

Supplementary material

TABLE A1. Characteristics of social benefits in Belgium and the Netherlands (2019)

Social benefit	BE			NL		
	Means-test?	Taken into account in calculation of other benefits?	Taxable?	Means-test?	Taken into account in calculation of other benefits?	Taxable?
<i>Social assistance</i>	x	x		x		
<i>Unemployment benefit</i>		x	x		x	x
<i>Sickness and disability benefit</i>		x	x		x	x
<i>Housing benefit</i>	x			x		
<i>Child benefit</i>	x ¹			x		
<i>Education benefit</i>	x			x	x	
<i>Survivor benefit</i>		x	x	x	x	x
<i>Early retirement benefit</i>		x	x		/	
<i>Care allowance</i>		/		x		

Note: ¹ Universal base amount, supplemented by a means-tested top-up. Source: Assal et al. (2021) and de Vos (2022).

TABLE A2. Characteristics of tax benefits in Belgium and the Netherlands (2019)

Tax benefit	BE		NL	
	Eligibility?	Tapered against income?	Eligibility?	Tapered against income?
<i>Tax-free base allowance</i>	Every taxpayer, with supplements for certain family situations (e.g. dependent children or relatives, disability, single parent)	No	/	
<i>Tax deduction of professional expenses</i>	Employees and self-employed	No	/	
<i>Tax deduction of mortgage repayments</i>	Homeowners taking out a mortgage ¹	No	Homeowners taking out a mortgage	No
<i>Self-employment tax deduction</i>	/		Self-employed	No
<i>Tax credit on replacement incomes</i>	Recipients of early retirement benefit, sickness/disability benefit or pension	Yes	/	
<i>Tax credit on low activity incomes/wages</i>	Low-income employees or self-employed	Yes	/	
<i>General tax credit</i>	/		Every taxpayer	Yes
<i>Work credit</i>	/		Employees and self-employed	Yes
<i>Income-related combination credit</i>	/		Employees and self-employed with children	No
<i>Work bonus</i>	Low wage employees	Yes	/	
<i>Marital quotient</i>	Married or legally cohabitant couples of which one of the spouses has no or little earnings	Yes	/	

Note: ¹ Only for loans contracted before 2019. Source: Assal et al. (2021) and de Vos (2022).

TABLE A3. Yearly budget of social and tax benefits in Belgium and the Netherlands, in Billion euros (2019)

EUROMOD outcome	BE	NL
<i>Tax benefits</i>	40.28	58.39
Tax-free base allowance	20.40	-
Tax deductions	12.81	15.09
Tax credit on replacement incomes	4.09	-
Tax credit on low activity incomes & low wages	0.70	-
General tax credit	-	23.46
Work credit	-	17.72
Income-related combination credit	-	2.11
Marital quotient	0.71	-
Work bonus	1.57	-
<i>Social benefits</i>	31.32	37.78
Sickness and disability benefit	10.64	9.45
Unemployment benefit	8.28	6.03
Social assistance	3.16	3.53
Housing benefit	0.04	3.99
Child benefit	6.36	5.11
Education benefit	0.71	3.53
Survivor pension	1.08	0.30
Early retirement pension	1.76	-
Care allowance	-	4.86
<i>Old-age pension</i>	48.90	36.36

Note: The assumption of 100% take-up is likely to inflate the cost of certain means-tested benefits. A validation of the simulated outcomes against external official data can be found in the EUROMOD country reports. *Source:* Own calculations based on EUROMOD and micro-data from EU-SILC.

TABLE A4. Descriptive statistics of the population below pension age in Belgium and the Netherlands (2019)

Individual characteristics	BE	NL
<i>Age</i>		
Younger than 18 years	25.6%	24.2%
Between 18 and 24 years	9.1%	10.7%
Between 25 and 44 years	32.0%	30.3%
Between 45 and 64 years	33.3%	34.8%
<i>Gender</i>		
Female	49.7%	49.6%
Male	50.3%	50.4%
<i>Educational attainment</i>		
Low-educated	20.3%	21.3%
Middle-educated	38.6%	40.3%
High-educated	41.1%	38.4%
<i>Individual labour market status</i>		
Employer or self-employed	6.1%	8.8%
Employee	46.5%	48.8%
Unemployed	4.0%	2.1%
Inactive	2.3%	2.3%
Sick or disabled	4.9%	3.5%
Student	32.5%	31.2%
Other	3.7%	3.3%
<i>Number of hours worked</i>		
Part-time	24.4%	43.0%
Full-time	75.6%	57.0%
Household characteristics	BE	NL
<i>Family type</i>		
Single	27.0%	30.0%
Single parent	8.0%	5.1%
Couple	25.6%	25.8%
Couple with children	26.1%	27.3%
Other	13.3%	11.8%
<i>Household size</i>		
One household member	27.2%	33.6%
Two household members	29.7%	28.5%
Three household members	18.3%	15.2%
Four household members	15.9%	16.0%
Five household members	6.3%	4.9%
Six or more household members	2.6%	1.8%

<i>Household employment status</i>		
Jobless household	23.1%	18.5%
Single-earner household	37.8%	39.4%
Dual-earner household	39.1%	42.1%
<i>Housing</i>		
Home owner	64.8%	59.7%
Tenant	33.9%	38.8%
Other	1.3%	1.5%

Source: Own calculations based on EUROMOD and micro-data from EU-SILC.

