



Gender, Tax Reform and Taxation Cooperation Issues: Navigating Equity and Efficiency under Policy Constraints

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I. Introduction

Fiscal policy has been a quite well researched and discussed topic in the context of gender equality and women's empowerment. In this struggle for gender justice, feminist economic and policy analysis and group activism has rightly focused upon bringing to light the gendered nature of fiscal expenditures as well as the extent to which governments allocate resources designed to promote gender equality. However, there has been much less literature and organizational activities focused on recognizing and detailing how the discriminatory impacts of tax collection

measures may adversely impact gender equality and women's economic advancement in developing countries.

Fiscal spending policy can be fine-tuned to help support broad-based initiatives as well as targeted gender equality-oriented *interventions* such as those directly designed to promote *gender equality*. These include *funding programmes and projects* that provide skills to women and girls to help them navigate economic and labor market challenges and for programmes that seek to address historical gender-based discrimination and violence against women (Grown et al., 2006 and Williams, 2007). Non-targeted gender

Abstract

This policy brief has sought to present a review of the state of thinking and research on a pressing issue of the day: tax reform and tax cooperation and its gendered impacts. There is undeniably widespread agreement amongst all the entities of global governance with responsibility for a role in macroeconomic, financial and trade policies that gender equality and women's empowerment are important to sustained growth and development. Increasingly, these same voices are articulating and researching on how fiscal policy both on the budgetary and on the revenue side can be made more efficient, gender sensitive and gender responsive. Taxation is the latest area of focused attention in this regard. There is now a quite strong body of work, including case studies, that demonstrates how the tax system can work to the disadvantage of socio-economic development and social goals including gender equality and women's empowerment.

La présente note d'orientation a pour but de présenter un état de la réflexion et de la recherche concernant la question brûlante des réformes et de la coopération en matière fiscale et leurs incidences en fonction du sexe. Il existe un consensus clair au sein des structures de la gouvernance mondiale qui jouent un rôle dans les politiques macroéconomiques, financières et commerciales selon lequel l'égalité des sexes et l'autonomisation des femmes sont essentielles pour garantir une croissance et un développement durables. De plus en plus des voix s'expriment et des recherches sont entreprises sur les moyens permettant de faire en sorte que les politiques fiscales, tant du point de vue des dépenses que du point de vue des recettes, soient plus efficaces, tiennent davantage compte des questions de genre et intègrent la dimension homme-femme. La fiscalité est le dernier domaine qui fait l'objet d'une attention particulière sur ce point. Il existe aujourd'hui un corpus de travaux plus que solide, y compris des études de cas, qui démontrent que le système fiscal peut nuire au développement socio-économique et aux objectifs sociaux, qui incluent l'égalité des sexes et l'autonomisation des femmes.

Este informe de políticas tiene como objetivo presentar un balance de la opinión predominante y la investigación sobre un tema apremiante de la actualidad: la reforma y la cooperación tributarias y sus repercusiones en las cuestiones de género. Entre todas las entidades de gobernanza mundial responsables de desempeñar un papel en las políticas macroeconómicas, financieras y comerciales existe indiscutiblemente un amplio consenso acerca de la importancia de la igualdad de género y el empoderamiento de las mujeres para lograr el crecimiento y el desarrollo sostenidos. Cada vez más, estas mismas voces están articulando e investigando de qué forma la política fiscal, tanto en materia presupuestaria como de ingresos, puede ser más eficiente y sensible a las cuestiones de género y tener en cuenta el género. La tributación es el último ámbito en que se está centrando la atención a este respecto. Actualmente, existe un corpus de trabajo bastante sólido que incluye estudios de caso y demuestra que el sistema tributario puede perjudicar el desarrollo socioeconómico y los objetivos sociales, como la igualdad de género y el empoderamiento de las mujeres.

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equality (NTGE) projects and programmes are those that seek to address the broader environment, such as community-based infrastructure and activities that help to reduce the burden of care often experienced by women (Grown et al., 2006). The growing and maturing work on gender responsive budgeting (GRB) has been the result of decades-long activism that has focused on ensuring and enhancing such fiscal spending policy initiatives.

While gender-oriented analysis and activism regarding tax-related policies were given less attention in previous periods, this is changing rapidly. Even as the post-2030 agenda emphasizes domestic resource mobilization as being critically dependent on optimizing tax revenues, the present era's 'taxing for growth' initiatives are being driven by reduction of corporate taxes. This inevitably raises questions of tax equity and efficiency, and these concerns are being discussed with ever-increasing urgency. Optimizing tax revenues is vitally important for promoting development and addressing critical gaps in areas such as health, education, basic infrastructure, access to modern energy services, electrification and water. Hence, developing-country governments are ramping up efforts including shoring up their tax base, reforming tax laws and increasing revenue collection efficiency. Unfortunately, in far too many cases, the shift is towards regressive tax measures such as value-added tax (VAT) or goods and services taxes (GST) instead of raising corporate, property, other income and capital gains taxes. Additionally, efforts have turned to imposing taxes on the informal economy, with adverse implications for many women-owned micro- and self-help organizing activities.

Furthermore, fiscal de-centralization has compelled many local governments to rely increasingly on their own sources of revenues. These often include implementation and collection of various points-of-service payments such as user fees, so-called market and informal taxes or rents (taxes outside the statutory laws) which are burdensome to the poor (Joshi, 2017 and Capraro, 2016). While not strictly taxes, in the classical sense, these forms of fee collections have a tax-like effect and often substitute for 'taxes'. These include protection payments to local police and vendors paying to use sidewalks (Joshi, 2017). Thus individuals and households are forced to pay local governments, or non-state actors on behalf of local governments in order to access services (Joshi, 2017). In particular, women and girls are adversely affected by these distributional effects as their small businesses are the main users of sidewalks and other informal market set-ups. Furthermore, the services they provide are important for the functioning of the households and are paid by the households (Joshi, 2017).

As developing countries increasingly resort to VAT/GST combined with the growing awareness of issues such as capital flight and illicit financial outflows that rob their domestic treasuries, developing countries are expressing a strong and growing interest in taxation

and justice and tax and gender issues. Developed countries have made some attempts at reforming their tax codes to eliminate some of the more pernicious forms of gender biases. These reforms were spurred in part by a 1984/85 European Communities (EC) report on income taxation and equal treatment for men and women and a subsequent 1997 International Monetary Fund (IMF) paper on gender biases in tax systems. While a few developing countries have yet to make strides to enact similar measures, slowly and over time, some work on these issues has been taking place in selected countries throughout Africa, Asia, Latin America and the Caribbean as part of taxation reform efforts.

Overall it is therefore important to appreciate the full nature and extent of these trends and to better understand to what extent actions to promoting gender sensitivity and responsiveness in tax systems help to expand the tax base as well as to explore whether to (en)gender¹ tax policy in developing countries. These efforts in turn, may be constrained by tax breaks, corporate tax reduction agreements² and the rules of international financial and trade/investment agreements. Ultimately, there is the issue of whether adverse gender effects of tax laws may undercut programmes geared towards promoting gender equality on the government expenditure side (Joshi, 2017) and to what extent tax reform, including international cooperation, takes into account women's voice and visibility in tax administration matters.

This policy brief provides a brief survey of the policy literature on gender and taxation issues and considers how these issues are relevant to and are being taken on board in developing countries' tax (reform) policies as well as with regard to regional and international tax cooperation.

Section II briefly summarizes the current thinking on gender and taxation from the points of view of feminist economics.

Section III presents an overview of how this issue is implemented at the policy level in both developing and developed countries, linking national tax structure and public policy on gender justice. Section IV rounds out the analysis with selected snapshots from developing countries.

Sections V and VI briefly explores the relation between tax justice and gender justice from the standpoint of illicit financial flows/tax avoidance and evasion and highlights issues in gender and tax cooperation.

II. Gender and taxation from feminist economics points of view

The area of revenue and sourcing—tax policy and tax code and tax administration— and its role in steering and allocating resources, including labor, and its gendered dimensions are now widely discussed. This has been heightened with a renewed focus on the advocacy areas of capital flight³, tax avoidance⁴ and illicit financial flows which have been documented to have a serious impact on

the social and economic development of developing countries.⁵ These outflows also constrain developing countries' fiscal and policy space (due to loss of public revenues), impeding efforts to respond to internal demands (both for public and private investment and for infrastructure building) and can contribute to the weakening of state institutions, thereby increasing corruption and rent-seeking behavior (Herkenrath, 2014; Ndikumana, 2014; OECD, 2013). In addition to the draining effects of these outflows, developing countries must also struggle to meet increasing international obligations with regard to social and economic development, and environmental and climate issues.

