+	17 (26)	No	Maximum amount by age is reached at age 12.
Netherlands	1,114	2	+	-	17	No	Universal child benefit.
	1,242	3	+	-	17	Family taxable income.	The benefit is withdrawn at a rate of 7.6 per cent when the family's yearly taxable income exceeds EUR 28897.
New Zealand	4,487	9	+	-	18	Family income.	Family Tax Credit
Norway	11,640	2	0	0	17	No	Lone-parents receive payment for one more child than they have, as well as a supplement for children aged between 1 and 3.
Poland	1,092	3	+	+	17 (20)	Net income per family member.	Supplementary benefits available in specific circumstances.
Portugal	568	3	-	-	15 (23)	Family gross income (including some benefits)	Higher benefits for children aged under 1. Benefits also vary relative to family income (six levels). For first income level households, benefit amount is doubled in September for schooling expenses for children between 6 and 16.
Slovak Republic	264	3	0	0	15 (25)	No	The child allowance is provided at a uniform amount. Child tax credit is described in employment-conditional benefits table.
Slovenia	1,372	8	0	+	17(25)	Gross income	Large family allowance is paid as a lump sum payment for families with three and more children. Benefit amount is increased by 10% for lone parents.
Spain	291	1	-	0	17	Gross family income.	Not taxable.
Sweden	12,600	3	0	+	15 (19)	No	--
Switzerland (Zurich)	3,000	4	+	0	15 (24)	No	Amounts are fixed at the level of the cantons and paid by the employer. Benefits are taxable but not subject to social contributions.
Turkey	--	--	--	--	--	--	--
United Kingdom	1,056	3	0	-	15 (18)	No	Fixed rate from 2nd child.
	2,845	8	0	-	15 (18)	Gross family income.	Child Tax Credit. Withdrawn after Working Tax Credit has been exhausted where families are also eligible for the WTC.
United States(4) (Michigan)	1,068	2	0	+/-	--	Yes	Temporary Assistance for Needy Families (TANF): benefit is based on family size at the time of application rather than number of children. The benefit amounts and durations vary by State.
<b>Additional EU countries</b>							
Bulgaria	420	6	0	0	17 (19)	Gross per capita family income	
Latvia	96	2	0	0	14 (18)	No	--
Lithuania	624	3	-	0	18	Net family income.	Only paid till age 7 if two children or less.
Malta	1,156	6	0	+	15 (20)	Income excluding SSCs	--
Romania	1,254	5	-	-	18	Universal component and means-tested component	Means-tested component is increased if family receives SA.

Notes:

1. Family benefits including non-wastable tax credits. All benefit amounts are shown on an annualised basis. "--" indicates that no information is available or not applicable. In general family benefits are not taxable unless otherwise indicated..
2. "+": increases, "-": decreases, "0": remains the same, "+/-": increases or decreases (some countries give higher rates to the youngest and oldest age groups).
3. See also the Parenting Payment in lone-parents benefits information in the OECD Benefits and Wages database.
4. Benefit amount for the first child is calculated as the difference in benefit between a 3-member and a 2-member household.
5. Benefit amount for a household with no declared income. Benefit amount as 6% (1 child percentage) of household income limit LM 10 270.
6. Footnote by Turkey: The information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus issue".
7. Footnote by all the European Union Member States of the OECD and the European Commission: The Republic of Cyprus is recognized by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.
8. The data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: Source: OECD Benefits and wages database 2013

### *Comparability and data issues*

Data for family benefits have been taken from a questionnaire sent to national authorities in the context of their Benefits and Wages database.

Family benefits may be unrelated to the income of the family or they can be income-tested. Where they are income-tested, benefits are usually paid only when family-income is below a specified level, and child benefits are reduced as the family income increases. The nature of such benefit rules varies across countries.

*Further reading: OECD Babies and Bosses (various issues); OECD (2007), Benefits and Wages, OECD, Paris. OECD Benefits and Wages database 2013 [www.oecd.org/els/social/workincentives](http://www.oecd.org/els/social/workincentives). OECD (2011) Doing Better for Families [www.oecd.org/social/family/doingbetter](http://www.oecd.org/social/family/doingbetter)*