Gender Equitable Taxation

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Abstract

From Adam Smith's 1776 classic "The Wealth of Nations" until modern times, the principle of fairness has remained one of the crucial principles on which tax systems are to be based. However, even modern tax and budgetary systems are far from being gender equitable. This chapter provides an analysis of the ways in which taxation, as well as the subsequent spending of resources collected therewith, influence gender equality within a household, at the workplace and within the broader economy. This analysis should enable the reader to utilise the gender equality principle as a framework for re-evaluating the applicable national and international sources of tax law, as well as public expenditure management on various levels of the government. This chapter will show why gender equality should become a priority for governments when creating their fiscal policy and executing their budgets.

11.1 Introduction

One of the main legal concepts that will accompany us throughout our lives is tax. Taxation is essential for our decision-making, whether business or personal, and it must be fair. All of us have heard the quote: "In this world nothing can be said to be certain, except death and taxes." This quote has been attributed to Benjamin Franklin, written in 1789 in his letter to Jean-Baptiste Le Roy, but it was not Franklin who wrote this. Its author is Christopher Bullock who, in The Cobbler of Preston in 1716, said "It is impossible to be sure of anything but Death and Taxes".[1] This fallacy serves us with a dual purpose: firstly, to demonstrate the importance of a matter sometimes forgotten in the legal world due to its economic consequences, and secondly, to invite the reader of these pages to challenge traditional conventions. We accept certain issues that are not such. Although we thought that the quote was associated with Franklin, it actually is not. In most cases we are going to face a taxation in which the language is formally egalitarian but are going to discover that its effects are not. The concept of a taxpayer seems neutral and alien to gender issues,

[1] Bullock (1716).

but the configuration and evolution of the tax system that we are studying shows us that this is not the case.

The first point to be addressed is that fair taxation is essential for sustaining public expenditures and the welfare state in which we live in both developed and developing countries. In 1776 Adam Smith said: “The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities”.[2] This principle is still in force, equality and equity in taxation make taxes good. It is important both how we tax and how we collect tax. So, if the system is harmful from the point of view of gender equality, it will not be a fair system. It should be noted that no principle or guideline is introduced that is not already recognised in the field of both international and domestic taxation where equality, equity and tax justice are established as essential principles and values.

On the other hand, taxation has two indivisible dimensions. Taxation is closely linked to state sovereignty. Taxes serve as the basis for meeting the needs of citizens and provide economic incentives that affect different areas such as the labour market, consumption, investments, etc. And one essential need is gender equality. In modern times, tax systems seem to have evolved to a theoretical equality since they are based on concepts such as economic capacity, income and consumption. This contains in itself an important fallacy since the tax system really becomes a discriminating element, depending on the gender of the taxpayer whether man, woman or third gender, but is hidden by neutral legislative language. Throughout this chapter we will address the aforementioned evolution of tax systems. Most of the systems in European countries have been created taking into consideration the concept of a traditional family with a father who obtains the income and a mother who takes care of the household and children. However, this approach is no longer valid. Our tax laws must advance and adapt to a different reality for which they are not yet prepared. In fact, it privileges or penalises people’s family choices and circumstances, which means that it excludes and discriminates.

Section 11.2 will provide an overview and an explanation of the basic tax law concepts necessary for proper understanding of the following sections. Furthermore, it will analyse the evolution of modern tax systems from a gender perspective. An overview and analysis of crucial sources of public international law relevant for analysing tax systems from a gender perspective will be provided. Finally, the concept of the welfare state and its importance for the improvement of the position of women and minorities in society will be explained.

The manner in which tax systems around the world discriminates against certain groups of the population on the basis of gender will be analysed in Sect. 11.3, within the framework of various taxes: personal income taxes, corporate income taxes, property and wealth taxes, as well as consumption taxes. Whereas gender biases are more evident in the field of personal income taxation, this section will show that other types of taxes also contain gender biases that, although less evident, deserve to be addressed.

[2] Smith (1776), Bk 5 Chpt 02 (II).

At the end of this chapter, the other side of state budgets will be addressed from a gender perspective—the side of public spending. The question of public expenditures is closely related to the preceding sections which deal with the configuration of the tax system itself and the tax policies implemented to achieve equality. Therefore, Sect. 11.4 will show why it is so important that the budgeting is conducted in such a way that it takes into account the gender effects of public spending and what tool is utilised to achieve that.

Learning Goals

- Students should understand that taxes have a transversal character and affect all legal activities and businesses, rendering not only their economic but also legal analysis necessary.
- Students should understand that it is necessary to address the question of gender from the point of view of both the drafting as well as imposition of tax laws and understand the meaning and importance of the concept of gender responsive budgeting.
- Students should be able to identify and distinguish between implicit and explicit discrimination within a certain tax system.

11.2 The Relevance of Taxation for Gender Equality

The first section of the main part provides a framework for understanding the gender perspective of key tax law concepts and sets the basis for the re-evaluation thereof on the basis of gender equality principle.

11.2.1 Basic Tax Law Concepts and Gender Equality Related Issues

As long as men and women face different socio-economic realities, equal tax laws will affect them differently.[3] From the previous chapters in this book we have learnt that women spend more time at home with their children than men and that they earn less than men. Women in general own less capital than men. From a tax law perspective, this has implications for taxation of capital gains and dividends from the holding of corporate shares.[4] Women own less businesses than men and are underrepresented in corporate boards and among senior managers.[5] Furthermore, the

[3] Harding et al. (2020). https://oecdecoscope.blog/2020/06/01/in-tax-gender-blind-is-not-gender-neutral-why-tax-policy-responses-to-covid-19-must-considerwomen/. Accessed 11 April 2021.

[4] See Perez-Navarro and Harding (2021). https://www.oecd.org/tax/tax-policy/presentation-march-on-gender-2021-in-tax-gender-blind-is-not-gender-neutral.pdf. Accessed 11 April 2021.

[5] Ibid.

consumption patterns differ between men and women, which may have implications for indirect taxes.[6]

To be able to dig into the gender related issues in taxation, basic knowledge of crucial tax law concepts is needed. Taxation is not only fundamental to all states to secure state revenue, but is also an important political tool. “No taxation without representation” is originally a slogan from the American Revolution, which has become a basic principle in many democratic states. The people have the right to impose taxes on themselves through representation in the parliament, and taxes shall not be imposed by a foreign state or by a king or queen. Thus, taxes differ between jurisdictions around the world.

There are many initiatives on coordinating tax laws and taxing rights. Within the EU, value added tax (VAT),[7] some excise duties, such as excise duties on alcohol and tobacco,[8] and parts of the corporate tax are harmonised.[9] The Organisation for Economic Cooperation and Development (OECD) is active in coordinating taxation in the field of transfer pricing, VAT and electronic commerce and services.[10] There is also an extensive web of bilateral and multinational tax treaties allocating taxing rights on income and property between the states.

Even though all states have designed their tax systems differently and their tax structure and tax rates differ, there are similarities. For example, personal and corporate income is normally taxed, there is normally both general and specific taxes on consumption, as well as property and/or wealth taxation.