The tax revenue leakages from capital flight, tax avoidance and illicit financial flows all have social, environmental and economic and equity costs: they limit the fiscal space available to a government to carry out its core mandate of economic and social development. Governments require public funds to address poverty eradication, fund infrastructures, ensuring social protection and the availability of education, health care and affordable access to clean water and modern energy services to its population, especially the poor. Adequate and growing revenues are also important and necessary for promoting gender equality and women's economic empowerment.

In particular, for developing countries, these tax leakages and illicit financial flows hamper a government's ability to promote and ensure human rights – civil, political, economic, social, and cultural, and the right to development, including the provision of essential public services. These outflows heighten the issue of equity (whether the tax system is fair to everyone) and whether the tax enhances or diminishes the overall welfare of those who are taxed as well as efficiency loss of the functionality of the tax system (Tanzi and Zee, 2001).⁶

In the face of declining trade and other taxes (due to trade liberalization and neo-liberal approaches to tax reform promoted by the International Financial Institutions, such as the IMF and the World Bank), there continues to be rising demand for indirect taxes as a significant source of revenue streams for governments in developing countries. These sources of revenue have social and gender-equity dimensions, particularly in developing countries where a large proportion of government revenue accrues from non-income taxation.

In her 2014 report, Magdalena Sepúlveda Carmona who was the Special Rapporteur on Extreme Poverty and Human Rights argued that fiscal policy, and particularly taxation policies, are a major determinant in the enjoyment of human rights. She underscores that "taxation is a key tool when tackling inequality and for generating the resources necessary for poverty reduction and the realization of human rights, and can also be used to foster stronger governance, accountability and participation in public affairs". Carmona also argues that the principles of non-discrimination and

equality as well as the duty of international cooperation and assistance should inform taxation policies at the global and national levels. Carmona's contentions go straight to the heart of the issue, namely how justice and equity must be addressed in any taxation reform. This is certainly the starting point of feminist economists and gender experts who have begun focusing more attention on arguing for gender justice in the area of tax reform and tax cooperation. The political economy of gender as it relates to the theme of gender and taxation is grounded in the following three pillars of analysis.

First, women are the predominant, responsible party for social reproduction, broadly including care work (including housework, the collection of water, firewood, etc.)⁷ and socialization of children and the care of the elderly or infirm (Laslett and Brenner, 1989). Feminist economics focuses attention on the unequal gender relations and the gendered division of labor in these social relationships and how they affect economic outcomes. A significant aspect of this analysis is the identification of the care economy as the country's foundation of social and economic organization (and indeed the global economy). Social reproduction is the bedrock of human development and human capital formation; thus the household economy is inextricably woven into the economics of production, productivity and growth.

The United Nations (UN) High-Level Panel on Women's Economic Empowerment makes the empirical argument that globally women perform 2.5 times more unpaid care and domestic work than men and that this work is valued at about US\$ 10 trillion or 13% of global gross domestic product (GDP) per year (UN, 2017). Women's and girls' time are constrained by these activities, lessening their involvement in other productive, income-earning activities and/or taking advantage of educational opportunities; they hence suffer from time poverty which may result in decreased well-being and adverse health outcomes (Hirway, 2015; Sepúlveda, 2013 and; Antonopoulos, 2009).

Taxation policies can help to decrease these effects by promoting resource flows for public spending on services such as water, sanitation and health care. Where this does not occur, girls and women must fill the gaps in public services with unpaid or low-paid care work (Donald and Moussie, 2016). This contributes to the infamous double burden of unpaid and paid work performed by women that subsidizes the monetized economy (Hirway, 2015 cited in the UN Secretary-General's (SG) High-Level Panel on Women's Economic Empowerment Report 2017).

Second, women's continuing and pervasive lack of economic equality and access to tangible and intangible economic and social resources continues to be a driving factor behind their lack of economic advancement. A tax system that does not address these conditions by developing and implementing ameliorative measures leaves women further disadvantaged. The World Bank's 2016 Report on Women, Business and Law stated that of 173 economies surveyed, 155 have at least one law impeding women's

economic empowerment (World Bank, 2015). The UN SG's High-Level Panel on Women's Economic Empowerment 2017 report flags that globally, women lack access to tangible (real estate, farmland, housing/building) and intangible economic and financial assets (bank accounts, access to credit, etc.) and that women are paid twenty-four percent less than men; around the world, forty-two percent of women and girls are outside the financial system (Demirguc-Kunt et al., 2014). The Organisation for Economic Cooperation and Development (OECD)'s Social Institutions and Gender Index (SIGI) 2014 edition highlights that women have equal ownership, use and control of properties in only 37% of 160 countries and the United Nations Environment Programme (UNEP)'s Global Gender and Environment Outlook (GGEO) report 2016 flags that 4% of countries have laws that prevent women from owning and controlling property (UNEP, 2016).

Third, furthermore, the persistent wage discrimination and disparities in working conditions and remuneration prevent women from accruing the income and assets that are important for promoting economic empowerment. The UN SG's High-Level Panel on Women's Economic Empowerment reports that globally women are paid 24% less than men. Due to gender biases, women continue to predominate in the informal sector with its precarious working conditions and low pay. Women also tend to be clustered in low-productivity and low-wage (and in some cases, unpaid) sectors of the agricultural and informal economy. Women in the labor force are also limited in terms of access to promotion and access to jobs with 'workplace authority' in terms of operation and personnel functions which are on the frontline of managerial positions.

As a result of these three-pillar analyses, feminist economists argue that tax and gender is important for improving the substantive equality for women (Joshi, 2017 and Lahey, 2018). The feminist political economy approach is increasingly linked to the advocacy around tax justice. Feminist scholars and activists are therefore focusing more of their efforts in analyzing and highlighting how tax laws shape the lives and overall economic empowerment of women and girls. In addition, attention is being focused on the impact of women's and men's access to property, income and public services. More specifically, economists are scrutinizing the nature of the unit of taxation, the types of taxes and their distributional effect on women and men. As a result, there has been the development of a call for having a gender sensitive tax code and policy; and gender responsive tax reform and tax cooperation, including taxing for sex equality and structural economic equality measures and ensuring an equitable tax base.

III. Why is gender and taxation important?

Taxation codes, regulation, the treatment of the tax payer, allocation of consumption taxes, etc. – the design of tax system – are not gender neutral and may have ex-

PLICIT biases that disadvantage one gender over another. Tax policies and how they are implemented also include effects on decisions regarding the nature and scope of employment, asset distribution, wealth accumulation, well-being/welfare (for example, in the case of divorce) as well as overall distributional impacts (distribution of income between women and men).

As regards the labor market, the literature shows that discrimination in personal income taxation, for example, directly affects labor supply and other behaviors. This is so, for example, when a higher marginal tax rate is applied to the lower-wage earner's income in a joint-filing income tax regime. Since, in many cases, it is the women's income that is so often adversely affected, research shows that some women may find it not at all beneficial to work, especially if the trade-off is higher costs for child-minding, either through day care/crèche and/or other out-of-pocket expenditures. This may therefore discourage female labor force participation (see for example, European Parliament 2019a/b, IMF, 2018, and Dabla-Norris and Kochhar, 2019).

Exploration of the deep equity and fairness issue in this area with regard to gender was first broadly highlighted at the policy level in the 1984/5 European Commission paper, which persuaded some Member States to switch to an individual taxation system. It called for a fully independent taxation system with a view to achieving equal treatment of men and women, or at least, in order to allow a separate assessment as an option. Since then, many global governance institutions such as the IMF (see Stotsky 1996; 1997; and 2016), the World Bank (2012), the Commonwealth Secretariat (see Barnett and Grown, 2004) and the International Development Research Centre (IDRC) (see Grown and Valodia, 2010) have been paying attention to the subject. However, international non-governmental organizations (NGOs) such as the Tax Justice Network have been the most ardent advocates on this issue. Their work culminated in the *Bogota Declaration on Gender and Tax Justice 2017* agreed to by feminist economists and gender advocates in a meeting on Gender and Tax Justice in Bogota, Colombia in 2017 (<https://bit.ly/2IXULWm>).

