Taxation and Gender Equity

An eight-country study of the gendered impact of direct and indirect taxes

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Countries everywhere are struggling with new or increased budget deficits, sluggish growth and widespread economic insecurity brought on by the global economic downturn. Taxes provide the essential resources to address these problems, enabling governments to invest in services and infrastructure both to stimulate growth and mitigate the impact of economic and social insecurity. Because taxes are the main source of recurring revenue directly under government control, tax policy is at the heart of the debate on what services government should provide and who should pay for them, including the share paid by men and women as workers, employers and consumers.

As tax systems have evolved over the post-war period, most countries have introduced reforms designed to broaden the base of personal income taxes and reduce the highest marginal rates on individuals and corporations. Trade tariffs, formerly a major share of tax revenues in developing countries, have been all but eliminated. Revenue losses have been made up by greater reliance on indirect taxes, especially consumption taxes. The most common of these is the value-added tax (VAT), which is attractive because it is seen to be broad-based, easy to collect and difficult to evade. Some form of VAT has been adopted by more than 125 countries. Today, indirect taxes make up about two-thirds of tax revenue in low income countries; compared to about one third in high-income countries

As countries look for ways to increase revenue, they need to be mindful of mobilizing development resources in ways that do not place undue burdens on the poor and marginalized. Since women are particularly vulnerable to poverty, especially during economic downturns, attention especially needs to be paid to the way in which countries are seeking to increase domestic revenues and the impact of this on poor women.

Addressing this need is an eight-country study on "Gender and Taxation: Improving Equity and Revenue Generation" led by researchers at American University and University of KwaZulu-Natal with support from the International Development Research Centre, the Ford Foundation and the United Nations Development Programme (UNDP). The study is the first serious attempt to analyse the revenue side of government budgets from a gender perspective, particularly in developing countries. It examines the impact of direct and indirect taxes on women and men in Argentina, Ghana, India, Mexico, Morocco, South Africa, Uganda and the UK.

Gender and taxation: improving equity and revenue generation

As the Convention on the Elimination of All Forms of Discrimination (CEDAW) recognized 30 years ago, ideas about gender roles inform the way in which economic policies, including tax systems, are structured, since these influence men and women's decisions about employment, spending, saving and investment. It is therefore important to design tax systems so that they recognize unequal gender roles, and, wherever appropriate, seek to transform them.

In looking at the gendered impact of tax policies, researchers usually focus on four areas: paid employment; unpaid work; consumption expenditure; and property rights. In all countries, women enter and exit the labour force more often than men; earn less; and are more likely to work in part time or temporary jobs. They also are less likely to own property such as land or housing. This implies that they are likely to bear a smaller share of the income or property tax burden in many countries, but at the same time will have less access to tax benefits afforded to employees or property owners. Women also do most of the unpaid household and care work, and tend to spend a higher proportion of their income on basic needs such as food, education and health care. It is therefore important to analyse how the tax impact on these commodity prices will affect women's and men's expenditure patterns and household welfare.[1]

TABLE 1. GENDER BIAS IN PERSONAL INCOME TAX (PIT) IN FIVE COUNTRIES

ELEMENTS OF PIT	EXPLICIT BIAS	IMPLICIT BIAS
1. Rate structure		South Africa, Morocco Argentina, India, Ghana
2. Allocation of non-labour Income/ family business income	Argentina	Ghana
3. Allocation of tax preferences, exemptions, deductions	Morocco, India Argentina	South Africa, Morocco
4. Collection of income tax		South Africa

Tax policies are often evaluated on three criteria: equity, efficiency and ease of administration. The project focused mainly on the issue of equity. Tax equity is commonly discussed according to two definitions of "fairness": vertical and horizontal equity. The first reflects the principle that those who earn more should pay a proportionately larger portion of their income in taxes, while the second posits that individuals who earn the same amount should pay the same portion of their income in taxes, regardless of their sex, marital status or other considerations.

