Exercise 7 - Reforming UK Child Benefit by narrowing its age condition

Objectives:

- Create a new system in United Kingdom based on 2021 system and name it *UK_2021ben_ref*;
- Reform the Child Benefit so that families with children aged 14+ no longer receive this benefit;
- Run UKMOD to produce micro-outputs for the reform (*UK_2021ben_ref*);
- Analyse the results.

Description:

The aim of this exercise is to limit the provision of the Child benefit in 2021 to families with children aged up to 13: i.e. families with children aged 14+ will lose the benefit in the reform scenario.

Currently the benefit is paid up to the age of 19 if a child is in full-time education. Your task is to implement the reform by creating and using a new Tax Unit.

Directions:

- Open UKMOD and access the UK policy descriptions
- Copy the *UK_2021* system, and call the copy *UK_2021ben_ref*
- Create a new assessment unit
 - a. Copy or modify *tu_bu_uk*
- Use the new assessment unit to modify Child Benefit in UK_2021ben_ref
- Save your changes
- Run *UK_2021ben_ref*
- Use the Statistics Presenter, Baseline/Reform option, to analyse effects









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Step-by-step solution and further information:

Step 1: Analysing the current policy

Access the Child Benefit policy in the UK (bch_uk). Consider year 2021. Note that the benefit unit used is the tu_bu_uk .

Figure	1. Definition of	^c the tax assessment	unit tu bu uk in	the TUdef_uk policy.
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9.4	-	fx	DefTu				on	Benefit ur	nit (tu_bu_uk)			
9.4.1			Name	Name Type Members			tu_bu_uk					
9.4.2			Туре				SUBGROUP					
9.4.3			Members				Partner & OwnDepChild & LooseDepChild					
9.4.4			DepChildCond				((dag<16) (((dag<19) & (dec>0) & (dec 6)) & !(IsMarried					
9.4.5			AssignDep	AssignDepChOfDepen			yes		e that dependent re not separated	children who are from their children		
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9.4.8		NoChildifPartner				yes	"if child is adult"	partner of head,	then recode as			
.4.9			LoneParer	ntCond			(Default) & !(IsDepChild)		e that only one lor enerations benefi	ne parent is present t units		

Step 2: Adding a new system

Our first task is to open United Kingdom and create a new system using the 2021 system as a base. Give the name $UK_2021ben_ref$ to the new system. Hide all systems other than UK_2021 and $UK_2021ben_ref$.

Step 3: Implement a new policy

Copy-paste the tax unit *tu_bu_uk* and modify it.

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Figure 2. Copying and pasting a DefTu function (right-click on function)

Don't use the new tax unit for policy UK_2021 and re-name the new tax unit as tu_buref_uk for policy $UK_2021ben_ref$. Modify tu_buref_uk to match the reform we are trying to introduce.

Figure 3. Definition of a new tax assessment unit tu_buref_uk in the TUdef_uk policy

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c	System	Operations	То			Extensions		Compare	Search, etc.				
	Policy			Grp/No	UK_2021	UK_2021ben_re	f Comment						
9.4.8	NoChildifPartner				yes	yes	"if child is adult"	"if child is partner of head, then recode a adult"					
9.4.9	LoneParen		ntCond		(Default) & !(IsDepChild)	(Default) & !(IsDepChild)		Make sure that only one lone parent is present in three generations benefit units					
9.5	- fx	DefTu			n/a	on	Benefit ur	nit (tu_bu_uk)					
9.5.1		Name			tu_bu_uk	tu_buref_uk	name of r	name of new unit					
9.5.2		Type Members DepChildCond			SUBGROUP SUBGROUP								
9.5.3					Partner & OwnDepChild & LooseDepChild	Partner & OwnDepChild & LooseDepChild							
9.5.4					((dag<16) (((dag<19) & (dec>0) & (dec < 6)) & !(IsMarried		depender	defining who is c it child for exerci	se				
9.5.5		AssignDep	AssignDepChOfDepen		yes	yes	Make sure parents a	e that dependent re not separated	t children who are I from their childre	n			
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9.5.7		NoChildifH	lead		yes	yes "if child is head, t			de as adult"				
9.5.8		NoChildifPartner			yes	yes	"if child is adult"	partner of head,	, then recode as				
9.5.9		LoneParer	ntCond		(Default) & !(IsDepChild)	(Default) & !(IsDepChild)		e that only one lo enerations bene	ne parent is present is present	ant			

In the policy *UK_2021ben_ref*, modify Child Benefit to use *tu_buref_uk* as the reference unit for analysis.

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30.1.5		comp_con	comp_cond		(IsNtoMchild#2)	(IsNtoMchild#2)	(IsNtoMchild#2) "From second child on, each child is en receive"			s entitled t	D		
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30.1.8		comp_per	Elig	2	\$CBOther	\$CBOther	this amou	nt par70					
30.1.9		output_va	ar		bch_s	bch_s							
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Figure 4. The reformed Child Benefit policy (bch_uk)

Step 4: Producing the micro-out

Run UKMOD in order to produce micro-output for the policy *UK_2021ben_ref*. Then use the *UKMOD* to analyse differences in benefits and disposable income due to the changes (see Exercise 2 for details).

Solution

See Excel file "Exercise 7.xlsx"