III.1. Issues arising in the conceptual and methodological debates and discussions on gender and taxation policies

The recognition and acceptance of the link between gender and taxation as well as the fact that tax policies have gender discrimination and biases, which began in earnest in the 1980s, have been increasingly empirically validated (Barnett and Grown, 2004; Birchall and Fontana, 2015; GTZ, 2015 and Lahey, 2018). Many countries have begun to revamp and reform their tax systems to eliminate explicit gender discriminatory provisions, in particular, with regard to personal income taxes, though multiple forms and types of implicit gender biases may remain.

All national tax systems have the same basic traditional categories: direct taxes on income and wealth (personal taxes, corporate taxes and wealth or inheritance taxes);

indirect taxes on consumption (VAT, GST, etc.); excise taxes (alcohol, tobacco and selected taxes); property taxes (land, housing, cars, boats, etc.); and trade taxes (import or export duties).

While these taxes have varied functions, their general purpose tends to be the primary fiscal or collection of revenue even as some may have regulatory or behavior adjustment objectives. Ultimately, these taxes will have allocative effect in terms of labor supply (especially with regard to the distribution of paid and unpaid work as it relates to women). Taxes have been imposed primarily on formal market sector and activities but the increase in the growth of the informal sector has led governments to seek to include that sector and activities under tax collection mandates. Since in many countries women tend to dominate in the informal sector, this approach has tremendous gender equity dimensions.

Gender biases may also be explicit or implicit in tax code and applications

Explicit biases are more prevalent in the personal tax system which developed around assessments of filing based on a person's status as single (individual) or married (joint).

Examples of **explicit biases** include specific provisions in tax regulations or tax codes that treat women and men differently (Stotsky, 1997; Joshi, 2017 and Lahey, 2018). It is argued that explicit differentiation is to be found more with regard to personal income taxes than elsewhere. The typical example here is joint filing by married couples where the woman's income is taxed at a higher marginal rate (Capraro, 2014). This is increasingly being phased out in many national income tax systems as with widespread recognition that such explicit discrimination tends to be unfavorable to women, relative to men. As argued in the above section, these discriminatory biases tend to affect women's decision whether to work and how much to work, personal consumption and tax liability and ultimately women's and their households' well-being and welfare.

Implicit biases in tax systems are often to be found in provisions that seemingly do not discriminate between men and women but have unequal impact. For example, taxes on goods purchased mostly by women for domestic work (e.g. paraffin for cooking) (Joshi, 2017), or taxes on goods such as cigarette or alcohol purchased more by men. Such regulations or provisions are linked to social arrangements and economic behavior that have different implications for men and women. These policies have multiple aspects of value judgements, prevailing social mores and cultural aspects and may be operational at different points in time within the same society.

Gender biases with regard to the type of taxes

Direct taxes: Direct taxes refer to taxes paid directly to the government by taxpayers. These include personal income taxes, wealth taxes, estate or inheritance taxes, gift tax, etc.

Personal income taxes (PIT) include multiple dimensions such as filing status—individual, joint, head of households; exemptions; deductions; etc. Individual filing status is held to be more gender equitable than joint filing as with joint filing the lower income is taxed at a higher marginal tax rate. Due to gender bias in education and the labor market in some economies women tend to fall in the lower-income category relative to men. On the whole, direct taxes, especially within a progressive tax structure, are more favorable for women as a group relative to men. Gender negatives in direct taxes can stem from the nature of exemptions and who benefits more from these. Generally, such exemptions may favor men given their ability to use exemptions as business owners, shareholders and homeowners.

Direct taxes, however, can be subject to issues of tax evasion and high administrative costs. Direct taxes can be a hedge against inflation and can be used to promote more equality and be better allocative effective, if utilized in a pro-poor and pro-gender-friendly manner. There are also gender-related challenges about how to allocate income from jointly-owned assets and how to allocate income from joint household activities such as child care. And, as noted above, joint personal income taxes are less gender equitable, though this is less of a challenge in many developing countries, given the low rate of women's labor force participation in the formal economy. Nevertheless, it does exist (Grown and Valodia, 2010). Direct taxes can also be source of explicit biases such as when exemptions apply to men but not women; or because of underlying gender status which classifies men as head of household and women as dependents. Or, in the case where women's (the wives') income is treated as secondary and hence taxed at a higher marginal tax rate. As earlier noted, these policies may discourage women from labor activity. Thus, women will tend to perform more unpaid work.

Corporate income taxes (CIT): Current trends toward lower corporate tax rates (part of the "taxing for economic growth" approach) have led to divergence between PIT and CIT to the disadvantage of poor taxpayers as more high income taxpayers can incorporate personal sources of income (Lahey, 2018). Other issues include the treatment of exemptions and deductions in the form of tax incentives and/or tax holidays. Transnational corporations (TNCs) can shift profit to generate low or zero corporate income; they also benefit from tax holidays and special tax regimes. These policies tend to be disadvantageous to women at the group level and tend to favor men on the whole since men are more likely to be owners and shareholders of incorporated enterprises (Lahey, 2018). Women's businesses are more likely to be small-scale and unincorporated and so do not benefit from CIT rates and capital gains exemptions. In fact, it may be the case that women's unincorporated businesses are taxed more at the rate of PIT and social security tax systems. Another important impact of corporate tax policies is the loss of revenue due to tax cuts, which severely impacts a government's fiscal space for providing public services. Hence women, low-wage earners or others living in poverty suffer disproportionately from consequential fiscal austerity programmes which include reformed VATs

and simplified business tax regimes that effectively raise new revenues from micro, small and medium enterprises (MSMEs) and the informal economy. This is now a trend in many developing countries and nowadays, many developing countries source twice as much of their revenue from VAT than they do from corporate income taxes (Lahey, 2018).

Tax allowances for small entrepreneurs: Women tend to purchase more goods that contribute to health, education and nutrition (relative to men) so women often bear much of the burden of VAT. This is notably so, if there are no exemptions (from VAT, for example, for education expenses, public road and rail transport fees), reduced rate or zero-rating⁸. In order to promote more equity with VAT, tax authorities should take measures to reduce the burden of VAT on women's small business including compensating subsistence, informal and small business owners for VAT paid to their suppliers (Lahey, 2018) as well as an increase of tax on luxury goods that support high-income lifestyles.

Excise taxes: These taxes tend to have more implicit biases than broad-based consumption taxes. For example, taxes on alcohol, tobacco, depending on consumption preferences, may tilt unfavorably against men as more predominant consumers of such products. But ultimately such taxes also impact household budgets and may have adverse impacts on women and girls. Additionally, preferential treatment of particular consumers or producers of a specific good or service, such as non-profits that serve the poor and which may be predominately female-headed households (or more oriented towards women with children) may be seen as biased against men's interests.

Customs duties: These taxes on cross border flows of goods and services strongly influence patterns of development; their nature and implementation can determine which industries or sectors are favored, and who dominates that sector (Capraro, 2014 and Stotsky, 1997). For example, duties can discriminate against low-tech goods and may hence be biased against women who dominate that sector.

Gender biases with respect to indirect taxes

Though all forms of direct taxes have some gender inequity dimensions, unless otherwise reformed, nowhere are the negative impacts of taxes on women as dramatically adverse and iniquitous as with indirect taxes (IDT).

The literature suggests that a wide variety of taxes, tax codes, tax regulations results in indirect taxes (which substitute for broad sales taxes and/or import duties⁹) that impact the purchase and the production of goods and which may have implicit gender biases (hence they are not gender neutral). These include:

Broad-based consumption taxes such as VAT which depending on the choice of goods covered, impact the different consumption patterns of men and women. As

noted previously, women tend to purchase more goods that are for health, education and nutrition (relative to men) so bear much of the burden of VAT, if there are no exemptions, reduced rates or zero-rating.