Personal income tax is levied on salaries, pensions, personal business activities, and other categories of personal income. The taxable amount on which personal income tax is charged is normally income minus deductible costs. This applies to persons who are subject to unlimited taxability in the specific state, most often residents of that state. Persons who are subject to limited taxability, normally non-residents, may be taxed only with respect to income the source of which is within the territory of the state in question. In such cases, the tax rate is normally lower and the right to deduct costs is limited.

Corporate income tax is paid by legal persons, such as limited companies. Not all legal persons are, however, taxable persons for corporate income tax purposes. In

[6] Ibid.

[7] Council Directive 2006/112/EC of 28 November 2006 *on the common system of value added tax*.

[8] See e.g. Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages and Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco.

[9] Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market.

[10] OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2017, https://www.oecd.org/tax/transfer-pricing/oecd-transfer-pricing-guidelines-for-multinational-enterprises-and-tax-administrations-20769717.htm, OECD International VAT/GST Guidelines, https://www.oecd.org/ctp/international-vat-gst-guidelines-9789264271401-en.htm. Accessed 12 April 2021.

some jurisdictions, such as Sweden and Finland,[11] partnerships and limited partnerships are not subject to corporate income tax, even when they are legal persons. Instead, their partners are taxed. If the partner is a limited company, the income from the partnership will be subject to corporate income tax, whereas if the partner is an individual, the income will be subject to personal income tax as a personal business income. Also, income of a controlled foreign corporation (CFC) will be taxed as income of its shareholders, in jurisdictions in which a particular CFC tax regime applies. Corporate income tax is basically calculated in the same manner as personal income tax, namely revenues minus deductible costs. The corporate income tax regulations are more extensive and complex than the tax rules for personal income taxation, since transactions within groups of companies, dividends and restructurings of companies need to be specifically regulated. Legal persons that operate for the public good, such as non-profit organisations, religious communities and foundations may be tax exempt. The corporate tax rates differ widely around the world, from 0% up to 50%.[12]

Consumption taxes are indirect taxes. That means that they can be passed on to another entity or individual. The taxable person and the person who ultimately bears the burden of taxation are different persons. Indirect taxes are generally levied by the manufacturer or the supplier and passed on to the consumer. Consumption taxes are either general or specific. A general consumption tax is levied on all consumption of goods and normally also services, as a main rule, whereas specific consumption taxes are called excise duties and are only levied on certain goods and services. Excise duties are normally levied at products that are considered harmful, it may be for people's health or the environment. Excise duties are applied to steer the consumption. The most common general consumption tax is VAT, also called the goods and services tax (GST). VAT is applied in more than 165 countries all over the world. The only main economy that does not apply VAT is the United States. In the United States, however, other consumption taxes, such as the so called use tax and sales tax, are levied at state and municipal level. VAT is levied each time at a taxable person, typically a businessperson, supplies goods and services for consideration. The supplier adds the tax to the price of the goods or services. That is how the VAT is passed on to the supplier. This tax is called output VAT. From the output VAT, input VAT is deducted. Input VAT is the VAT that taxable persons pay when they acquire goods and services. The difference between input VAT is paid to the tax administration. If the input VAT exceeds the output VAT, the taxable person will get a refund from the tax administration.

[11] Chap. 5 Sec. 1 of the Swedish income tax act (1999:1229) and Sec. 4 of the Finnish Income Tax Act 30.12.1992/1535).

[12] See OECD, Corporate Tax Statistics Database, https://www.oecd.org/tax/tax-policy/corporate-tax-statistics-database.htm. Accessed 12 April 2021.

Property tax may refer to recurrent and non-recurrent taxes on the use, ownership, or transfer of property.[13] Property taxes include taxes on immovable property and net wealth, taxes on the change of ownership of property through inheritance or gift and taxes on financial and capital transactions.[14] Net wealth taxes are applied in a minor number of countries. Austria, Denmark, Germany, Finland, Luxemburg, and Sweden are examples of countries that have abolished their wealth taxes.

11.2.2 Evolution of Modern Tax Systems from a Gender Perspective

In modern tax systems, tax provisions explicitly discriminating against women are not common.[15] There are however examples of such provisions from modern times. The Netherlands granted married men a higher tax-free allowance than women until 1984.[16] Until 2021, married women needed the permission of their husbands to talk to the tax administration and to file taxes under their own name on the Island of Jersey.[17] But most modern tax systems do not differentiate between men and women.

Many modern tax systems are still family-based and not individual-based.[18] The idea behind family-based taxation is that they ensure families with the same total income pay the same total income tax, irrespective of who has earned the income.[19] This may seem fair from the family's perspective, but looking at it from an individual perspective, the second earner pays higher taxes on the margin than a single earner would.[20] A family-based tax system also builds upon the nuclear family as the norm. Single parent families do not receive the same advantages as the nuclear family with two parents. This also applies to same sex couples who do not have equal rights in family law, and for example do not have the right to marriage. In individual-based tax systems, the family circumstances are not taken into consideration for tax purposes. Instead, there may be subsidies such as child benefits that may compensate families.

Women are also more often second earners in the household than men. Out of the OECD countries, only Israel has a tax system that makes a second earner pay less tax than a single earner.[21] In Hungary, Lithuania, Austria, Latvia, Norway, Finland,

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[13] OECD Data, Tax on Property, https://data.oecd.org/tax/tax-on-property.htm. Accessed 12 April 2021.

[14] Ibid.

[15] Harding et al. (2020).

[16] Ibid.

[17] Ibid.

[18] OECD (2016), "Special feature: Measuring the tax wedge on second earners", in *Taxing Wages 2016*, OECD Publishing, Paris, 32.

[19] Ibid.

[20] Ibid.

[21] Perez-Navarro and Harding (2021).

Sweden, Australia, New Zealand, Chile and Mexico a single earner and second earner are taxed equally. But in Germany, Denmark, Belgium, Slovenia, Iceland, Turkey, Poland, France, Italy, Czech Republic, Portugal, Netherlands, United States, Slovak Republic, Greece, Luxembourg, Japan, United Kingdom, Canada, Spain, Ireland, Switzerland, Korea, and Estonia, a second earner pays higher tax than a single earner.[22] This may create an incentive for the second earner not to enter working life.[23]

Even though the family-based systems reasonably may be questioned from a gender neutrality perspective, there is no clear trend that more and more countries are moving toward individual-based systems.

A current development is to apply a reduced VAT on feminine hygiene products. Since exclusively women use these products, it is a tax reduction specifically directed at women. Reduced tax rates and exemptions in the field of VAT seldomly reach the consumers on a long-term basis but tend to increase the profit of the supplier. This is because prices are set primarily by supply and demand, and not by the level of VAT. Thus, the apparently women-directed VAT cut may as well end up increasing the profit of the sellers and manufacturers of these products, which are probably more often men than women.

Example

An example for this is the reduction of the taxation of feminine hygiene products in Germany in 2020. Until then tampons, pads etc. were taxed with 19% VAT instead of the usual 7% VAT for everyday items. According to Article 99 of the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, the minimum taxation rate is 5%.

