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Gender Equality and Taxation
– International Perspectives

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Gender Equality and Taxation – International Perspectives

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Abstract:
Several strands in the international development of taxation during the last decades have contributed to structural problems that act as a hinder and even counteract the basis for gender equality. A general problem is that tax equity has become equivalent to what is good for economic growth. When social justice no longer plays a part in tax policy concern, the welfare state erodes. The income gap becomes extremely large, poverty increases, and the rich don’t pay their fair share of the tax burden. As women relative to men in most intersections of society have a subordinated socio-economic position, the outcome of this tax policy is not beneficial for women. This outcome stands out as deeply contradictory to the layers of legal obligations and policies, on both a national and international level, aiming to promote gender equality. The aim of this paper is to expose how tax laws can consolidate and even strengthen economic inequalities between men and women. I will discuss the deeply rooted culture of supporting the bread-winner family model by extensive tax expenditures, and why these type of regulations serves as disincentives to women’s labour market supply and the gendered inequality in the distribution of paid and unpaid work. Another topic is to explain why the world-wide loss of redistributive power in national tax systems is fuelling gender inequalities. The relation between gender equality and the taxation of capital income will be given some extra attention, with the purpose to make an argument that sustainable tax bases is very much a women’s issue.

1. Introduction
The outbreak of Covid-19 coincides with the twenty-fifth anniversary of the Beijing Platform for Action. For the UN, 2020 was intended to be groundbreaking for gender equality initiatives. Instead, UN claim that the ongoing spread of the pandemic is risking the limited gains regarding gender equality made in the past. At the same time as the pandemic is deepening preexisting inequalities, exposing vulnerabilities in social, political and economic systems, across every sphere, from health to the economy, security to social protection, the impacts of COVID-19 are exacerbated for women and girls simply by virtue of their sex. Compounded socio-economic impacts are felt especially by women and girls who are generally earning less, saving less, carrying a heavier burden of unpaid work, holding insecure jobs or living close to poverty. This is the reason to why Secretary-General did call to action on the basis of human rights, pointing out three cross-cutting priorities; ensure women’s equal representation in all covid-19 response planning and decision-making, drive transformative change for equality by addressing the paid and unpaid care economy, and thirdly, target women and girls in all effort to address the socio-economic impact of Covid-19.1

In contrast to these UN ambitions, tax reforms during the last decades have built tax systems with an outcome that are contradictory to the resource mobilization and redistribution that are necessary for the realization of human rights. It is obvious that Agenda 2030 demands a reset and a rebuild of fiscal systems that have the potential to combat poverty, which is a relevant issue for women with low incomes and limited resources in every country of the world.

1 UN, Policy Brief: The Impact of COVID-19 on Women, 9 APRIL 2020; Shared Responsibility, Global Solidarity: Responding to The Socio-Economic Impacts of Covid-19 March 2020 https://www.un.org/Sites/Un2.Un.Org/Files/Sg_Report_Socio-Economic_Impact_Of_Covid19.P.

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Although most tax laws apply equally to men and women, tax systems and fiscal policy decisions affect men and women differently. Many aspects of taxation have indirectly a substantial effect on gender-related socioeconomic inequalities. The persisting gender differences in employment rates and patterns and gender gaps in unpaid care work, employment rates, income, old age security, poverty and wealth are all closely linked to the allocative and distributional outcome of tax regulations.  

Historically, tax laws are one of most important instruments for governments with redistributive ambitions. In welfare economies, taxes have been used to reduce economic inequalities in welfare economies for the well-being of citizens. A large part of these redistributive tax measures has been directed to families based on various objectives. Household-based tax schemes in the form of tax credits or basic deductions with the aim to support low-income families is one example. Another is joint tax measures for spouses to support a particular family-model such as the bread-winner family. All these redistributive family/household-oriented tax policies and regulations, are connected to obvious gender equality implications, which very seldom have been recognized.3

In developing countries, gender equality tax issues are not located to direct income taxes, but indirect taxes. VAT and other goods and services taxes have been of central importance for resource mobilization in the majority of low- and medium-income countries.4 As an effect, the overall tax systems in these countries have been more regressive than progressive. As women are over-represented among the poorest, the regressive profile is not only a low-income issue, but also a gender issue. Kathleen Lahey has connected this tax related gender equality issue to the fundamental tax equity principle of ability-to-pay. She claims that the principle should be regarded as fundamental to tax policy and human rights. To tax those on the margins of survival, that have no ability to pay taxes, “violates constitutional and human rights to life and equality”.5

The basic problem is, that even though numerous states and global entities guarantee political and economic gender equality, tax policies and tax laws, generally are not based on considerations related to these goals. In our study of gender equality and taxation in the European Union, we could confirm that the European Institutions nor the Member States complied with the legal obligations and political commitments regarding gender equality in the field of taxation. Compliance with these obligations needs at the least regular impact assessments of all fiscal policies from a gender equality perspective, including proposals for tax legislation and soft law procedures, such as the European Semester.6

The biggest challenge in closing the persisting socio-economic inequalities between men and women and lack of gender equality insights in national tax policies, is to change the long-term tax policy agenda away from the one-sided “taxing for growth” paradigm.