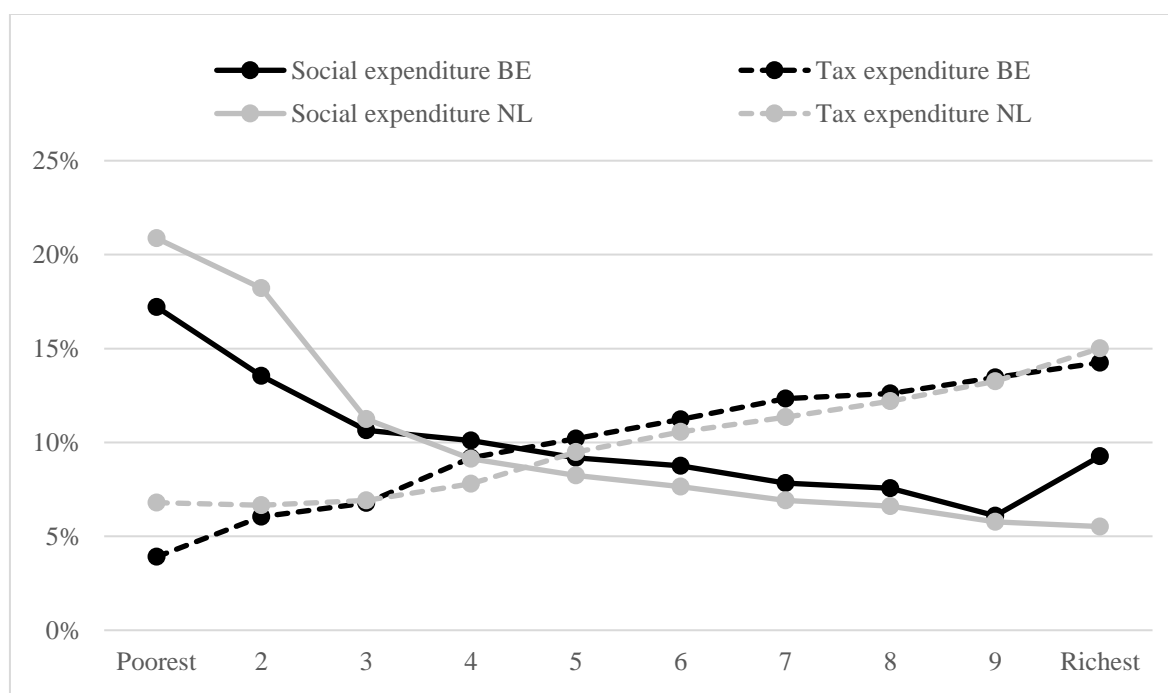
TABLE A5. Income tax schedule before and after reform in Belgium and the Netherlands (2019)

BE			NL		
Tax band	Tax rate baseline	After increase in tax rate	Tax band	Tax rate Baseline ¹	After increase in tax rate
> € 13,250	25%	29%	< € 20,384	9%	11%
€ 13,250 - € 23,390	40%	46%	€ 20,384 - € 34,300	10%	13%
€ 23,390 - € 40,480	45%	51%	€ 34,300 - € 68,507	38%	48%
> € 40,480	50%	57%	> € 68,507	52%	66%

Note: ¹ Excluding peoples' insurances (combined rates amount to 36.65%, 38.10% and 51.75%).

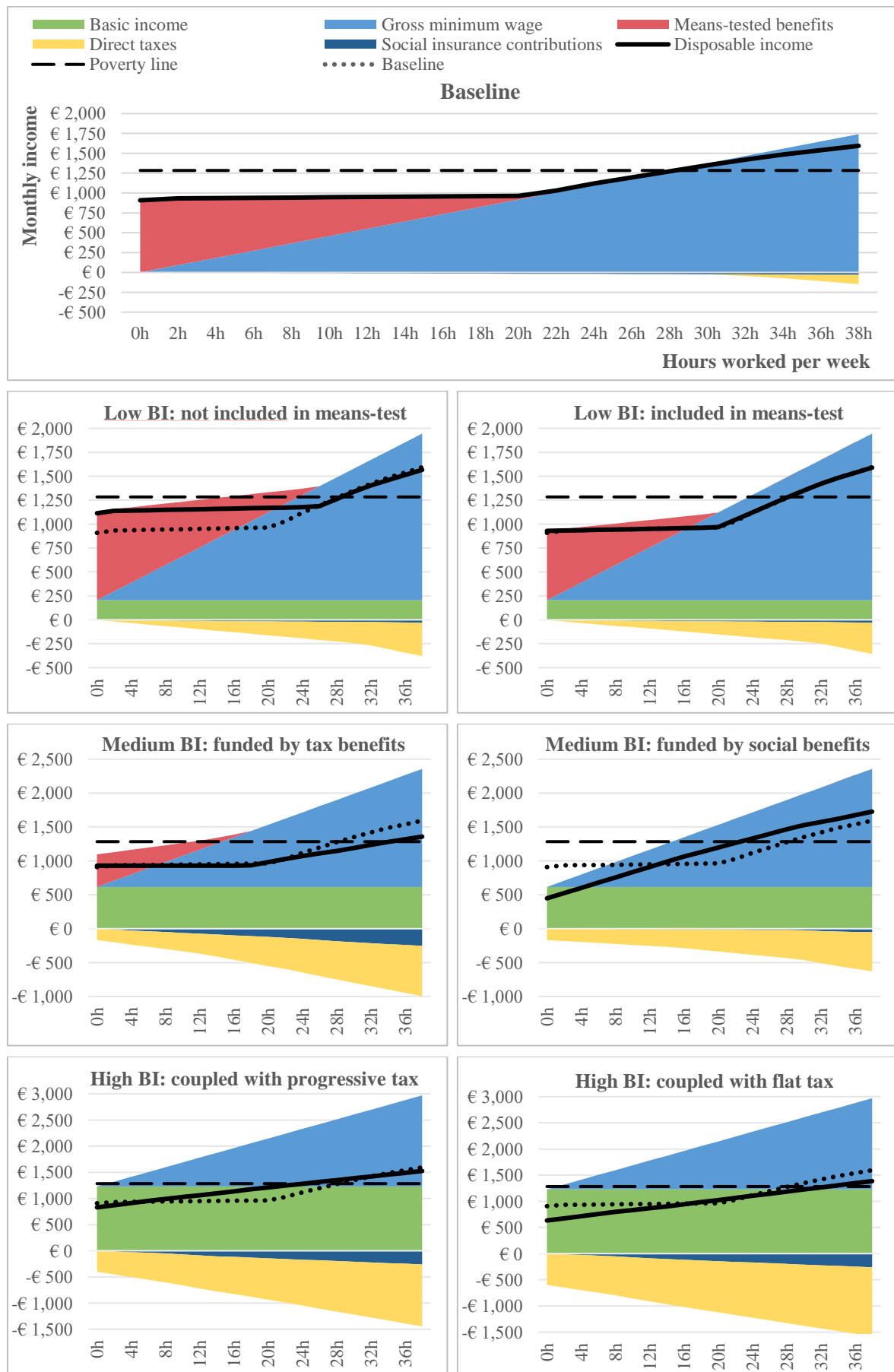
Source: Assal et al. (2021) and de Vos (2022).

