



TOWARDS GENDER EQUALITY IN TAX POLICY & TAX ADMINISTRATION

Breaking the Gender Bias: Lessons for Latin America
and the Caribbean

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Tax policy and gender equality: why does it matter?

Ensuring gender equality is a human right and a priority for most governments...

It also has strong implications for economic growth and the COVID-19 recovery.

Tax policy can impact gender equality directly or indirectly...

...through its impact on incomes, incentives for labour-force participation, entrepreneurship, consumption and wealth decisions





Tax Systems Can Affect Men & Women Differently

- **Explicitly**, i.e. through legal provisions explicitly affecting only men or women
 - Uncommon today, but examples still found, most recently to promote gender equality
- **Implicitly**, where tax interacts with social norms and practices that are not gender neutral
- Even a neutral tax system may have different impacts on men and women, due to several differences in socio-economic characteristics between genders



GENDER BIASES IN TAX POLICY

Tax Policy and Gender Equality: A stocktake of country approaches

- First cross-country analysis of national approaches to tax policy and gender equality, approved by the Inclusive Framework in January 2022
- Covers 43 countries from the G20, the OECD and beyond; including 6 LAC countries
- Presented to the G20 Finance Ministers in February 2022

Priorities for tax policy and gender equality

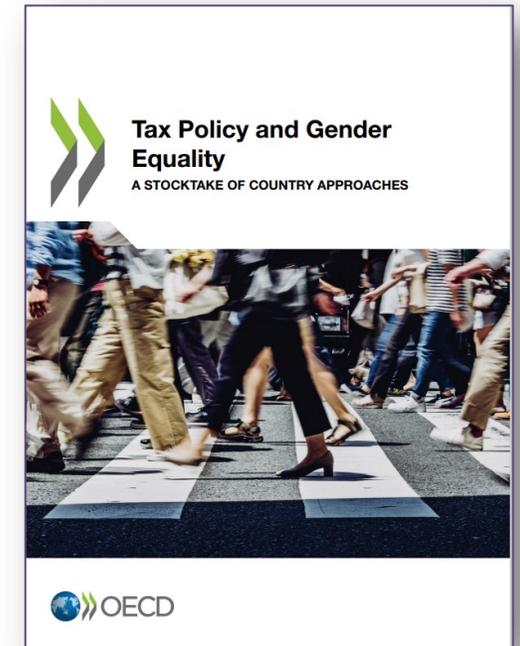
Explicit & implicit biases

Policy development process and gender budgeting

Tax compliance and administration

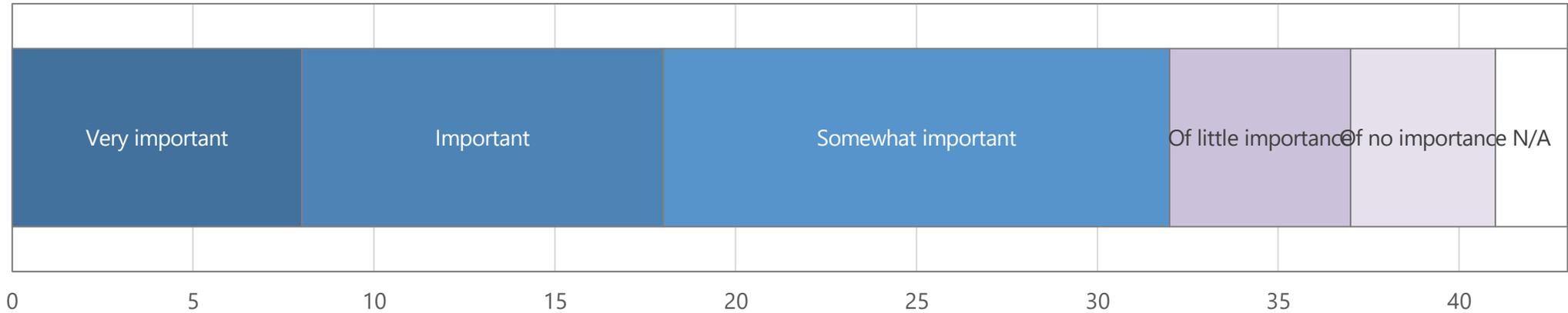
Data on gender and Taxation available for use in analysis

Country priorities and next steps



Gender considerations in tax policy design

How prominent are gender considerations in tax policy design in your country?



