

Abstract

In the first chapter of this work, I study the impact of joint taxation of married couples on married couples' labor supply. While joint taxation is fairly widespread across European countries, evidence of its labor supply effects is scarce due to a lack of recent policy changes in family taxation. This chapter makes use of the introduction of joint taxation in the Czech Republic in 2005 to estimate its effect on married couples' labor supply. Results based on difference-in-differences and on triple differences with several alternative control groups suggest that the introduction of joint taxation led to a decline of about 3 percentage points in the employment rate of married women with children. Participation declines are twice as large when the tax work disincentives are highest - among women with tertiary-educated husbands. The introduction of joint taxation did not affect the employment probability of married men with children.

The second chapter contributes to the literature on female labor supply responsiveness by measuring the effect of tax-benefit policies on female labor supply based on a broad sample of 26 European countries in 2005-2010. The tax-benefit microsimulation model EUROMOD is used to calculate a measure of work incentives at the extensive margin - the participation tax rate, which is then used as the main explanatory variable in a female employment equation. This allows me to deal with the endogeneity of income in a new way by using a simulated instrumental variable based on a fixed EU-wide sample of women. Results suggest that a 10 percentage point increase in the participation tax rate decreases the probability of female employment by 2 percentage points. The effect is higher for single mothers, for women in the middle of the skills distribution, and in countries that have lower rates of female employment.

The third chapter explores the effect of two reforms of parental leave allowance in the Czech Republic on the labor market status of mothers with young children. The Czech Republic is a country with a strong attachment of women to the labor market but one of the longest paid parental leave durations. Using a difference-in-differences methodology, I study the effect of two reforms of duration of parental allowance on the labor market status of mothers 2-7 years after childbirth. While the 1995 reform prolonged parental allowance from 3 to 4 years and the 2008 reform introduced a flexible schedule that allowed shortening of leave from 4 to 2 or 3 years, both reforms maintained the job protection period at 3 years, allowing me to study the impact of monetary incentives setting aside changes in job security. I find that the 1995 reform prolonged the parental leave of at least one third of mothers and shifted the post-leave unemployment spell to the time when a child turns 4, while the 2008 reform achieved a partial reversal of the impact of the 1995 reform.