Along with other measures, such as free sanitary products in public buildings, the UK abolished the taxation of feminine hygiene products completely in order to end period poverty. Although it is not guaranteed that women financially benefit in the end due to rising prices, it has at least a symbolic value for promoting women. ◀

11.2.3 Sources of Public International Law Relevant for Taxation from a Gender Perspective

As mentioned above, each state has its own taxing rights. In international law however, there is a growing focus on the states' obligations to distribute tax burdens equally, to take the taxpayers' ability to pay taxes into account and to use the tax

[22] Ibid.

[23] Ibid.

revenue equally.[24] There are no specific international conventions regulating taxation from a gender perspective. However, human rights treaties, as well as the UN Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, regional human rights covenants, and the Declaration of the Rights of Indigenous Peoples also apply to taxes.[25] The same goes for the Convention on the Elimination of All Forms of Discrimination against Women.[26]

The fifth of the UN's goals on Sustainable Development is gender equality.[27] Target 5.4 provides for the recognition and valuation of unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate. This is highly relevant, when women worldwide spend more than 250% more time in unpaid work than men every day.[28] Despite the complexity caused by reduced VAT rates and VAT exemptions, Lahey proposes that food, childcare, transportation, and equipment for paid work, should be exempt from VAT.[29] This should be done in order to safeguard women from pressure to increase their work time in unpaid and thus untaxed household or business work.[30]

Target 5 a of the fifth of the UN's goals on Sustainable Development (gender equality) is to "[u]ndertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws." As long as men own more than women in general, and own more business shares than women, then tax cuts for capital gains, dividends and immovable property as well as lower corporate tax rates and corporate tax incentives will mainly benefit men.[31] Target 5.c. sends a positive signal to the legislator, including the tax legislator: "Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels".

Taxpayers' rights are the human rights of taxpayers.[32] The International Bureau of Fiscal Documentation's Observatory on the protection of taxpayer rights (IBFD OPTR) states that "the current growth of the investigative powers of the tax administrations, which aims at tackling tax avoidance, tax evasion and aggressive tax planning, necessitates a balancing with the provision of timely and effective

[24] Lahey (2018), p. 8.

[25] Ibid.

[26] Ibid.

[27] United Nations, Department of Economic and Social Affairs, Sustainable Development, The 17 Goals, https://sdgs.un.org/goals. Accessed 12 April 2021.

[28] Lahey (2018), p. 9.

[29] Ibid, p. 58.

[30] Ibid.

[31] Perez-Navarro and Harding (2021).

[32] Observatory on the protection of taxpayer rights, https://www.ibfd.org/Academic/Observatory-Protection-Taxpayers-Rights. Accessed 12 April 2021.

protection to taxpayer rights".[33] It is, according to the IBFD OPTR, "possible to establish principles, minimum standards and best practices that ensure the enjoyment of those taxpayer rights within the scope of human rights".[34] The US Centre for Taxpayers' Rights has also recently widened its scope to include gender issues in the concept of taxpayers' rights. Even though taxpayers' rights do not yet have any status as human rights for taxpayers, they constitute an important feature in the tax discourse.

11.2.4 Fiscal Policy, Welfare State and Gender Perspective as a Precondition for a Fairer Tax System

A welfare state may be defined as "a system whereby the state undertakes to protect the health and well-being of its citizens, especially those in financial or social need, by means of grants, pensions and other benefits". When the welfare state concept was introduced in the mid-twentieth century, most people used to get married and stayed married.[35] The wife was the caregiver, and the husband was the family provider.[36] The man stayed in the same job, with the same basic training for many years, maybe a lifetime.[37] This is not how it works today. Lifetime work is rare, there is a continuous need for updating one's skills, marriages often end in divorce and parenthood is not tied to marriage or heterosexuality.[38] These are however not the only changes. Technology continues to replace humans in the workforce, even when it comes to intelligence. Further, the population is ageing, which creates demographic changes. In total, this means that the concept of the welfare state, as well as the methods to create welfare, need to be updated.

Tax systems play an important role in creating a welfare state. Taking on the gender perspective, tax systems should be designed in a gender-neutral way regarding both how to spend tax revenue and how to collect the taxes. The main function of all tax systems is to collect revenue. A fundamental issue is whether the tax system should do more than that, and to what extent. Should the tax system take family circumstances into consideration or not to compensate for a maintenance burden? If the tax system does this, for example by applying a family-based calculation of personal income tax, the concept of the welfare state should not be based on how family life was in the mid-twentieth century but how it is now. All kinds of family constellations must be taken into account when designing the tax system. In addition, achieving a fair taxation for the second earner in relation to an individual earner

[33] Ibid.

[34] Ibid.

[35] Barr (2018), p. 17, https://www.imf.org/external/pubs/ft/fandd/2018/12/pdf/redesigning-the-welfare-state-barr.pdf. Accessed 12.04.2020.

[36] Ibid.

[37] Ibid.

[38] See ibid.

risks making the tax system complex and can create loopholes. Thus, an easier way to go may be to do less through the tax system but let the tax system collect revenue in an as neutral and effective way as possible and make more targeted efforts to redistribute the resources when building the welfare state.

Experiences from the dual income tax system, which is common in the Nordic countries such as Norway and Sweden, with a lower flat tax on capital and corporate income and a progressive tax for labour income shows that a broad tax base creates an efficient tax system regarding collecting state revenue and building a welfare state.[39] A broad tax base means that many persons pay tax, not only the richest persons. In countries where many women do not work outside the home, there is a huge unutilised tax base. Thus, tax systems that make it profitable for the family if women remain at home may lock-in potential tax revenue.

11.3 The Effects of Tax Structure on Gender Equity: Recognising Gender Biases

This chapter will focus on the revenue side of the government fiscal policy, by analysing gender biases permeating today's tax systems. Tax systems of modern (both developed and developing) countries are based on the principle of plurality of tax forms. Consequently, gender biases generally differ among various taxes within the same tax system. The analysis in the following sections will present the ways in which the design of various taxes (personal income tax, property and wealth tax, corporate income tax, as well as various consumption taxes) negatively affects gender equality, through gender biases.

Gender bias may take explicit or implicit forms.[40] Explicit gender bias depends on the language used in the tax legislation and presupposes that tax legislation explicitly treats men and women differently. As such, explicit gender bias is relatively easy to identify. Usually, textual interpretation of the legislative provision in question should suffice in identifying an explicit bias. On the other hand, implicit gender bias means that provisions contained in tax legislation tend to have different implications for men and women, although the text of the provisions does not differentiate explicitly between them.[41] Implicit gender bias is far more difficult to identify, as it presupposes that the effect of a certain tax provision on wellbeing of men, on the one hand, and wellbeing of women, on the other, is assessed. This will generally require an evaluation that is highly dependent on what social and economic behavior is regarded as desirable in a specific society. [42] Such evaluation essentially

[39] See Sørensen (2005), p. 27.