- While explicit bias is rare, implicit biases are more common
 - These arise across the tax system due to different patterns between men and women
- One third of countries routinely assess tax policies for gender impacts, but guidance and clear policy objectives are less commonly available

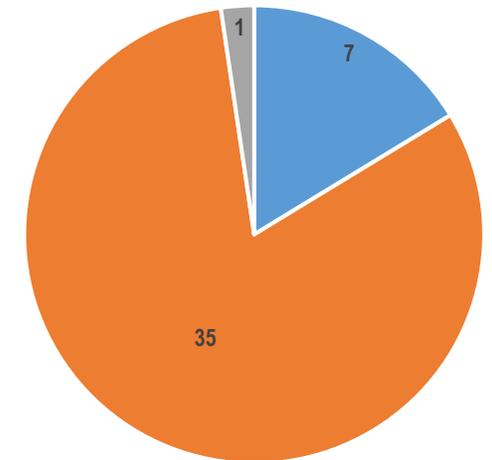
Explicit gender bias in tax systems

Explicit bias occurs when tax policy or administration settings explicitly differ based on gender.

It can include different tax rates or thresholds for men and women, explicit tax credits or taxes applying to only one gender, and tax administration arrangements that differ by gender.

- Very few countries reported instances of explicit bias in their current tax systems
- 6 countries (ARG, CHE, ESP, HUN, IRL, ISR) reported explicit bias exists in their PIT system, via:
 - Special PIT allowances (HUN), deductions (ESP, ARG) and tax credits (ISR) for women
 - Household based taxation whereby registration is under the husband's name (CHE)
- In addition, several countries reported zero- or reduced-rating of feminine hygiene products (BEL, KEN, ISL, ZAF)

Are there examples of explicit bias in the current tax system?



■ Yes ■ No ■ No response



Implicit gender bias in tax systems

Implicit gender bias occurs when socio-economic differences mean that tax policy or administration outcomes differ by gender, even though the tax rules do not explicitly vary based on gender.

As with explicit bias, it can occur to the detriment of men or women.

- Half of the surveyed countries (23) indicate that there is a risk of implicit bias in their tax system
- Analysis of implicit bias within tax systems is not common and guidance on this is rare:
 - Almost two-thirds of the countries (25) have not undertaken analysis to identify and/or assess existing implicit biases; only 16 countries indicated that they have;
 - Guidance on how to consider implicit bias in tax policy design is available in 5 countries (AUT, ESP, NZL, SMR, SWE)

Potential sources of implicit gender bias in tax policy

Income levels



On average, men earn higher incomes than women

Nature of income



On average, men earn more capital income than women, so preferential taxation of capital can create a risk of bias in favour of men

Fiscal unit



Taxing households rather than individuals can create implicit biases

Consumption



Differences in behaviour may affect the distribution of income between men and women and between paid and unpaid work

Social roles



Women tend to be more involved in childcare than men, leading to some tax provisions benefitting women more in practice

Potential implicit gender impacts

Labour market participation



High taxes on second earners discourage labour participation

Under-taxation of extra hours worked



Lower taxes on extra hours worked typically induce men to work more

Savings patterns



Men likely benefit more from tax privileges for private pension savings

Capital & wealth ownership



Who benefits more from lower taxes on capital income at household level?

Consumption



Differences in behaviour may affect the distribution of income between men & women and of paid & unpaid work

Corporate taxation



Who benefits more from lower corporate tax rates & corporate tax incentives?

Tax morale & admin



Women tend to be more tax compliant than men, but have different experiences with tax administration