In assessing gender equity in tax policies, it is also useful to distinguish between explicit and implicit gender bias. Explicit gender bias occurs when the tax legislation contains specific provisions that treat men and women differently. Explicit bias was found in three of the countries studied: Argentina, where the income from jointly owned assets is allocated to the husband; in Morocco, where dependants are defined to include a male taxpayer's wife and children but not a female taxpayer's husband or children; and in India, where in an effort to promote gender equality, the tax threshold for women is higher than that for men.[2]

Implicit gender bias occurs where tax systems intersect with gender relations, norms and economic behaviour. For example, because gender norms assign household and childcare responsibilities to women, women tend to use a larger portion of their income on basic goods such as food and clothing. Systems that tax basic goods may therefore place a heavier tax burden on women. Other examples in the study included various work-related exemptions and deductions that benefit professionals and those in formal employment, for which men are more likely to be eligible. In Argentina, Ghana, and South Africa implicit gender bias also took the form of exemptions for interest or dividend payments on stocks and equities, two types of financial assets that men more than women are likely to own (see Table 1).

Beyond the issues of bias, tax policies can also be examined from the standpoint of how well they promote the achievement of substantive gender equality and the transformation of unequal gender norms and roles, as defined by the CEDAW. The issue of tax allowances for children and financially dependent adults, for example, is especially important for gender equality goals. The eight countries address the issue of dependent care in different ways, some supporting its costs through expenditure programmes, others providing tax allowances for dependent children and adults.

In countries where most women and poor households are inside the income tax net, tax allowances for dependant care can have positive gender-equality outcomes, provided they are reviewed regularly and adjusted to keep up with inflation. However, they will still exclude non-tax payers and are likely to be worth more to high-income than to low-income households. The only exception is a system of refundable tax credits as in the UK which reaches a majority of the population. In essence, however, the UK system is very similar to a programme on the expenditure side of the budget, only the credit is paid via the tax system.

However, in low-income countries most of the poor and the majority of women, who are likely to be unpaid family workers or poorly paid informal workers, fall outside the income tax net. In such cases it may be more appropriate to deal with care provision on the expenditure side of the budget, since tax allowances will not reach most low-income households. However, where subsidies are based on household rather than individual income levels and where they are means-tested, as in the UK, they can have a negative impact on low-income women, who would otherwise fall below the income threshold, creating a disincentive for them to seek paid work and thereby reinforcing gender inequalities.

In many countries, inflation erodes the value of income so it is important that personal income tax brackets are indexed to inflation. Failure to do this can result in what is known as 'fiscal drag,' which increases taxes as a proportion of earnings. Fiscal drag can also have an implicit gender bias. An analysis in Uganda found that the tax threshold of 130,000 Ugandan shillings in 1997 should have been raised to Shs. 197,271 in 2007 for it to have had the same real value as in 1997. But since the threshold was held constant for over a decade, wage earners whose monthly incomes in 1997 were exempted from income tax were no longer exempt in 2007, though their earnings had not increased. This group included a higher proportion of women than men, suggesting that a tax system that fails to adjust for fiscal drag can burden women disproportionately.

The unit of taxation in personal income tax systems can be either individual or joint. In individual filing systems, which all of the countries in this study have adopted, all income earners are individually responsible for filing taxes based on their earnings, regardless of marital status or household structure. Individual filing systems tend to be more gender-equitable than systems of joint filing, where tax liability is assessed on the combined income of both partners, because they avoid incentives that promote male "breadwinner" families with financially dependent spouses. However, individual filing systems may be less well targeted on household income and therefore less progressive (or vertically equitable) in terms of the distribution of after-tax income.

Vertical and horizontal equity in PIT

The study examined the impact of PIT on different household types according to vertical and horizontal equity (see Table 2). Each country's PIT rates were applied to individual income which was then summed for each household. When households were grouped at half the median income, the median income, and twice the median income, the analysis showed that most countries achieved a modest degree of progressivity in their personal income tax systems. Horizontal equity was examined for four household types: 1) a single parent with children and no other adult; 2) a female earner, one dependent man and children; 3) a male earner, one dependent woman and children; and 4) a dual-earner couple with children.