FIGURE A1. Allocation of overall public spending for active-age population across income deciles, Belgium and the Netherlands (2019)

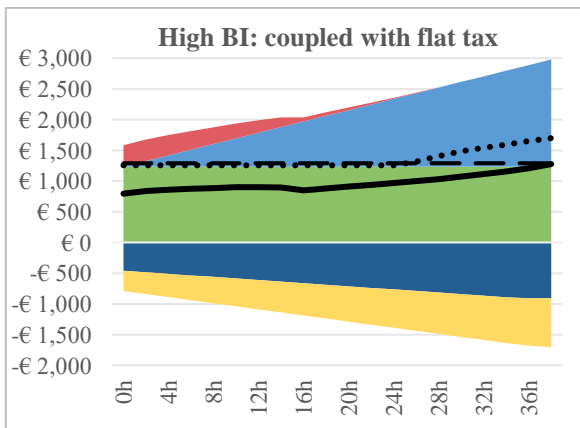
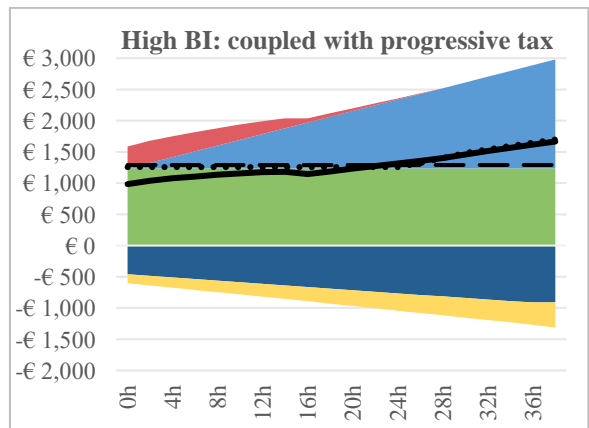
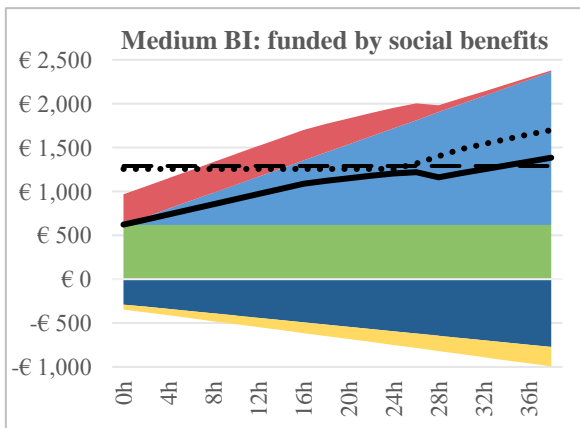
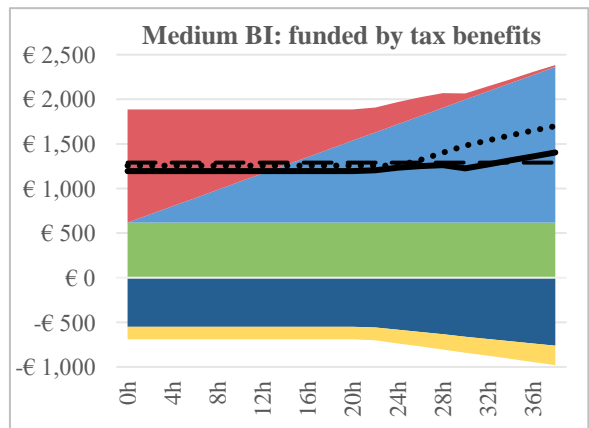
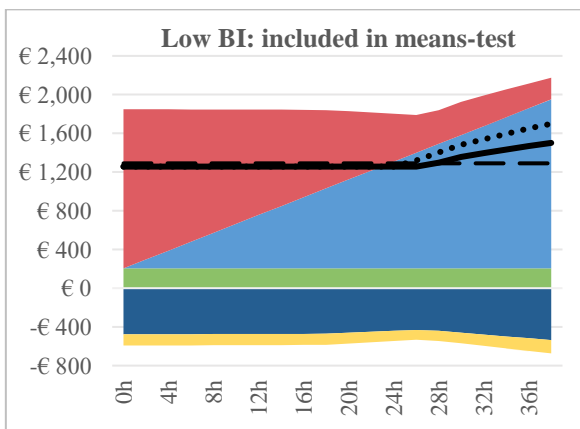
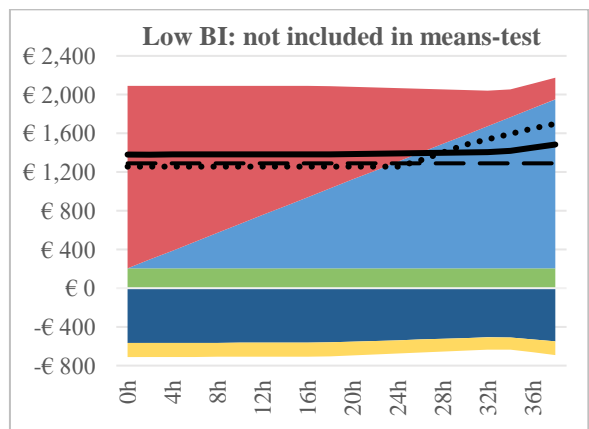
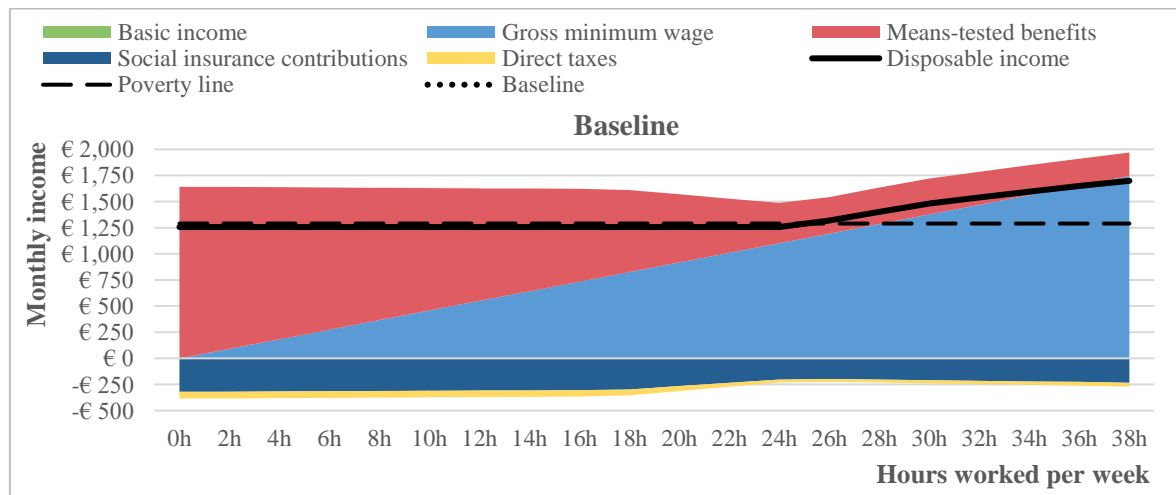


Notes: (1) Each decile captures 10% of the population, ranked from lower to higher equivalised disposable household income. Incomes are equivalised (using the modified OECD scale) to account for differences in household composition. (2) Public spending refers to cash benefits and allowances only. In-kind benefits from publicly provided goods or services are not considered. *Source:* Own calculations based on EUROMOD and micro-data from EU-SILC.