[40] Stotsky (1996). https://www.elibrary.imf.org/doc/IMF001/02720-9781451852226/02720-9781451852226/Other_formats/Source_PDF/02720-9781455230235.pdf. Accessed 12 April 2021.

[41] Ibid.

[42] Ibid.

boils down to the respective roles men and women are thought to have within a society in question.

While explicit discrimination is always intentional, implicit discrimination may often not be. Explicit gender bias is to a large extent eliminated from the modern tax systems of democratic countries. However, the same is far from true when it comes to implicit gender bias.

11.3.1 Gender Issues in Personal Income Taxation

In personal income taxation, both explicit and implicit gender biases are present. Moreover, personal income tax is generally regarded as a form of taxation in which explicit gender bias is most commonly found.[43] There are two basic models of personal income tax systems: global and schedular.[44] Since the schedular model presupposes that the tax liability is determined taking into account only the income in question (and not the taxpayer receiving the income), explicit gender bias will not generally occur in its context. On the other hand, within the global model, tax liability is determined by considering the comprehensive economic and personal situation of the specific taxpayer. This is why gender biases are far more common within the global model.

Depending on the manner in which taxpayers file their tax returns, the global model of personal income taxation may be based on (a) individual (also referred to as separate) filing and (b) joint filing. [45] Individual filing means that each individual within the household is required to file its own tax return, provided that they have taxable income for the relevant taxable period. On the other hand, joint filing presupposes that the filing unit is the married couple, i.e. married couples are required or given the option to file a joint tax return, on the basis of which their income is treated as one. [46] Being treated as one, their income will be taxed under a consolidated rate schedule. Based on the above described differences, individual and joint filing systems encompass different gender biases.

Within the system of individual filing, one of the more prevalent gender biases results from the manner in which income derived from sources other than employment is distributed between spouses. While employment income is as a rule allocated to the spouse who earned it, other income may be allocated between spouses in various ways. One way which represents an explicit bias is the attribution of all income, or income other than the wife's employment income to the husband. Such

[43] Stotsky (1997), p. 31. https://www.imf.org/external/pubs/ft/fandd/1997/03/pdf/stotsky.pdf. Accessed 14 April 2021.

[44] It should however be borne in mind that pure global and pure schedular systems are not too common in modern tax systems. Presently, the majority of countries employ a mixture of the two models (e.g. global model with schedular elements, dual income tax, or flat tax).

[45] McCaffery (1999), p. 16.

[46] Caparo (2014), p. 9.

an approach used to be applicable in Britain with respect to property and other unearned income.[47] A more extreme example was present in Singapore, where all income of a married woman was allocated to her husband.[48] Similar explicit gender bias is present in some countries in which income from family business is attributed in its entirety to the husband, regardless of the spouse's contribution to the joint family business. There were also examples of global models of personal income taxation which prescribed different tax rates for income derived by men and women, with a higher tax rate being applicable to married women (South African Republic, until 1995). [49] Explicit bias may also be found in the manner tax deductions and exemptions are allocated between spouses. Numerous jurisdictions provide for tax allowances for a financially dependent member of the household. Such allowances typically favour households based on a male breadwinner and female carer model as opposed to households in which both spouses are both breadwinners and carers. [50] One form of discrimination is that the tax system provides a higher amount of a certain category of allowance to a husband than to a wife or stipulates that the allowance is only available to the husband. The effect of such allowances is that the husband is 'paid' for the unpaid labour provided within the household by the wife. Namely, the allowance leads to an increase in disposable income of the household, which is often not allocated to the wife, but to the husband who maintains the control over it.[51]

Within the system of joint filing, explicit bias is less prevalent. A common way of discriminating against women is the requirement that the tax return is submitted in the name of the husband exclusively (Britain until 1990, France until 1986, Switzerland).[52] Due to the fact that the tax unit is the couple, the system of joint filing cannot implement explicit bias within the tax rate structure. [53] On the other hand, implicit gender bias is fairly common. One of the most prevalent implicit biases is present in income tax systems with progressive tax rates and joint filing. Such a framework discriminates against secondary earners, since their income is taxed at a higher marginal rate (because the rate is determined taking into account the aggregated income of both spouses) than it would have been without the joint filing. This is so because the income of a secondary earner is added on top of the primary earner's income and as such it 'draws' the total income into the higher tax bracket. This phenomenon is referred to as secondary-earner bias.[54] It provides an incentive

[47] McMahon (2010), p. 182.

[48] Bun (1995), p. 422.

[49] Valodia et al. (2001), p. 86.

[50] Caparo (2014), p. 10.

[51] Ibid.

[52] McMahon (2010), p. 173; Stotsky (1996), p. 6. https://www.elibrary.imf.org/doc/IMF001/02720-9781451852226/02720-9781451852226/Other_formats/Source_PDF/02720-9781455230235.pdf. Accessed 09 June 2021.

[53] Grown (2005), p. 15.

[54] McCaffery (1999), p. 19.

for the secondary earner to not enter the working force or withdraw from it. As it is women who are more often secondary earners in the family, they are more often adversely affected.

Example

In Morocco, if the husband is the one filing a tax return, the wife will be automatically regarded as his 'dependent'. However, if it is the wife who is filing a tax return, she needs to prove that she is the breadwinner in the household and that her husband and children are financially dependent on her. If she fails to provide sufficient documentary evidence, she will effectively pay more tax compared to the man in the same situation.[55] ◀

Another prevalent occurrence in developing countries is that the majority of women fall outside the income tax net. [56,57] What this means is that, even when they are formally employed, women tend to earn incomes which are so low that they do not even trigger income tax. While this results in not paying income tax, at the same time it means that these women will not be able to benefit from various allowances (e.g. for dependent children) provided for under the income tax legislation. This shows that the tax system should be very carefully utilised as a means of achieving goals relevant for gender equality.

Example

Until 2011, India was the only country to have applied a personal income tax system explicitly discriminating against men. It presupposed that women were subject to a higher tax threshold which meant that they could generate higher income before they became liable to tax. However, due to the exceptionally low number of women earning enough income to be subject to tax in India, this measure was abandoned. It was evident that its effect on gender equality was actually negligible.[58] ◀

[55] El Bouazzaoui et al. (2010), pp. 187–188.

[56] The reason is not only that a large proportion of women is unemployed, but also that even women who are in employment tend to be employed in low paid jobs. For example, in South African Republic 73% of employed women earn income below the income tax threshold. See: Budlender et al. (2010), p. 210. In India, only 0.27% of all working-age women generate income above the income tax threshold. See: Chakraborty et al. (2010), p. 103.

[57] When it comes to developed countries, informal sector of the economy accounts for only 18% of employment, whereas in developing countries 80% of all employment takes place in the informal economy.

[58] For more details see: Capraro (2014), p. 13.