Tax systems were generally horizontally inequitable across household types. Male-breadwinner households with a single earner, a financially dependent spouse and two dependent children typically pay a higher share of their income in tax than do dual-earner households with two dependent children in Argentina, Ghana, India, South Africa, Uganda and the UK.[3] But there were interesting

TABLE 2. PIT INCIDENCE ACROSS HOUSEHOLD TYPES AT DIFFERENT INCOME LEVELS

	SINGLE PARENT WITH CHILDREN AND NO OTHER ADULT	FEMALE BREADWINNER: A FEMALE EARNER, ONE DEPENDENT MAN AND CHILDREN	MALE BREADWINNER: A MALE EARNER, ONE DEPENDENT WOMAN AND CHILDREN	COUPLE WITH CHILDREN: DUAL EARNERS
2 x MEDIAN HOUSEHOLD INCOME	Argentina[1], Ghana[2], India[3], Morocco, South Africa, Uganda, UK	South Africa, Uganda, UK	India, South Africa, Uganda, UK	
MEDIAN HOUSEHOLD INCOME	Ghana[2], India[3], Morocco, Uganda, UK	Uganda, UK	India, Uganda, UK	
½ MEDIAN HOUSEHOLD INCOME	Morocco, UK	UK	UK	

Note: When a country is listed more than once in a row, this means that the incidence of PIT falls on more than one household category as indicated in the column.
[1] Self-employed single parent households with children bear the largest burden in Argentina.
[2] Single-parent households with children bear the highest incidence in Ghana.
[3] Single-parent households bear more tax than female-breadwinner or dual-earner households in India only if the single parent is a man.

variations. In Morocco, dual-earner households where the woman's income is higher than the man's pay more tax than those households where the man earns the higher income, because tax reductions for dependants are available only to men. In Ghana, single-parent households, which are majority female, bear a heavier tax burden than do both dual-earner and male-breadwinner households because they cannot claim tax relief for a financially dependent spouse unlike other household types.

The finding that dual-earner households face the lowest PIT incidence could be viewed as transformative since it does not create a disincentive for women to join the labour market or reinforce existing unequal gender roles. However, the finding that single-parent households with children bear a larger PIT burden than do male-breadwinner households with children and a dependent spouse is a matter for concern. Single parents – who in many countries are more likely to be women - have to play the dual roles of breadwinner and caregiver. Because they pay a higher effective tax rate, the tax system may be implicitly subsidizing male-breadwinner households who do not pay the costs of childcare.

Incidence of indirect taxes on women and men

Since indirect taxes have become an increasingly important revenue base for developing countries, as noted earlier, the study also examined the incidence of VAT, excises and fuel levies for different households. Tax incidence is the percentage of total income or expenditure that is paid in taxes—either for specific consumption items or in total. Since income data was available for only one country in the study, Mexico, the project adopted expenditure as the metric for examining incidence. In developing countries especially, this is quite common, as expenditure data is generally more reliable than income data and it arguably provides a better measure of household well-being. The results, however, can often differ from those done on the basis of income, as noted further below.

Given the lack of studies on the gender impact of indirect taxes, the methodology the project adopted is worth describing. Ideally, to do a gendered incidence analysis, data are needed on individual expenditure. But since such data do not exist in most countries, researchers classified households into two "gender type" categories.[4] First, sex composition was used to classify households as a proxy for gender norms that produce gender-specific expenditure patterns; this classification distinguishes households with a greater number of adult females from those with a greater number of adult males and those with an equal number of male and female adults. Second, as a proxy for household bargaining power, households were categorized based on the employment status of the adults, assuming that employment (and the income it yields) allows women to exert greater control over household spending decisions. This category distinguishes among female-breadwinner households (with no employed males), male-breadwinner households (with no employed females), dual-earner households and households with no employed adults.

Indirect taxes are widely perceived to be less progressive than direct taxes, since low-income households spend a larger fraction of their income to fulfill basic needs than do high-income households. The country studies showed that, in contrast to perceived wisdom, overall indirect tax incidence falls most heavily on households in the richest quintiles in Uganda, Mexico and Morocco; on households in the middle quintiles in South Africa and the UK; and on both the richest and poorest households in Ghana. In Argentina overall indirect tax incidence is proportional. In only one country, India, do households in the lowest quintile have the higher indirect tax incidence (see Table 3). This somewhat unexpected result is mainly due to the fact that in all of the countries studied some consumption goods, especially those consumed by poor households, are taxed at reduced rates, zero-rated or exempted. For

