FACTSHEET
Gendered Impacts of Tax on Women

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FACT #1

For every $1 received by developing countries (through aid, FDI, remittances etc), more than $2 are lost (through debt repayments, illicit financial flows etc). Conservative estimates have found that one type of corporate tax avoidance alone is costing developing countries between US $70 billion and $120 billion yearly and globally, the lost tax revenue due to corporate tax avoidance has been estimated to $50bn-$100bn per year. Women and girls, in particular, lose out because:

1. Women **do not contribute to decision making** which affects them including in the macroeconomic sphere where IFFs derive. For example, according to the IMF, globally, less than 20% of boards of directors are women and less than 2% of banks have women as CEOs.There is a little women participation in bank supervisory and regulatory agency. The proportion of women on the boards of banking-supervision agencies was also low (just 17% on average in 2015).
2. Women are **underrepresented at all levels of the global financial system,** from depositors and borrowers to bank board members and regulators, does not benefit the financial system in any way. According to the IMF, greater inclusion of women as users, providers and regulators of financial services would have benefits that go beyond addressing gender inequality. Greater participation of women in the sector would foster stability in the banking system and strengthen economic growth.
3. Women on average accounted for just 40% of bank depositors and borrowers in 2016. Growing evidence suggests that increasing women's access to and use of financial services can have both economic and societal benefits. For example, in Kenya, women merchants who opened a basic bank account invested more in their businesses.
4. They do not benefit from (available) resources including national budget allocations and tax and exemptions.
5. They **suffer the cost of IFFs** (they bear the burden of debt repayments, tax incentives, austerity measures and budget deficits [as a result of IFFs] generated through indirect taxes)

→ **DEMANDS**

- Ensure more **women contribute to decision-making** that affects them.

- Countering fiscal austerity programmes and tax competition through **international cooperation,** reducing tax incentives to corporations, and effective enforcement of anti-avoidance rules and penalties and putting measures to curb IFFs.
- programmes to increase women's access to financial and business management skills, capital, and markets, and equal hiring, pay, benefits, and representation laws in corporations are needed.

FACT #2

As developing countries continue to realise the importance of **domestic resource mobilisation** through taxation, more efforts are being applied to improve tax administration and efficiency including through digitalisation and increasing the tax officer to population ratio. For instance computerising tax processes such as the Uganda and Zambia Revenue Authorities, to reduce corruption and improve efficiency respectively. In Zambia the tax officer – to population ratio has been increasing constantly since 2013.

More efforts are also being applied to generate revenue by **increasing indirect taxes** (taxes which everyone pay, regardless of how much they earn, such as Value Added Tax [VAT] on consumption goods or presumptive tax) such as in Kenya this year where they imposed a three percent turnover tax on gross profits every month for all small businesses earning less than KES five million (USD 50,000) annually. This affects women and girls especially because they comprise the majority of the informal sector (affected by presumptive taxes) and they spend more of their incomes on household goods (affected by indirect taxes) than men do.

→ **DEMANDS**

- Adopt **progressive and gender just taxation –** including new forms of taxation of capital and wealth - combined with less reliance on consumption taxes which harm the poor, the majority of whom are women.
- Everyone should **pay tax according to their ability to pay,** if taxation is to be used to redistribute wealth. Indirect taxes burden poorer people (of whom there are more women than men) more than they do wealthier people.

FACT #3

Discrimination as defined by CEDAW is present in tax systems and laws today, particularly explicit biases in the Personal Income Tax (PIT) as well as in consumption taxes where implicit bias against women is likely to occur because they depend on prevailing assumptions and attitudes towards women's roles and identities in society, and disregard how incomes are earned and spent. Well-designed graduated personal income tax (tax that governments impose on income generated by individuals within their jurisdiction) systems generate sustainable revenue to governments, through progressively low tax rates for those with low incomes, and progressively higher tax rates for those with high incomes to adhere to the principle of tax according to the ability to pay. However, many personal income and social contribution tax provisions overtax women as compared with men as below:

1. **Shifting to flat-rate personal taxation**, tax exemptions etc. are more likely to benefit those with higher incomes, and can increase the tax loads on those with low incomes, who are predominantly women.
2. **Joint taxation** - in many countries, women are still not allowed to file their own tax returns, or to opt out of joint returns if that benefits them.
3. **Eligibility for pension incomes, access to expanded health services, and social security programmes** are usually tied to employment income. Because fewer women than men are employed, and because women in paid work have lower average incomes than men, women generally benefit less from these tied programmes.

→ **DEMANDS**

- Provide complete exemptions from personal income (PIT) for women whose incomes are below or within the margin of poverty risk.
- Replace existing flat personal tax rate structures with graduated tax rate structures.
- All laws for joint taxation should be reviewed and individualized.
- Governments should fund safety net programmes for those who cannot otherwise access them.

FACT #4

Women take on an overwhelmingly larger share of unpaid care work. ILO report points out that, women perform 76.2 percent of total hours of unpaid care work, more than three times as much as men! Women's and girls' unpaid work is subsidising economic growth. Women and girls spend 12.5 billion hours every performing unpaid care and domestic work than men, which has been valued at least US $10.8 trillion annually globally for women aged 15 and over is at.This figure, while huge, is an underestimate, and the true figure is far higher.

Unpaid care work is a barrier to realising gender equality and to the full enjoyment of women's human rights. The recognition of women's care labour as an essential contribution to the economy, unfortunately, has not been translated into sweeping or thoroughgoing changes in macroeconomic policies, including tax and fiscal policies, that benefit women.

→ **DEMANDS**

- Ensure tax and fiscal policies recognise and serve to represent, reduce and redistribute unpaid care work
- Women in informal and unpaid work should be supported in combating exploitation in family businesses or informal trading, and should receive training in accounting for actual profits/losses instead of remaining over- taxed by simplified or presumptive tax systems

FACT #5

Taxes are used to generate revenue for development. Social sectors like health, education and social protection need adequate amounts of budget allocation for a country to develop equitably. Currently, many countries do not meet their minimum international commitments in terms of budget allocation to these sectors. In 2016, Nigeria spent only 4.3% of its total budget on health. As governments continue to improve their revenue generation capabilities, every marginal increase in revenue must be applied to social spending.

→ **DEMANDS**

- Increase allocation of tax revenues for gender responsive social services
- Governments should meet their commitments in spending; allocate 15% of their budgets to health, 15% of their budgets to education and 10% of their budgets to agriculture.