

Reduce unfair tax burdens on women



1. Why do we say that VAT is a regressive tax?

VAT is usually a regressive tax because it applies equally to everyone, regardless of their income. This means that the poor pay proportionately more taxes than the rich and are, therefore, subject to an unfair burden. In fact, those who earn less tend to spend a greater proportion of their income on consumption. All the consumption data in different countries indicate that women tend to spend more than men, in proportion to their income, in buying basic need items such as food, clothing, school supplies and medicines. Besides, there are products like those related to feminine hygiene in which the tax burden is borne almost exclusively on women.

Consequently, VAT affects women more and differently than men. In developing countries, income from VAT represents a substantial proportion of total tax revenues, close to a quarter. However, if a public policy's priority and objective is to narrow the social inequality gap, then many basic goods should be exempted so that a lower tax rate can be applied to different consumer items. This could make VAT less regressive. Removing VAT on feminine hygiene items is among the first and most direct steps towards reducing unfair tax burdens on women.

2. What is the "pink tax" or the "tax on women"?

This tax refers to the fact that market products such as clothing, food or hygiene for women are more expensive than those for men. In fact, many so-called "personal hygiene" products show a substantially higher prices when they are for women; however, higher prices that do not apply when the same products are for men. Further, this way of discriminating against women — prohibitive prices that limit women's access to certain goods — is not only present in these products. A recent report from the gender observatory of the Center Political Economy in Argentina (CEPA) warns that "in the cases of practically identical toys, the "feminine" versions showed a surcharge of between 3% and 300%. But there were no cases in which there were surcharges in the male version." Gender inequality crosscuts different age groups. Being a woman, girl, adolescent, adult or older adult has an extra cost. The woman always pays a higher cost in almost every way.

The Gender and Economic Justice Group of Colombia carries out regular research on the country's economic situation of women. In 2015, the group conducted a study "Tax Policy and Gender: the crisis should not be loaded on women". The document confirms the existing gaps in budgetary and tax policies that generate greater inequality between men and women. The study also reveals how ignored issues such as "pink taxes", and VAT on hygiene pads, tampons, etc. affect women. In 2016, the Group conducted a research on the cost implications of menstruation in Colombia and came up with remarkable results. On average, women menstruate for forty years, in monthly cycles of 28 days5 of which are with bleeding. A woman would require, on average, 25 towels or tampons monthly, 300 per year and 12,000 throughout life. In Colombia, there are 13,295,845 girls and women between 10 and 44 years of age who pay an average of \$ 95,000 annually for sanitary towels and/or tampons, which cost about a total of \$1.26 trillion. Given this amount, the annual contribution of women for VAT on sanitary towels and/or tampons amounts to the sum of \$202,097 million. These data make evident that the VAT on costs related to menstruation violates the principle of equity since it specifically affects women, who tend to have less economic capacity because of their limited access to economic resources. The VAT on items related to menstruation thus affects the minimal vital income of women since they must buy these products by sacrificing other needs. The study concludes that the Colombian tax system discriminates against women by making them bear a greater tax burden due to their sex and that disposable sanitary pads or tampons are considered as luxury items and are therefore not included in the basic market basket.

3. How to make taxes improve women's lives?

Certainly, exemptions and lower tax rates for basic items are a way to reduce the VAT burden. However, these measures have limitations in terms of redistribution of income. Redistribution can only be part of an overall public policy and government budgetary allocation that promotes investment in adequate public services to reduce economic, social and cultural inequality between men and women, while actively combating violence against women.

The impact of tax giveaways to the private sector on women, especially through special economic zones, must also be mentioned here. The flexibilization of working conditions and the lack of adequate social protection in these zones impact women differently and more. Because of their structurally determined social, economic and cultural vulnerability and lack of formal jobs, more women are forced to work in these zones under precarious conditions.

In conclusion, it is widely acknowledged that women earn less than men while performing the same tasks, devote much more time than men to unpaid care work, and pay more VAT simply due to being women. In times of "structural adjustment" and austerity measures, women are the first to be affected by cuts in public spending. These measures inevitably aggravate the inequality gap between women and men instead of reducing it.

A fair tax policy should aim to improve the quality of life of all the people. To be able to do this, the needs of those whose rights have been neglected for long should be prioritized.

For a redistributive and fair fiscal policy to prevail, we must make taxes work for women.