11.3.2 Gender Issues in Corporate Income Taxation

Corporate income tax is often assumed to be gender neutral, because it concerns the taxation of the body corporate which is a non-gender specific entity in law. [59] Evidently, since corporate income taxes apply to legal persons instead of individuals, they cannot contain explicit gender bias. However, it is not the legal entity which effectively bears the economic burden of this tax. [60] This is why implicit gender bias may indeed result from the application of corporate income tax. Just like in the case of indirect taxes, the burden of corporate income tax is passed on. Nevertheless, there still is no consensus among the economists on the question of who exactly bears the burden of corporate income tax: shareholders, capital providers, [61] legal entity's employees, [62] or consumers. [63] Consequently, the identification of possible implicit gender biases in corporate income taxation will depend on the position taken vis-à-vis the alleged incidence thereof. [64]

Since women are well under-represented within the category of corporate shareholders, a potential decrease in corporate income tax burden, leading in turn to an increase in after-tax profits, will benefit women disproportionately less than it will benefit men. [65] In the same vein, the increase in additional bonuses caused by this policy choice will benefit women less than men, as women are far less often members of corporate boards. [66] This is a rather important implication for gender equality since during the last several decades, countries around the world have witnessed considerable corporate income tax cuts in the so-called 'race to the bottom' as a part of international tax competition.

Modern corporate income tax legislation is laden with a variety of incentives. They may be introduced to provide support to certain industries (e.g. incentives granted to the film industry), activities (e.g. incentives for investment in research and development), or taxpayers of a specific size (e.g. incentives for micro, small and medium enterprises). However, studies evaluating the effects of such incentives

[59] European Parliament (2017), Gender equality and taxation in the European Union, DG for Internal Policies, p. 35. HMRC & HM Treasury (2011), Overview of Tax Legislation and Rates, A-50, available at: https://wbg.org.uk/wp-content/uploads/2016/12/RRB_Reports_7_282363355-1.pdf. Last accessed: 16 April 2021.

[60] The term usually used to refer to the manner in which the economic burden of a tax is distributed within the economy is tax incidence or, more specifically, economic tax incidence. See: Gruber (2016), p. 587.

[61] See: Fox (2020), p. 92.

[62] Fuest et al. (2015), pp. 393–418, 415.

[63] Avi-Yonah (2020), p. 653.

[64] Stotsky (1996), p. 16.

[65] European Parliament (2017), Gender equality and taxation in the European Union, DG for Internal Policies, 36.

[66] UK Women's Budget Group (2011), The Impact on Women of the Budget 2011, 9, available at: https://wbg.org.uk/wp-content/uploads/2016/12/RRB_Reports_7_282363355-1.pdf. Last accessed: 16 April 2021.

usually do not take into consideration their impact on gender equality.[67] Tax incentives may easily reinforce the existing implicit gender biases of corporate income tax by providing support to businesses in industries with predominantly male workforce or male shareholders. A very popular category of tax incentives that disproportionately benefits men are tax incentives for start-ups, because women are under-represented among early stage entrepreneurs.[68]

11.3.3 Gender Issues in Property and Wealth Taxation

In the present day still, numerous jurisdictions around the globe deny women the right to own and inherit property.[69] And even in countries in which women are allowed to hold formal title to property, they tend to utilise this right considerably less frequently than men.[70] This is particularly true in the case of land.[71] Unfortunately, there are no comprehensive empirical studies focused on the impact of property and wealth taxation on gender equality.

In general terms, an increase of taxes on wealth, such as recurrent property taxes or net-wealth taxes, could benefit women by allowing for a reduction of other taxes—a burden which falls predominantly on women. Alternatively, it could increase resources needed by the governments to deliver social services (daycare, care for the elderly) whose indirect beneficiaries are principally women.[72] On the other hand, lowering rates for property taxes in cases of women-owned or

[67] European Parliament (2017), Gender equality and taxation in the European Union, DG for Internal Policies, 36.

[68] Ibid.

[69] Jurisdictions implementing the most restrictive laws with respect to women's right to own and inherit property are located in Middle East, North Africa and South Asia. See: Almodóvar-Reteguis (2019), available at: https://blogs.worldbank.org/opendata/where-world-do-women-still-face-legal-barriers-own-and-administer-assets. Last accessed: 9 June 2021. Moreover, a study conducted by the World Bank shows that the dynamic of reforms geared towards gender equality in property and inheritance law is the slowest, compared to reforms in other social-economic spheres, e.g. access to employment, pension rights or business financing opportunities. See: World Bank (2019b), available at: https://thedocs.worldbank.org/en/doc/702301554216687135-0050022019/original/WBLDECADEOFREFORM2019WEB0401.pdf. Last accessed: 9 June 2021.

[70] World Bank (2019a), available at: https://www.worldbank.org/en/news/press-release/2019/03/25/women-in-half-the-world-still-denied-land-property-rights-despite-laws. Last accessed: 9 June 2021.

[71] Only 20% of land across the world is owned by women. In more than 90 countries, women do not have equal rights as men when it comes to land ownership. Villa (2017), available at: https://www.weforum.org/agenda/2017/01/women-own-less-than-20-of-the-worlds-land-its-time-to-give-them-equal-property-rights/#:~:text=rights%20to%20land.-,Women%20own%20less%20than%2020%25%20of%20the%20world's%20land.,percentage%20as%20low%20as%2010.&text=Yet%20female%20farmers%20lack%20equal,in%20more%20than%2090%20countries. Last accessed: 15 April 2021.

[72] Hodgson and Sadiq (2017), p. 119.

jointly-owned real estate, especially land, could incentivise registration of such property in women's names.[73]

Inheritance tax and net wealth tax[74] are generally considered to contribute to the reduction of wide spread wealth inequality. In this respect, their introduction or increase may be seen as promoting gender equality.

11.3.4 Gender Issues in the Taxation of Consumption

To reiterate, the two main consumption taxes present in the majority of today's tax systems are the VAT and excise duties. Whereas VAT is a broad-based consumption tax intended to apply to the comprehensive definition of consumption, excise duties are selective taxes on consumption of only a few items such as alcoholic beverages, tobacco products, and fuels. While explicit gender bias is generally not present within the legislation on VAT and excise duties, these forms of taxation do cause implicit gender bias.

At first glance, VAT may look somewhat like a business tax, because it is collected by businesses. On the contrary, it is a tax on private individual and household consumption.[75] VAT is generally regarded as a regressive tax because it is more burdensome to the poor. This is because the poor spend a larger proportion of their income on consumption than the rich do. Actually, the share of consumption expenditures falls with the increase of disposable income.[76] This alone could lead us to identify an implicit gender bias, as around the world there are more women than men in the lowest income deciles and far more men in the highest.[77]

Regressive impact of VAT is to a certain extent mitigated by allowing for the supply of certain goods and services to be either zero-rated, exempt, or taxed at a reduced rate. Consequently, each country that applies VAT has its own rate structure. It is exactly these preferential treatments that may induce implicit gender

[73] Joshi (2016), p. 2, available at: https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/13066/ICTD_SumBrief%236_OnlineNew2.pdf?sequence=1&isAllowed=y. Last accessed: 15 April 2021.

