

Family-Friendly Income Tax Solutions and Demographic Challenges: A Case Study of Poland

Katarzyna Lewkowicz-Grzegorzczuk

Faculty of Economics and Finance, University of Białystok, Białystok, Poland

Abstract

The problem of low fertility in most EU countries, including Poland, means we need to look for instruments that can be used in pro-family state policy to prevent it. The range is usually very wide and changes depending on the current priorities of pro-family policy. However, the government typically has two categories of instruments to choose from. The first group comprises fiscal instruments, including social transfers and tax benefits, while the second comprises legal instruments such as employment and social security legislation, administrative law, constitutional law and family law.

The aim of the presentation is to assess the importance of family-friendly solutions in PIT aimed at supporting families with children in Poland against the background of EU countries in the context of contemporary demographic challenges.

Research hypothesis: Income tax relief and exemptions are one of the most important tax instruments of family policy in Poland.

Results of the research: Tax preferences are one of the most common solutions reached by most EU countries to create conditions for improving fertility rates. Based on the analysis, it was concluded that the changes in the construction of the child tax allowance in Poland, in force since 2014, have made it a strong instrument of support, especially for families with many children and low income. The introduced changes increase the effectiveness of this preference as a redistribution tool and are at the same time assessed as more socially just. The modified allowance increased PIT refunds for families but did not improve fertility rates. In 2024, TFR for Poland oscillated around the value of 1.14, i.e. at an extremely low level.

Keywords

Income tax, child tax allowance, family policy, fertility, demographic challenges.