The aim of this thesis is to estimate the Quadratic Almost Ideal Demand System of non-durable goods on the Czech Republic Household Budget Survey data in two distinct models. Respective income, own and cross price elasticities are calculated and we interpret the resulting income, price and demographic characteristics of the household demand.

The first model is used to estimate the effects of the 2015 Value Added Tax reform in the Czech Republic, which introduced 10% reduced rate on medication and books. We estimate how much the reform changes the consumption behaviour of households, the biggest changes are in the commodities of clothing, books, medications and household goods. The households are estimated to spend 1,049 billion CZK more on non-durable goods and the VAT revenue is estimated to decrease by 818 million CZK.

The second model is used to predict the effects of the population ageing on the household demand. We do this in four scenarios to separate effects of the household composition change and to analyse the composed effects of increasing wealth and redistribution among the working and retired households. The population ageing has the highest impact on the commodities of food, fuel and light, transport and leisure services. The shift in composition affects the consumption mostly in the same direction as the ageing and thus accelerates its effect. The simultaneous effects of an wealth increase and redistribution are not clear. In some cases they boost the effect from the population ageing, in some they mitigate the effect and the other they reverse the effect all together.