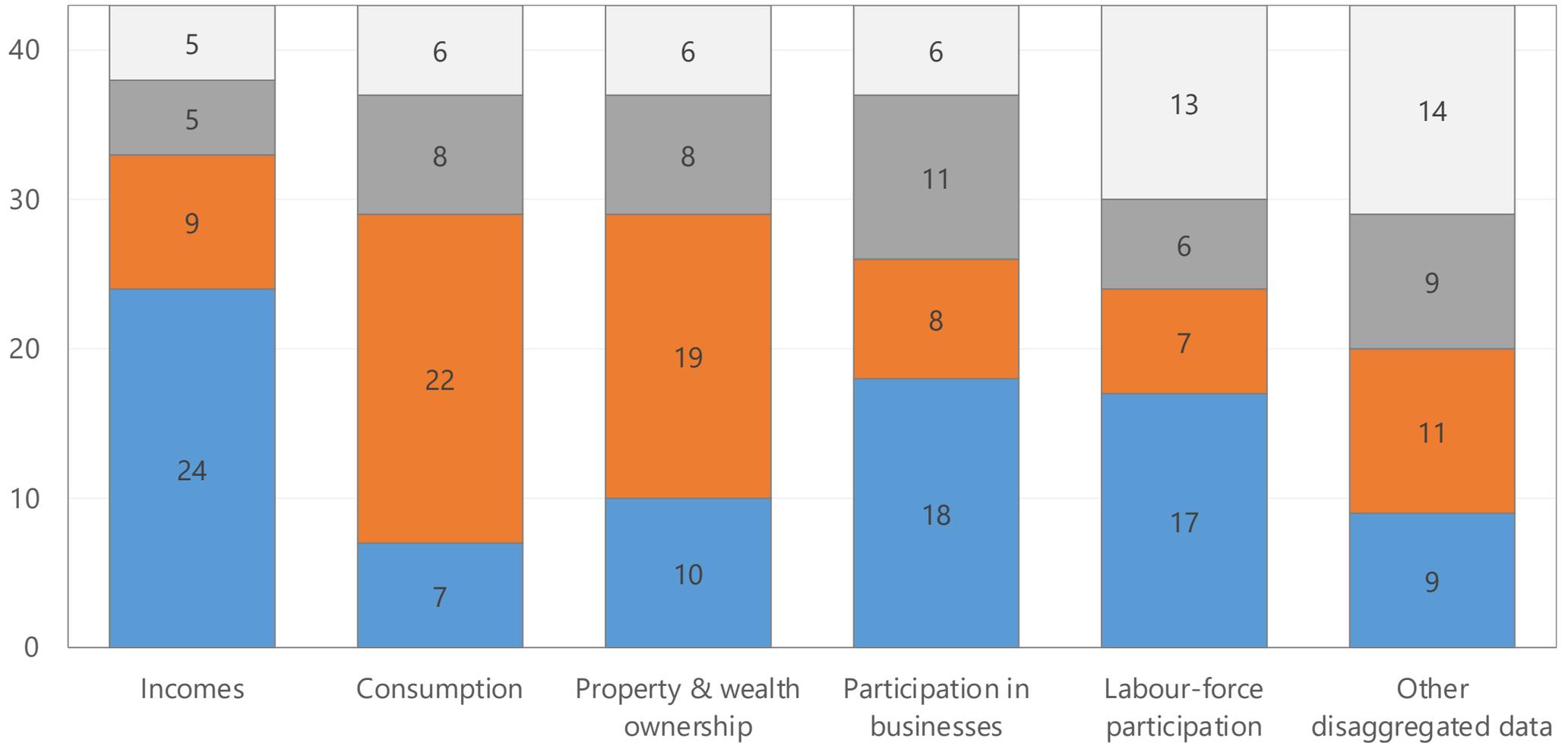


Reforming tax systems for gender equality

- More than half of countries covered (22) have implemented tax reforms with gender equity as a key rationale. These include
 - enhanced tax credits for mothers (ISR)
 - introduction of individual taxation of labour income (NOR, SWE)
 - reduced VAT rates for feminine hygiene products (BEL, GBR, FRA, ISL, KEN, MEX, ZAF)
- Other reform examples
 - ARG: Inclusion of gender considerations into tax policy design to reduce existing biases.
 - IDN: Increased flexibility of work arrangements, parental leave, gender-responsive infrastructures.

Availability of gender disaggregated data

■ Yes
 ■ No
 ■ Uncertain
 ■ No response



How to respond to gender biases in tax policy?



Explicit bias which worsens gender inequalities:

Remove

Implicit bias which worsens gender inequalities:

Reconsider

Explicit bias which reduces gender inequalities:

Evaluate

Implicit bias which reduces gender inequalities:

Promote



IMPROVING GENDER EQUALITY IN TAX ADMINISTRATION



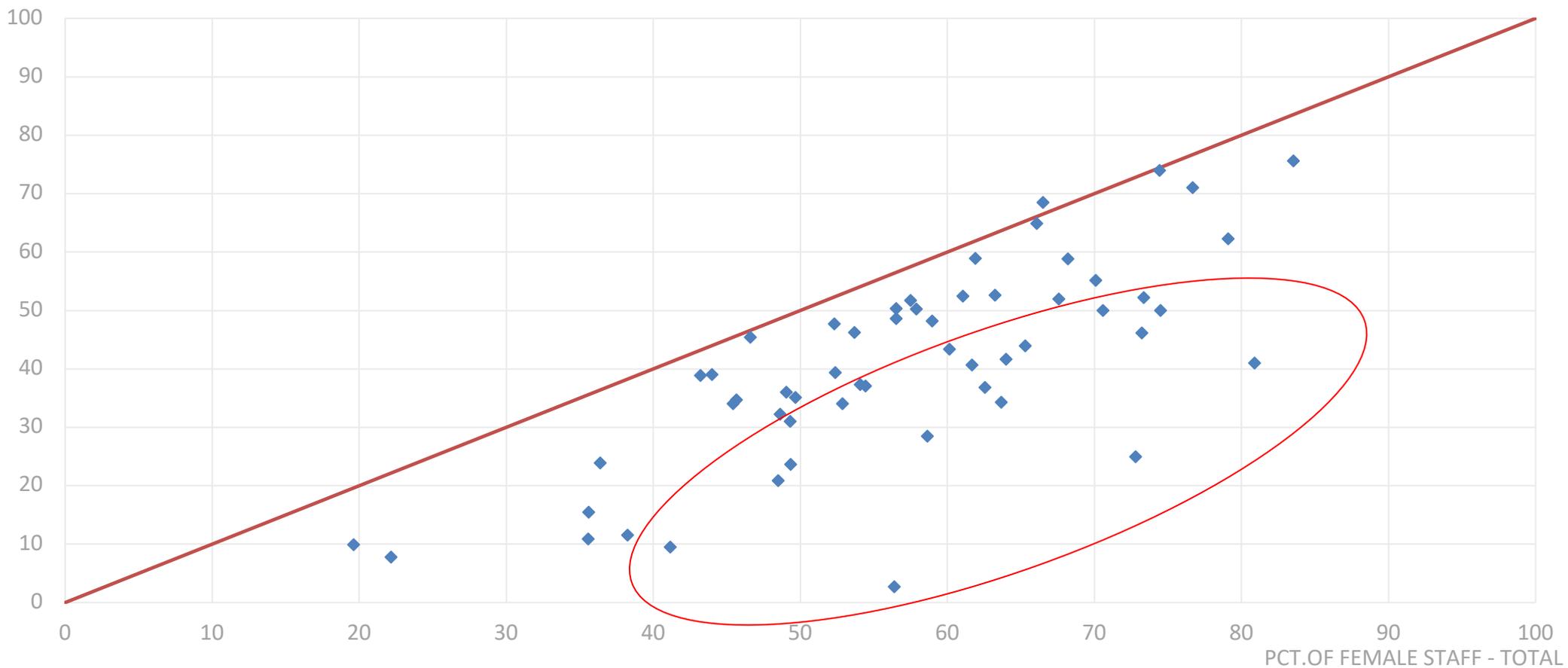
Tax compliance and administration

- The gender implications of tax administration and compliance are rarely assessed and data to support this analysis are rare
 - Only 3 countries reported that the gender impacts of tax administration & compliance had been assessed (IDN, NZL, SWE)
 - Gender disaggregated data on tax compliance was only available in 7 countries (ARG, CAN, FRA, MEX, SMR, SWE, USA)
- Only a few countries have:
 - made amendments to the tax administration process with gender needs in mind (ARG, FRA, IDN, ISR)
 - run gender-based taxpayer awareness campaigns (ARG, CAN, IDN, NZL, USA)
- This may may reflect the lack of data, or that the impact of tax compliance and administration by gender has not yet emerged as a priority

Gender equality in tax administrations



PCT. OF FEMALE EXECUTIVES





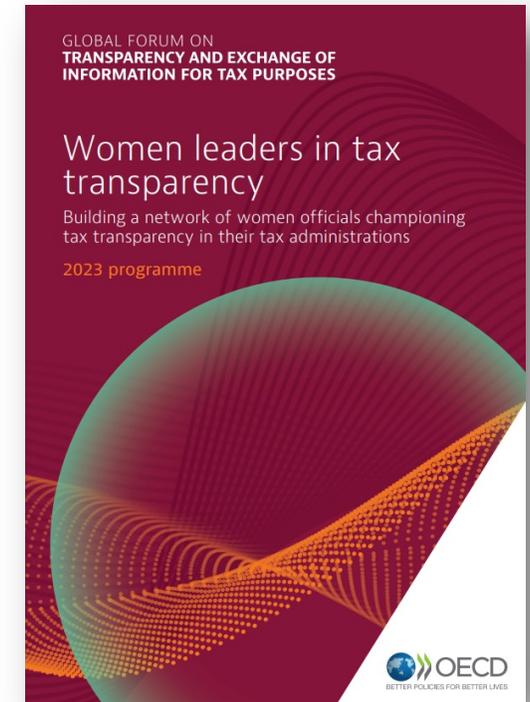
The Gender Balance Network

- The Gender Balance Network brings together Commissioners from over 53 advanced and emerging tax administrations
- Aims to increase the fairness and effectiveness of tax administrations, given underrepresentation of women in senior executive roles in many countries
- Provides developing mentoring and secondment programmes as well as exploring best practices across FTA member jurisdictions
- Recent studies include Advancing Gender Balance (OECD, 2020), and reflections on the impact of COVID-19 on Gender Balance (OECD, 2020)

Women leaders in tax transparency programme (1/2)

Objectives:

- Building a network of women officials championing tax transparency in their administration
- Promoting female leadership in tax and gender equality in administrations
- Creating a female network to ensure further cooperation and experience sharing
- Ensuring diver views in decision making
- Fostering higher female representation in international foras



Women leaders in tax transparency programme (2/2)

2022 pilot programme

- 22 female tax officials from 22 developing members
- One-year programme with trainings, leadership and mentorship sessions
- Women Leader in Tax Transparency network

2023 programme launched on International Women's day

- New group of 23 women from developing countries