As a result of the above realities, numerous case studies make very strong criticisms of VAT on the basis of gender. Generally, it is argued that VAT imposes undue burden on the poor, the majority of whom are women. Thus, VAT often is viewed as a regressive tax that unfairly targets women. For example, in Uganda, an imposed VAT on sanitary pads was reported to result in girls not being able to afford these items (Makinana, 2016 and Parliament Reporter/Parliament Watch, 2017). Therefore the VAT effectively assumed the form of a penalty that was reported to be associated with a high drop out of girls. This was a public policy dilemma for the country and the consequential public outcry against the VAT led to the government withdrawing its imposed 18% VAT on sanitary pads. Furthermore, there are many other products whose pricing is discriminatory or differentiated for different consumers according to gender (Insurance, for example, is generally cheaper for women, and some children's goods have different pricing depending on who the targeted consumer is; in terms of sex and color of certain items (boy, blue and cheaper; girl, pink and more expensive—the so-called pink tax that women end up paying).) These are the specific kinds of differential impacts that tax administrators should scrutinize when reviewing their tax codes. But a more nuanced approach must be taken in assessing the gender discriminatory nature of indirect taxes. Grown and Valodia's (2010) gender and taxation country studies show that in four countries the incidence of indirect taxes (IDT) was highest on male-headed households.¹⁰ Additionally, it is important to try to account for the overall net effect of IDT (in terms of its contribution to total government revenue and total spending) on women and men. IDT that contribute to spending on services that may disproportionately benefit women have to be considered in making judgements about IDT in a particular country.

III.2. Taxing the informal economy: local government taxes, market taxes and gender

As noted previously, governments in developing countries are increasingly finding ways to tax the informal business sector activities—including subsistence agriculture, unregistered cash or barter business or employment activities (Lahey, 2018). Women are the majority of the actors in this sector; they comprise 50-80% of such actors, so much of this tax policy impact will be borne by them. Lahey (2018) identified three basic methods of taxing informal business: negotiated fixed tax regimes that target micro businesses such as florists, beauty and hairdressing services (see Latvia); simplified turnover taxes which attached a fixed rate on gross business receipts for small and medium enterprises (SMEs) (see Cameroon, Malawi and Kenya); and flat or scaled presumptive taxes on entities such as transport operators. While, as noted by Capraro (2014) and Lahey (2018), the gender effects of these types of taxes are not yet well documented, "they risk

over taxing those operating at the margins of profitability” (Lahey, 2018, p. 39). This is because, in addition to the fact that taxes on the inputs on goods (food, beverage and textiles) normally traded by SMEs tend to have higher taxes imposed upon them than those in male dominated sectors, the taxes in the informal sector may also over estimate gross receipts from the sales of goods. Additionally, negotiated tax frameworks can involve intimidation and sexual harassment of women business owners. This has been infamously the case with regard to customs taxes in Africa and elsewhere (Capraro, 2014; Lahey, 2018 and Joshi, 2017).

In some developing countries, so-called ‘market taxes’ are fees levied on market activities. These may include roadblocks for entry on market days and other kinds of market-impeding measures such as charging for hawkers’ licenses being applied to informal and small business sectors. These fees are identified as disproportionately targeting women, when most market trades are carried out by women. These forms of local taxation are more likely to occur in low income countries in Africa where local governments do not have many varied sources of income (Joshi, 2017 and Capraro, 2014). Presumptive taxes imposed on the informal economy may differ by sectors (hairdressers, taxi services, etc.) and can have different effective tax rates (Joshi, 2017 and Capraro, 2014). Actual tax enforcement may differ according to the gender of the taxpayer especially at the local government level.

IV. Linking national tax structure and public policy on gender justice - Selected case studies from the South and North

In general, both developed and developing countries have been reforming tax codes and tax laws to eliminate explicit biases and to mitigate implicit biases in their tax systems. Approaches to reform may vary, but generally tend to include reform of tax laws and policies to eliminate gender bias and to improve the role of women in tax administration itself. Tax policy reforms may include shifting from joint to individual taxation system, attempts toward tax gender neutrality and the integration of issues such as gender-sensitive revenue incidence analysis, research to increase knowledge about the link between gender equality and revenue raising or tax policies. An emerging area of controversy occurring across all countries is the advocacy from civil society, women’s rights activities and tax officials to eliminate the so called ‘pink tax’ (VAT levied on products primarily consumed by women and girls such as on sanitary towels, tampons, etc.). Additionally, reform of tax administration regimes may include a focused capacity building as well as the inclusion of more women as decision-makers and front line managers.

IV.1. Developed country efforts to reform tax systems to eliminate explicit gender biases

Since the 1980s there has been a trend in developed countries toward gender neutrality in the tax system. As men-

tioned earlier, the 1984/85 EC report argued that tax systems impact the female labour force participation and that higher marginal tax rate was a disincentive for women to work, leading the United Kingdom (UK), France, and the Netherlands to reform their tax systems to eliminate explicit gender disparity/discrimination. As recently as January 2019, the European Parliament (EP) encouraged individual taxation to fight gender bias in the context of fiscal justice for women. A non-legislative report adopted by the EP points out the negative impact that joint taxation has on women and argued that “tax systems should no longer be based on the assumption that households pool and share their funds equally.”¹¹ The Members of the European Parliament urged all member states “to introduce more progressively individual taxation systems, while ensuring that all financial and other benefits linked to parenthood in current joint taxation systems are fully preserved” (Garcia Valdivia, 2019 and European Parliament, 2019a/b). Elsewhere, for example, in the US, there are calls for integrating a secondary earner deduction in the tax system in order to reduce the (implicit) gender bias in the US tax code and to promote a “small, realizable step towards neutrality,” (Pignataro, 2015).

Gender and human rights activists have become increasingly active at many levels of local and national governments in fighting for a zero tax rate on feminine sanitary hygiene products (e.g. tampons and sanitary napkins) which are basic necessities vital for women’s health. Taxes on these products clearly apply only to women as a group. Many developed countries are also re-thinking, proposing or making actual changes to reduce or eliminate this so-called ‘pink tax’¹². For example, Australia, Canada, some states in the US¹³ and many European States have reduced or eliminated this so-called ‘Tampon Tax’. As of 2007, under European law, there has been latitude for the reduction of the ‘Tampon Tax’. Currently, as noted by Alvarez Del Vayo and Belmonte (2018), about half of European countries, including Denmark, Hungary and Switzerland, levy the same VAT on sanitary towels and tampons as on tobacco, beer and wine.¹⁴ While Ireland exempts such feminine hygiene products from taxation¹⁵, other countries such as France and Spain have traditionally offered only reduced VAT on such products. Spain has recently announced its intention to reduce the VAT on feminine hygiene products from the current rate of 10% to 4% starting in 2019 (Alvarez Del Vayo and Belmonte, 2018).

IV.2. Developing countries’ reforms of the tax system to eliminate explicit gender biases

Most developing countries’ tax regimes also attributed income earned by married women to their husbands and their tax codes were designed to levy any non-schedular income taxes in the husband’s name and other tax regulations continue to reinforce a variety of gender biases. Quite a few developing countries (and a growing number of others) now have explicit provisions in the tax code that separate women’s income from that of men’s.

However, research undertaken in developing countries shows that in many countries where there are zero-rate tax-

es and exemptions on basic consumption goods such as food, the burden on women is not as great as would have been expected (Grown and Valodia, 2010). Many developing countries are also increasingly coming to recognize that VAT taxes on sanitary pads have implications for the accessibility of sanitary towels hence improving hygiene for women and girls¹⁶. African countries have been quite involved in addressing this issue of ‘Tampon tax’. A growing list of parliaments and tax authorities in these and other developing countries are taking action to reduce or eliminate so-called ‘pink’ taxes, most especially tampon or sanitary pads taxes as part of their poverty eradication programmes and human rights approach. Developing countries that have eliminated tampon taxes include Kenya (one of the first globally in 2004; Kenya also ended import duty on sanitary pads in 2011¹⁷), India, Malaysia, Mauritania, Uganda, Tanzania, Nicaragua and Trinidad and Tobago. In South Africa, where sanitary products are taxed value added the same as other goods classified as luxury and/or non-essential goods, in 2016, University of Witwatersrand (Wits) students called for an end to the tampon tax.

