

## TAX POLICY AND PHILANTHROPY IN THE CZECH REPUBLIC: THE (LIMITED) POWER OF TAX INCENTIVES

### Pavlna Kirschnerová\*

Department of Finance and Accounting, Faculty of Management and Economics, Tomas Bata University in Zlin, Zlín, Czech Republic

Email: [kirschnerova@utb.cz](mailto:kirschnerova@utb.cz)

ORCID ID: 0000-0002-3915-0861

### Jana Janoušková

Department of Finance and Accounting, Faculty of Business Administration at Silesian University, Karviná, Czech Republic

Email: [janouskova@opf.slu.cz](mailto:janouskova@opf.slu.cz)

ORCID ID: 0000-0001-9718-0316

### Tomáš Urbánek

Department of Statistics and Quantitative Methods, Faculty of Management and Economics, Tomas Bata University in Zlin, Zlín, Czech Republic

Email: [turbanek@utb.cz](mailto:turbanek@utb.cz)

ORCID ID: 0000-0002-6307-2824

**(Received: March 2025; Accepted: June 2025; Published: April 2026)**

**Abstract:** Research on charitable deductions originates primarily from Western countries with a long tradition of philanthropy. Research is insufficient in post-communist countries, where philanthropy is a relatively young discipline. This study examines the impact of changes in Czech tax legislation on individual charitable giving. It focuses on adjustments to the conditions for applying charitable deductions and changes to tax rates. Using panel data from tax returns for 2005–2021 and questionnaire survey data, the research evaluates donors' responses to tax incentives. The findings reveal that while charitable giving in the Czech Republic is sensitive to marginal tax rates, it is largely unresponsive to loosening conditions for charitable deductions. The study shows that higher taxable income correlates with increased charitable deductions, especially under progressive tax rates. However, the transition to a uniform tax rate reduced the effectiveness of charitable deductions despite a stabilization in giving trends over time. Increasing the limit for charitable deductions showed

---

\* Corresponding author: Pavlna Kirschnerová. *E-mail:* [kirschnerova@utb.cz](mailto:kirschnerova@utb.cz)

Copyright © 2026 The Author(s). Published by VGWU Press

This is an Open Access article distributed under the terms of the Creative Commons BY 4.0 license (Creative Commons — Attribution 4.0 International — CC BY 4.0) which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

minimal impact on donation amounts. This was also reflected in the limited awareness and general indifference of donors toward tax benefits.

**Keywords:** Donations; tax incentives; charitable deduction; individuals; tax policy.

**JEL Codes:** H2, E62, D14, K34.

## 1. Introduction

The nonprofit sector has an irreplaceable position in society, fulfilling numerous roles in areas of public interest. However, securing funding is not straightforward. Many countries employ tax incentives (in the form of deductions, credits, and exemptions) to support philanthropy.

These tax measures are part of tax expenditures, and, according to OECD (2010), their transparency and evaluation vary significantly across countries. Only a few nations (e.g., the United States, Canada, Germany) include tax relief in their budgetary processes (Huber, 2020). Most countries (including the Czech Republic) do not report or collect data on tax relief. This lack of data, or its complete absence, hinders the determination of the effectiveness and efficiency of tax relief (including tax relief for charitable giving), distorting governmental decisions, and international comparisons (Burman, Geissler, & Toder, 2008; Kraan, 2004).

Academic research on tax expenditures (deductions or credits) aimed at encouraging charitable giving is extensive but limited in terms of jurisdictions for the reasons mentioned above. A review of studies assessing the efficiency of tax incentives for charitable giving reveals that most come from the United States (e.g., Duquette, 2019; Rooney et al., 2020; Bakija, 2013; Zampelli & Yen, 2017), Germany (e.g., Bönke et al., 2013; Bönke & Werdt, 2015; Adena, 2014; Auer & Kalusche, 2010), and France (e.g., Fack & Landais, 2010). Huber (2020) similarly concludes this in her review of recent literature on the topic.

The approaches to giving also differ significantly between countries due to a broad range of historical and cultural values, socioeconomic factors, governance models, and tax regulations. The concept of philanthropy is often associated with American society and Anglo-Saxon culture, where philanthropy is an integral part of daily life. Conversely, Central and Eastern European countries embody an emerging philanthropic culture, suppressed during the socialist regime (European Foundation Centre, 2015).

In the Czech Republic, organized philanthropy based on democratic principles was restored after 1989 (Frič & Křížová, 2001). In the centrally planned economy before 1989 (during socialism in the Czech Republic), giving was state-organized and had a highly centralized nature. Overall, this system left no room for charitable giving in

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

its modern sense, as the state-controlled most societal activities and philanthropic initiatives were limited (Pospíšilová, 2011; Bečvářová, 2023). Financing of the nonprofit sector in areas such as education, social care, and healthcare remains predominantly in the hands of the state (Frič & Křížová, 2001). In international comparisons, the Czech Republic ranks among countries with a low volume of donations. Charitable giving by individuals as a percentage of GDP in 2016 was 0.04%. By contrast, Germany was at 0.17%, Italy 0.30%, France 0.11%, the United Kingdom 0.54%, and the United States 1.44% (OECD, 2020).

As mentioned earlier, the Czech government has no tax expenditure accounting mechanisms and does not evaluate any tax relief. Yet, without this feedback, it adjusts the tax incentives for charitable donations to promote philanthropy. Are these changes effective in achieving these goals? The literature indicates that taxpayers' charitable contributions respond to changes in the after-tax cost of giving, but there is no consensus on the magnitude of these effects (Goldin & Listokin, 2014). Determining effectiveness and efficiency is challenging and depends on available data (Burman, Geissler, & Toder, 2008; Kraan, 2004).

This article examines the impact of changes in the Czech tax law on charitable giving by individuals in the Czech Republic. It focuses on changes in the conditions for applying charitable deductions from taxable income and on changes in tax rates, which may significantly influence giving in the Czech Republic.

For the research, we used information from available tax returns available for the period 2005–2021. These data allowed us to examine the amount of charitable giving declared by individuals depending on their taxable income and the specified period. Using panel analysis, we evaluated the impact of changes in tax legislation on donation amounts by individuals, broken down by the years in which the tax provisions were in effect. For a comprehensive analysis and given that individuals with taxable income only from employment are not required to file a tax return in the Czech Republic, we extended the research to include a questionnaire survey conducted among employees. This primary research helped us better understand the impact of changes in tax legislation on donor behavior.

We found that donor behavior in the Czech Republic is sensitive to marginal tax rates but less responsive to relaxed conditions for charitable giving incentives. The tax aspect is irrelevant for most individuals, who pay limited attention to conditions for applying charitable deductions. This suggests that reforms of charitable deductions have not achieved their intended goal of promoting giving in the Czech Republic, leaving this tool for supporting donations largely underutilized.

There is limited research on assessing the efficiency of tax incentives for charitable giving using tax return data outside the Western world. Similarly, studies conducted

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

in diverse cultural contexts are scarce. Therefore, we believe that the findings based on the case of the Czech Republic, where philanthropy is a relatively young discipline, can contribute to theoretical foundations and serve as a practical tool for professional debates on tax reforms related to charitable deductions, particularly in post-communist countries. These findings may also serve as inspiration for future research projects aimed at improving the evidence base for decision-making processes in public finance on tax incentives for charitable giving.

This paper is divided into the following chapters. After this introduction, the Theoretical Background chapter follows, focusing on studies of tax incentives for charitable giving. The third chapter, Donations in the Conditions of the Czech Republic, describes studies and research conducted in the Czech Republic and explains the tax conditions for claiming charitable donations. The fourth chapter presents the research objectives, methodology, data, and their limitations. The fifth chapter summarizes the results, which are then discussed. Conclusions are presented in the sixth chapter.