FIGURE A2. Decomposition of net disposable income of a single person by working hours
 PANEL A. Belgium

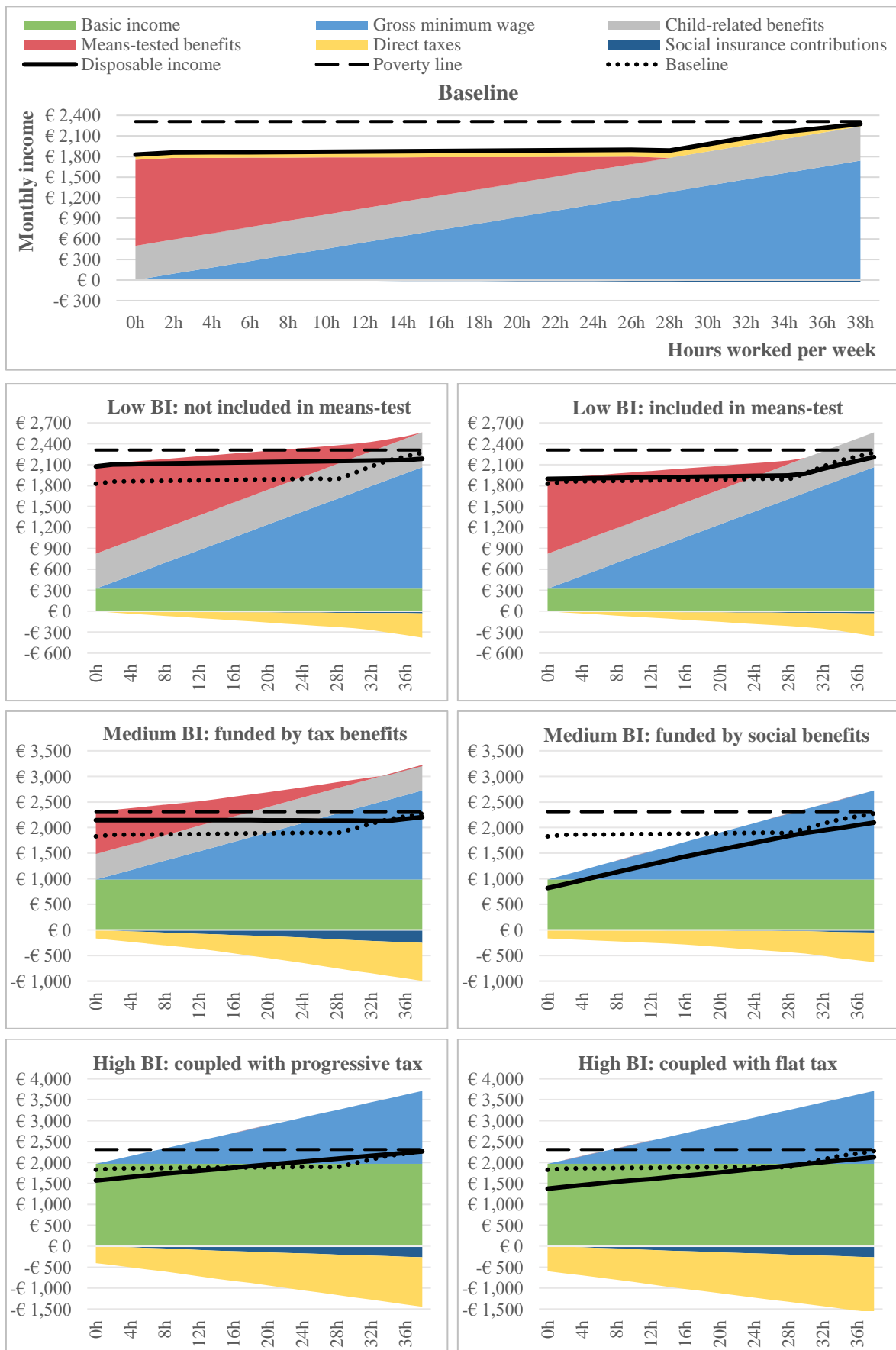


PANEL B. Netherlands

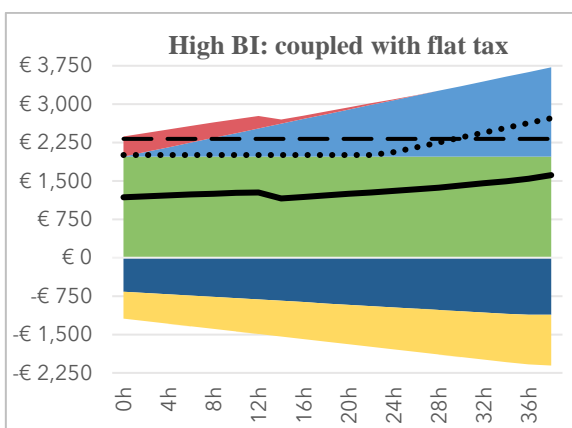
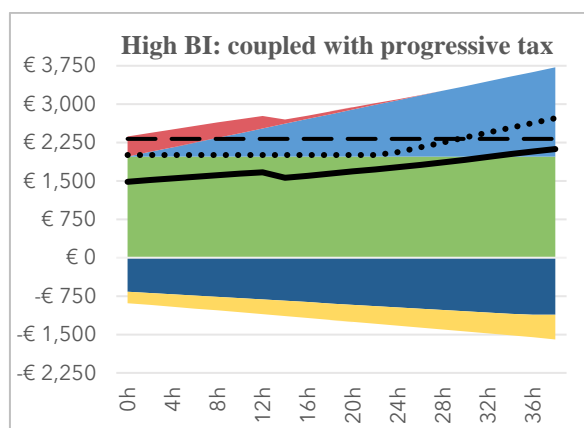
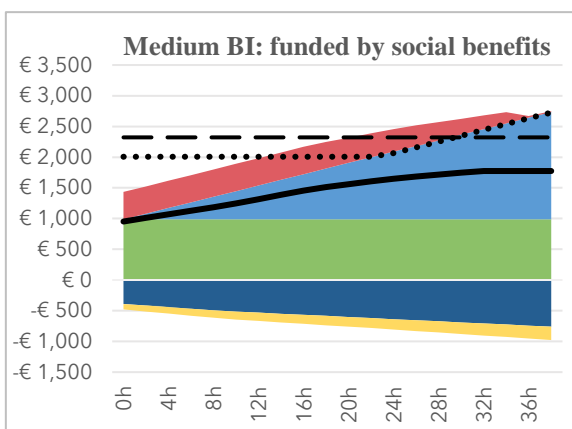
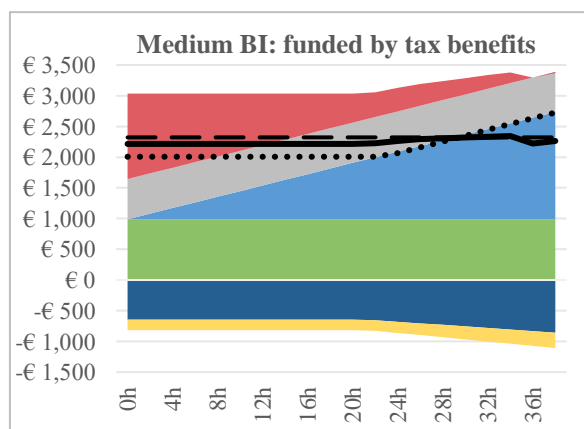