TABLE 3. GREATEST INCIDENCE OF EACH TYPE OF TAX BY EXPENDITURE QUINTILE

Incidence falls most heavily on:	TOTAL INDIRECT TAXES	VAT	EXCISES	FUEL TAX
QUINTILE 5	Ghana[1], Mexico, Uganda, Morocco	Mexico, Morocco, Uganda, UK		Argentina, Ghana, India, Morocco, South Africa, Uganda
QUINTILE 3-4	South Africa, UK	South Africa	Argentina, Morocco, South Africa	
QUINTILES 1-2	Ghana[1], India	India	Ghana, India, Mexico, UK	Mexico[4], UK
PROPORTIONAL	Argentina[2]	Argentina[3], Ghana	Uganda	

[1] Indirect taxes are U-shaped, falling on the lowest and highest quintiles.
[2] Indirect taxes are slightly progressive.
[3] VAT is slightly regressive.
[4] Fuel tax was a subsidy and lower quintiles received less subsidy than higher quintiles.

example, some basic foods have reduced rates in Argentina, India and Morocco and are zero rated in Uganda, Mexico, the UK, Morocco and South Africa. Education and public sector medical services are exempt in South Africa, the UK, Uganda and Ghana.

More complex patterns emerge when taking gendered household structure into account. The project found that male-breadwinner households bear the heaviest burden of total indirect taxes in four of the eight countries, largely owing to these households' greater consumption of goods that are subject to excise taxes or fuel levies (see Table 4). Households with no employed adults bear the heaviest overall indirect tax incidence and the heaviest incidence of excise taxes only in the UK while female-headed households bear the highest incidence of indirect taxes only in India, again largely related to expenditures on the goods and services they consume.

Given that female-type households are generally clustered in lower income brackets, and that many countries use zero-rating and exemptions to VAT in order to protect households in lower income brackets, it follows that male-type households generally bear a higher incidence of indirect taxes. The incidence is also higher on these households because they typically consume more goods subject to excise and fuel taxes than do female-type households.

TABLE 4. INCIDENCE OF INDIRECT TAXES BY HOUSEHOLD TYPE

Incidence falls most heavily on:	TOTAL INDIRECT TAXES	VAT	EXCISES	FUEL TAX
By headship (comparing male-headed versus female-headed)				
MALE-HEADED HOUSEHOLDS	Argentina, Ghana, Mexico, Morocco, South Africa, Uganda, UK	Argentina, Ghana, Mexico, South Africa, Uganda, UK	Argentina, Ghana India, Mexico, Morocco, South Africa, Uganda, UK	Argentina, Ghana, India, Morocco, UK, South Africa, Uganda
FEMALE-HEADED HOUSEHOLDS	India	India, Morocco	UK[1]	Mexico
By employment status (comparing male-breadwinner, female-breadwinner, dual-earner, none-employed)				
MALE-BREADWINNER HOUSEHOLDS	Argentina[2], Ghana, Mexico, South Africa, Uganda	Argentina[2], Ghana, Mexico, South Africa, Uganda	Argentina, Ghana, Mexico, Morocco[2], South Africa, Uganda	Ghana[2], Uganda, Morocco[2]
FEMALE-BREADWINNER HOUSEHOLDS				Mexico
DUAL-EARNER HOUSEHOLDS	Argentina[2], Morocco	Argentina[2], Mexico, Morocco, UK	Morocco[2]	Argentina, Ghana[2], Morocco[2], South Africa, UK
NO-EMPLOYED	UK		UK	
By household sex composition (comparing male-dominated, female-dominated and equal numbers)				
MALE-MAJORITY HOUSEHOLDS	Argentina, Ghana, India, Mexico, Morocco, South Africa, Uganda, UK	Argentina, Ghana, India, Mexico[3], South Africa, Uganda	Argentina, Ghana, India, Mexico, Morocco, South Africa, Uganda, UK	Argentina, Ghana[3], India, Uganda, UK
FEMALE-MAJORITY HOUSEHOLDS				Mexico
EQUAL-NUMBER HOUSEHOLDS		Mexico[3], UK		Ghana[3], South Africa
PROPORTIONAL		Morocco		Morocco

Notes: In Mexico, fuel tax was a subsidy and therefore the cells indicate which household type received less subsidy.
[1] The differences in incidence for female-headed and male-headed households are not statistically significant.
[2] The differences in incidence between male-breadwinner and dual earners are not statistically significant.
[3] The differences in incidence between male-majority and equal number households are not statistically significant.