2 Åsa Gunnarsson, Margit Schratzenstaller and Ulrike Spangenberg, ‘Gender Equality and Taxation in the European Union’ (European Parliament, 2017) (Research Paper for European Parliament’s Committee on Women’s Rights and Gender Equality and commissioned, overseen and published by the Policy Department for Citizen’s Rights and Constitutional Affairs).
3 Gunnarsson, 2013.
4 Cottarelli, Carlo. 2011. Revenue Mobilization in Developing Countries. IMF.
5 Lahey, Kathleen, A. 2018. Gender, Taxation and Equality in Developing Countries. Issues and Policy Recommendations. UN Women, 45.
6 Gunnarsson et al, 2017.
This article will explain the conflicting interest between how the present tax policy has led to structural discrimination of women on a large scale. The article will also present and discuss the possible benefits with the gender equality ambitions that has become and emerging trend in sustainability-oriented tax policies. From the international perspective I will pick up analyses on the relation between gender inequality and taxation from various regional and national contexts, and from both developing and advanced economies around the globe.

2. Neoliberal tax policy - Growth promotion as the one-way-message
Fiscal taxation for economic growth, implemented by tax neutrality as a guiding principle, has since the beginning of the 1980s, become a dominant view on tax sustainability. Fiscal has been defined as efficiency in relation to optimal tax theory, which basically is to avoid distorting tax regulations that are regarded to cause unwanted excess burdens in the economy. Neutrality principles bench-marks taxes that distort the economic efficiency of market processes as little as possible, implying a trade-off between efficiency and equity. Redistributive taxes and transfers are regarded to negatively affect incentives to work, save, and earn income. The idea of a trade-off between equity and efficiency, is at the core of the optimal income tax problem.\(^7\) This has been described as an ideological hegemony, that on a global scale has institutionalized a one-path model for taxing for economic growth in tax law design.\(^8\) The main features of these tax reforms can briefly be summarized as follows:

- Broader labour incomes tax bases but low progressivity;
- A moderate taxation of capital and corporations;
- Uniform tax rates are applied on the consumption of goods and services;
- Introduction of in-work tax subsidies;
- A shift from direct taxes to indirect taxes.\(^9\)

3. Emerging trend on inclusive growth strategies and taxation
Based on lessons learnt from financial crises, economic recessions and increasing levels of income inequalities over the last decades in advanced economies. Both scholarly and political reconsiderations of the taxing for growth paradigm have evolved. After Thomas Piketty’s book* Capital in the Twenty-First Century*,\(^10\) a new wave of research with a stronger focus on the relations between inequalities, taxation and economic growth has emerged among economists. Concerns about the harmfulness of increasing income and wealth inequalities have been raised, which has framed a point of departure for critical analysis. One outcome is the literature on income inequality, which has revealed the rise of top incomes over time and explored options on how top earners can pay more taxes.\(^11\)

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\(^7\) Diamond, Peter and Saez, Emmanuel. 2011. The Case for a Progressive Tax. From Basic Research to Policy Recommendations. *The Journal of Economic Perspectives* 25 (4): 165-190; Mirrlees, James A. 1971. An Exploration in the Theory of Optimum Income Taxation. *Review of Economic Statistics* 38 (2): 175-208.

\(^8\) Schmelzer, Mattias. 2016. The Hegemony of Growth. The OECD and the Making of the OECD Growth Paradigm. Cambridge: Cambridge University Press; Sandford, Cedric. 1993. Successful Tax Reform. Lessons from an Analysis of Tax Reform in Six Countries. Bath: Fiscal Publications.

\(^9\) Sandford, Cedric. 1993; Messere, Ken (ed). 1998. *The Tax System in Industrialized Countries*. Oxford University Press; Sorensen, Birch, Peter. 2010. *Swedish Tax Policy. Recent Trends and Future Challenges*. Stockholm: Swedish Ministry of Finance; Gunnarsson, Åsa, Margit Schratzenstaller and Ulrike Spangenberg. 2017. Gender equality and taxation in the European Union. Research paper for European Parliament’s Committee on Women’s Rights and Gender Equality and commissioned, overseen and published by the Policy Department for Citizen’s Rights and Constitutional Affairs. http://www.europarl.europa.eu/supporting-analyses.

\(^10\) Thomas Piketty, *Capital in the Twenty-First Century* (Belknap Press of Harvard University Press 2014).

\(^11\) Michael Förster, Ana Llena-Nozal, and Vahé Nafilyan, ‘Trends in Top Incomes and their Taxation in OECD Countries’ (2015) OECD Social, Employment and Migration Working Papers No 159
An awareness of combining growth promoting tax reforms with analyses and policies on economic inequalities has also grown in institutions that earlier only promoted the one-way message, such as the European Commission (EC), the OECD and the International Monetary Fund (IMF). The changing view is related to the statement in Agenda 2030 about creating conditions for sustainable, inclusive and sustained economic growth.\textsuperscript{12} The change is also related to research and policy reports in these organizations that have combined growth- and equality-enhancing perspectives, resulting in conclusions that inequality in the end will have negative effects on growth promotion.\textsuperscript{13}