## 2. Literature review

Almost all OECD countries recognize the role of private philanthropy and indirectly subsidize charitable activities by allowing donors to deduct donations or part thereof in tax returns (OECD, 2020). Tax incentives for donations enable donors to reduce their tax burden while supporting nonprofit organizations, charitable projects, cultural initiatives, and educational institutions. The most common forms of tax incentives are tax deductions or tax credits. Each country has its own specific rules and limits for these incentives. Criteria for their selection should include their ability to effectively fulfill government goals, namely motivating taxpayers to donate (Prasad, 2011). Tiefenbach and Kohlbacher (2015) suggest that the question is not the relevance of government goals but rather the choice of the best tools to achieve them. Like other forms of preferential tax treatment, tax incentives reduce government revenues that would otherwise be collected. It is necessary to verify whether alternative tools could achieve the same goal at lower costs. According to Huber (2020), criticism of using tax expenditures in policymaking is particularly relevant regarding taxpayer equity. The regressive distributional effect of tax deductions in progressive income tax systems is problematic in light of the ability-to-pay principle.

The EU Tax Expenditures Report (Kalyva et al., 2014) highlights that effective fiscal policy, including simplicity and stability of the tax system and maintaining transparency, is also a crucial criterion. Excessive tax incentives can undermine the principle of philanthropy and are mainly limited to taxpayers with high income and higher tax rates. The reward for donating in the form of reduced tax liability is

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

negligible for taxpayers with low tax rates, providing little or no motivation to donate. However, researchers suggest (Altshuler & Dietz, 2011; Burman, 2013) that donors rank tax incentives low on the list of motivations. Donors respond to tax incentives if the donation amount is personally significant and planned. Impulsive donations are rarely made solely due to tax savings (Burrows, 2012).

Generally, higher tax expenditures represent lower marginal tax rates. Specific higher tax deductions for donations reduce the after-tax cost of giving. Some economists attempt to estimate taxpayers' ability to respond to changes in the after-tax cost of giving or the tax-price elasticity of donations. Initial estimates of price elasticity were relatively large, averaging 1.5 (Feldstein & Taylor, 1976). Later research showed lower elasticity (Bakija & Heim, 2011; Fack & Landais, 2010). According to Adena (2014) and Hickey et al. (2023), the tax-price elasticity varies across income groups, age groups, and gender, with women and lower-income households showing greater sensitivity to changes.

Bekkers and Wiepking (2011), in their study of giving mechanisms, found that estimates of price effects are generally negative and vary significantly depending on sample size and statistical methods used. The national context is also critical, as there are significant differences between countries. The tax burden also plays a role. Higher tax rates may encourage charitable donations by providing a lower after-tax cost of donation. According to Kireenko and Golovan (2016), however, a higher income tax rate reduces the proportion of total income allocated to charitable expenditures, and the tax burden can be considered a factor that hinders the growth of charitable spending. High tax liabilities decrease taxpayer willingness to contribute to addressing social issues.

Different economic views on tax deductions for charitable donations are reflected in their legislative treatment in various states. According to an OECD study (2020), for example, Romania, Portugal, Hungary, and Slovakia use tax allocation schemes to support the nonprofit sector. Tax administrations allow taxpayers to allocate a fixed percentage or amount of their income tax directly to a charitable organization through their tax return. In other countries, donations (or parts thereof) are deductible from taxable income up to a limit, which may be a fixed amount or expressed as a percentage of taxable or total income. These tax deductions are used, for example, in the Czech Republic, Bulgaria, Germany, Italy and the United States. Other countries offer a tax credit, which is deducted directly from the tax liability (e.g., Greece, Belgium, France).

Research mostly shows that it is challenging to set an appropriate level and mechanism for tax expenditures on donations to achieve behavioral change in taxpayers without making tax benefits the sole motivation, preserving the essence

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

and principle of philanthropy (Frey & Jegen, 2001; Gneezy et al., 2011). Philanthropic activity is influenced by cultural values, history, fiscal policy, and the economic stability of the country.

### 3. Donation in the context of the Czech Republic

#### 3.1. Studies and research on donation in the Czech Republic

Research on charitable deductions by individuals in the Czech Republic is limited. According to Hladká et al. (2017), the problems with mapping donations stem from the lack of reliable and systematically collected data. Academic output in this area is insufficient, highlighting the lack of interest in this subject within academia. A similar lack of interest is partly evident in the general Czech public.

Studies are primarily based on behavioral sciences and analyze the motivations that influence donor behavior. For example, Hladká and Hyánek (2016) analyzed donor behavior using questionnaire surveys, categorizing motives into altruism, egoism, and investment. They also analyzed public attitudes toward nonprofit organizations (Hyánek & Hladká, 2013). The Czechs believe that nonprofit organizations perform well and should receive financial support. However, they hesitate to decide whether support should come from the state, companies, or individuals. Frič and Křížová (2001) also analyze the perception of nonprofit organizations, focusing primarily on motivation and attitudes toward voluntary activities.

Fuchsová et al. (2018) apply a combination of economic and behavioral disciplines in their article, examining regional differences in individual charitable giving in the Czech Republic. Their findings indicate that these differences are only marginally related to economic levels and prosperity. Instead, they are influenced by education, regional social disparities, and religiosity. However, only 13.05% of the population claims religious affiliation (CSO, 2022b), and self-declared religiosity continues to decline (Dostál & Hyánek, 2024).

Pospíšil (2013) evaluates the impact of the economic crisis on the nonprofit sector, focusing on changes in the number of donors and the total value of donations by individual and corporate donors between 2007 and 2011. Comparing annual total charitable deductions from tax returns, he finds that individual donations slightly declined in 2009, while corporate donations experienced a more prolonged decline from 2008 to 2010.

In-depth research on tax data is often employed by authors analyzing corporate philanthropy (e.g., Kubíčková, 2021; Halada & Ženka, 2020; Jarolímová & Tučková, 2020; Válová & Formánková, 2014; Hanousek et al., 2010). These studies mainly assess factors such as profitability, company size, headquarters location, and industry sector that affect corporate philanthropy strategies. In the Czech context, data from personal income tax returns are primarily utilized in aggregated annual

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

amounts or marginal analyses. Given the lack of research on charitable tax deductions for individuals, this article focuses on addressing this issue.

### **3.2. Tax law in the Czech Republic and conditions for applying charitable deductions**

The conditions for claiming charitable deductions are specified in the tax legislation in terms of both subject and value. Individuals can deduct donations from their taxable income, provided the total value of the donations in the taxable period exceeds 2% of taxable income or is at least CZK 1,000. A maximum of 15% of taxable income can be deducted [1]. Additionally, donations include free blood donations (valued at CZK 3,000 per donation), organ donations from living donors (CZK 20,000) and hematopoietic cell donations (CZK 20,000 per donation). These donations are included in the total value of the charitable deduction. The 15% cap applies to both monetary and non-monetary donations. The deductions must be claimed in the year the donations were made and cannot be carried forward to subsequent years (FACR, 2024).

Up until 2013, the maximum limit was 10% of taxable income. In response to the COVID-19 pandemic, the maximum limit for charitable deductions for individuals was temporarily increased to 30% of taxable income for 2020 and 2021. This temporary change was extended to 2024 in response to the war in Ukraine.

The range of eligible donation recipients is extensive. Donations must be made for publicly beneficial purposes specified in the law, such as humanitarian aid, charity, and social services (e.g. care for the elderly, children, or people with disabilities), environmental protection, healthcare, education, science, culture, and sports. Recipients may include state or municipal institutions, nonprofit organizations, foundations or endowment funds, public universities, and other entities with a public benefit focus. Specific organizations are not explicitly listed.

The income of individuals in the Czech Republic is divided into five categories: income from employment, self-employment, capital assets (interest, dividends), rental income, and other (occasional) income. Each category has its own rules for calculating taxable income (e.g., different expense limits). The total taxable income, used as the tax base for calculating tax, is the sum of all categories. Individuals can deduct charitable donations, mortgage interest, and retirement savings contributions from their taxable income if conditions are met. The tax period is the calendar year.