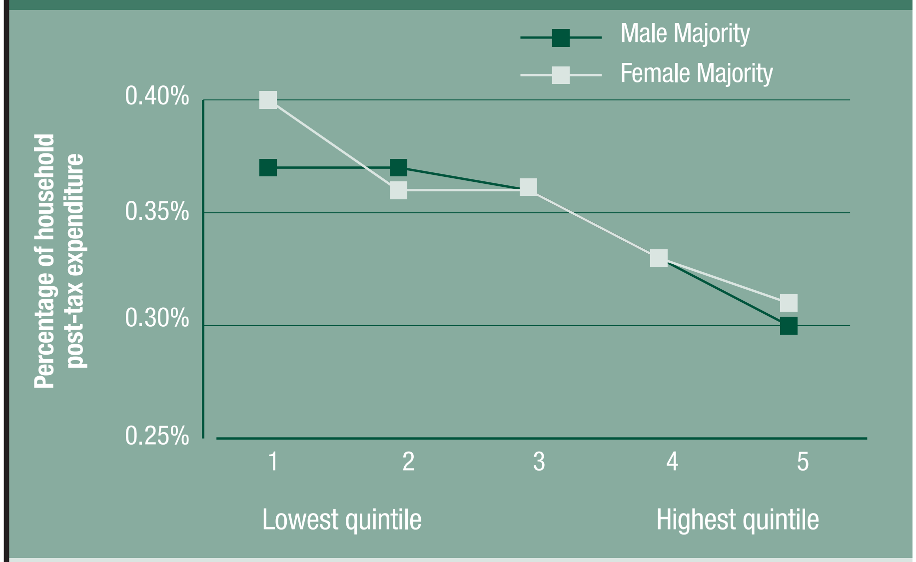
As noted above, evaluating tax incidence on the basis of income rather than expenditure will likely produce different results, in terms of both gender and income. In the case of Mexico, where income data were available, the incidence analysis using this data found that households in which most income is earned by women have a higher indirect tax incidence than households in which men earn most income. Incidence is lowest in households where men and women earn similar incomes.

All countries further disaggregated the incidence of indirect taxes for each household employment category by quintile. Total indirect tax incidence falls most heavily on the richest male-breadwinner or dual-earner households in Argentina, Morocco and Uganda, while it falls on middle quintile dual-earner households in South Africa and no-employed households in the UK. The incidence of excises generally falls on male-breadwinner or dual-earner households in the middle quintiles in most countries.[5] The incidence of fuel taxes is generally progressive with regard to both income and gender.

Importantly, the presence of children in the household has an impact on the incidence of indirect taxes. Generally, incidence falls more heavily on households without children. An exception is the VAT in Morocco, where households with children bear a higher incidence of VAT. Finer differences emerge when the analysis is disaggregated by quintiles. Poorer households with children bear a greater incidence of VAT relative to equally poorer households without children in Ghana, Mexico and Uganda. In South Africa, female-breadwinner and no-employed households with children in the middle quintiles bear a higher VAT and fuel levy tax incidence than do female-breadwinner and no-employed households without children in the same quintiles.

Because of gender-specific expenditure patterns, the tax incidence for specific commodities brings out the gender-differentiated results far more starkly than the results by type of tax. In all countries studied, indirect taxes paid on particular types of commodities were found to be disproportionately paid by low-income, female-majority households. Figure 1 shows this to be the case in India where there is no use of zero-rating of basic consumption goods. In India, female-type households in the lowest, middle and highest incomes quintiles bear a higher incidence of food taxes than male-type households. The differences are most striking for the lowest income quintile.

FIGURE 1. FOOD TAX INCIDENCE BY HOUSEHOLD TYPE ACROSS QUINTILES IN INDIA



Chakraborty et al. in Grown and Valodia, eds., *Taxation and Gender Equity: A Comparative Analysis of Direct and Indirect Taxes in Developing and Developed Countries*, (London: Routledge, 2010), Ch. 4.

By contrast, the incidence of tax on medical expenditure falls on the richest female-majority households in Argentina, Mexico and Morocco, and the richest equal-number households in India and South Africa.[6] The incidence on children's clothing varies by country. The poorest male-breadwinner households in Argentina and the poorest dual-earner households in Mexico and Uganda bear the highest tax incidence on children's clothing, but the poorest female-breadwinner households in Ghana and Uganda bear the highest tax incidence on children's clothing.