IV.3. Snapshots of developing country approaches to taxation and gender

Argentina: This country is currently undertaking modernization and reform of its tax system. On 1 January 2018 a key dimension of those reforms came into force after the Congress passed a package of Executive Branch proposals at the end of the previous year. However, a preliminary and very tentative review does not indicate inclusion of significant gender sensitive or gender responsive changes. In the past, researchers argued that the tax system had implicit biases in the treatment of assets, in particular with regard to exemption for interest or dividend payment on stocks and equities, assets that men are likely to own more than women (UNDP, 2010.) However, under the new reform, there are several employment and business activities which are assessable separately and individually (IMF, 2017)¹⁸. In addition, in its article IV review of Argentina, undertaken since the tax reform, the IMF called for elimination of the tax wedge for second earners in order to remove “obstacles to women’s participation in the formal labour market” (IMF, 2017). The report notes that Argentina has very low female labor force participation in the region and that 39% of women in the labor force are in the informal sectors. (The overall gender wage gap in Argentina is 24%¹⁹.) Additional indicators of non-gender sensitivity include that income deriving from joint property is to be considered in the husband’s tax filing and it would appear that there is no tax exemption allowed for the self-employed with low income, the majority of whom are women. Thus, there remains scope for significant “pro-equity reforms in Personal Income Taxation in Argentina.”

The Fund applied its new Dynamic Stochastic General Equilibrium (DSGE) model to determine the gendered impact of a proposed reform (a reduction in the

labor tax wedge) and concluded that such a reform would increase GDP by increasing female labor force participation and a decrease in gender wage gap (IMF, 2018, Box 6; Kolovich et al., 2017 and Bretton Woods, 2019)²⁰. Overall, the Fund supports individual filing in order to eliminate explicit discrimination against women (especially with regard to the treatment of common property within marriage) (IMF, 2018 and Bretton Woods, 2019).

Brazil and Ecuador have no explicit gender differentiation, but there are four options for property in the context of taxation in Brazil: 1) total assets communicated at 50/50; and partially communicated; 2) before and after marriage acquisition; 3) total separation; and 4) hybrid that provides incentives for persons living with disabilities, age and children. This is not gendered. For Ecuador, there is no difference between men and women, rather deduction is for children and education and there is joint assessment of marriage and community property. Couples have the option of choosing their specific regime. There are also exemptions for age and disability.

Ghana: The tax code is presented as gender neutral. There is a PAYE (pay-as-you-earn system) and as many women only earn income, they may end up with higher direct taxes than men who may have non-taxed or under-taxed sources—such as tenancy business or white-collar self-employment. GTZ has reported that in 2007, the share of PIT in total tax revenue was 13%, but IDT share was 43%. Hence there is the need to improve the collection of direct taxes and extending the tax net (GTZ, 2015). Implicit biases in the tax codes are in the treatment of assets. There is exemption for interest or dividend payment on stocks and equities, assets that men are likely to own more than women (UNDP, 2010).

India: The country had tax codes that prioritized in favor of women: the tax threshold used to be higher for women and the Basic Exemption Limit was higher for women as well. This seemed to provide “incentive to compensate for care which can be met by low-income women”. At the same time, it must be noted that since only about 1% of working age women earned income above the tax threshold, there may not be much positive impact on women’s lives. Recently, however, due to reported abuse of the system (men shifting income to wives), the government has started to provide direct benefits to women instead of lower tax rates. India is currently at the start of a process of reviewing its existing (1961) Income-tax Act. A Task Force has been commissioned to explore what are the dimensions of “a new direct tax law in consonance with economic needs of the country” (Government of India, 2017). It is not clear whether gender issues will eventually be part of the discussion.

Malaysia: The country reformed its tax system in 1991. Today, there is no more attribution of income to the husband, unless the wife specifies otherwise. Now husband and wife are separate taxable units with the wife’s income still reported on the husband’s tax return. Joint filing remains possible.

Morocco: The country’s tax system allocated allowanc-

es for children to men. Women can claim the allowances only if they can prove that their husband and children are financially dependent on them.

Pakistan: The country's 2001 tax ordinance discriminated in favor of women by allowing basic exemption threshold that was higher for working women than working men. But with the 2010 reform of the tax code this is no longer the case. Men and women salaried taxpayers are treated the same and there are no special deductions or exemptions for women. Married couple taxes are also individualized.

Singapore: There is explicit gender differentiation in the form of child relief. Married women are entitled to additional allowance for children if they elect to be charged tax in their own names and have passed at least three general certificate examinations (GCEs) or have a higher education certificate. In the case of VAT, Singapore also provides special subsidies and allowances to cushion price and tax effects of these VAT (Lahey, 2018).

South Africa: Pre 1995 – the country used different tax rates and single and married women had higher tax rates. However, there has been a unified rate since 1995. But research notes that the tax collection mechanisms have implicit bias: employers automatically deduct taxes and adjustments are made after the employee files his or her annual returns. Women work less regularly (seasonal and part time jobs) but deductions are annualized for calculation so deductions are based on higher marginal tax trade. Many do not file end of year returns (not legally required) due to lack of capacity on the part of employer or individual. So, women end up overpaying taxes.

Uganda: The country has a very high VAT rate (18%) but with long lists of zero rated items in agriculture, education, food and long lists of exemptions including livestock, food stock, contraception, social welfare services, education, dental and medical items (Lahey, 2018).

V. Overall the approach is to tax for gender equality

The approach of en-gendering tax systems is not a radically new idea. It springs from the link made between taxation and substantive gender equality explicitly made in the gender equality conventions and normative instruments that most governments have affirmed. These include the Convention on the Elimination of Discrimination Against Women (CEDAW) and its various optional protocols and the Beijing Platform for Action. CEDAW obligates governments to eliminate prejudices and practices that express the “idea of inferiority... or stereotyped roles for men and women” and to promote economic rights (Lahey, 2018). The Platform for Action (which was reaffirmed in 2015 Beijing Plus 20 review²¹) is explicit about governments' responsibility to adhere to economic rights which includes tax laws, tax benefits, spending laws and social protection programmes, all other fiscal laws and policies and entire budgets²². Furthermore, the platform also calls for fiscal policies to be analyzed from

the perspectives of women, poverty, inequality and well-being and enjoins governments on the responsibility to take proactive ameliorative actions to “adjust them ... to promote more equitable distribution of productive assets, wealth, opportunities, income and services”. Furthermore, tax systems have inherited commitment to equity and efficiency, ability to pay and adequacy of revenues (Lahey, 2018).

There are cases where the tax provisions are designed to accommodate socially desirable arrangements or encourage desirable social behaviour. Positive discrimination in tax systems may be beneficial to young women. Examples include:

- Life expectancy differences between men and women - here, there may be differential treatment of pensions and annuities that take into account men's presumed shorter life expectancy relative to women's;
- On the issue of real property donation, the US tax code discounts the value over the lifetime of the taxpayer who is making the charitable donation but will continue to use the property over her or his lifetime, allowing men to discount at 20 years' horizon while women may do so at 25 years;
- Income from Pensions and Annuities: Given men's shorter life expectancy, they can receive a larger proportion of total value;
- Men and women may also have different social security rates: there may be different benefits for similar contributions.

CEDAW allows for different treatment when treatment is aimed at overcoming discrimination. Hence the taxation system should (1) treat women as equal/autonomous; and (2) seek to transform gender roles in society. As recommended by UN Women (2016 and Lahey, 2018), in this context government and tax authorities should consider taxing for gender equality either as part of tax reform or a structural de-taxation programme (that lowers all tax rates).

In conformity with ongoing initiatives already at play in many developing countries, crucial recommendations from the literature include (see Lahey, 2018 and European Parliament, 2019a/b):

- Complete exemption from PIT and social security taxes contribution for men and women living near the poverty line;
- Replace existing simplified flat PIT rate structure with truly graduated tax rate structure;
- Individualize PIT and social security taxes so as to allow for the recognition of women's contribution;
- Independent property rights in their own personal tax and social contribution;
- Ending of tax incentives and replacement with direct fiscal spending;
- Assorted policy proposals to reduce the negative

gender impact of VAT and other consumption taxes:

- ◇ Repeal VAT and other consumption taxes on gender-specific items, or implement zero-rate on items critical for care costs;
- ◇ Low single digit rates that are gradually raised overtime and linked to service delivery of social protection payments;
- ◇ Low-income exemptions;
- ◇ Exempt small businesses or support with cash allowances for the cost of the VAT; and
- ◇ Repeal user fees for core public services or for privatized services—health care, education, transportation, energy and water.