**Table 1. Tax rates of individuals in the Czech Republic**

Up to 2007			2008 - 2020	2021-2024
Taxable income (CZK)	Tax rate	From the taxable income exceeding	15% [2]	15% and 23% [3]
0 – 121,200	12%			
121,200 – 218,400	14,544 CZK + 19%	121,200 CZK		
218,400 – 331,200	33,012 CZK + 25%	218,400 CZK		
Over 331,200	61,212 CZK + 32%	331,200 CZK		

Source: Act No. 586/1992 Coll. on Income Taxes, as amended, self-processing

The tax rate was progressive until 2007. The effectiveness of the charitable deduction was reduced by the 2008 tax reform, which replaced progressive taxation with a uniform tax rate of 15% (Table 1). This change reduced the tax burden, especially for high-income taxpayers, fundamentally altering the redistribution principle and reducing social solidarity. To compensate for higher tax rates for low-income taxpayers, tax credits were increased. Every taxpayer could reduce his calculated tax by a basic tax credit of CZK 24,840 (EUR 968.61). In 2021, this credit increased to CZK 27,840 (EUR 1,085.59) and in 2022 to CZK 30,840 (EUR 1,202.57). If a spouse is unemployed, an additional credit for the spouse can be applied. However, there is no joint taxation of spouses in the Czech Republic. Progressive tax rates were reintroduced in 2021. Table 1 illustrates the changes in tax rates over the years.

The charitable deduction is partially losing the meaning of its introduction into tax legislation. It has become irrelevant, especially for low-income taxpayers, as their tax liability is low or zero after claiming tax credits (Table 2) (Kirschnerová & Janoušková, 2018). We do not include child tax credits in the calculation. For low-income taxpayers with no tax liability, the child tax credit acts as a bonus paid by the government to the taxpayer [4].

The Czech Republic has long been among the countries least threatened by income poverty within the European Union. In 2022, the at-risk-of-poverty threshold (counted as 60% of the median equivalized disposable income) was CZK 217,988 (EUR 8,500.21), and the at-risk-of-poverty rate was 10.2%. The minimum wage was CZK 16,200 (EUR 631.7), while the median wage reached CZK 34,639 (EUR 1,350.71) (CSO, 2023). For consistency, the monetary values are presented in Czech crowns. In 2021, the average exchange rate was CZK 21.682/USD and CZK 25.645/EUR (CSO, 2022a).

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives***Table 2. Tax calculation with a tax credit**

	Up to 2020 (CZK)		The year 2021 (CZK)		From 2022 (CZK)	
	individual	+ spouse	individual	+ spouse	individual	+ spouse
taxable income	165,600	331,200	185,600	351,200	205,600	371,200
tax (15%)	24,840	49,680	27,840	52,680	30,840	55,680
- tax credit to the taxpayer	24,840	24,840	27,840	27,840	30,840	30,840
- tax credit to a spouse		24,840		24,840		24,840
= tax	0	0	0	0	0	0

Source: Act No. 586/1992 Coll. on Income Taxes, as amended, self-processing

#### 4. Methodology and empirical data

This article examines the impact of changes in the Czech tax law on charitable giving by individuals in the Czech Republic. It focuses on changes to conditions for applying charitable deductions from taxable income and changes to tax rates, which may significantly influence donations.

This is a quantitative study based on an evaluation of secondary statistical data from the Czech Financial Administration for the period 2005–2021 (FACR, 2023). Data before 2005 are not available [5]. The data from the Czech Financial Administration include an average of 2.06 million taxpayers (individuals) annually who file tax returns (out of 5 million economically active inhabitants in the Czech Republic). Of this number, 1.16 million (56.3% of the total sample) are taxpayers with self-employment income. The remaining 43.7% include taxpayers with income from both self-employment and employment, or income from rentals, capital assets, and other sources. These taxpayers are obliged to file a tax return (FACR, 2023). Individuals with taxable income solely from employment are not required to file a tax return. These individuals can claim charitable deductions through their annual tax reconciliation with their employer. As a result, the tax administration does not have detailed data on these taxpayers, and tax statistics may have limited explanatory value. The minimum donation amount that individuals can deduct is CZK 1,000 (EUR 39). Therefore, the calculations do not reflect small donations or donations made by text message.

Due to data limitations and to ensure a more comprehensive assessment of the effectiveness of charitable deductions, the study was supplemented by a questionnaire survey (realized in 2023–2024). The target group consisted of

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

individuals with income only from employment (they do not file tax returns). Using a random sample, 1,050 respondents were contacted, and 892 valid responses (84.9%) were obtained. Demographically, the sample included 489 men (54.8%) and 403 women (45.2%).

Available tax return data are organized into 39 groups based on the taxable income for each year. For example, the first group includes taxpayers with taxable income of CZK 0–50,000 (EUR 1,950), the second group of CZK 50,000–100,000 (EUR 3,900), and so on. Each income group contains data on the number of taxpayers in the group and the amount of charitable deductions for the years 2005–2021. Continuous variables are the average taxable income and average charitable deductions in each group. Nominal variables are the group and year.

After an initial exploration of the dataset, the data was cleaned and prepared for panel analysis. The last income group, which has no upper limit (taxable income of CZK 5 million or more), was removed due to its undefined nature. Additionally, the income group CZK 0–50,000 (EUR 1,950) was excluded because it contained extreme values.

Between 2005 and 2021, 37 taxable income groups were created. Data are described using descriptive statistics in Table 3 in the results section. Based on the results of the descriptive statistics, we transformed the dependent variable (average charitable deduction) and the independent variable (average taxable income) using a logarithmic function to improve interpretation of relationships and address issues with heteroscedasticity.

For the analysis of the obtained data, we used a nonlinear mixed-effects model that combines fixed and random effects. This type of model allows us to account for both general trends in the data and variability between individual subjects, leading to more accurate estimates. The use of a nonlinear mixed-effects model offers several advantages over traditional linear regression. It is better able to capture complex relationships in the data and leverage information contained in heterogeneous samples, thus improving the accuracy of the analysis (Bates et al., 2015). For the analysis, we used R statistical software version 3.6.1 with the *nlme* package.

In the model estimation of the relationship between independent variables (taxable income and year) and the dependent variable (charitable deduction)  $\beta_0$ ,  $\beta_1$ ,  $\beta_2$  represent fixed effects (the general relationship between variables);  $b_0$  and  $b_1$  are random effects (variability between groups);  $u$  is the error term (Figure 1).

$$\log(CHD_{ij}) = \underbrace{\beta_0 + \beta_1 \log(TI_{ij}) + \beta_2 t_{ij}}_{\text{Fixed Effects}} + \underbrace{b_{0j} + b_1 t_{ij}}_{\text{Random Effects}} + \underbrace{u_{ij}}_{\text{Residual Error}}$$

**Figure 1. Model estimation**

Source: self-processing

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

The dependent variable, charitable deduction (CHD), and the independent variable, taxable income (TI), are log-transformed to ensure a better interpretation of relationships and address heteroscedasticity issues. Fixed effects model the general relationship between the independent variables and charitable deductions. Random effects account for variability between groups, such as differences in charitable behavior. This approach allows for estimating the impact of taxable income and temporal factors on charitable deductions while accounting for variability in individual data. The model is particularly suitable for analyzing datasets where it is essential to capture heterogeneity and nonlinear relationships.

We first evaluated the development of charitable deductions over the entire observed period from 2005 to 2021. To answer the question regarding the impact of tax reforms in the Czech Republic on donation amounts, we further divided the data into sub-periods based on the validity of tax legislative provisions:

I. 2005–2007

Until 2007, a progressive tax rate was applied in the Czech Republic (see Table 1). The high tax rate, particularly for taxpayers with higher taxable income, may have more significantly motivated taxpayers to donate, thereby increasing the use of charitable deductions to reduce tax liability.

II. 2008–2020

In this period, a uniform tax rate of 15% was applied in the Czech Republic. A low tax rate generally provides little incentive to utilize charitable deductions. As a result, charitable deductions may lose their influence on donation behavior.

III. 2008–2013

During this period, it was possible to reduce taxable income by charitable deductions up to a maximum of 10% of taxable income.

IV. 2014–2019

Support for donations was introduced in the form of an increased deduction limit. From 2014, taxable income could be reduced taxable income by charitable deductions up to a maximum of 15% of taxable income.

V. 2020–2021

Due to the COVID-19 pandemic, it is possible to reduce taxable income by charitable deductions up to a maximum of 30% of taxable income.