For some goods, the analysis by household sex composition (as opposed to employment status) makes the gender differences more apparent.[7] The incidence of tax on utilities (water, gas and electricity) falls on the bottom or middle quintiles for most countries, except in India, Uganda and South Africa where it falls on the richest households, but fails to benefit the poor who cannot afford these anyway. And in all countries, the incidence of utilities taxes falls most heavily on female majority households. This suggests that women spend more on utilities, despite their high costs, because of their time-saving impact on household tasks, which women are expected to carry out.

The patterns of tax incidence on alcohol and tobacco are not surprising given the gendered patterns of expenditure on these items. Male-breadwinner households by and large bear the highest incidence of tax on both alcohol and tobacco expenditures in all countries in the study, although tax incidence of these goods also falls on dual-earner households in India, the UK, Argentina and Morocco, and no-employed households in Argentina, Ghana, Mexico and the UK.

What explains these gender-positive findings across the eight countries? Several of these, including Ghana, Mexico, South Africa, Uganda, and the UK, zero-rate or have reduced rates on basic necessities. The authors simulated an increase in the VAT on these items to see the effect it would have. In South Africa, introducing a 14 per cent VAT rate on basic food and paraffin had the largest negative impact on the poor and female-type households. In the UK, removing the zero rate on basic food increased incidence disproportionately among poorer households and those with no employed adults. Collectively, these simulations suggest that specific and targeted measures are important for ensuring that the burden of VAT is not borne disproportionately by poor women.

In other countries, the authors undertook a variety of simulations to see if more gender equity could be introduced into the system. Researchers in Argentina, India and Morocco reduced or zero-rated key basic food basket items. Those in Ghana completely removed the VAT on children's clothes and footwear and halved kerosene tax rates, and those in Uganda removed the VAT on salt and halved the tax on paraffin.

The results show it is possible to reform VAT and excises in ways that promote gender equality and maintain revenue neutrality. In Morocco, reducing VAT on tea, coffee and edible oils lowered the tax incidence for poorer female- and male-breadwinner and no-employed households. In Ghana, reducing the tax incidence on children's goods benefited poorer female-breadwinner and female-dominated households more than their male-household counterparts. In Uganda, the zero rating of salt and paraffin benefited poor and male-headed households without significantly reducing on total revenue. In Ghana, halving the tax on kerosene benefited poorer households more than richer households but had no additional impact across different household types.

Because reforms that reduce or zero rate commodities entail revenue losses, researchers tried various scenarios to offset these. Argentina simulated an increase in tax on luxury items (cars, boats, electronics), tobacco and wine; the UK simulated increased taxes on fuel for private transport; Ghana, India and Morocco simulated increased tax rates on tobacco; Morocco simulated increased rates on all recreational goods; and Ghana simulated increased rates on alcohol and communications. In most cases, the reduction of taxes on food, children's clothing and household fuel, when coupled with measures to increase tax on luxury items, tobacco and alcohol, turned out to be revenue neutral. Exceptions were the UK and Morocco simulations, which resulted in a revenue loss in the former and a revenue gain in the latter.

As expected, an increase in tax on tobacco and alcohol also increased incidence for male-type households, except in the UK where a tax hike on tobacco increased the incidence for poorer female-breadwinner and no-employed households, which include many single-mother households.

In practice it is important to be cautious about increasing taxes further on alcohol and tobacco. Such a move could have negative effects beyond increasing the incidence of these taxes on the poor. Increasing taxes on tobacco could induce a shift to cheaper and inferior tobacco products with negative effects on health. There could also be a potential negative gender impact from increasing taxes on both alcohol and tobacco if men reduce their contributions to household allowances as a result of the price increases on these goods.

Policy implications

The fact that so many people fall below the tax threshold in low-income countries indicates that such countries are likely to continue to rely on indirect taxes as a primary revenue source, making it important to understand that there is much that can be done to make these taxes more equitable, both for poor households and for women. Ultimately, however, the challenge for all countries is to increase employment and livelihoods for the broad base of the population, so that more and more people can be drawn into the personal income tax net. It must be added that taxes on personal income are not the sole source of direct taxes. In focusing on domestic resource mobilization, governments should consider a range of other direct taxes too, including taxes on dividends and corporate income, and land and property taxes — all of which have gender-specific impacts. While there are few studies of gender differences in asset ownership, it is generally assumed that in most countries, both property and investment assets tend to be owned more by men than by women. Clearly, some case studies would be useful, especially as more women may have accumulated such assets in the last two decades than is generally recognized

> "…zero rating of basic necessities in value-added taxes can facilitate greater income and gender equity in indirect tax incidence."