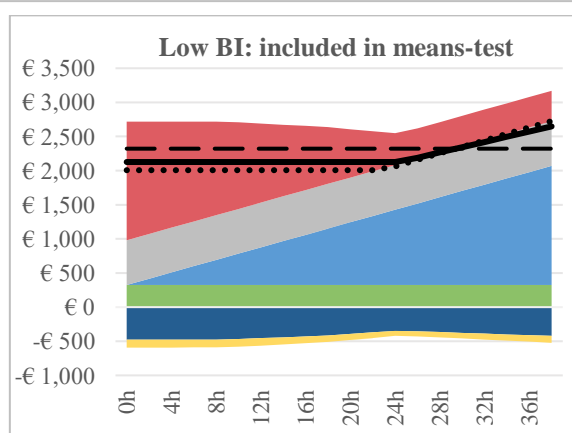
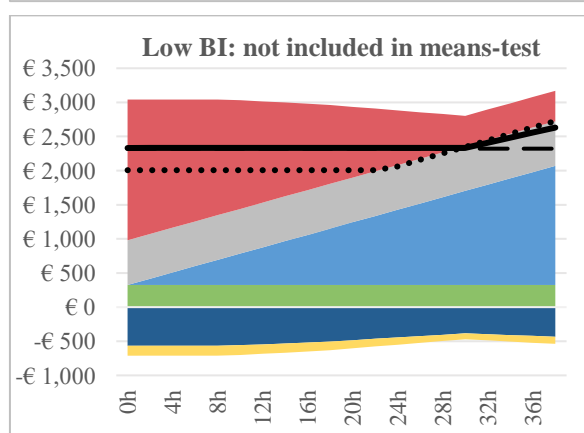
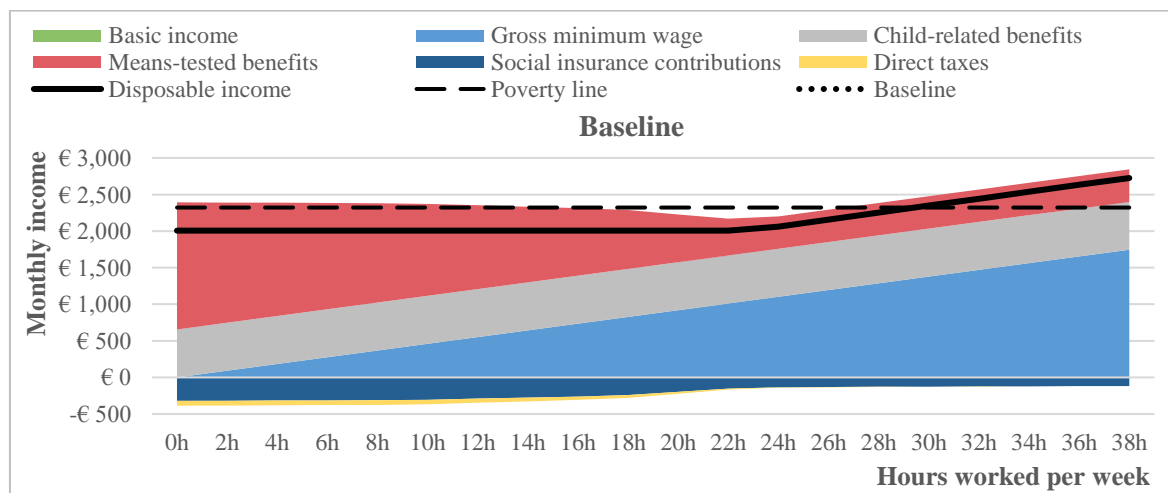


Source: Own calculations based on EUROMOD using hypothetical household data.

FIGURE A3. Decomposition of net disposable income of a single parent with two children by working hours
 PANEL A. Belgium