The OECD new policy turn was documented in the initiative called New Approach to Economic Challenges, which recommends the adoption of longer-term perspectives in the institutional setting on how economies are shaped by history, social norms and political choices. The new policy is defined as ‘tax design for inclusive growth’ and launches four basic tax principles to support the policy:

- Broadening tax bases;
- Strengthening the overall progressivity of the fiscal system;
- Affecting pre-tax behaviors and opportunities;
- Enhancing tax policy and administration\textsuperscript{14}

The OECD researcher also makes a long list of additional work to develop the concept of inclusive growth. Those most relevant from a human right perspective are on the relation between taxation and gender and on taxes that can strengthen equality of opportunity.\textsuperscript{15} IMF has come to a similar conclusion, when arguing for a policy direction on tax measures to fulfill the 2030 Agenda.\textsuperscript{16}

3.1 Gender equality and inclusive growth
Diane Elson and Marzia Fontana have come to the conclusion that gender-equitable inclusive growth must be growth that does no irreparable harm the well-being of women and men.\textsuperscript{17} Hereby, the inclusiveness concept is in line with the basic principle for sustainability, given already in 1987, that serves well as a human rights perspective. In a report from the World Commission on the Environment and Development, the principle was formulated as stating that future development of the planet would be considered sustainable if the present generation were able to satisfy its own needs, without compromising the ability of future generations to do so as well.\textsuperscript{18} To make tax law a part in the progress in ensuring a sustainable future for its citizens,
five dimensions of tax policies for sustainable tax systems ought to be considered. These are the perspectives of social, economic, environmental, institutional/cultural, and equality.\textsuperscript{19}

Well-being seems to be a central concept for bridging inclusive growth to gender equality. In redressing gender gaps in well-being two aspects of tax policy are regarded as relevant—the distributional impact and the overall level of tax revenues, including both direct and indirect taxation.\textsuperscript{20} The European Parliament has been very straightforward on the issue and stated that gender equality is not only a fundamental human right in itself, but would contribute to more inclusive and sustainable growth.\textsuperscript{21}

3.2. Critique of inclusiveness
However, inclusiveness does not give any direction for how low-income developing countries will be able to raise revenue to cover the additional spending that is necessary to fulfill the SDGs. An estimate from IMF is that these countries in average need to raise an increase of revenue that represents 15% of their GDP.\textsuperscript{22} Based on distributional equity objectives, the inclusive growth paradigm has been criticized for focusing entirely on market-led growth. A central concern is the alienation from the socio-economic realities of middle-income, poor and transition countries. One line of criticism is that inclusiveness has become a recognition of equality of opportunity, a formal access to possibilities, not part of a substantial, system-oriented view on distributional rights.\textsuperscript{23}

In the wake of the pandemic crisis, and the dramatic need for more and new sources of revenue, a much more confrontative, radical approach in the demand for new actions in tax policies can be noticed. The Directorate for taxes and customs in the EU (Taxud) has delivered very strong opinions on tax evasion and avoidance, and the huge sums lost in tax havens.\textsuperscript{24} The untaxed sources of wealth is now in focus and IMF has proposed the introduction of ‘solidarity surcharges’ on wealth.\textsuperscript{25}

4. Legal obligations, political commitments and activism regarding gender equality and taxation
Policymakers usually do not consider gender inequalities when designing tax laws, even though many aspects of taxation have a substantial effect on gender-related socioeconomic inequalities. Assessments of gender equality in taxation often distinguish between explicit and implicit gender bias.\textsuperscript{26} Explicit forms refer to tax provisions that explicitly treat men and women

\textsuperscript{19} Mumford, Ann and Gunnarsson, Åsa. 2019. Sustainability in EU Tax Law 54(2) Intereconomics. Review of European Economic Policy 134-137.

\textsuperscript{20} Seguino, Stephanie, 2019, Tools of Macroeconomic Policy: Fiscal, Monetary and Macroprudential Approaches. In Elson and Fontana.

\textsuperscript{21} European Parliament, Resolution on gender equality and taxation policies in the EU, 2018/20195 (INI), No. 34.

\textsuperscript{22} Gaspar, 2019.

\textsuperscript{23} Saad-Filho, Alfredo, 2010, Growth, Poverty and Inequality: From Washington Consensus to Inclusive Growth. DESA Working Paper No. 100.

\textsuperscript{24} https://ec.europa.eu/taxation_customs/fight-against-tax-fraud-tax-evasion/a-huge-problem_en.

\textsuperscript{25} IMF. 2020. Special Series on Fiscal Policies to Respond to Covid-19.

\textsuperscript{26} Stotsky, Janet G. 1996. Gender Bias in Tax System. IMF Working Paper 99/96, Washington: International Monetary Fund; Barnett, Kathleen & Caren Grown 2004. Gender Impacts of Taxation: A Review of the Literature: Commonwealth Secretariat; Grown, Caren & Imraan Valodia (eds.). 2010. Taxation and Gender Equity: A comparative analysis of direct and indirect taxes in developing and developed countries, London/New York: Routledge; Bettio, Francesca & Alina Verashchagina 2013. Current Tax-Benefit Systems in Europe: Are They Fair to Working Women? In: Bettio, Francesca, Janneke Plantenga & m. Smith (eds). Gender and the European Labour Market. Abingdon/Oxon, 168-198; Joshi, Anuradha 2016. Gender and Taxation. ICTD Annual Meeting, 10-12 February 2016. Addis Ababa: ICTD.
differently. Implicit forms of gender bias describe tax regulations that are written in gender-neutral terms, but affect men and women differently, due to socioeconomic inequalities. The distinction between explicit and implicit bias corresponds basically to the legal concept of direct and indirect discrimination, enshrined in national and international law. Most Member States in the European Union I will in the following discuss the concepts of direct and indirect discrimination on the basis of both legal obligations and political agreements relevant for formal and substantial equality in regard to taxation.