The last period (2020–2021) is too short for the proposed model's application; therefore, a separate analysis was not conducted for this period. Moreover, this period is unique due to the COVID-19 pandemic. There is a significant decline in economic activity and thus in the incomes of most households (Pinkovetskaia, 2022). However, an analysis of charitable deductions over the entire observation period

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

(2005–2021) reveals interesting developments in 2020–2021. It also highlights fluctuations in charitable deductions during 2008–2011. In 2008, the global financial crisis led to a GDP decline. For these reasons, we subsequently added an independent variable, GDP [6]. Growth, to the overall model and included a crisis factor for 2008–2011 and 2020–2021.

## 5. Empirical results and discussion

### 5.1. Panel analysis of data from tax returns

The basic descriptive statistics of the data used are presented in Table 3. The groups of taxable income (TI) and year are nominal variables. The calculations show the standard deviation for the average taxable income and the average amount of charitable deductions (CHD). This variability is primarily caused by the distribution of individual taxable income groups (Figure 2). The taxable income data and the average amount of charitable deductions are not normally distributed but exhibit an exponential distribution. Therefore, we applied a logarithmic transformation to these variables in the model calculation to improve the interpretation of relationships and address heteroscedasticity issues.

**Table 3. Descriptive statistics of the analyzed data**

	n	mean	sd	median	min	max	range	skew	kurtosis	se
<b>Group TI</b>	629				1	38	37			
<b>Year (t)</b>	629				2005(1)	2021(17)	16			
<b>Average TI</b>	629	1374.66	1161.96	975.4	73.96	4749.12	4675.16	1.24	0.87	46.33
<b>Average CHD</b>	629	3.7	3.36	2.65	0.07	18.72	18.65	1.46	2.02	0.13

Source: self-processing

Figure 2 illustrates the development of heterogeneity over the years 2005–2021. Each year includes 37 taxable income groups. The variance for each year shows the variable average amount of donations across the taxable income groups.

A significant drop in the average amount of charitable deductions can be observed in 2008. This year marked the implementation of a tax reform that significantly reduced the tax burden on taxpayers and the effectiveness of charitable deductions. In contrast, during the years 2020–2021, a significant increase in the average amount of donations occurred. This period corresponds to the COVID-19 pandemic and the increase of the charitable deduction limit to 30% of taxable income. Based on these developments, we analyzed the entire range of years from 2005 to 2021.

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives

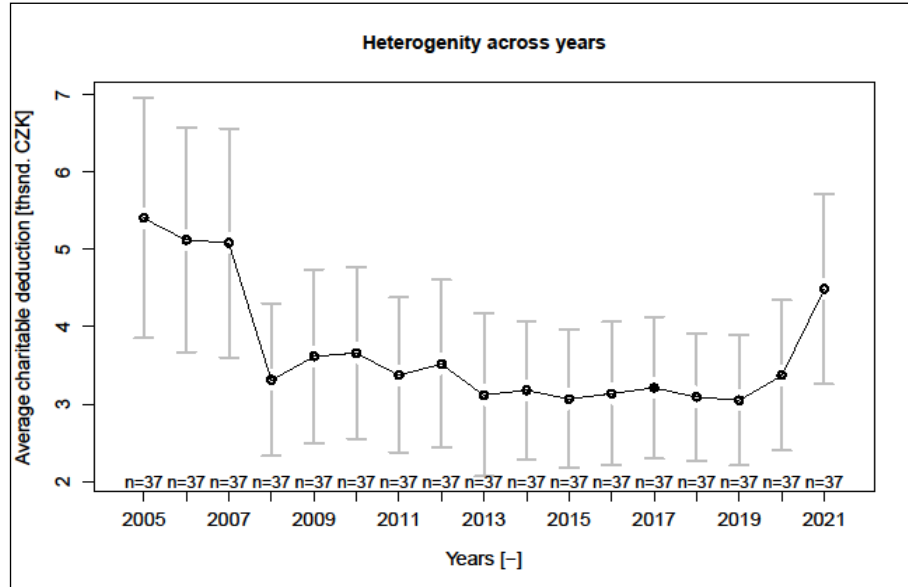


Figure 2. Development of heterogeneity in the years 2005 – 2021

Source: self-processing

The model shows a statistically significant dependence in estimating the value of the average charitable deduction on taxable income and year (Table 4). The model produced the following results: Over the period 2005–2021, a 1% increase in taxable income increased the average charitable deduction by 1.19%. The Log(TI) coefficient is statistically significant with a p-value < 0.01. Extending the time period by one unit reduced the average charitable deduction by 1.75% across taxable income groups.

Table 4. Results of the analysis of the model

Model	AIC = -323.48				
Fixed effects	Value	Std.Error	DF	t-value	p-value
(Intercept)	-7.168989	0.14248067	590	-50.31552	<0.01
Log(TI)	1.192152	0.02065410	590	57.71987	<0.01
t	-0.017557	0.00201096	590	-8.73068	<0.01
Random effects	stdDev				
(Intercept)	0.07930				
t	0.00792				

Source: self-processing

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

We further applied the model to data divided into previously defined periods. The results of the panel analysis are presented in Table 5. The years 2020–2021 are not included in the table due to the short period of duration, which does not allow for the model's application.

Table 5. Panel analysis

	Value	Std.Error	DF	t-value	p-value
<b>2005-2007 (progressive tax rate)</b>					
(Intercept)	-6.765895	0.15688475	72	-4312653	<0.01
log(TI)	1.171685	0.02251230	72	52.04643	<0.01
t	-0.035859	0.0114666	72	-3.12726	0.0025
<b>2008-2020 (uniform tax rate)</b>					
(Intercept)	-7.156775	0.13459958	442	-38.41907	<0.01
log(TI)	1.155822	0.01951253	442	42.88200	<0.01
t	-0.002148	0.00203326	442	-1.90599	0.0473
<b>2008-2013 (charitable deduction of up to 10% of taxable income)</b>					
(Intercept)	-7.294763	0.13598592	183	-53.64352	<0.01
log(TI)	1.188702	0.01957928	183	60.71227	<0.01
t	-0.014874	0.00352334	183	-4.22156	<0.01
<b>2014-2019 (charitable deduction of up to 15% of taxable income)</b>					
(Intercept)	-7.070537	0.23301254	183	-30.34402	<0.01
log(TI)	1.131253	0.03350713	183	33.76155	<0.01
t	0.003046	0.00233222	183	1.30624	0.1931

Source: self-processing

The analysis demonstrated an increase in charitable deductions correlated with an increase in taxable income across all analyzed time periods, as well as an annual decline in the average charitable deduction within individual taxable income groups. This trend indicates that the willingness to donate has been decreasing each year. For clarity, all calculated coefficients and their statistical significance are presented in Table 6.

Over the entire observation period 2005–2021, a 1% increase in taxable income led to a 1.19% increase in charitable deductions. Extending the time period by one unit decreased the charitable deduction by 1.75% across taxable income groups. Both coefficients are statistically significant with a p-value < 0.05.

**Table 6. Table of coefficients**

period	increasing the taxable income by 1%			increasing the time period by 1 year		
2005-2021	increase	1.19%	significant	reduce	1.75%	significant
2005-2007	increase	1.17%	significant	reduce	3.58%	significant
2008-2020	increase	1.15%	significant	reduce	0.21%	significant
2008-2013	increase	1.18%	significant	reduce	1.48%	significant
2014-2019	increase	1.13%	significant	increase	0.3%	non-signif.

Source: self-processing

When examining charitable deductions during periods with different tax rates, a 1% increase in taxable income during the application of the uniform tax rate (2008–2020) resulted in a lower increase in charitable deductions of 1.15%. During the era of progressive taxation (2005–2007), when the tax burden on high-income taxpayers more than doubled, a 1% increase in taxable income caused a 1.17% increase in charitable deductions.

It can be stated that during the progressive taxation period when deductions provided higher absolute tax reliefs with each increasing marginal tax rate, charitable deductions increased to a greater extent with rising taxable income compared to the uniform tax rate period. However, the average charitable deduction across taxable income groups significantly decreased, with an annual reduction of 3.58%. In the subsequent period of the uniform tax rate, this annual decline slowed by 3.37 percentage points, and the average charitable deduction decreased annually by only 0.21%.