VI. Gender and tax cooperation: The way forward

“The race to the bottom on corporate tax robs governments not just of revenue, but also one of the crucial policy levers to reduce inequality and promote distributions of income and wealth that are fairer and more conducive to sustained economic growth. Such measures also have a gender dimension, as women are overrepresented in small and medium-sized business, at the lowest wage levels, and in the informal sector. The more regressive the tax system, the more the burden of sustaining public expenditure will fall on the shoulders of low-income earners who are predominantly women.” - ICRICT (2019, p.8)

The recommendations from the literature on gender and national tax policies as well as other more granular recommendations discussed in country case studies are being pushed by gender advocates working on issues of tax reform. There is also a momentum to pursue this issue and similar type recommendations at the level of international tax cooperation and collaboration.

International tax cooperation was a prominent call in the Addis Ababa Action Agenda²³ (AAAA) which recommended that such cooperation be scaled up and be universal, while at the same time taking into account the different needs of the countries. Given the AAAA’s recognition of the importance of gender equality issues,²⁴ it could be assumed that this ideal would also carry over into discussions of the reform of international tax policy environment and its regulatory tools and mechanisms. Yet gender issues are patently absent from discussions of international tax reform.

Traditional international cooperation with regard to tax matters have mainly focused on bilateral treaties with the emphasis on avoiding double taxation of entities²⁵. But today, international cooperation is more multifaceted including the setting of tax norms that attempt to close loopholes and limit the ability of multinational corporations (MNCs) to avoid paying taxes (IATF, 2018). Indeed, in lieu of a global inclusive approach under the auspices of the UN, the OECD has been pursuing discussions and consultations on tax cooperation

issues with both OECD members and non-members through its Global Forum on Transparency and Exchange of Information. The OECD/ Group of Twenty (G20) are also pursuing international tax reform issues with its 15 actions component—Base Erosion and Profit Shifting (BEPS) projects²⁶. As of July 2018, a Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the Multilateral Instrument, MLI) entered into force with over 87 jurisdictions and signatories from both developed and developing countries. The MLI will “transpose results from the OECD/G20 BEPS project into bilateral tax treaties worldwide...and is aimed at updating international tax rules and lessening the opportunity for tax avoidance by multinational enterprises.”

At the same time, the UN Tax Committee of Experts on International Cooperation in Tax Matters, under the UN Economic and Social Council (ECOSOC), which has been in existence in one form or another since 1967 and has the mandate to review and oversee the United Nations Model Double Taxation Convention between Developed and Developing Countries and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries, would seem to have been by-passed in this round of reforming global taxation. Though some committee members are linked to the BEPS project process, the committee which is also “responsible for making recommendations on capacity building and the provision of technical assistance to developing countries and countries with economies in transition” is not a significant leading player in global tax cooperation matters. There is therefore need for an intergovernmental body under the UN to oversee tax matters and tax cooperation and one that will focus on issues of equity including gender issues.

So, at multiple levels, there are discussions about tax reform and the intensification of cross-national coordination and collaboration on tax matters. It is in this context, of what Marcos Valadão has identified as ‘unprecedented interconnections of tax systems’, that tax justice advocates are also strongly arguing that tax cooperation should be grounded in an understanding that tax policy should take equity into account²⁷. They argue that the ability to pay is already enshrined in many tax systems, and emphasize the need to also consider distributional and gender impacts. This is extremely relevant and needs to be reinforced in an era of increasingly harmful tax competition and practices, tax havens, intense and even more complex transfer pricing practices, rampant tax deferrals by MNCs, treaty shopping, digital economy transactions and commercial ‘illicit financial flows’, and their potential for syphoning off badly needed domestic resources from developing countries.

Much of the effort at international tax coordination seems to be focused around ‘tax transparency’ and ‘information exchange’ (see ‘Global Forum on Transparency and Exchange of Information for Tax Purposes’²⁸ and the ‘minimum standards of BEPS’ (action 13)). However, this is not sufficient to address the sustainable develop-

ment and gender equality challenges at play in the current international political economy.

Gender and tax justice advocates argue that in order for tax cooperation and any tax reform it generates to be beneficial for women's empowerment and gender equality, governments should consider to what extent tax policy reinforces or breaks down gender inequalities. Tax policies should also be scrutinized as regards to their impact upon paid and unpaid work (in terms of time costs and benefits provided). For this process to be effective, entities such as the OECD, the IMF and the World Bank must, in the first instance, allow for a diversity of viewpoints including from regional platforms and developing country think tanks. These advocates are striving to integrate and drive programmes for action that address the concerns and challenges facing developing country tax authorities and administration. Secondly, developing countries must be provided the necessary policy space to reform their tax regimes and processes in a manner that supports pro-poor, gender sensitive and sustainable development measures.

Since the inception of the major reform process such as that implied with BEPS, voices from the South as well as northern think tanks have pointed out that BEPS will fail in its own internally stated objectives, if MNCs are not paying their taxes where they have economic activities and value is created (Valadão, 2019; Eurodad, 2015; ICRICT, 2019). MNCs paying their fair share of taxes is the only means by which developing countries will reap the benefits from BEPS or any similar mechanism. However, as noted in numerous critical assessments, the OECD BEPS has not abolished the so-called patent boxes²⁹ (or innovation box, US Congress) and has only promulgated "weak and unclear guidelines, with obvious loopholes for MNCs and potentially new options for profit shifting" (ICRICT, 2019). In essence, the BEPS regime may have effectively legitimized their use in the international tax system (Eurodad, 2015; Economist, 2015 and ICRICT, 2019).

The Independent Commission for the Reform of International Corporate Taxation (ICRICT), while praising the BEPS project for addressing hybrid mismatches, information exchange, tax ruling transparency, and treaty abuse, nonetheless, argues that under or in spite of BEPS, companies can still shift profits to low-tax jurisdictions via transfer pricing; furthermore, the project failed to reach consensus on allocating the profits of multinationals and failed to address tax avoidance by digital companies³⁰, whose conduct "gave rise to the BEPS project." ICRICT further noted that the BEPS project didn't sufficiently address tax avoidance via excessive related-party royalties and interest, and argues that the negative effects are the "normalization and proliferation of 'acceptable incentives'", such as patent boxes. The group also faulted the BEPs dispute resolution process for its lack of transparency and maintenance of 'compromised legitimacy' into the BEPS reforms. These and numerous other failings and negative impact on development and equity prompted ICRICT commissioner, Joseph Stiglitz, to ar-

gue that, 'giving the OECD, rather than the UN, control of assessing the global tax structure "put the fox in charge of the hen house."

The Commission therefore called on the governments in the Inclusive Framework on BEPS, the UN Tax Committee, and multilateral institutions to look at alternatives to transfer pricing and pursue unitary taxation for multinationals, based on a formulary apportionment underpinned by a global effective minimum tax rate for the next phase of the BEPS process. The Commission's rationale for a formulaic approach is that it "would result in a fair and sustainable allocation of taxing rights between developing and developed countries...(and) ensure that global profits and associated taxes could then be allocated according to objective factors such as the sales, employment, resources (and even digital users) used by the company in each country, rather than where they locate their different functions (procurement, marketing, funding, etc.) and claim their Intellectual Property" (ICRICT, 2019).

The ICRICT approach and recommendation for international tax cooperation, while not focused on gender, does recognize the impact of taxation on women. Its recommendation is a necessary starting point for making tax cooperation fair and equitable and therefore eminently available for gender responsiveness.

As can be seen from the discussion above, ultimately, there are challenges with current attempts aimed at addressing the inter-connectivity of national tax systems, particularly with the OECD BEPS approach adopted by G20. This approach leaves developing countries at a great disadvantage and hence does not provide a good ground for the practical project of enabling women's empowerment and welfare at the national level. However, the work of the UN tax body, as well as that of regional tax organizations, such as the Inter-American Center of Tax Administrations (CIAT) and African Tax Administration Forum (ATAF), and intergovernmental entities such as the South Centre's Annual Tax Forum of Developing Country Officials on Tax Policies, as well as research institutions, can contribute a great deal both to the reform of national tax systems as well as regional and international tax reform. These organizations must also work to develop and understand gender issues in the context of tax policies and tax cooperation. Developing countries should thereby be encouraged to empower their tax authorities to incorporate the gender dimensions in their tax policymaking and in their international cooperation activities.