4.1. Direct and indirect discrimination

Direct (sex) discrimination is generally defined as less favourable treatment with an explicit distinction between different sexes. Indirect discrimination refers to apparently neutral provisions, criteria or practices which (might) result in a particular disadvantage for a person of one sex compared to a person of the other sex, due to existing socioeconomic differences. However, non-discrimination alone is not sufficient to ensure substantive gender equality aiming for equality in socioeconomic realities. The concept of indirect discrimination expresses more than just a demand on formal equality and gender neutrality in law and legal practises. Indirect discrimination is also a concept that targets gender-differentiated effects of apparently neutral regulations, caused by different socioeconomic realities. Consequently, it is possible to use indirect discrimination as a transformative instrument, but the transformative impact is limited as indirect discrimination can only be applied to selected policy fields and the definition of comparable situations. Furthermore, disadvantages are acceptable if the regulation is justified by a legitimate aim, and if the means of achieving that aim are appropriate and necessary. Since governments have wide legislative discretion in terms of policy objectives and appropriate means, gender gaps often persist. The positive obligation to ensure gender equality accentuates the necessary change in socioeconomic realities. This requires identifying persisting gender gaps and implementing appropriate measures to overcome them. Achieving equality in outcomes might require positive measures, such as specific advantages for women.

The prohibition of discrimination on grounds of sex and the promotion of gender equality is regulated in the constitution of many national states. Irrespective of constitutional support for anti-discrimination regarding gender, most states in the world are bound by gender equality obligations in human treaties. The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) is of particular relevance to women’s rights. Although the Convention does not explicitly mention taxation, the obligation to prohibit discrimination against women and to ensure substantive equalities applies to all government policies, thus including taxation. Diane Elson was one of the first to apply the CEDAW principles to evaluate direct and indirect taxation in the light of explicit and implicit biases in tax rules, the burden and incidence of taxes, behavioural incentives or responses and the distributional impact of tax on income inequalities.

There are several provisions relevant to tax policies. For instance, CEDAW assigns rights to women as individuals. Neither marriage nor family relations allow for any kind of discrimination. States are therefore required to analyse the impact of taxation on individuals and not only at household level. Moreover, women’s rights to employment and economic independence demands that tax-related disincentives to women’s access to employment should

27 Stotsky, 1996.
28 Gunnarsson, et al, 2017, 16; Grown and Valodia, 2010.
29 Elson, Diane, 2006, Elson, Budgeting for Women’s Rights. Monitoring Government Budgets for Compliance with CEDAW. New York: UNIFEM.
be eliminated. Practices based on hierarchies or stereotyped roles for men and women have to be abolished. The design of tax policies should therefore promote the equal sharing of paid and unpaid work between men and women and not violate the prohibition of discrimination in the field of employment and other areas of economic and social life.\textsuperscript{30}

The Beijing Platform for Action, which substantiates objectives and measures necessary to achieve substantive gender equality, also emphasises the need to analyse tax policies from a gender perspective (e.g. with respect to their impact on poverty and inequality) and to adjust them, as appropriate, to promote a more equitable distribution of productive assets, wealth, opportunities, income and services (Strategic objective A. 1., No. 58b). Furthermore, the relevance of gender analyses is highlighted with regard to national income tax, inheritance tax and social security systems, as well as with regard to the development of economic and social policies (Strategic objective F. 1. No. 165 f and p). The CEDAW Committee has, in the monitoring of the Beijing Platform, come to emphasize the necessity of that governments in the national reports can show progress in the promotion of substantial gender equality.\textsuperscript{31}

The UN Women has also contributed to a strong definition of substantive equality. They claim that the concept should be overarching, calling for women’s full factual equality of opportunities and outcomes in all situations. Progress towards substantive equality for women requires public action on three interrelated fronts: redressing socio-economic disadvantage; addressing stereotyping, stigma and violence; and strengthening agency, voice and participation. Transformation in women’s lives happens when actions along these three dimensions reinforce each other. The international human rights system in general, and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in particular, recognizes the limitations of formal equality in delivering equality in practice. Within the human rights system and its associated treaties, there is strong support for going beyond formal equality and the provision of ‘same treatment’. The concept of substantive equality has been advanced in key human rights treaties to capture this broader understanding: that inequality can be structural and discrimination indirect; that equality has to be understood in relation to outcomes as well as opportunities; and that ‘different treatment’ might be required to achieve equality in practice.\textsuperscript{32}