According to the results, the 2008 legislative change reducing the tax rate decreased the effectiveness of charitable deductions, as reflected in the overall decline in the average charitable deduction (Figure 2). On the positive side, following this year, the annual decline in deductions across taxable income groups was lower (0.21%), and donations appeared more stable.

During the uniform tax rate period, we further analyzed the effect of increasing the maximum charitable deduction from 10% to 15% of taxable income (from 2014 onward). The aim of increasing the maximum deduction limit was to stimulate taxpayers to support public-benefit organizations.

In the period 2008–2013, with a maximum charitable deduction of 10% of taxable income, charitable deductions increased by 1.18% with a 1% increase in taxable income. The analysis did not confirm the expectation that introducing a maximum charitable deduction limit of 15% of taxable income would lead to greater philanthropy. The results show that since 2014, with a 1% increase in taxable income, charitable deductions increased by only 1.13%, the lowest among all

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

observed periods. The annual increase in charitable deductions of 0.7% cannot be accepted as significant since the coefficient is not statistically significant.

The results of the analysis showed the following: the higher the taxable income, the higher the charitable deduction claimed in the tax return. This result was expected because it reflects the financial capacity of taxpayers. However, the analysis also revealed an annual reduction in charitable deductions across all taxable income groups. Over the entire observation period 2005–2021, this decline was 1.75% annually. It should be noted that after 2008, a significant drop occurred, evident in the graphical representation (Figure 2), caused by extensive tax reform that had a substantial impact on individual donations. The 2008 economic crisis may also have contributed to this effect.

With rising taxable income during the uniform tax rate period, charitable deductions decreased, but the annual decline was significantly slowed. It seems that increasing the maximum charitable deduction limit did not positively affect giving. As taxable income grows, the increases in charitable deductions are lower than during the period with a lower maximum limit. However, there is no annual decrease in these deductions, and donations remain more stable.

Figure 2 shows an interesting development of charitable deductions in 2020–2021 and the volatility of donation deductions during 2008–2011. These were periods of significant economic fluctuations. Therefore, we added an independent variable, GDP growth, to the entire model and for the years 2008–2011 and 2020–2021, we included a crisis factor (Table 7).

The crisis factor in the model indicates that with a 1% increase in taxable income, the average charitable deduction during the crisis period significantly increases by 7.4%. This result may confirm the first mechanism of giving described by Bekkers and Wiepking (2011), which is the awareness of need. The perception of need is stronger than the consideration of the costs of giving and is beyond the control of donors.

**Table 7. Panel analysis with the crisis factor**

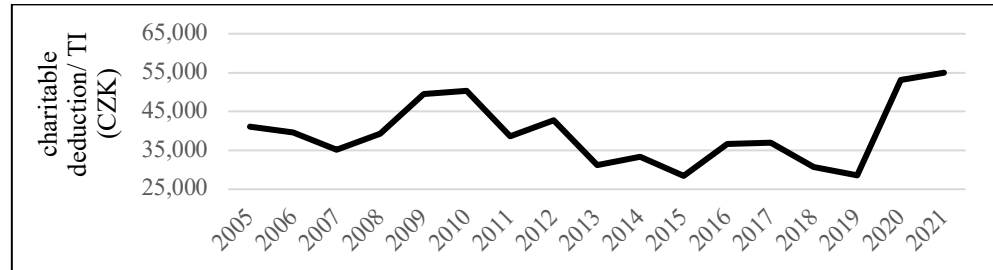
Fixed effects	Value	Std.Error	DF	t-value	p-value
<b>(Intercept)</b>	-7.327714	0.13914090	588	-52.66399	<0.01
<b>Log(TI)</b>	1.195577	0.02003300	588	59.68039	<0.01
<b>t</b>	-0.012798	0.00199982	588	-6.39952	<0.01
<b>GDP</b>	0.026309	0.00271364	588	9.69522	<0.01
<b>Factor crisis</b>	0.074326	0.01805073	588	4.11759	<0.01

Source: self-processing

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

The significant increase during crisis periods is also confirmed by the development of charitable deductions for the taxable income group above CZK 5 million (EUR 194,985). This group was not included in the analysis due to its definition, which is not limited by a maximum amount (Figure 3). In 2008 and 2020, this group experienced a relatively sharp increase in charitable deductions.

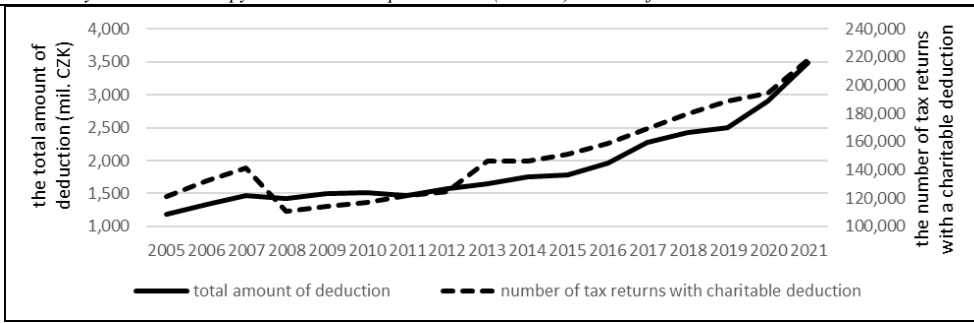


**Figure 3. Average charitable deduction on taxable income above 5 mil. CZK**

Source: FACR (2023), self-processing

Although the average number of taxpayers with taxable income above CZK 5 million is only 0.23% (4,807 individuals) of the total number of individuals filing tax returns, these individuals significantly influence the total volume of donations provided. In the case of the development of the total volume of charitable deductions in the tax returns of individuals (Figure 4), the decline in 2008 is not pronounced, and overall, charitable deductions show a steady, gradual increase.

Monitoring and evaluating the development of the total volume of charitable deductions [7] can enhance the Czech Republic's image in the area of individual philanthropy. However, as demonstrated above, monitoring the total value of charitable deductions does not reflect the actual effectiveness of tax policy in the area of giving.



**Figure 4. Number of tax returns with charitable deduction and the total amount of deduction**

Source: FACR (2023), self-processing

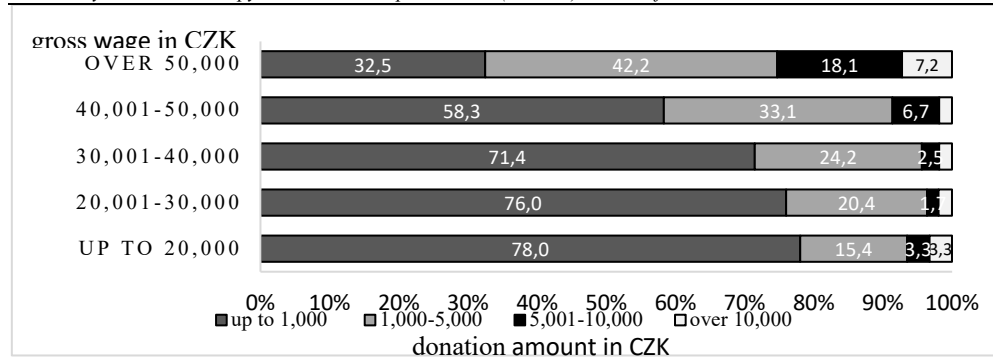
The number of taxpayers claiming the charitable deduction can also be considered unsatisfactory. This number is not very high in the Czech Republic and has been around 6% of the total number of individual tax returns filed for many years.

### 5.2. Primary research

Analysis of the questionnaire survey also indicates that charitable deduction remains largely underutilized as a tool for supporting donations in the Czech Republic. One of the key factors appears to be the low public awareness of this issue, as well as the structure of donations, which prevents many donors from benefiting from tax advantages. As many as 68.2% of the respondents donate amounts below CZK 1,000, which does not meet the minimum threshold for claiming the charitable deduction. The results also showed the likelihood of larger donations increases with rising income [8]. However, even among donors with incomes exceeding CZK 50,000 (EUR 1,950) per month, one-third donate amounts below this threshold (Figure 5).