[74] Net wealth tax is a comprehensive tax on net worth of an individual, i.e. the value of individual's total property reduced by debt. See: Thuronyi (2003), p. 329. Only a handful of jurisdictions across the globe apply the net wealth tax. In the European Union, only France and Spain have net wealth taxes in their respective tax systems.

[75] Lahey (2018), p. 46.

[76] Of course, in absolute terms, the rich will always spend more than the poor. What we are interested in here is the proportion of disposable income that may be saved, as opposed to disposable income that may be spent on consumption. Whereas the poor can hardly save anything, i.e. they spend most of their income, the rich are able to save a larger proportion of their income.

[77] Lahey (2018), p. 45. UN Women (2017), UN Women and the World Bank unveil new data analysis on women and poverty, available at: https://www.unwomen.org/en/news/stories/2017/11/news-un-women-and-the-world-bank-unveil-new-data-analysis-on-women-and-poverty. Last accessed 15 April 2021.

biases.[78] Preferential regimes are usually applied to goods and services that are commonly regarded as (a) necessities, such as food, children's clothes, medicines, as well as (b) merit goods, such as education, health services, etc. Implicit gender bias results from the fact that men and women have different consumption patterns when it comes to some of these products.[79] Empirical studies have shown that women tend to spend relatively higher proportions of their income than men on buying necessities and merit goods. Women are primarily responsible for household purchases of basic goods and services related to nutrition, health care, education and care of children and the elderly.[80] In this respect, tax policy designers should bear in mind that increasing VAT for example on textbooks and stationery material could reduce women's disposable income more than it does in the case of men. This could, in turn, damage their bargaining power within the household and at the same time, strengthen the existing inequalities therein.[81]

Excise duties target specific goods which are considered to be detrimental to consumer's health or the environment: the so-called demerit goods.[82] Therefore, excise duties are intended to function as a corrective mechanism, i.e. to prevent the overconsumption thereof. Like VAT, excise duties also disproportionately encumber lower income groups. It is lower income groups who generally consume more demerit goods. However, at the same time, goods targeted by excise duties are disproportionately consumed by men, for which reason these taxes are implicitly biased against men. Nevertheless, within the context of a household this could actually lead to other members of the said household reducing their consumption of other (non-excise) goods, so that the male breadwinner can maintain the consumption of taxed goods.[83] This is just one way in which bargaining power imbalance within the household could lessen the implicit bias against men.[84]

11.4 Gender Responsive Budgeting

Probably the most important result of the twentieth century was the entry of women and gender-sensitive persons into the political, social and economic life of our nations. But the goal for the future years is to erase gender inequality, especially eliminating gender disparities in health care, paid employment, participation in

[78] Stotsky (1996), p. 13.

[79] Ibid, p. 9. It is, however, rather difficult to ascertain the exact patterns since the consumptions of such goods and services occurs within a household that comprises both men and women.

[80] Joshi (2016), p. 2.

[81] Valodia (2009), pp. 141–142.

[82] Musgrave and Musgrave (1989), p. 404.

[83] Stotsky (1997), p. 32, available at: https://www.imf.org/external/pubs/ft/fandd/1997/03/pdf/stotsky.pdf. Last accessed: 14 April 2021.

[84] Ibid., p. 32.

society and political bodies.[85] Since 1979, the UN underlines the importance of gender equality in the UN Convention on the Elimination of All forms of discriminations against women (CEDAW). To reach these ambitious aims, governments need to improve public policies to avoid gender discrimination.

11.4.1 Basic Budgeting Concepts and Gender Equality Related Issues

As we know, money collected by taxation is used by governments to fund public services and satisfy public needs, for contributing to general well-being. It is clear that taxation must consider inequalities, and these inequalities can be compensated for by the redistribution of money, services and goods through public expenditure.

Economic policies (both macroeconomic and microeconomic policies) are often thought of as gender neutral. Budgeting is generally considered a gender-neutral policy instrument. But that is a mistake: the budget is not gender neutral, but rather gender blind. Some examples of gender biases in taxation, both explicit and implicit, have been analysed in the previous section. Moreover, budgeting policies can hide gender biases too. Public accounting policies are not gender sensitive and have a negative impact on women compared to men. It must be understood that by maintaining gender inequality, these policies also have a negative impact from an economic point of view, making it difficult for all categories to access work or business.

It is clear that governmental budgets reflect political priorities. If we neglect this distinct impact on people, we perpetuate economic disparities and disable the improvement of social roles various groups individuals hold. National or local budgets do not affect individuals directly, but the choices contained in the national or local budget, impacting the market demand or public services, influence employment, family life, healthcare, price level and so on. Individuals in general have different economic roles and, consequently, different economic and social power. In most cases, women and minorities are at a disadvantage. The apparent neutrality of the public budget hides the fact that, often, women and third-gender persons do not have the same variety of choices (political, social, economic) in relation to others.

If we consider gender inequality as inefficient, both from the point of view of access to work and business, and as a lack of participation in political life, it becomes clear that the government (and parliament) can use the money raised through taxes to reduce inequality. By orienting public finances, it is possible to redistribute wealth and fight against women's poverty and gender inequality. Public spending encompasses gender bias and produces gender-disparate effects on distribution of public services and wealth. Usually, government budget is considered as a monetary quantification of political objectives,[86] but we must understand that the public

[85] Stotsky (2016), see also the chapter on Public Policies in this book.

[86] Hyndman et al. (2014), pp. 388–408.

budget is the result of political negotiations and it is influenced by political and social contests and values. Public budget is the reflection of the government's interpretation of these values through the use of public expenditures. Very often public policies do not consider the unpaid work of women enough, especially during economic crises.[87] Women become the last resort of families, compensating for insufficient public healthcare or social services. Public budgets do not recognise the role of women (nor individuals of third-gender and non-binary individuals) in the economy and society. To achieve equity and redistribution of wealth, considering the limited public resources, it is necessary to set the objectives of public finance taking into account these needs.[88] Recently, UN statements (Millennium Development Goals and Sustainable Development Goals, especially action n. 5) reiterated the need to adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality.

Fiscal policies determine the composition of expenditure, and expenditures can consent investments and benefits to influence private behaviours in a gender responsive way. A high level of taxation and a similar level of public expenditures can contribute to an inclusive growth,[89]sustaining investments that reduce gender gap. Moreover, austerity measures after the financial crisis were executed without regard to gender bias. By cutting public expenditures or reducing taxation, governments cannot drive budget priorities towards improving the opportunities for minorities, boosting welcoming culture towards gender equality and avoiding the lack of integration into social life.

11.4.2 Gender Responsive Budgeting Is an Evolution from a Gender Perspective

Gender equality has been at the centre of the debate in recent years. At first the issue of women's empowerment was the subject of attention and it was evaluated how public policies can affect women, men and people in general in different ways.[90]

Through the initiatives of gender responsive budgeting (GRB) it is possible to try to reduce inequalities by operating through the public budget. The term "GRB" considers all efforts aimed at reducing inequalities between women and men, introducing greater attention to gender issues in the drafting of public budgets.[91]

[87] United Nations. 2015. Transforming our world: The 2030 agenda for sustainable development. A/RES/70/1.