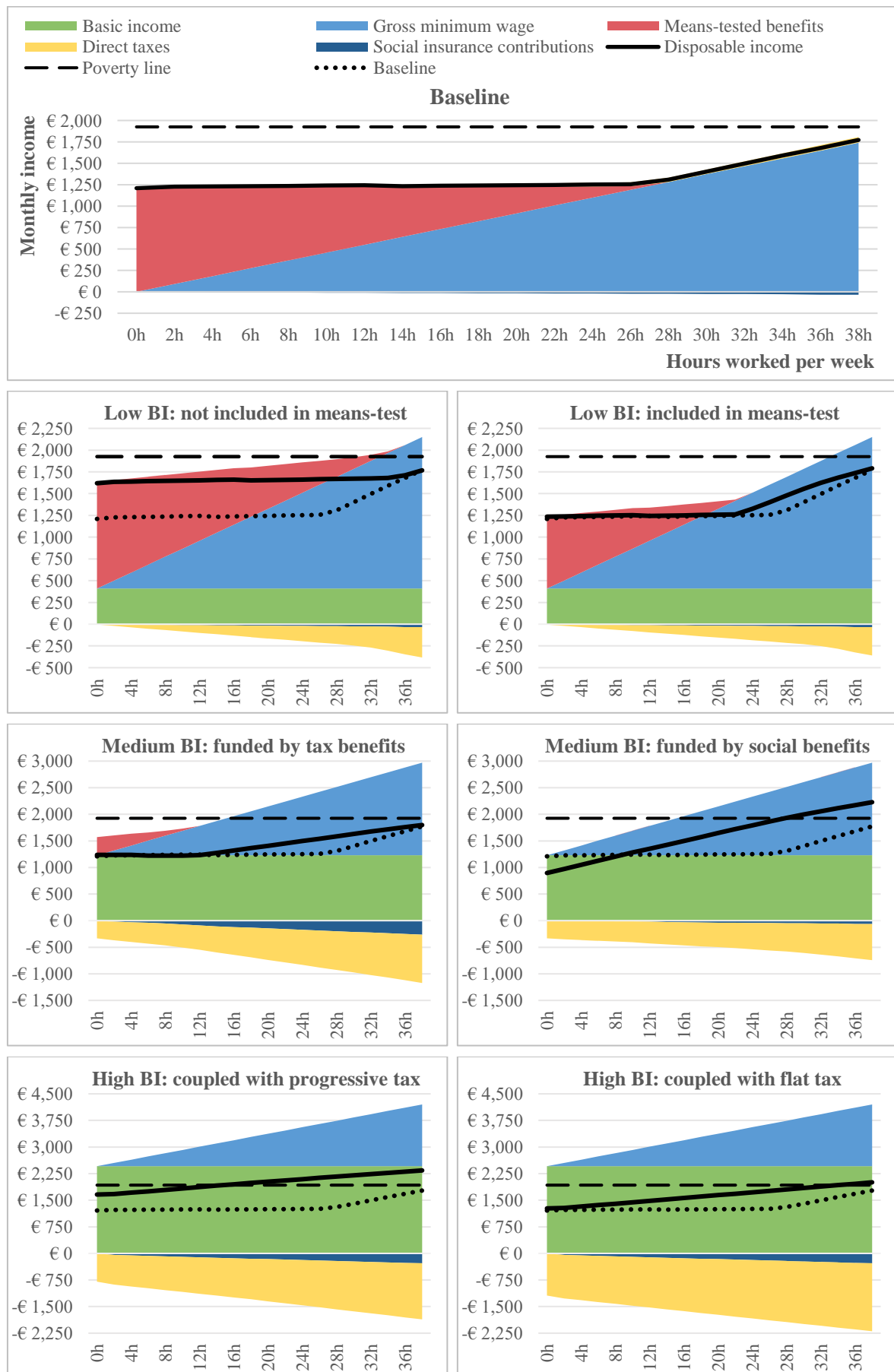


PANEL B. Netherlands

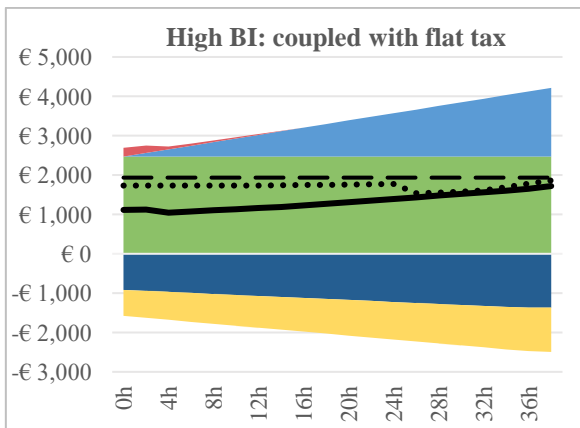
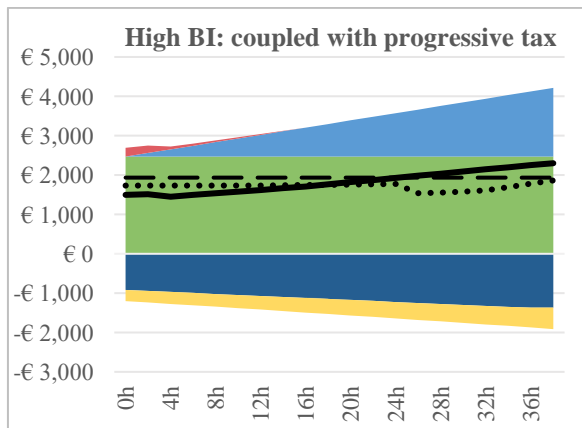
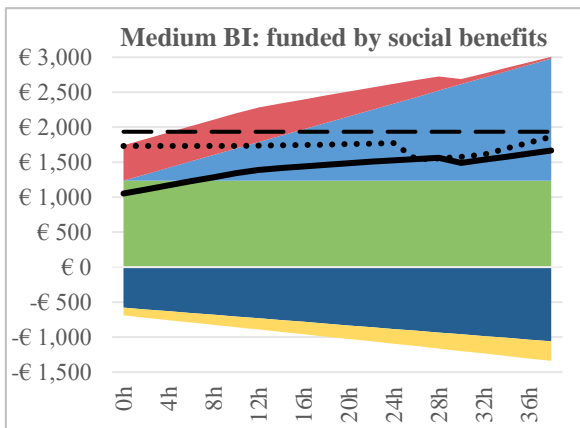
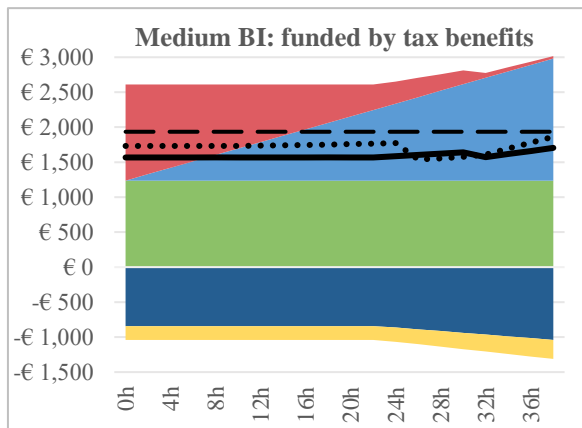
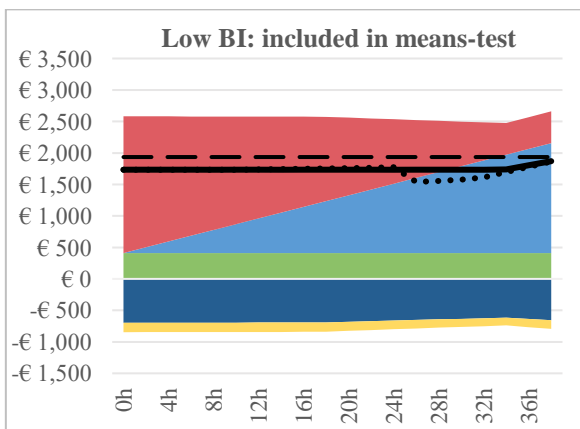
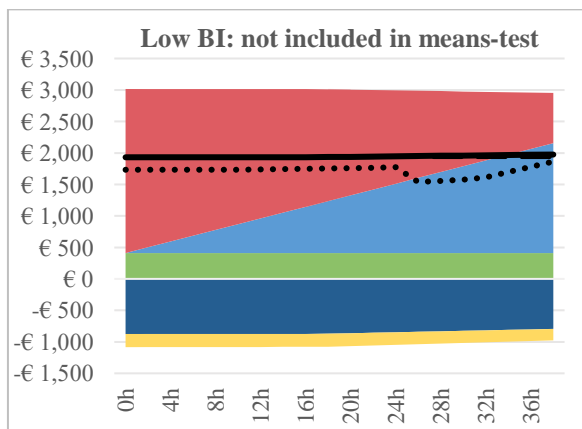
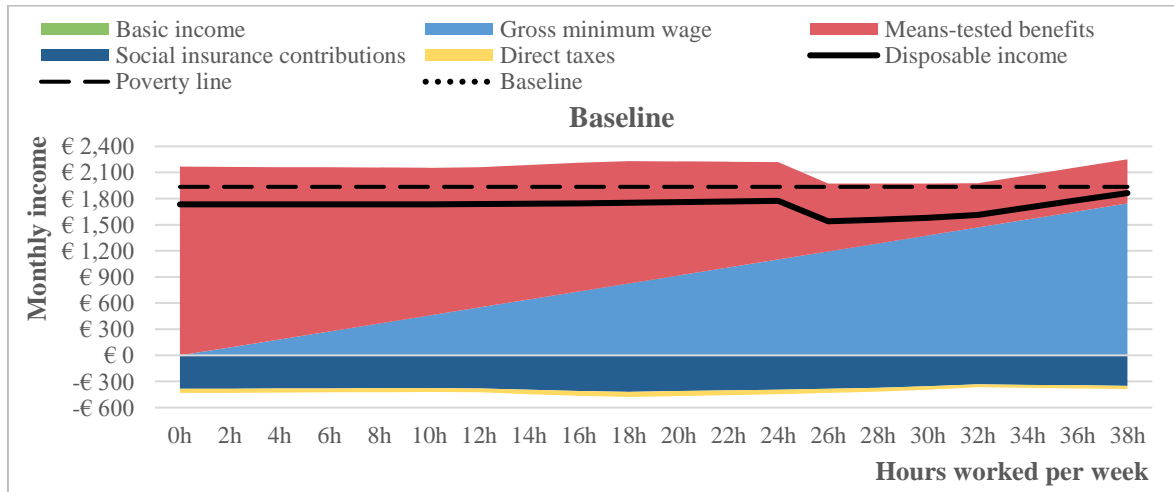