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*



**Figure 5. Donation amount according to gross wage**

Source: self-processing

According to the survey results, nearly 78% of the respondents agreed with the statement that they donate primarily based on their personal beliefs, with the charitable deduction playing only a secondary role or being entirely irrelevant to them. This suggests that emotional and moral motivations play a much more significant role in charitable giving than pragmatic consideration of tax savings. Only 21.1% of the respondents indicated that they consider the charitable deduction an important factor in their decision to donate.

A significant portion of respondents (78.4%) lacks sufficient awareness of the charitable deduction. They do not know the after-tax cost of their donation. A similar trend is evident in the question regarding the minimum donation amount required to claim the charitable deduction, where 71.4% of the respondents answered, “I don’t know.” These findings suggest that awareness of the specific conditions for utilizing the charitable deduction is very low. The tax aspect is unclear and insignificant for most respondents who do not pay attention to the conditions for claiming the charitable deduction. This could affect donors' willingness to provide larger amounts if they are not motivated by the knowledge that they could partially offset their costs. Further analysis focused on the impact of increased limits for charitable deductions during the COVID-19 pandemic when the state allowed deductions of up to 30% of taxable income instead of the standard 15%. Although this measure was intended to encourage giving, the majority of respondents (65.9%) were entirely unaware of this change. An additional 31.8% of the respondents were aware of the option but chose not to use it, and only 2.2% of the respondents indicated that the increased limit influenced the amount of their donation. These figures suggest that government measures aimed at promoting donations through charitable deductions had only a

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

minimal impact on donor behavior. Most of the respondents did not adjust their charitable activities in response to this change.

### 5.3. Discussion

We showed that individual donations are relatively sensitive to changes in tax rates, which increase or decrease the after-tax cost of donations and influence the level of giving in the Czech Republic. However, we align with the view of Duquette et al. (2018) that tax incentives for charitable giving generally have a limited impact on increasing donations, and tax policy may not always be an effective strategy.

The effectiveness of the charitable deduction in the Czech Republic was reduced by the 2008 tax reform, which replaced progressive taxation with a uniform tax rate of 15%. We disagree with the findings of EFC (2015) or Kireenko and Golovan (2016) that high tax rates reduce taxpayers' willingness to contribute to addressing societal issues. However, data from income tax returns are limited and lack information on wealth. According to Bakija and Heim (2011), it is likely that changes in asset prices, social attitudes, and social capital over time have influenced taxpayers.

The change in the limit for charitable deductions also did not have a significant impact on giving. A donation always results in a reduction of the donor's disposable income. While it could be argued that the donor gains a tax saving in return, it is important to note that this saving accounts for only 15% of the donated amount, while 85% of the donation represents a loss of income for the taxpayer. Thus, increasing the limit does not directly enhance the tax relief for donations but, as Cordes (2011) points out, only increases the forgone income. A higher limit does not necessarily stimulate more charitable giving. The increase in the limit might appeal only to highly altruistic individuals willing to donate more than 10% of their taxable income (the average in the Czech Republic is 2%). Raising the charitable deduction limit could be more advantageous in countries where deductions operate as tax credits (deductions from the final tax amount), such as Belgium, France, and Canada (OECD, 2020).

Currently, in the Czech Republic, charitable deductions can be classified, according to Duff (2003), as a form of societal reward for individual generosity. When considering that income tax returns do not include anonymous donations made regardless of the charitable deduction or small donations to public collections outside the tax system, it can be concluded that the government's goal of increasing donations through raising the deduction limit was largely ineffective. Nonprofit organizations thus need to rely on state subsidies for financing.

If the donation amount is determined by the taxpayer, limiting the charitable deduction with a maximum cap could be counterproductive. It might send a message to taxpayers that donating more is disadvantageous for them. If individuals decide to

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

contribute higher amounts, the charitable deduction should not be restricted by a limit, at least in certain areas such as healthcare.

According to Goldin and Listokin (2014), the low effectiveness of charitable deductions is partly due to taxpayers' poor perception of them. The results of their research suggest that taxpayers have an imperfect understanding of charitable deductions, making them an ineffective means of supporting charitable donations. This aligns with the findings of the questionnaire survey. The dominance of small donations that do not meet the minimum threshold for deductions, combined with low public awareness of this issue, results in a significant portion of the population not utilizing this option. Although higher-income groups are more likely to donate amounts that meet the conditions for deductions, tax incentives do not have a fundamental impact on their giving behavior. This is further evidenced by the fact that 78% of respondents donate based on their personal beliefs rather than tax benefits. Chetty (2012) offers a related observation, suggesting that tax law is complex and costly to understand. As a result, rational taxpayers may not invest effort in learning new tax laws and may fail to optimize their taxes when tax legislation changes.

## 5. Conclusions

This article examines the impact of changes in tax law on individual charitable giving in the Czech Republic. It focuses on changes in the conditions for claiming the charitable deduction and changes in tax rates. For the research, we used data from tax returns for the period 2005–2021, supplemented by a questionnaire survey.

We found that donation behavior in the Czech Republic is sensitive to marginal tax rates but insensitive to the loosening of conditions that limit charitable tax deductions. During the period of progressive taxation, charitable deductions increased more significantly with increasing taxable income compared to the period of a uniform tax rate. The transition from progressive to uniform tax rate reduced the effectiveness of the charitable deduction; however, it resulted in a smaller year-over-year decline, and charitable giving appeared to be more stable. In the case of relaxed tax incentive conditions, such as increasing the limit for charitable deductions, our analysis did not confirm the expectation that this change would lead to an increase in donations. This could be due to the fact that awareness of the specific conditions for utilizing the charitable deduction is very low. On the other hand, it was shown that taxpayers have a heightened need to donate, especially during times of crisis when they feel the need to help others, regardless of the availability of the charitable tax deduction.

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

---

Our research interpretations have several limitations. The data are based solely on the available time period. Although tax return data is a suitable source for tax policy research, it only includes donations claimed as charitable deductions. It does not capture donations that are not tax deductible or that donors intentionally choose not to claim, leading to an underestimation of the overall level of giving. Additionally, tax returns do not reveal the reasons why people contribute to charity. The focus of our research was exclusively on the tax aspect. Motivations such as altruism and social pressure are not included in the study and remain unexplored.

While tax policies can stimulate charitable donations, their effectiveness may vary depending on their design, socioeconomic factors, and the specific context in which they are implemented. In the case of the Czech Republic, it can be stated that tax deductions for donations do not fully realize their potential as an incentive tool. To enhance the effectiveness of this instrument, it would be advisable to focus on better communication of the conditions for tax deductions, both by the state and nonprofit organizations. Furthermore, it would be useful to consider lowering the minimum donation amount required to qualify for a deduction, so that the incentive can apply to smaller donors as well. Combined with targeted informational campaigns, these steps could contribute to the broader use of tax deductions and promote philanthropy in the Czech Republic.

### **Acknowledgments**

The authors thank the anonymous reviewers and editors of *Studia Universitatis Vasile Goldiș Arad, Economic Series*, for their valuable contribution.

### **Funding**

The paper was supported by the Ministry of Education, Youth and Sports Czech Republic within the Institutional Support for Long-term Development of a Research Organization. This research was funded by Grant of Tomas Bata University in Zlín under Grant No. RO/FaME/2024/05.

### **Author Contributions**

PK and JJ conceived the study and were responsible for the literature review, the design of the data analysis, the collection of data and data interpretation. TU was responsible for the econometric modeling and results computation.

### **Disclosure Statement**

The authors declare no conflict of interest. The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript, or in the decision to publish the results.