### 4.2. Political agreements

In addition, there are political agreements that add another layer to the gender equality framework of taxation. The Sustainable Development Goals adopted by the UN at the end of 2015, apply to all policy fields and define specific outcomes which are also relevant for taxation.\textsuperscript{33} The goal for gender equality is comprised of nine specific targets. For instance, ending all forms of (direct and indirect) discrimination against women, recognising and valuing unpaid care and domestic work, and ensuring women’s full and effective participation at all levels of decision-making. Gender is also mainstreamed into other goals, such as ending poverty, promoting sustained, inclusive and sustainable economic growth, promoting full and productive employment and decent work for all, and reducing inequalities within and between

\textsuperscript{30} Elson 2006, 75-76.
\textsuperscript{31} Sources from the CEDAW-Committee.
\textsuperscript{32} UN Women, 2015, Progress of the World’s Women 2015-2016. Transforming Economies, Realizing Rights. New York, 35.
\textsuperscript{33} UN, Resolution adopted by the General Assembly on 25 September 2015, Transforming our world: the 2030 Agenda for Sustainable Development.
countries. The Addis Ababa Action Agenda underlines the relevance of domestic public resources, including the tax system, as means to achieve the SDGs.  

4.2 Activism
The exclusion of women’s socio-economic, everyday life living conditions is a global democratic problem, demanding both political recognition and development of a comprehensive knowledge base. During 2017, a first global convening with the goal to start a global women’s movement campaign on tax justice for women's rights, was held in Bogota, Colombia. A group of activists, researchers and representatives for international organizations drafted a declaration based on the human rights instruments such as the 2030 Agenda for Sustainable Development Goals (SDGs), the UN CSW61 Agreed Conclusions, the Addis Ababa Agenda for Action 35, and the Article 2.1 of the International Covenant on Economic, Social, and Cultural Rights (ICESCR 1976). The view expressed in the declaration is based on a critique on how tax systems, globally, support and create increasing impoverishment and marginalization of women in the economy. The basic message is that the countries of the world needs to create gender responsive fiscal systems to deliver on human rights obligations to their female citizens. In sum the demands are:
- Stop all forms of tax evasion.
- Erase all form of unfairness in the tax burden for women.
- Abolish gender discrimination in tax policies.
- Resource mobilization through tax revenue to increase government investments in programs that improves gender equality such as public education, health, care services, transportation, food security, and housing. These public investments reduce women’s unequal shares of unpaid work and increase women’s shares of market incomes.
- Introduce individual tax systems, as well as social benefits systems.  

5. A theoretical frame for women’s tax justice
Economic inequalities between men and women bring a gendered dimension to policy issues concerning tax equity and social justice. Generalizations about the socio-economic conditions of women are, of course, difficult to make. However, despite the intersections of sex with other demographic factors such as age, race, region and class, inevitable common traits exist in statistical differences between men and women regarding economic status. In general, it is possible to state that men earn more and are wealthier than women. Another notable difference is that women tend to be clustered in lower income groups and have higher poverty rates than men. One variable of significance for differences in accumulating wealth is that women are less likely to have capital gains income and a financial cushion. 37 Nordic studies have also shown that quite separately from the issue of women being underrepresented as company owners, managers and entrepreneurs, the type of business they manage differs from those of men. Normally, women’s companies are livelihood businesses, which produce services and do not attract risk capital. The description ‘livelihood companies’ refers to enterprises that are established with the objective of making a living rather than building a business empire. These types of companies produce a modest profit and have low expectations of wealth accumulation. 38

34 UN, Resolution adopted by the General Assembly on 27 July 2015, Addis Ababa Action Agenda on the Third International Conference on Financing for Development, 7-9.
35 Financing for Development 69/313.
36 https://www.globaltaxjustice.org/sites/default/files/EN_Bogota-Declaration-Tax-Justice-for-Womens-Rights_0.pdf.
37 Kornhauser 2011, Abramovitz and Morgen 2006, Young 2000.
38 Vada 2007: 49–50, Andersson-Skog 2007, xx.
Given these variables regarding differences between men and women one can see that the socio-economic realities of women’s lives must be a part of policy making concerning the manner in which work, entrepreneurship and investments are taxed. But analysis cannot be limited to the income side of the public budget if the full context of women’s economic subordination is to be grasped. The structures of revenue and social transfers are intertwined in welfare state policies. A further important gender aspect is that tax and social security regulations also mirror what the state regards as the preferred way of organizing families and paid productive work on the market and unpaid reproductive, care work in the home, and which social spheres of work should be male and female. Gender studies of taxation provide a critical epistemology which challenges the basic ontological categories, concepts and presumptions upon which tax laws and public budgets are built. Central presumptions about tax fairness and tax efficiency are particularly contested by feminist tax scholars.

6. Gender issues in personal income taxation (PIT)
At first glance, gender aspects of taxation are most apparent in personal income taxation. The basic design of income tax schedules and social security contributions affects the disposable after-tax income and incentives to work. The taxation of personal incomes includes personal income taxes and social security contributions. Personal income taxes capture all kinds of personal income regardless of their sources, in particular income from dependent work and self-employment, profits made by non-incorporated firms, capital incomes (interest and dividend incomes, capital gains), and in some countries also transfer incomes (e.g. pension payments). Social security contributions are paid by employees on incomes from dependent work, sometimes also on incomes from self-employment.