Source: Own calculations based on EUROMOD using hypothetical household data.

FIGURE A4. Decomposition of net disposable income of a couple by working hours
 PANEL A. Belgium



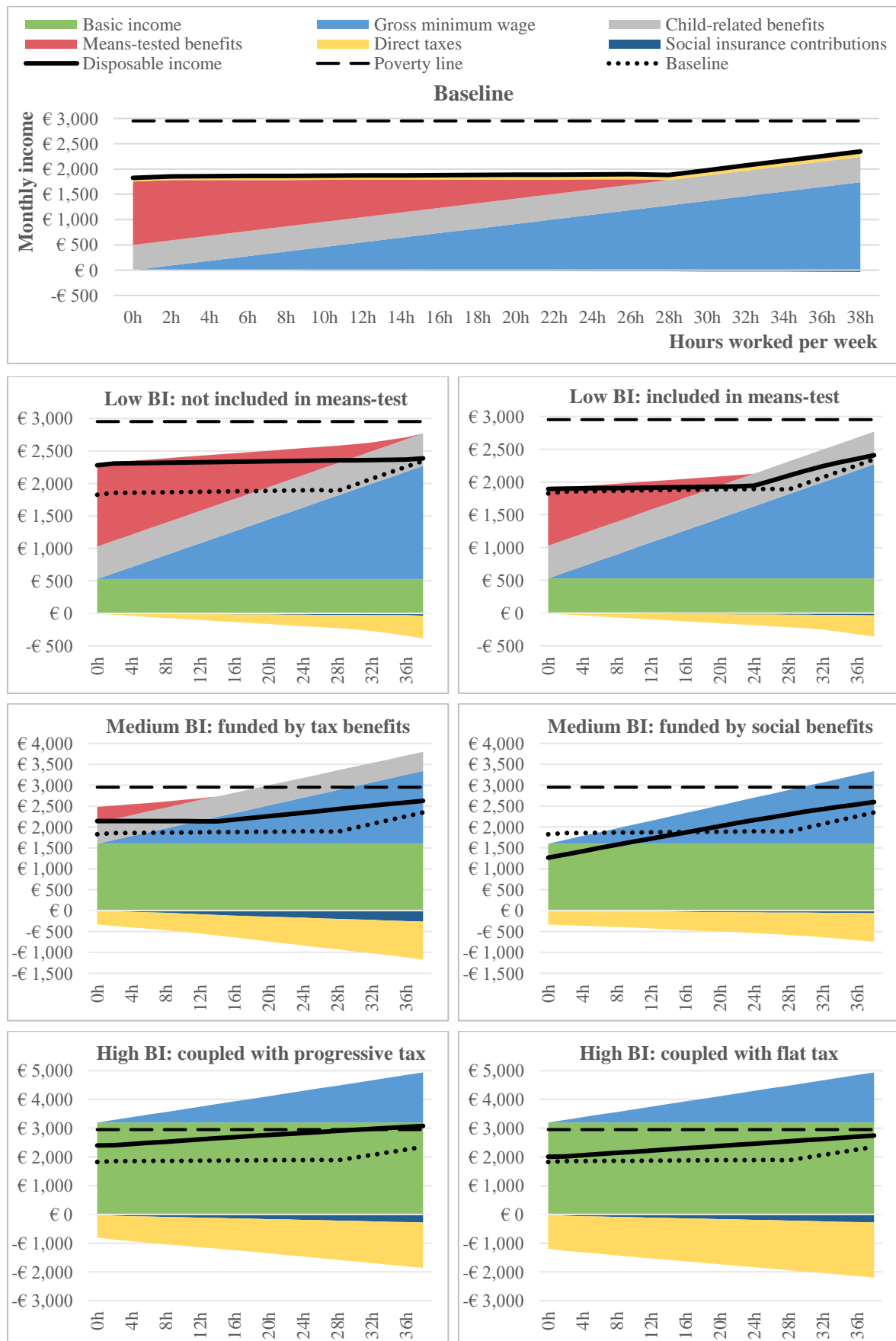
PANEL B. Netherlands



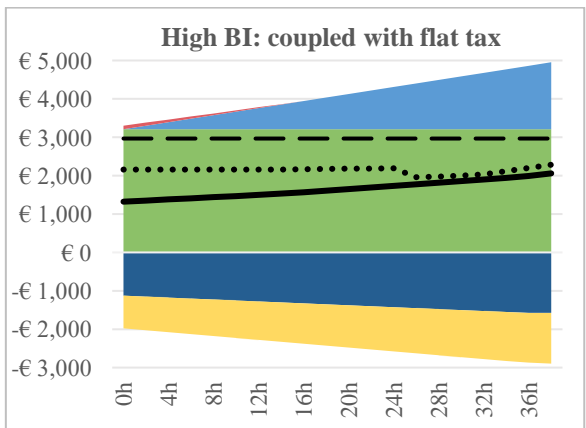
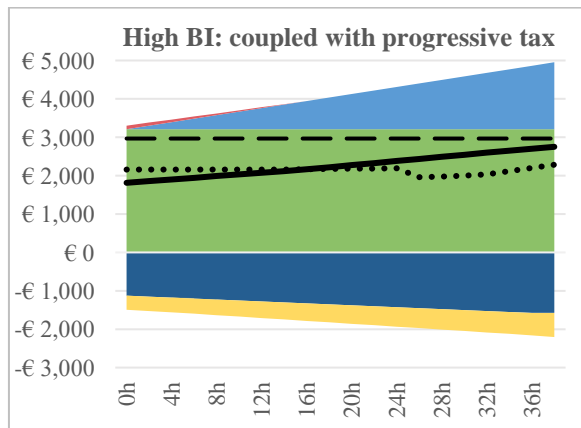
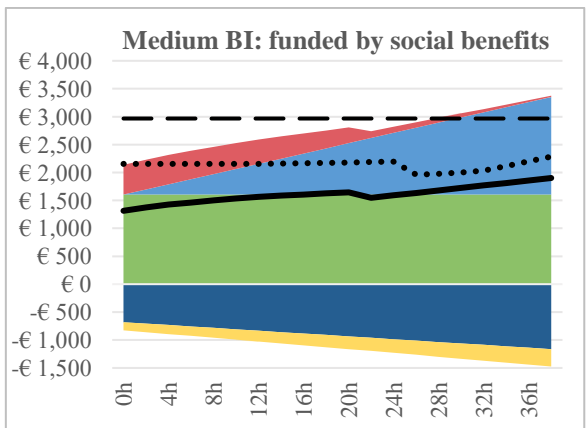
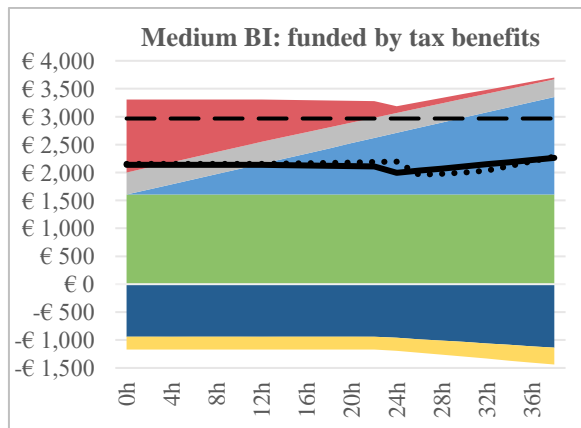