---

**References**

1. Adena, M. (2014). Tax-price elasticity of charitable donations: Evidence from the German taxpayer panel. WZB Berlin Social Science Center, Research Unit: Economics of Change. <https://hdl.handle.net/10419/91720>
2. Altshuler, R., & Dietz, R. (2011). Reconsidering tax expenditure estimation. *National Tax Journal*, 64(2), 459–490. <https://doi.org/10.2861/29935>
3. Auer, L., & Kalusche, A. (2010). Steuerliche Spendenanreize: Ein Reformvorschlag. *Review of Economics*, 61(3), 241–261. <https://doi.org/10.1515/roe-2010-0303>
4. Bakija, J. (2013). Tax policy and philanthropy: A primer on the evidence for the U.S. and its implications. *Social Research*, 80(2), 557–584. <https://doi.org/10.1353/sor.2013.0004>
5. Bakija, J., & Heim, B. T. (2011). How does charitable giving respond to incentives and income? New estimates from panel data. *National Tax Journal*, 64(2), 615–650. <https://doi.org/10.17310/ntj.2011.2S.08>
6. Bates, D., Mächler, M., Bolker, B., & Walker, S. (2015). Fitting linear mixed-effects models using lme4. *Journal of Statistical Software*, 67(1), 1–48. <https://doi.org/10.18637/jss.v067.i01>
7. Bechtel, G., & Bechtel, T. (2021). GDP alone predicts income and survival. *Open Journal of Social Sciences*, 9, 487–493. <https://doi.org/10.4236/jss.2021.91034>
8. Bečvářová, B. (2023). Historie dárcovství v České republice a ve světě [History of donations in the Czech Republic and in the world]. Šance dětem [Chance for Children]. Retrieved July 2, 2023, from <https://sancedetem.cz/historie-darcovstvi-v-ceske-republice-ve-svete>
9. Bekkers, R., & Wiepking, P. (2011). A literature review of empirical studies of philanthropy: Eight mechanisms that drive charitable giving. *Nonprofit and Voluntary Sector Quarterly*, 40(5), 924–973. <https://doi.org/10.1177/0899764010380927>
10. Bönke, T., & Werdt, C. (2015). Charitable giving and its persistent and transitory reactions to changes in tax incentives: Evidence from the German taxpayer panel (Diskussionsbeiträge No. 2015/2). Freie Universität Berlin, Fachbereich Wirtschaftswissenschaft. <https://hdl.handle.net/10419/106823>
11. Bönke, T., Massarrat-Mashhadi, N., & Sielaff, C. (2013). Charitable giving in the German welfare state: Fiscal incentives and crowding out. *Public Choice*, 154(1–2), 39–58. <https://doi.org/10.1007/s11127-011-9806-y>
12. Burman, L. E. (2013). Pathways to tax reform revisited. *Public Finance Review*, 41(6), 755–790. <https://doi.org/10.1177/1091142113499400>
13. Burman, L. E., Geissler, C., & Toder, E. J. (2008). How big are total individual income tax expenditures, and who benefits from them? *American Economic Review*, 98(2), 79–83. <https://doi.org/10.1257/aer.98.2.79>
14. Burrows, M. D. (2012). A framework to evaluate tax incentives for charitable donations. House of Commons Standing Committee on Finance. Retrieved July 2, 2023, from [http://www.ourcommons.ca/Content/Committee/411/FINA/WebDoc/WD5340612/411\\_FINA\\_TIFCD\\_Briefs/ScotiabankE.pdf](http://www.ourcommons.ca/Content/Committee/411/FINA/WebDoc/WD5340612/411_FINA_TIFCD_Briefs/ScotiabankE.pdf)

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

15. Chetty, R. (2012). Bounds on elasticities with optimization frictions: A synthesis of micro and macro evidence on labor supply. *Econometrica*, 80(3), 969–1018. <https://doi.org/10.3982/ECTA9043>
16. Cordes, J. J. (2011). Re-thinking the deduction for charitable contributions: Evaluating the effects of deficit-reduction proposals. *National Tax Journal*, 64(4), 1001–1024. <https://doi.org/10.17310/ntj.2011.4.05>
17. Czech Statistical Office. (2022a). Main macroeconomic indicators. Retrieved June 17, 2022, from [https://www.czso.cz/csu/czso/hmu\\_cr](https://www.czso.cz/csu/czso/hmu_cr)
18. Czech Statistical Office. (2022b). Public database: Population by religious belief and regions. Retrieved July 12, 2022, from <https://vdb.czso.cz/vdbvo2/faces/en/index.jsf?page=vystup-objekt&f=TABULKA&z=T&skupId=4294&katalog=33525&pvo=SLD210092-KR&pvo=SLD210092-KR>
19. Czech Statistical Office. (2023). Household income and living conditions – 2022. Retrieved September 22, 2023, from <https://www.czso.cz/csu/czso/prijmy-a-zivotni-podminky-domacnosti-7isum3msez>
20. Dostál, J., & Hyánek, V. (2024). Church charity fundraising in a decreasingly religious society: Case of the Three Kings Collection in the Czech Republic. *Journal of Philanthropy and Marketing*, 29(1), Article e1815. <https://doi.org/10.1002/nvsm.1815>
21. Duff, G. D. (2003). Special federal tax assistance for charitable donations of publicly traded securities: A tax expenditure analysis. *Canadian Tax Journal*, 51(2), 925–936. Retrieved September 24, 2023, from <https://ssrn.com/abstract=1158553>
22. Duquette, N. J. (2019). Founders' fortunes and philanthropy: A history of the U.S. contribution deduction. *Business History Review*, 93(3), 553–584. <https://doi.org/10.1017/S0007680519000710>
23. Duquette, N., Graddy-Reed, A., & Phillips, M. (2018). The effectiveness of tax credits for charitable giving. SSRN. <https://doi.org/10.2139/ssrn.3201841>
24. European Foundation Centre. (2015). An overview of philanthropy in Europe. European Foundation Centre. <https://efc.issuelab.org/resource/an-overview-of-philanthropy-in-europe.html>
25. Fack, G., & Landais, C. (2010). Are tax incentives for charitable giving efficient? Evidence from France. *American Economic Journal: Economic Policy*, 2(2), 117–141. <http://www.jstor.org/stable/25760065>
26. Feldstein, M. (2017). Underestimating the real growth of GDP, personal income, and productivity. *Journal of Economic Perspectives*, 31(2), 145–164. <https://doi.org/10.1257/jep.31.2.145>
27. Feldstein, M., & Taylor, A. (1976). The income tax and charitable contributions. *Econometrica*, 44(6), 1201–1222. <https://doi.org/10.2307/1914255>
28. Financial Administration of the Czech Republic. (2023). Analysis and statistics. Retrieved October 21, 2024, from <https://www.financnisprava.cz/cs/dane/analyzy-a-statistiky>
29. Financial Administration of the Czech Republic. (2024). Act No. 586/1992 Sb. on income tax, as amended. Retrieved October 21, 2024, from <https://financnisprava.gov.cz/en/index>