PIT and social contributions on labour constitutes as well as other taxes and charges based on labour income, constitute almost half of overall tax revenues of the EU Member States. In contrast, low income and developing countries raise more of their revenue from indirect consumption taxes.

6.1. Tax schedules and tax base issues
The world-wide trend in tax policies, as described under section 2, has caused considerable shifts in the structure of income tax rates. The progressivity has fallen. The development in the the EU Member States can serve as an example on different tax law reforms that have contributed to reduced progressivity in the income tax system. One line of reform is the introduction of flat tax regimes, in particularly the transforming economies of the “new” Member States. Another trend in tax reforms, reducing the progressivity, is the dualisation of personal income taxation. The system of global income taxation, i.e. applying a directly progressive income tax schedule to all types of income earned worldwide, has been increasingly losing ground in advanced economies during the past three decades. In some European countries it has been replaced by the so-called Nordic dual income tax model, as it was first introduced in some of the Nordic countries. The dual income tax system applies separate tax

39 Young 2000.
40 Apps 2009 Apps and Rees 2009, Gunnarsson 2007, 2011a, Pfau-Effinger 2004.
41 Brooks et al 2011.
42 Gunnarsson et al 2017, 22.
43 Lahey, 2018, s 16.
44 Sørensen 1994; Mutén and Andersson, 1991.
schedules to the individual income sources, taxing capital incomes at relatively moderate flat tax rates, while subjecting other incomes, in particular labour incomes from dependent work and self-employment, to partly progressive income tax schedules. Almost all other EU Member States have dualized their income tax systems by introducing rather moderate uniform tax rates for all or at least some types of capital income. This dualization of income tax systems weakens the redistributive power of income taxation in general. From a gender perspective, dual income tax systems are not able to correct the unequal distribution of capital incomes between men and women, but rather accentuate it. At the same time, the direct progressive tax schedules applied to labour incomes in many countries foresee basic income tax rates at substantial levels, thus impairing work incentives particularly for women.45

6.2. Tax unit issues
A common feature of many income tax systems in the world is the creation of tax wedges and inactivity traps for low income and in particular secondary earners. These are main disincentives to women’s labor market participation. The main reasons are insufficient recognition of child care costs and joint tax provisions in a family or household-based income tax systems.46 A large number of economic studies, based on micro-simulation models prove, that work incentives for women are impaired by joint taxation.47 The joint tax unit, where traditionally the family or the spouses constitute the tax unit, has had a strong justification in the equity principle of ability-to-pay and has supported the breadwinner family model by joint filing, allowing income splitting of the household income and the transferability of own income allowances, basic deductions, and loss reliefs between the spouses. However, when certain transfer payments or tax reliefs are contingent on the intra-household distribution of paid work or household income, so that tax rates for secondary earners entering into or extending employment are higher than for single individuals, tax and benefit provisions create a secondary earner bias leading to risks of getting caught in inactivity and low wage traps.48 In the EU Member States, the majority of working women in couples usually are secondary earners, earning on average about one-third of a couple's joint income.49 This type of joint provision was initially only applied to married couples but has been extended to include other forms of partnership. Replacing the income splitting system by individual taxation would markedly increase female employment.50 The conclusion is that one of the most critical objectives in taxation remains to eliminate tax-related disincentives to female employment and the unequal distribution of paid and unpaid work.

The demand of the European Parliament to the EU Member States, to phase in full individual taxation, including the elimination of tax expenditures and benefits based on joint income, serves as a good example of an important step forward. The same goes for the elimination of tax incentives related to employment and self-employment, that discriminate on the base of

45 Gunnarsson et al, 2017, 21-23.
46 Gunnarsson et al, 2017, 26-32.
47 M. Fink, J, Janová, D. Nerudova, J. Pavel, M. Schratzenstaller, F. Sinderman, M. Speilauer: Policy Recommendations on the Gender Effects of Changes in tax Bases, Rates and Units. Results of Microsimulation Analyses for Six Selected EU Member States, FairTax Working Paper Series 2019, No. 24.
48 F. Bettio, A. Verashchagina: Current Tax-Benefit Systems in Europe: Are They Fair to Working Women?, in: F. Bettio, J, Plantenga, M. Smith (eds.): Gender and the European Labour Market, Abingdon/Oxon 2013, pp. 168-198.
49 Rastrigina, Olga and Verashchagina, A.: Secondary earners and fiscal policies in Europe [Online]. Brussels: 2015, European Commission.
50 Gunnarsson et al, 28, Fink et al. 2019.
gender and the call for a tax system that actively promotes equal sharing of paid and unpaid work, income and pension rights.\textsuperscript{51}

7. Gender issues in indirect consumption taxation

There has been a longstanding debate and increasing concern that the burden of VAT falls disproportionately on women, but there is an overall lack of research based on gender-disaggregated data that can show what impact specific rates and exemptions have in relation to certain consumption patterns. As women are generally over-represented among the poorest in a society and, due to the gender pay gap, are also over-represented in the lowest income deciles, they would spend a higher percentage of their income on consumption compared to individuals in higher income groups. Related is the assumption that women and men have differential consumption patterns and that women are primarily responsible for household purchases of basic goods and services.\textsuperscript{52} This argument was developed with special reference to developing countries where commodity taxes, and in particular VAT, were imposed by the IMF and the World Bank as part of the major structural adjustment programmes connected to investment loans. Potential regressive effects of VAT on basic needs are also at the heart of the present debate on tampon taxes, which obviously are goods only consumed by women. Studies on developing countries show a complex pattern of zero rating, differentiated rates and exemptions of basic commodities, partly questioning and partly supporting a tax policy strategy of using VAT in social and redistributive programmes to support women or fight poverty.\textsuperscript{53}