[88] Budlender (2005), https://www.ndi.org/sites/default/files/Gender%20Responsive%20Budgeting%20Trainers%20Manual.pdf. Last accessed 18 September 2021.

[89] Birchall and Fontana (2015).

[90] Lavena and Riccucci (2012), pp. 122–136.

[91] Bureau for Gender Equality. 2006. Overview of Gender-responsive Budget Initiatives. ILO Staff on the Relevance of Gender-responsive Budget Initiatives in Promoting Gender Equality in Decent Work Country Programmes. https://www.ilo.org/wcmsp5/groups/public/%2D%2D-dgreports/%2D%2D-gender/documents/publication/wcms_111403.pdf. Accessed 29 April 2021.

First, it is important to understand that a GRB is not a "woman-oriented budget", or a "gender-oriented budget". The GRB concept is different from a budget in which wealth is divided exactly between men and women (or others). GRB introduces a new concept of public budgeting: governments must consider gender-oriented policies as an objective of public budget, and measure the effects of budget implementation on reducing the gender gap.[92] The GRB can be defined as the set of public economic policies that contribute to the achievement of gender equality and respect for human rights.[93] After all, the GRB is a tool that uses budgeting to reduce gender inequality.[94] In this way, taxes and expenses are also considered in order to promote gender equality and the personal development of people, modifying the process of preparing the public budget, modifying society and supporting gender equality. The best definition of GRB is given by the Council of Europe: "Gender budgeting is an application of gender mainstreaming in the budgetary process. It means a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process and restructuring revenues and expenditures in order to promote gender equality."[95]

Through this new vision of budgetary policies, the government uses public resources in such a way as to increase equality. Also, to increase the efficiency of economic policies, helping an inclusive and sustainable growth.[96]

To achieve these goals, it is necessary to examine the public budget to assess how public spending affects men and women differently.[97] The GRB requires that governments think about gender impact at all stages of the budget cycle.[98] According to the GRB idea, the law must require the government to consider gender-based objectives while writing the budget. It is also important that the law enforces government evaluation of the potential impact of each measure or legal draft considering its gender effects.

The concept was introduced in Australia in the 1980s but it was the World Conference on Women in Beijing in 1995 that the idea was developed.[99] Some countries or local governments adopted GRB policies: Belgium (2007), Australia (1983), Spanish region of Andalusia (2003), Austria (2004), France (2000 and

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[92] Stephenson (2018). DOI: 10.21201/2017.1848.

[93] United Nations. 2015. Transforming our world: The 2030 agenda for sustainable development. A/RES/70/1.

[94] Council of Europe. 2005. Final report of the Group of Specialists on Gender Budgeting (EG-S-GB), EG-S-GB (2004) RAP FIN; Equality Division, Directorate-General of Human Rights, Council of Europe, Strasbourg, p. 10, available at http://www.mpsv.cz/files/clanky/12462/GenderBudgeting-report2005_En.pdf.

[95] Council of Europe. 2005. Final report of the Group of Specialists on Gender Budgeting.

[96] European Institute for Gender Equality – EIGE. 2017. Gender Budgeting, ISBN 978-92-9493-897-8, DOI: 10.2839/07916.

[97] Directorate General of Human Rights. 2005. Gender budgeting. Final report of the Group of specialists on gender budgeting (EG-S-GB). Strasbourg: Council of Europe.

[98] Stephenson (2018).

[99] Stotsky (2016).

2010), Sweden (2002), UK (1997), and several countries in the Americas (e.g., Brazil, Chile, Mexico, and Peru). Also, the Finance Ministers of Jamaica, Romania, Mauritania, Morocco, Nigeria and Rwanda, as well as the World Bank proposed the creation of a group to promote gender equality through public budgeting.[100] More than 80 countries have introduced some kind of GRB efforts in the public budget's cycle and the vast majority of OECD countries (90%) report using tools to promote gender equality.[101] However, few nations reached substantive changes in fiscal policy or purpose of expenditures.

Example

Many efforts can be made and they may take many forms.

In Austria, aspects of gender equality have been considered in the federal budget since 2005. Similarly, in Italy and France, a gender budgeting activity is attached to the state budget.[102]

Furthermore, the EU considers the gender-based view in all its budgetary activities. This activity is important for cooperation programs with developing countries. think of the European Consensus on development or the EC Regulation no. 806/2004 on the promotion of gender equality in development cooperation. For the EU is essential to promote gender equality in all EU development cooperation policies, strategies and interventions in developing countries, such as India, the Philippines, Morocco and Uganda.

Moreover, gender budgeting has a firm basis in the Treaty on the Functioning of the European Union, especially its Article 8. The European Parliament and the Council of the EU have repeatedly called on the Member States to develop and implement gender budgeting. Some developed countries, e.g. the US have no rules about GRB, and the US also have not (yet) ratified the CEDAW[103] although some sub-state governments have implemented CEDAW ordinances.[104] ◀

In light of the foregoing, a new gender-sensitive budgeting methodology provides a better understanding of the use of revenue and expenditure. This is particularly useful from a political point of view, as it identifies when gender bias occurs. Analysing the public budget with a gender-oriented view can help identify where corrective actions need to be implemented.

This working method can be applied to any type of budget system at all levels of government. To function properly, this approach requires the widest participation of citizens in national or local budget planning. In fact, some local authorities have

[100] Ibid.

[101] Downes et al. (2017), pp. 1–39. https://doi.org/10.1787/budget-16-5jfq80dq1zbn.

[102] https://www.oecd-ilibrary.org/sites/fb46acfc-en/index.html?itemId=/content/component/fb46acfc-en.

[103] Fragoso and Enríquez (2016).

[104] Moser and Korac (2020).

understood that through their budget sensitivity to this issue, they can meet the needs of women and men (e.g. Andalusia, and some cities in Italy).

State intervention through public economic policies reduces inequality. The interest of the state is to eliminate discrimination, which damages growth and is socially and politically unsustainable. Obviously, we are still a long way from the effective implementation of public policies that can fully achieve these objectives and the GRB is a useful tool. The GRB can use public spending to help achieve three goals: (1) redistribute wealth to unpaid workers; (2) reduce gender asymmetries; (3) change the allocation of public resources to vulnerable people.

It can be assumed that a gender-oriented budget includes public spending on public work programs for women or non-binary individuals, on childcare, on training courses for women in non-traditionally female fields, funding a share of places reserved for women or gender-oriented (especially for public administration).

Gender-specific spending is aimed at the different needs of men and women, to encourage their participation in politics, in a more incisive way than traditional taxation and spending. At the same time, a GRB can develop the access to education, healthcare, social and political bodies for everybody, avoiding gender bias and limiting gender burden. For example, governments can establish specific expenditure on female healthcare programs in schools, both for students and teachers. Further examples of gender-specific expenditures might concern funding of programmes intended to increase women's participation in technical jobs, or men's participation in householding or childcare activities. This kind of strategy can have beneficial spill-over effects in other fields of public life, reducing unemployment or illness, for example.