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

30. Frey, B. S., & Jegen, R. (2001). Motivation crowding theory. *Journal of Economic Surveys*, 15(5), 589–611. <https://doi.org/10.1111/1467-6419.00150>
31. Frič, P., & Křížová, E. (2001). Giving and volunteering in the Czech Republic: Results of the research executed by NROS and Agnes. *Agnes*. [https://www.researchgate.net/publication/40346192\\_Darcovstvi\\_a\\_dobrovolnictvi\\_v\\_Ceske\\_republice\\_vysledky\\_vyzkumu\\_NROS\\_a\\_Agnes](https://www.researchgate.net/publication/40346192_Darcovstvi_a_dobrovolnictvi_v_Ceske_republice_vysledky_vyzkumu_NROS_a_Agnes)
32. Friedman, M. (2009). *Capitalism and freedom* (40th anniversary ed.). University of Chicago Press.
33. Fuchsová, E., Laštovková, J., & Jánská, M. (2018). The influence of wealth on philanthropy: A cross-regional study. *GeoScape*, 12(2), 104–113. <https://doi.org/10.2478/geosc-2018-0011>
34. Gneezy, U., Meier, S., & Rey-Biel, P. (2011). When and why incentives (don't) work to modify behavior. *Journal of Economic Perspectives*, 25(4), 191–210. <https://doi.org/10.1257/jep.25.4.191>
35. Goldin, J., & Listokin, Y. (2014). Tax expenditure salience. *American Law and Economics Review*, 16(1), 144–176. <https://doi.org/10.1093/aler/aht014>
36. Halada, M., & Ženka, J. (2020). Microregional patterns of corporate philanthropy: The role of economic structure and regional determinants. *GeoScape*, 14(1), 24–35. <https://doi.org/10.2478/geosc-2020-0003>
37. Hanousek, J., Kočenda, E., & Svítková, K. (2010). Corporate philanthropy in the Czech and Slovak Republics. *Czech Journal of Economics and Finance*, 60(2), 102–121. Retrieved September 22, 2023, from <http://ideas.repec.org/a/fau/fauart/v60y2010i2p102-121.html>
38. Hickey, R., Minaker, B., Payne, A. A., Roberts, J., & Smith, J. (2023). The effect of tax price on donations: Evidence from Canada. *National Tax Journal*, 76(2), 291–315. <https://doi.org/10.1086/724588>
39. Hladká, M., & Hyánek, V. (2016). Explanation of the donor decision-making process in the Czech Republic through a combination of influences of individual motives. *European Financial and Accounting Journal*, 11(1), 23–37. <https://doi.org/10.18267/j.efaj.151>
40. Hladká, M., Hyánek, V., Ronovská, K., & Stehlíková, K. (2017). Research on giving in the Czech Republic. In B. Hoolwerf & T. Schuyt (Eds.), *Giving in Europe: The state of research on household donations, corporations, foundations, and charity lotteries to charitable organizations in Europe* (pp. 68–81). ERNOP.
41. Huber, G. L. (2020). Tax incentives for charitable giving as a policy instrument: Theoretical discussion and latest economic research. *World Tax Journal*, 12(3), 631–662. Retrieved September 5, 2023, from <https://ssrn.com/abstract=4223098>
42. Hyánek, V., & Hladká, M. (2013). Philanthropy in a changing world: An evolving attitude to giving? <https://doi.org/10.2139/ssrn.2260880>
43. Jarolímová, B., & Tučková, Z. (2020). Charity and tax planning in socially responsible entrepreneurship in the Czech Republic. In *Proceedings of the European Conference on Innovation and Entrepreneurship (ECIE)* (pp. 781–789). Academic Conferences and Publishing International Limited. <https://doi.org/10.34190/EIE.20.161>

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

44. Kalyva, A., Mourre, G., Pench, L. R., & Astarita, C. (2014). Tax expenditures in direct taxation in EU Member States (Occasional Papers 207). European Commission. [http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2014/op207\\_en.htm](http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/op207_en.htm)
45. Kireenko, A., & Golovan, S. (2016). Feasibility of the charitable tax deduction introduction in the Russian Federation. *Journal of Tax Reform*, 2(2), 111–125. <https://doi.org/10.15826/jtr.2016.2.2.019>
46. Kirschnerová, P., & Janoušková, J. (2018). Are tax expenditures of individuals only a tool of tax optimisation? *International Advances in Economic Research*, 24(3), 239–252. <https://doi.org/10.1007/s11294-018-9696-6>
47. Kraan, D. (2004). Off-budget and tax expenditures. *OECD Journal on Budgeting*, 4(1). Retrieved October 2, 2021, from <http://econpapers.repec.org/article/oecgovkaa/519sr2xv42tk.htm>
48. Kubičková, K. (2021). Drivers of strategic approach to philanthropy in the Czech Republic. *Central European Management Journal*, 29(3), 86–113. <https://doi.org/10.7206/cemj.2658-0845.55>
49. OECD. (2010). Tax expenditures in OECD countries. OECD Publishing.
50. OECD. (2020). Taxation and philanthropy (OECD Tax Policy Studies No. 27). OECD Publishing. <https://doi.org/10.1787/df434a77-en>
51. O'Neill, D. (2014). Gross domestic product. In H. D'Alisa, G. Kallis, & F. Demaria (Eds.), *Degrowth: A vocabulary for a new era* (pp. 94–97). Routledge. <https://doi.org/10.4324/9780203796146-32>
52. Pinkovetskaia, I. (2022). Impact of COVID-19 pandemic on household income: Results of a survey of the economically active population. *Studia Universitatis Vasile Goldiș Arad, Seria Științe Economice*, 32(1), 43–57. Retrieved April 9, 2025, from <https://publicatii.uvvg.ro/index.php/studiaeconomia/article/view/706>
53. Pospíšil, M. (2013). Czech giving in the times of economic crisis. <https://doi.org/10.2139/ssrn.2365709>
54. Pospíšilová, T. (2011). Volunteering in the Czech Republic before 1989: Discourses, definitions, cross-references. *Czech Sociological Review*, 47(5), 887–910. Retrieved September 25, 2022, from <https://www.ceeol.com/search/article-detail?id=13946>
55. Prasad, M. (2011). Tax expenditures and welfare states: A critique. *Journal of Policy History*, 23(2), 251–266. <https://doi.org/10.1017/S0898030611000066>
56. Rooney, P., Zarins, S., Bergdoll, J., & Osili, U. (2020). The impact of five different tax policy changes on household giving in the United States. *Nonprofit Policy Forum*, 11(4), Article 20200040. <https://doi.org/10.1515/npf-2020-0040>
57. Řežuchová, M. (2011). *Dárcovství v číslech [Donation in numbers]*. Společnost pro studium neziskového sektoru.
58. Tiefenbach, T., & Kohlbacher, F. (2015). Disasters, donations, and tax law change: Disentangling effects on subjective well-being by exploiting a natural experiment. *Journal of Economic Psychology*, 50, 94–112. <https://doi.org/10.1016/j.joep.2015.07.005>
59. Válková, A., & Formánková, S. (2014). Corporate philanthropy in the Czech Republic. *Procedia Economics and Finance*, 12, 725–732. [https://doi.org/10.1016/S2212-5671\(14\)00399-2](https://doi.org/10.1016/S2212-5671(14)00399-2)

Kirschnerová, P., Janoušková, J., Urbánek, T., (2026)

*Tax Policy and Philanthropy in the Czech Republic: The (Limited) Power of Tax Incentives*

60. Zampelli, E. M., & Yen, S. T. (2017). The impact of tax price changes on charitable contributions to the needy. *Contemporary Economic Policy*, 35(1), 113–124. <https://doi.org/10.1111/coep.12177>

#### Notes:

[1] For comparison, in the case of corporations, the conditions for charitable deductions are as follows: each donation must be at least 2,000 CZK. The maximum value of the charitable deduction is 10% of the total taxable income in total for all donations.

[2] In response to the economic crisis, a so-called solidarity tax (7%) was applied in 2013 to high-income individuals (those earning more than 48 times the average annual wage). This rate was applied only to selected income categories, and therefore we do not include it in our research.

[3] In 2021, the solidarity tax was abolished and replaced by a progressive tax rate of 23% for taxable income exceeding 48 times the average wage. From 2024, a change takes effect. The 23% tax rate will apply to taxable income exceeding 36 times the average wage.

[4] In Czech tax law, the child tax credit represents a form of negative tax (Friedman, 2009). In cases of low income and no tax liability, the child tax credit assumes the status of a bonus paid by the state to the taxpayer.

[5] According to the statement from the General Financial Directorate of the Czech Republic, the data before 2005 were stored in different databases, making them inaccessible.

[6] We base this on the assumption that GDP is an indicator of economic activity that can influence overall economic conditions, and GDP levels are linked to the income and economic activity of the population (O'Neill, 2014; Feldstein, 2017; Bechtel & Bechtel, 2021).

[7] The total annual volume of charitable deductions is used in research by, for example, Pospíšil (2013) or Fuchsová et al. (2018).

[8] The chi-square test of independence was used to determine the association between the amount of wage and the amount of donations. The test results show a chi-square statistic of  $\chi^2 = 97.62$  with 12 degrees of freedom and a p-value of  $1.67 \times 10^{-15}$ , significantly lower than the chosen significance level of  $\alpha = 0.05$ . Based on these results, the null hypothesis of independence between wage and donation amount was rejected, demonstrating a statistically significant relationship between these two variables.