On average, low income countries collect over four times as much revenue from VAT as from personal income taxes, and middle-income country VAT revenues are rapidly approaching the same level.\textsuperscript{54}

8. Gender issues in corporate income taxation

Corporate taxation is often assumed to have no gender impact, as corporations are legal entities without a specific gender and only taxes on individuals are considered to have an impact on gender equality. This perspective ignores gender differences in ownership of businesses and shares, different business profiles regarding investors, employees, and consumers, and the distributional consequences of the overall tax structure.\textsuperscript{55} Corporate taxation also contains complex issues associated related to transnational corporate income tax practise.

A comprehensive analytical framework to examine gender implications of corporate taxation does not exists; there are only very few analyses of partial aspects to be found in the literature. One factor causing this research gap is the lack of data. A first step to analyse the gender impact of corporate taxation is sufficient gender-disaggregated data with regard to the owners of businesses, shareholders, and employees. Gender impact assessments for tax incentives may also require gender-disaggregated data concerning the size, the year of formation, or the legal status of a company.\textsuperscript{56}

\textsuperscript{51} European Parliament, Resolution on gender equality and taxation policies in the EU, 2018/20195 (INI), No. 5, 6, 10.
\textsuperscript{52} Joshi, Anuradha 2016. Gender and Taxation. ICTD Annual Meeting, 10-12 February 2016. Addis Ababa: ICTD.
\textsuperscript{53} Barnett and Crown 2004; Wanjala and Were 2011.
\textsuperscript{54} Cottarelli, 2011. *Senare källa.
\textsuperscript{55} Women’s Budget Group. 2016. The impact on women of the 2016 Budget: Women paying for the Chancellor’s tax cuts.; Hodgson, Helen & Kerrie Sadiq. 2016. Gender Equality and a Rights Based Approach to Tax Reform. 28th Australasian Tax Teachers Association Conference. Tax and Time Travel: Looking Backwards and Looking Forwards. UNSW Buisness School, Sydney.
\textsuperscript{56} Women’s Budget Group. 2016, 16.
However, some gender aspects of the distributional impact of changes in corporate taxation have been made. It can be assumed that the direct benefit women derive from an increase in after-tax corporate profits resulting from corporate tax reductions is smaller compared to men, as women are considerably under-represented in the group of business owners or corporate shareholders. The taxing for growth policy has also promoted reductions of personal income tax rates on capital income, accompanied by considerable reductions of corporate income tax rates, significantly lowering the overall tax burden on capital income, from which men presumably benefited disproportionately. The tax base or tax liability is often reduced by tax expenditures intended to promote particular activities undertaken by businesses, such as investment in research and development (R&D), or aimed at supporting particular groups of firms, such as small and medium-sized enterprises (SMEs). These kinds of tax incentives take numerous forms, such as higher tax allowances for certain costs incurred by businesses, lower tax rates for business income from certain sources, or for certain types of business. 25 Member States, for instance, are currently using fiscal incentives to encourage investment in research and development. Studies evaluating these kinds of incentives completely neglect gender implications. However, tax incentives granted to firms and business owners, respectively, may exert gender-differentiated effects, if participation rates of women in the particular subgroup of firms differ from those of men. Examples are tax incentives granted to early stage entrepreneurs, among which women tend to be under-represented. Also, firm size and profitability play a role; tax allowances do not benefit firms which are too small to pay tax.57 Data for the UK, for example, show that, on average, businesses owned by women are smaller compared to those in male ownership. Therefore, tax incentives may widen existing gaps between male and female new venture and business creation.58

9. Gender issues regarding tax evasion
Internationalization of economies, have increased mobility of capital and labor, incentivizing tax competition between jurisdictions, but also the behavior of taxpayers expressed in a practice to reduce the tax liability. The international tax arena has opened up for a vast field of tax minimization strategies, which have become a major global issue, containing a multitude of complex problems. Aggressive tax planning, harmful tax practices, illicit financial flows, tax fraud, tax abuse, tax evasion and tax avoidance are tax categories that are used in this tax planning. Formally, most of these tax schemes are legal, but seen as unethical and foremost, not so obedient to the intention to the law. Not all categories are the result of an active tax competition between countries. Some refers to practices that exploits differences between two jurisdictions or using the most favorable tax treaties to the advantage of the tax payer.59 Yet another great threat to revenue raising and redistribution over the fiscal system, are the tax havens, today more correctly defined as secrecy jurisdictions to emphasize the legal characteristics of tax and financial schemes. An enormous amount of the world’s wealth is hidden in tax havens, outside the scope of tax liability in any national state. Not until Gabriel Zucman presented his research on quantifying the hidden wealth, an insight about the enormous sum of revenue loss was reached.60 Secrecy, make it impossible to see the whole picture, but