There is much that countries can do to make personal income tax systems more gender equitable. First, they can shift away from joint filing systems, which act as a disincentive for women to work because their income is generally taxed at the highest marginal rate of their spouse, towards individual filing systems which do not have this problem. Second, they can review the tax codes and take steps to eliminate explicit gender biases. Finally, they can examine the structure of deductions, exemptions, and allowances to ensure they do not contain implicit biases.

As noted above, zero rating of basic necessities in value-added taxes can facilitate greater income and gender equity in indirect tax incidence. While exemptions and zero-rating are discouraged in the policy literature because they are deemed to narrow the VAT base and result in revenue losses, the findings of this project suggest that exemptions and zero-rating are important for protecting women in low-income households. The results also show that it is possible, even in low-income countries, to administer VAT systems with at least some zero-rating of basic consumption goods. Moreover, the results suggest that there may be ways to compensate for any losses resulting from zero-rating in a manner that promotes gender equity in taxation.

There are a number of issues that this project did not explore which warrant future examination. First is the gendered impact of local government revenues, which tend to rely heavily on property and land taxes as well as consumption taxes. Another is the need to look simultaneously at both the revenue and expenditure sides of the budget in order to evaluate the gendered impact of social policy instruments. Supplementing the analysis with other types of taxes and including assessments on the expenditure side will provide a fuller picture of the gender equality issues associated with public finance.

Taxation is part of a political process within countries, yielding insights into the legitimacy of the state and the power of different interest groups, in both the private sector and civil society. However, tax policy is shaped not only by state institutions and competing interests, but also by prevailing ideology. The current policy consensus is that tax policies should focus on raising revenue in a manner that broadens the tax base, simplifies collection and promotes compliance, thereby generating resources that can potentially fund expenditure on public services and safety nets to address poverty and hardship. The analysis of the data suggests that equity goals should not be abandoned, however, but in fact broadened to include gender. This should move beyond conventional notions of vertical and horizontal equity to a tax framework based on promoting substantive gender equality, as reflected in CEDAW. For tax policy makers this implies considering how taxes reinforce or challenge current gender and social inequalities and designing tax instruments so that such inequalities are overcome.

Suggested reading

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Notes

[1] Tax policies can also be examined in terms of their impact on behaviour, but this was outside the scope of this study.

[2] While this was introduced in an effort to promote gender equality, there is no evidence that it has done so.

[3] In the UK, the existence of the Child Tax Credit and Working Tax Credit reduces the total tax burden on both single-earner and dual-earner households, more so for the latter.

[4] The typical approach is to divide households into those headed by males and those headed by females. However, the definition of household head differs from country to country, which makes cross-country comparison nearly impossible.

[5] The UK is an exception, where excise tax incidence falls on the poorest dual-earner and no-employed households.

[6] The incidence of tax on medical expenditure may be low on low-income households because these households are too poor to seek medical services.

[7] These results are reported in the country case studies, online at http://www.american.edu/cas/economics/programs/gender.cfm http://sds.ukzn.ac.za/default.php?7,12,85,4,0.

This policy brief is based on C. Grown and I. Valodia, eds., Taxation and Gender Equity: A Comparative Analysis of Direct and Indirect Taxes in Developed and Developing Countries *(London: Routledge, 2010). It summarizes the research and analysis done by the project teams for each country, including Corina Rodríguez Enriquez, Natalia Gherardi and Dario Rossignolo (Argentina); Ernest Aryeetey, Isaac Osei-Akoto, Abena D. Oduro and Robert Darko Osei (Ghana); Pinaki Chakraborty, Lekha Chakraborty and Krishanu Karmakar (India); Lucía C. Pérez Fragoso and Francisco Cota González (Mexico); Ahmed El Bouazzaoui, Abdessalam Fazouane, Hind Jalal and Salama Saidi (Morocco); Debbie Budlender, Daniela Casale, and Imraan Valodia (South Africa); Sarah Ssewanyana, Lawrence Bategeka, Madina Guloba, and Julius Kiiza (Uganda); and Jerome De Henau, Susan Himmelweit and Cristina Santos (UK).*

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