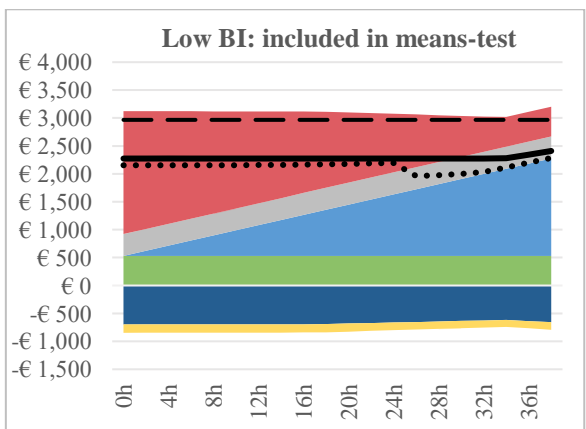
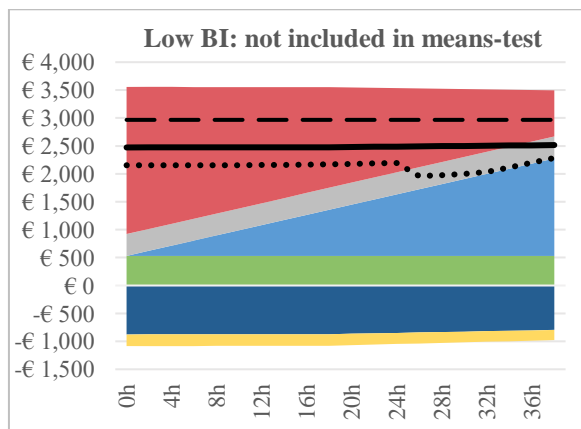
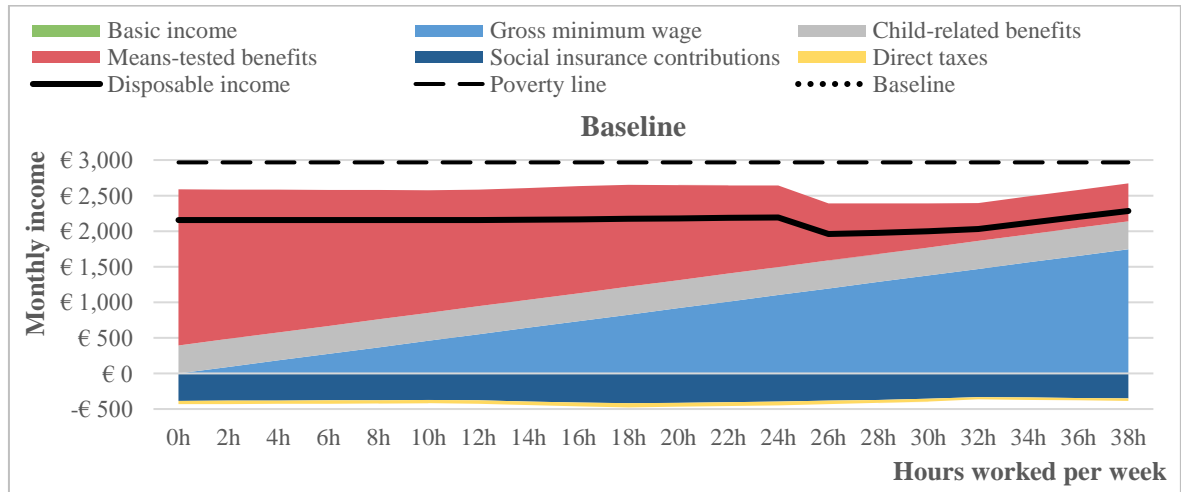
Source: Own calculations based on EUROMOD using hypothetical household data.

FIGURE A5. Decomposition of net disposable income of a couple with two children by working hours

PANEL A. Belgium



Panel B. Netherlands



Source: Own calculations based on EUROMOD using hypothetical household data.