The work of the South Centre's Tax Initiative, CIAT and ATAF as well as the Tax Justice Network can support expanding work in analyzing and advocacy for gender issues in developing countries' tax policies as well as in international cooperation. This analysis could draw on available documentation such as a growing number of research and case studies examining gender and taxation as well as inter-governmental and governmental entities' comments, observations and plans on actions on the subject matter. These should include CEDAW Committee reports as well as recent output and communications from the European Parlia-

ment.

The 2016 CEDAW Committee's concluding observations on the *Combined fourth and fifth periodic reports of Switzerland* speak directly on the Swiss government's responsibility for the extra-territorial (or cross-border, or spill-over) impacts of tax abuse (arising from financial secrecy and tax policies) on women's rights³¹. On the issue of women's economic empowerment, the committee, in line with its general recommendation No. 28 on the core obligations of State parties under article 2 of the Convention, recommended that Switzerland undertake independent, participatory and periodic impact assessments of the extraterritorial effects of its financial secrecy and corporate tax policies on women's rights and substantive equality... The CEDAW committee's determination hence projected that "tax abuse presents a structural barrier to substantive equality of women" (Alliance sud et al., 2016).

The EU Parliament's non legislative resolution on gender and taxation, specifically paragraphs 26-30, addressed the impact of tax evasion and avoidance on gender equality, which it identifies as major contributors to gender inequality in the Union and globally. This is so because these practices limit the resources available to governments to increase equality at the national and international levels. The EU Parliament resolution also calls on the EU Commission and the Member States to promote gender-equal taxation reforms in all international fora, including the OECD and the UN and to support the creation of a UN intergovernmental tax body with universal membership, equal rights and equal participation of women and men. It additionally urged Member States to mandate the Commission to review existing double taxation treaties so as to examine and address these problems, and to ensure that future double taxation treaties include gender equality provisions in addition to general anti-abuse provisions.

VII. Conclusion and Recommendations

This policy brief has sought to present a review of the state of thinking and research on a pressing issue of the day: tax reform and tax cooperation and its gendered impacts. There is undeniably widespread agreement amongst all the entities of global governance with responsibility for a role in macroeconomic, financial and trade policies that gender equality and women's empowerment are important to sustained growth and development. Increasingly, these same voices are articulating and researching on how fiscal policy both on the budgetary and on the revenue side can be made more efficient, gender sensitive and gender responsive. Taxation is the latest area of focused attention in this regard. There is now a quite strong body of work, including case studies, that demonstrates how the tax system can work to the disadvantage of socio-economic development and social goals including gender equality and women's empowerment.

However, these research outcomes and the rapid uptake of their findings into the policy and governance discussions are incomplete and insufficient. As noted by the EU Parliament and in other reports, there is need for more in-depth research and enhanced collection of gender-disaggregated data to promote better understanding and more specificity of the gender-differentiated distributional and allocative effects of the taxation system, both locally and internationally. There is a need for more modelling of good practices demonstrating how the tax system can deliver positive achievements that promote gender and other social equality.

Indeed, much more emphasis should be put upon exploring the human rights dimensions of the challenging aspects of tax avoidance and tax evasion including the role of government accountability and accountability of actors who violate human rights. Many questions need to be further interrogated on the path to developing and implementing fair national and global tax systems designed to meet the needs of the poorest -- women and men, boys and girls.

There are numerous questions which need to be addressed such as how a tax system can be designed to provide equal sharing of paid and unpaid work, income, pensions and other assets which requires cogent and workable provisions that can be adapted to different national circumstances (European Parliament, 2019a/b):

- The question of unpaid care and the tax system is a quite pertinent one that will require further case studies and investigation. Likewise, what incentives can the tax system provide to increase the availability, accessibility and affordability of goods and services, such as child and elder care that are critical for the human well-being?
- How can governments use the tax system to leverage low-wage earners' income-earning potential and reduce the constraints faced by women owners and other disadvantaged groups involved in the micro and small business sector (and are there good examples)?

These are all important issues that must be incorporated into future discussions of tax reform, nationally and globally.

Endnotes:

¹ The word (en)gender or en-gender or engender (used in this context) is taken to mean "to integrate gender perspectives and women's empowerment considerations into..." (for example, *(En)Gendering International Development*). Usage of this word can be found in the 2001 policy research paper *Engendering Development* by Mason and King, for Oxford University Press and the World Bank. This is different from the 14th century usage of the word to mean "propagate" or "procreate." See <https://www.merriam-webster.com/dictionary/engender>.

² Project-specific legal regimes known as Host Government

Agreements (HGAs). As argued by Hildyard and Muttit (2006), these mechanisms provide companies with effective control over the legislations and regulations that apply to their activities and require states to compensate them for any new laws that affect corporate profits (Hildyard and Muttit, 2006, p. 2). These complement existing and evolving older legal instruments (developed in oil, gas and extractive industries in the 1960s) called Production Sharing Agreements (PSAs) with new or tightened conditions and control over laws and legislations in the sphere of activities of these companies as well as over the development of the host state's natural resources (Hildyard and Muttit, 2006). Furthermore, as noted by Hildyard and Muttit, through stabilization clauses (nested in HGAs and PSAs) governments agree to compensate concessionaires for changes in legislation that adversely affect their business.

³ Capital flight is more widely discussed in the literature. It generally signifies financial transfers taking place under the portfolio choice model for reasons of profit making or for fear of political risks: "Generally, capital flight is understood as the movement of funds abroad in order to secure better returns, often in response to an unfavourable business climate in the country of origin." (UNECA, 2013 cited in Herkenrath, 2014). But Ndikumana (2013) debunks this and argues that the main reasons for continuing capital flight are illicit motives such as tax evasion and the concealment of corruption. In a 2014 paper, he notes that "*studies that use econometric analysis to uncover a relationship between capital flight and indicators of risk-adjusted returns to investment in the case of African countries find no conclusive evidence for the portfolio choice motive [...]. This leads to suspect that to a large extent capital flight is driven by illicit motives. Therefore, it cannot be addressed solely by relying on policies aimed at raising the domestic return to investment in African countries*" (Ndikumana and Boyce (2003) and (2011), cited in Ndikumana, 2014, p. 14).

⁴ Tax avoidance includes such quasi-legal activities as intra-firm profit shifting, whereby transnational corporations engage in so-called aggressive tax avoidance, including the international transfer price regime and exploitation of regulatory lacunae in national legal systems (Herkenrath, 2014).

⁵ Herkenrath (2014) defines Illicit Financial Flows (IFFs) as " – cross-border capital movements for the purposes of concealing illegal activities and evading taxes – pose major challenges to developing countries". See also: OECD, 2013 and World Bank, 2012. The Global Financial Integrity (GFI) research institute describes IFFs simply as "cross-border transfers of funds that are illegally earned, transferred, or utilized" (GFI, 2013a).

⁶ These definitions of equity and efficiency with regard to tax are drawn from Tanzi and Zee (2001).

⁷ Care work involves the direct care of persons – such as feeding and bathing a young child – as well as the domestic tasks that are a precondition for caregiving, such as preparing meals, cleaning sheets, purchasing food, and collecting water and fuel. Care can be unpaid – carried out for one's own family or friends without any explicit monetary reward. It can also be paid in being performed, for example, by nannies, domestic workers, nurses, or carers in homes for older people (Esplen, 2009).

⁸ Exemptions are similar to zero-rated – taxes are not

charged on outputs, but different from zero rating in that tax paid on inputs cannot be reclaimed by the provider of VAT-exempt goods and services. The effective rate on exempted goods is between zero and the general VAT rate due to taxes on the inputs that went into the manufacturing of the good.

⁹ Researchers such as Joshi argue that in order to fully assess the impact of VAT on the gender distribution of welfare, it is important to understand the distributional effects of the taxes that the VAT replaced (Joshi, 2017, p. 4).

¹⁰ As noted by Joshi, due to lack of income data, many researchers utilize women-headed or women-denominated households, etc. as proxies for gender when studying the incidence of VAT. Grown and Valodia also showed that overall tax incidence can fall more heavily on the richest and middle-income quintiles (women are disproportionately located in households in the lowest quintile). This result was obtained only in countries where VAT was "well designed, and some basic consumption goods were subject to reduced or zero rates" (Joshi, 2017, p. 4). India was an outlier here; the lowest quintile had the highest overall tax incidence (Grown and Valodia, 2010 cited in Joshi, 2017). It should be noted that when analyzed by type of good, taxes on utilities tend to fall disproportionately on female majority houses. This result is hypothesized to be due to the fact that women spend more on utilities to save time from household tasks such as collecting water (Ibid.).