A good GRB plan needs a focus on available synergies. We have some examples of how the GRB works. Successful promotion of gender equality is related to the level of spending devoted to basic services, according to inclusiveness criteria.[105] But evidence suggests that few programmes exist for childcare, for example, and direct provisions work better than parent subsidies.[106]

Greater public investments are important but are not sufficient. A GRB must contain some specific gender-based expenditures, as well expenditures to change the gender profile of certain areas (work access, recruiting opportunities). A GRB can provide expenditure specifically targeted toward vulnerable people (women, elderly, not binary), and expenditure targeted toward equality (especially for recruitment, education, childcare). Expenditure may be earmarked to finance equal opportunities in government employment. This would also improve the gender focus of the entire public administration. But also, the general expenditures directed to all individuals can be used to obtain a new "gender breakdown" (healthcare, agricultural supports).

[105] Birchall and Fontana (2015).

[106] Fontana and Elson (2014), p. 459.

11.4.3 Transparency and Participatory Budgeting Are the First Stage of the Creation of GRB

To ensure these results, it is important that the impact of the measures on different social groups is made known to the public. Using disaggregated data it is possible to understand if the expenses are adequate and to evaluate the short and long term results.

It is necessary to introduce constant monitoring during the implementation of the public budget, evaluating the results achieved in reducing the gender gap.

A gender disaggregated tax analysis is also important: the impact of direct and indirect taxation can be different.

First, it is useful to analyse, in a disaggregated way for men and women, the benefits of all budgetary measures, considering female and male users differently (and, probably, it is preferable to also disaggregate by income, class, position, age, work, educational qualification).

Only in this way will decision-making processes be more transparent. Therefore, knowing the disaggregated data, it is possible to intervene by modifying the financial allocations in order to promote gender equality or add specific policy measures to make the policy more "gender sensitive".

In this way, the influence of national or local policies on the allocation of resources is more transparent, making it clear that apparently gender neutral social and political institutions sometimes transmit gender bias.

A gender-oriented fiscal statement, which assesses the gender impact of the public budget, can be an information tool on the impact of public economic policies and the corrective measures the government intends to take.

Example

One of the most important hypotheses of GRB is created in France and is called "Le Jaune Budgétaire".[107] This is an annex to the budget in which, annually, each ministry reports the analysis of its gender budget. It is an enormous knowledge tool for public stakeholders and citizens in general. In Italy, since 2016 the "Gender Report" is attached to the state balance.[108] The publication of these tools makes the data transparent and allows the effects of inclusive fiscal policies to be assessed. ◄

[107] https://www.budget.gouv.fr/documentation/documents-budgetaires/exercice-2021/le-projet-de-loi-de-finances-et-les-documents-annexes-pour-2021.

[108] https://www.rgs.mef.gov.it/VERSIONE-I/attivita_istituzionali/formazione_e_gestione_del_bilancio/rendiconto/bilancio_di_genere/index.html.

11.4.4 GRB Is a Tool to Realize Fairer Budgeting System

Although a variety of GRB practices have been introduced in many Western countries and also in some developing nations, too much political, economic and social inequalities continue to remain in society because GRB is not fully embedded in the budget cycle. Public budgets usually do not respect all GRB matters, and cannot resolve the unequal distribution of resources and possibilities.

However, GRB can potentially play a new role to fight against gender inequality. Following GRB rules, governments can obtain fair externalities and social outcomes, like improving healthcare or education, reducing expenses in these fields. Gender budgeting is good budgeting because GRB is not only the budget for women or various minorities, but a budget that considers all the people obtaining fair externalities and reaching equity. Indeed, GRB helps fiscal policies to reach redistributive goals of taxation.

Finally, GRB is an instrument for stimulating economic growth, enabling more persons to express their personality in economy and society thereby creating new wealth for the whole nation. GRB initiatives can lead to a more efficient use of resources, especially resources which are mostly related to poverty reduction and human development.

Gender equality is a fundamental human right. But it can also bring socioeconomic benefits.[109] Reducing gender inequality has positive effects on the economy, public health, job quality and administrative transparency.[110] The European Institute for Gender Equality – EIGE reports that "between 6.3 million and 10.5 million additional jobs in 2050 due to improvements in gender equality by addressing gender segregation in educational choices and increasing the participation of women in science, technology, engineering and mathematics (STEM), with about 70% of these jobs taken by women".[111] With less gender inequality, economic growth could be achieved at a time of difficulty!

In conclusion, fairer taxation must take into account gender differences and not reinforce inequalities. At the same time, better management of public spending can reduce gender-based disparities (explicit or implicit). Gender budgeting tools contribute to the transparency of public administration. The GRB can also be a tool for verifying the promises relating to "gender equality" and the gender sensitivity of its policy.

Gender budgeting represents a crucial tool with which to promote equal opportunities. If the choice of how to collect taxes and spend public money reflects the priorities of the nation, the GRB is the tool to stimulate a perspective of gender equality and reorganization of resources.

[109] European Institute for Gender Equality – EIGE (2017), Gender Budgeting.

[110] Elborgh-Woytek et al. (2013). http://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf.

[111] European Institute for Gender Equality – EIGE (2017), Gender Budgeting.

11.5 Conclusion

Tax systems, which at first glance appear to be gender neutral, may actually generate and perpetuate gender inequalities due to their anachronistic design. The manner in which tax systems around the globe are designed, often fails to take into consideration circumstances in which modern societies function, be it distribution of gender roles within the household, at workplace, or within the economy in general. Indeed, progress is being made in this respect. However, public finance has only recently acknowledged the importance of the effects of public policies on gender equality. Numerous jurisdictions have eliminated explicit gender biases from their tax systems, but many examples of implicit gender biases still persist. It is thus crucial to analyse and highlight the negative gender equality effects of tax legislation in order to be able to provide a viable remedy. Moreover, not only tax policy, but also budgetary policy needs to integrate a gender perspective. The way in which countries allocate and spend resources collected through taxation and other channels, is crucial for reducing gender disparities. GRB is therefore an extraordinarily valuable tool in achieving this goal. Having said that, it should be borne in mind that cultural differences will inevitably continue to exert influence on what is to be regarded as gender bias, and how it should be eliminated.

Questions

1. Is taxation gender neutral?
2. Is gender equality recognised within the framework of taxpayer rights?
3. Does the design of tax systems based on traditional family schemes produce gender discrimination?
4. Can a tax system be fair without taking into account a gender perspective?
5. Should the different tax administrations carry out their fiscal policy considering the gender perspective?
6. What is the difference between explicit and implicit gender bias within a specific tax system?
7. Try to identify an explicit or an implicit gender bias within the framework of (a) personal income tax, (b) corporate income tax, (c) property or wealth tax and (d) consumption taxes within the framework of your national tax legislation?
8. Why is it important to include gender-oriented perspectives in budget analysis?
9. Does the GRB include only gender-based expenditure?
10. Is it important that the GRB consider gender disaggregated data for evaluating budget outcomes?

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