

9 HOUSEHOLD INCOME AND EXPENDITURE

Methodological notes

The source of data in this chapter is social surveys carried out in households.

The sample survey within the programme of the **European Union – Statistics on Income and Living Conditions (EU-SILC)** is carried out every year in randomly sampled private households of the Czech Republic. The method of the four-year sample rotation is used; a quarter of the surveyed households is changed every year. The aim of the survey is to obtain data on social conditions of the population comparable with the other European countries over a long term. The data in tables 9-1 to 9-3 were processed for 8 677 private households from all regions of the Czech Republic. Incomes of persons and of households were surveyed for the whole year 2020; the demographic data refer to the survey period in 2021. The data obtained are grossed up to the whole population of the Czech Republic.

The **Household Budget Survey (HBS)** is a sample survey that monitors expenditure of households and provides information on the amounts of their expenditure and the consumption structure. A private household, which was successfully surveyed in the EU-SILC, is the unit of the survey. Since the sample scope is limited, outputs for the relevant year are processed in the form of moving averages obtained from data for the current year and the previous year. Results for 2021 include information from 3 497 households in total. The reference period of the household expenditure survey is eight weeks and these periods cover the respective years in the total sample in a uniform way.

Notes on indicators and breakdowns

A **private household** is a set of persons who share a dwelling and basic expenditure (on nutrition, household operation, maintenance of the dwelling, etc.).

Working persons are persons, who were in a paid employment (employees) or in self-employment (own-account workers, contributing family workers) all the year, or most of the year. The type of work activities, if they are permanent, temporary, seasonal, or occasional, is not decisive for persons to be classified to this category. The decisive factor is the persons have some type of a formal relation to their employment (including vacations, sick leaves, parental leaves, etc.). This category also includes persons who have regular income from employment or self-employment and are studying, receiving pension or parental benefits. On the contrary, persons, who were unemployed all the year, or most of the year, are not included.

The **dependent child** is a child up to 26 years of age if he/she is permanently schooling or training for his/her future occupation even if he/she has his/her own income (orphan pension, scholarship, social benefits, income from short-term work activities), and then a child who is unable to undergo such schooling or training due to his/her adverse mental or physical health condition and has not been granted the disability pension yet.

Equivalent sizes represent the composition of households calculated by weights of consumption of respective household members. The weights of equivalent sizes, as defined in the OECD equivalence scale, are as follows: first adult in the household = 1.0; any other adult (aged 13+) = 0.7; any child (aged 0–13) = 0.5. The weights of equivalent sizes, as defined in the OECD-modified scale, are as follows: first adult in the household = 1.0; any other adult (aged 13+) = 0.5; any child (aged 0–13) = 0.3.

Two-parent families are families of married couples of spouses or established unmarried couples of cohabitants with or without dependent children, while other persons may also be included. **Two-parent nuclear families** are families of parents/cohabitants and dependent children.

Lone-parent families are families of a single parent and one child, at least, while other persons may also be included. **Lone-parent nuclear families** are families of a parent and a dependent child or children.

Non-family households are households of persons who are not related in any partnership or a parent-child relation.

Basic division of households by **activity status of the head of household** (the head of household of two-parent families is always the male, of lone-parent families a parent in most cases; the head of household of non-family households is the persons having the highest income):

Households total represent the average household in the Czech Republic.

Households of employees are households where the head of household is in an employment or service relations under employment contract, contract for work, or contract of services. Working members of producer cooperatives (including agricultural cooperatives), partners of limited liability companies, and partners of limited partnerships, who work for the company under employment contract and receive remuneration are also classified as employees.

Households of the self-employed are households, in which the head of household is a self-employed person, i.e. a person undertaking a self-employing business. These persons may do business on the basis of the trade licence or special regulations, may be partners of a joint venture under contract (limited liability companies, trading companies and partnerships), unless they work for the company under an employment contract, furthermore, they may be freelancers (physicians, barristers, solicitors, and tax consultants), and persons working for royalties and professional fees (artists, interpreters).

Households of pensioners have the head of household who receives a pension (except for the orphan's pension) and does not work at all or his/her economic activity is limited. In **households of pensioners without working members** concurrently none of the other persons is working.

The **gross money income** includes income from employment or self-employment as a principal or secondary activity, all kinds of regular or irregular social income granted to the household as a whole or to its respective members and all other one-off or extraordinary money income (from capital assets, occasional renting, life and other insurance, inheritance, competition and contest, etc.).

The **net money income** is obtained from the gross money income by subtracting compulsory health and social insurance contributions and income taxes and adding the tax bonus for children (child bonus).

The **income from work** shall mean the income from work in employment, service or membership relationship and the income from self-employment or other gainful activity.

In order to ensure international comparability of statistical indicators, since 1999 **consumption expenditure** items have been arranged in accordance with the national version of the Classification of Individual Consumption by Purpose (CZ-COICOP) of the international standard of COICOP, see the Overview of statistical classifications and code lists in force at the beginning of this Yearbook. A detailed content of its twelve basic divisions is available in the aforementioned classification.

Notes on Tables

Table 9-1 Income, at-risk-of-poverty rate, and housing costs of private households

The data time series from the EU-SILC gives especially the trend in income and selected income characteristics, development in income poverty according to the EU methodology, and trend in housing costs. The at-risk-of-poverty threshold is set at 60% of the median equivalised disposable income.

Table 9-2 Private households by activity status of the head of household in 2021

Data from the EU-SILC on the composition of households, structure of the household income by source, and decile distribution of households by income.

Table 9-3 Persons in households with income below the at-risk-of-poverty threshold

These are data from the EU-SILC processed according to the Eurostat methodology. The table shows the shares of persons at risk of poverty while the at-risk-of-poverty threshold was set at 60% of the median equivalised disposable income of persons.

The first row shows total numbers of persons below the at-risk-of-poverty threshold; in other rows there are their percentage in appropriate subgroup of persons.

The **equivalised disposable income** is calculated as the household's disposable income divided by its "equivalent size". The equivalised disposable income is attributed equally to each member of the household.

The **education level of household** is determined by the level of educational attainment of the head of household and of his/her spouse/cohabitant. Households are classified to educational levels as follows:

- low level – both spouses/cohabitants have primary education, or incomplete primary education, respectively;
- medium level – at least one of the spouses/cohabitants has completed education higher than basic one and neither of the partners has higher education;
- high level – at least one of the spouses/cohabitants completed higher education, including bachelor programmes.

The definition of the **dependent child** here differs from the dependent child (national definition) above. This category covers all children aged 0–18 years, and, furthermore, children aged 18–24 years, if they are economically inactive and live with one parent, at least.

Table 9-4 Structure of the HBS household consumption expenditure by activity status of the head of household

The table gives data on the HBS households broken down by activity status of the head of household only for households of employees and for households of pensioners without working members.

Table 9-5 Structure of HBS households consumption expenditure of various income level households

The table provides data on the structure of consumption expenditure of the HBS households broken down by annual net money income per household member. The group of low-income households contains 20% of households with the lowest net money income per household member (bottom quintile). Similarly, the group of high-income households includes 20% of households with the highest income per household member (top quintile).

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Further information can be found on the website of the Czech Statistical Office at:

– www.czso.cz/csu/czso/living_conditions_household_income_and_expenditure_stat