¹¹ The European Parliament non-legislative report on gender equality and taxation policies in the EU, January 15, 2019 (2018/2095(INI)). Available from <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2019-0014&format=XML&language=EN>. According to Wikipedia, a non-binding resolution is a written motion adopted by a deliberative body that cannot progress into a law. The substance of the resolution can be anything that can normally be proposed as a motion. The Free dictionary further clarifies that this type of resolution is often used to express approval or disapproval of something that cannot otherwise be voted on due to the matter being handled by another jurisdiction etc.

¹² This draws heavily from the CIVIO: Medicamentalia report by Alvarez Del Vayo and Belmonte (2018).

¹³ Connecticut, Florida, Maryland, Massachusetts, Pennsylvania, Minnesota, New Jersey, Illinois and New York also provide free sanitary products in public school bathrooms.

¹⁴ The rate on feminine hygiene products, a product of basic necessity related to women's health and applies only to women as a social group, which is generally the same as the rate on jewelry, wine, beer and cigarettes, averages about 20% (with Hungary 27%, Croatia, Switzerland and Denmark at 25%). These rates are higher than the tax levied on hotels in the same countries (Alvarez Del Vayo and Belmonte, 2018).

¹⁵ It should be noted that European countries are restricted in their tax reduction option due to the operation of a EU directive that only allows a VAT reduction to a minimum of 5% on sanitary products. Ireland was able to offer 0% (exempt) because its rate was applied before the implementation of the European wide legislation for the reduction and exemption of VAT so it does not have to apply the 5% minimum. (Likewise, the Canary Island has tax free sanitary products because it is allowed to have a different system of indirect taxation from the Spanish mainland and the rest of Europe.) The UK Parliament

sought to also undertake the 0% exemption but was not able to do so due to the directive; hence, the Parliament developed a creative outcome around this: it decided to allocate part of the tax collected from the ‘Tampon Tax’ to women’s support groups. Along a similar vein, Scotland provides free sanitary towels and tampons to all female students at schools, colleges and universities as part of its programme to fight poverty.

¹⁶ It must be highlighted that research shows that women and girls suffer from reproductive infections potentially caused by poor menstrual hygiene management. Menstrual hygiene “is a crucial aspect of achieving improved child health, education retention and gender equality” in many developing countries such as Tanzania and Uganda. Thus, Suzan Yumbe, director of Afya Plus, an NGO in Tanzania, remarked that after the removal of the tax by the Minister of Finance and Planning Philip Mpango, “it is the Government’s expectation that producers and sellers of the female towels will avail them cheaply after the removal of the tax.” She further noted that “there are no more obstacles to women and girls getting safe menstruation.” Likewise, the Executive Director of the Education Centre for Advancement of Women said that the government’s action will go a long way in improving girls’ hygienic conditions as well as maintaining them in schools. Friday Simbaya, “Govt Hailed for Scrapping VAT on sanitary pads,” IPP-media.com, July 5, 2018. Available from <https://www.ippmedia.com/en/news/govt-hailed-scrapping-vat-sanitary-pads>.

¹⁷ Despite these actions, activists argue that “due to high level of poverty and average households living on \$2 a day, 65% of women and girls in Kenya are still unable to afford sanitary pads.” Research by Dr. Phillips-Howard found disturbingly that “1:10 15-year old girls were having sex to get money to pay for sanitary ware” (Guardian, 2017). See also: Phillips-Howard et al. (2015).

¹⁸ Employees without a spouse earning less than ARS \$5,783 (USD \$376) per month pay no taxes, nor do married couples who are earning less than ARS \$7,998 (USD \$520) per month. See <https://www.cloudpay.net/resources/understanding-payroll-in-the-argentina-what-global-companies-need-to-know-about-argentina-payroll>.

¹⁹ This is based on broad parameters such as working conditions and job characteristics but when age, education, sector, location and occupation is taken account of, the gender wage gap is lower, about 14%. It is, however, higher (27.5%) in the informal sector. (Kolovich et al., 2017 cited in IMF, 2017, p. 26)

²⁰ Results from the simulations showed that (i) GDP would increase 1.2 percent following the reform; (ii) women in the formal sector, who in the model face costs associated with working (for example owing to the need to care for children), would respond more than men, as the benefits from higher after-tax income increasingly outweigh the costs from working, increasing their average hours worked by 11.6 percent; and (iii) inequality (as measured by the Gini coefficient) would not be aggravated by the reform. (IMF, 2018, p. 24)

²¹ Please see UN Economic and Social Council, Review and appraisal of the implementation of the Beijing Declaration and Platform for Action and the outcomes of the twenty-third special session of the General Assembly - Report of the Secretary-General, Commission on the Status of Women, Fifty-ninth session, March 9-20, 2015, (E/CN.6/2015/3), p. 65, para. 247.

²² Please see Platform for Action paras. 58(a)-(d), 150, 155, 165(f), (i), (p), 179 (f), 205 (c) and 245-349.

²³ The outcome document of the Third International Conference on Financing for Development, Addis Ababa, July 2015. At this meeting, the developed countries blocked a proposal to create an inter-governmental tax body in the UN to replace (upgrade) the current UN Committee of Tax Experts.

²⁴ See in particular paragraphs 1, 4, 6, 21, 37 and 41.

²⁵ According to the EU Parliament report, “double taxation treaties between Member States and developing countries do not usually promote source taxation, therefore benefiting multinational corporations at the expense of mobilisation of domestic resources by developing countries; notes that the lack of domestic resource mobilisation prevents fully financed public services such as healthcare or education in these countries, which disproportionately impacts women and girls” (para. 25, EU Parliament (non legislative) resolution adopted 15 January 2019).

²⁶ BEPS involved the active participation of the 34 OECD members, 8 non-members (Argentina, Brazil, China, India, Indonesia, Russia, Saudi Arabia, and South Africa) and 2 acceding members (Colombia and Latvia (now a member since 2016)); it is now affirmed by at least 90 countries. Its 15 actions are : Addressing the tax challenges of the digital economy (action 1); Neutralizing the effects of hybrid mismatch arrangements (issue of double non taxation and double taxation and “pass through” entities) (action 2); Designing of effective controlled foreign company rules (action 3); Limiting base erosion via interest deductions and other financial payments (action 4); Countering harmful tax practices more effectively, considering transparency and substance (action 5); Preventing the granting of treaty benefits in inappropriate circumstances (action 6); Preventing the artificial avoidance of permanent establishment status (action 7); Transfer pricing – intangibles, risks and capital, high-risk transactions (covering actions 8, 9, and 10); Measuring and monitoring BEPs--data analysis (action 11); Mandatory disclosure rules--disclosing aggressive tax planning (action 12); transfer pricing documentation and country-by-country reporting (action 13); Making dispute resolution mechanisms more effective (action 14); and Developing a multilateral instrument to modify bilateral tax treaties (as opposed to renegotiating double taxation avoidance agreements (DTAAs)) (action 15).

²⁷ Marcos Aurélio Pereira Valadão, Developing Countries and the Contemporary International Tax System: BEPS and other issues, South Centre Tax Cooperation Policy Brief No. 7 (Feb. 2019).

²⁸ Formerly, The Global Forum on Tax Transparency, an OECD creation, now a more multilateralized entity with the participation of developing countries.

²⁹ The vast intangibles of MNCs are brands, copyright patents, etc. - so-called intellectual property (IP). They received

tax benefits for the royalties associated with these intangibles, through the so-called 'patent box' through which companies pay a lower tax rate on IP that were developed in a country (Economist, 2015).

³⁰ For example, "the introduction of taxes based on turnover targeted at digital multinationals."

³¹ According to Zucman (2011, cited in Alliance sud et al., 2016), one third of all unrecorded offshore financial wealth in the world is held in Switzerland – much of it untaxed (Alliance sud, et. al., 2016 and Swiss Banking, 2014). The Swiss government itself has recognized the adverse impact of illicit financial flows on sustainable development (Swiss Federal Council Study, October 2016).

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**SOUTH
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This brief is part of the South Centre's policy brief series focusing on tax policies and the experiences in international tax cooperation of developing countries.

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