57 Gunnarsson et al 2017, 35-36; WBG 2016; Lahey, Kathleen A. 2015b. The Alberta Disadvantage: Gender, Taxation, and Income Inequality, Edmonton: Parkland Institute.
58 Women’s Budget Group 2011. The Impact on Women of the Budget 2011.
59 Hearson, Martin, 2014, Tax-motivated illicit financial flows: A guide for development practitioners. U4, Anti-corruption Resource Centre.
60 Zucman, Gabriel, 2015, The Hidden Wealth of Nations
more and more figures are presented, such as a figure from Latin-America suggesting that tax evasion and avoidance did mount up to 6,3% of GDP in the region during 2017.\textsuperscript{61}

After the financial crisis the insights about the need for taking more measures to limit the damaging effects for domestic revenue mobilization in both developed and developing countries have emerged. Not surprisingly, developing countries have, before these crises, been neglected in the multilateral institution driven policy research on tax havens.\textsuperscript{62}

The history of neglect in treating developing countries as equal partners or equally important in the international collaboration necessary to take action against national revenue losses, fuels the already very destructive spiral of legitimacy problem in developing countries.\textsuperscript{63} Post-colonial states in particular have a huge legitimacy deficit, originally related to the use of taxing power as the power to take. An analyze of the fiscal legitimacy situation in African countries, which probably is applicable on many other post-colonial states, are the problems with layers of corruption, cultural, social and economic diversity, poor governance, incoherent and underdeveloped national tax laws, international interference trough aid and loan programs, and maybe most important av very low degree of fiscal re-distribution of revenue for the human well-being of citizens.\textsuperscript{64}

The context of tax evasion has an obvious gender equality dimension, which is expressed by the Bogota-declaration as well as by the UN institutions. The CEDAW Committee has made an interesting statement, when expressing concern about Switzerland’s financial secrecy policies and rules on corporate reporting and taxation, because these regulations have the potential to diminish the ability of other states to mobilise the maximum available resources, necessary for the fulfilment of women’s rights. The committee recommended independent, participatory and periodic impact assessments of the extraterritorial effects on women’s rights and substantive equality, to be conducted in an impartial manner with public disclosure of the methodology and findings.\textsuperscript{65}

Various empirical studies corroborate the hypothesis that company tax competition is one determinant of the above-mentioned shift of the tax burden to less mobile tax bases, in particular to labour incomes and consumption. This tax shift is harmful for employment and growth and has undesirable distributional effects, also from a gender perspective. A serious accompaniment of international/European company tax competition is profit shifting by multinational enterprises to minimize corporate tax payments and exploiting nominal tax rate differentials or making use of special tax regimes including “treaty shopping”. As already mentioned, profit shifting is indeed taking place on a large scale. Again, corporate tax losses need to be compensated by increases of taxes on less mobile tax bases, which tend to burden women disproportionately.\textsuperscript{66}

\textsuperscript{61} Fiscal Panorama of Latin America and the Caribbean, 2019.
\textsuperscript{62} Cobham, Alex, 2012, Tax Havens and Illicit Flows. In Reuter, Peter, Draining Development? Controlling Flows of Illicit Funds from Developing Countries. The World Bank.
\textsuperscript{63} South Centre Tax Initiative and the Global Alliance for Tax Justice. 23 July 2020. Webinar on Tax Policy Options For Funding the Post-COVID Recovery in the Global South.
\textsuperscript{64} Waris, Atiyya, 2019.
\textsuperscript{65} CEDAW/C/CHE/CO/4-5 (2016), para 40 c.
\textsuperscript{66} Gunnarsson, 2017, et al, 36: Lahey, 2018, 38.
10. Conclusions

Gender differentiated outcomes of tax policies result from fundamental tax policy rationales and objectives, influenced by an interpretation on what constitutes optimal taxation for economic growth. It postulates that tax neutrality should be a guiding principle for the ultimate goal of taxing for growth. By concentrating only on avoiding excess burdens of tax law on the economy, other tax objectives and principles, such as fairness linked to redistributive aspects of taxation, have been neglected. However, this tax trend development has deeper economic, social and cultural impacts. A thorough understanding of gender aspects in tax policies, the implementation of legal and political requirements and the realization of gender equality require many reforms and further research to improve the knowledge base. It is not enough to only address the underlying socioeconomic differences as one reason for gender differentiated outcomes of the tax system. A call for changes in the tax system itself is also necessary.

A consolidated concept of fair and sustainable tax bases is a key issue in a human right driven transformation of society, which is central for promoting gender equality through tax reforms. To adequately address gender aspects in taxation, it is also important to tackle the many research gaps. Further research is for instance needed concerning gender-differentiated distributional effects of net wealth, property taxes, inheritance taxes, value added taxes and excise taxes, corporate taxes, tax expenditures and gender-differentiated allocative effects of corrective taxes. Research should also address compliance of tax measures with legal gender equality obligations. Although data on the taxation of labour incomes are readily available, most tax data are collected on a household level only. There is also a lack of gender-disaggregated data related to taxation of wealth, capital incomes, business, and consumption, on tax compliance and tax fraud issues.